

Our Introduction

At Sainsbury's we seek to build resilient supply chains by sourcing products ethically and sustainably.

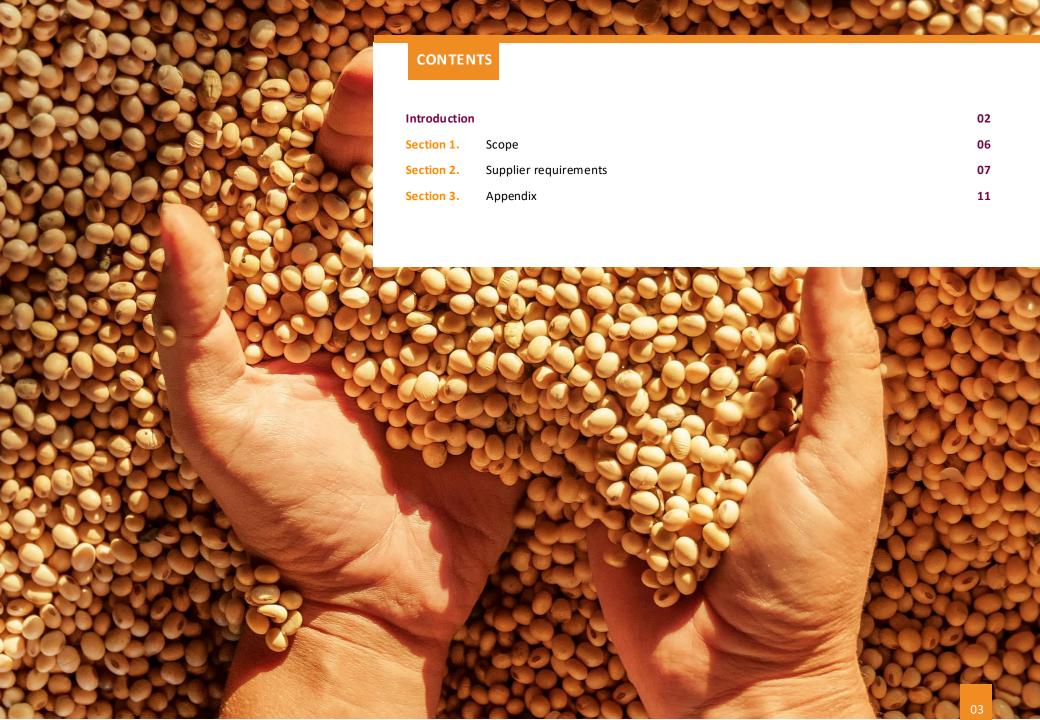
We have committed to achieve 100% Deforestation and Conversion Free (DCF) in our own brand product supply chains by 2025, including soy. This document is intended to bring clarity to our suppliers on (i) our requirements relating to the use of soy-based animal feed for our products, (ii) and our asks relating to suppliers' own commitments and efforts to tackle deforestation and ecosystem conversion in their operations. Soy is a globally traded commodity produced in both temperate and tropical regions and serves as a key source of protein and vegetable oils. Soybean meal and soy oils are widely used in animal feed to produce meat and dairy products. With a rising global demand for these products, soy has become one of the world's largest crops, and is a major driver of deforestation.

This expansion of soy production has led to the deforestation and habitat conversion of some of the world's most precious places, particularly in South America. These include the savannahs and dry forests that make up the Cerrado. As well as being a rich ecosystem for plants and wildlife, the Cerrado also plays a vital role in the fight against climate through carbon sequestration.

This document is intended for all suppliers who supply Sainsbury's with own brand animal protein products (whole or ingredient) where soy is used as animal feed. This document applies to the following categories and ingredients:

Chicken, pork, eggs, beef, fish, milk, cheese, dairy other, turkey, lamb, duck.





Scope

Soy is found in different product categories in our business, which can be divided into the five following categories in Table 1.

The focus of our Sustainable Soy Feed Requirements is as follows:

Soy Categories	Scope
${\bf 1.DirectSoy-Directlypurchasedandcontrolledsoyincludingedamamebeans}$ and soy milk	Out of scope
2. Meats – Soy used in feeds for meats such as beef, pork, chicken, duck, fish etc.	In scope
3. Eggs and dairy – Soy used in feeds for dairy and egg animals. Includes milk, yogurt etc.	In scope
4. (A) Meat as ingredient – Soy used in feeds for animals where the meat is an ingredient in a sold product	In scope
4. (B) Dairy/egg ingredients – Soy used in feeds for animals where the milk or eggs are used as an ingredient in a sold product	In scope
5. Soy used to produce soy derivatives used as an ingredient such as lecithin methyl soyate etc.	Out of scope





Supplier Requirements

Suppliers are responsible for ensuring that the Sainsbury's supply chain for high-risk soy animal feed complies with Sainsbury's company commitments to sustainable soy meal. This guidance is intended for use by suppliers, including those that purchase directly from producers, as well as downstream companies that purchase raw, processed, or finished products at different stages in the supply chain.

We are asking suppliers to (i) match our commitments to tackle soy-driven deforestation AND (ii) help build better transparency into soy supply chains to ensure our products are deforestation and conversion free (DCF).

Step 1: Matching our commitments to achieve DCF soy supply chains

To tackle soy-driven conversion at scale, we believe there needs to be a collective industry effort to ensure deforestation and conversion free soy supply chains across our sector. Sainsbury's are signatories to the <u>UK Soy Manifesto</u>, which aims to ensure all physical shipments of soy to the UK are deforestation and conversion free. We are asking our suppliers to become signatories to the UK Soy Manifesto as well, and specifically commit to:

Your actions

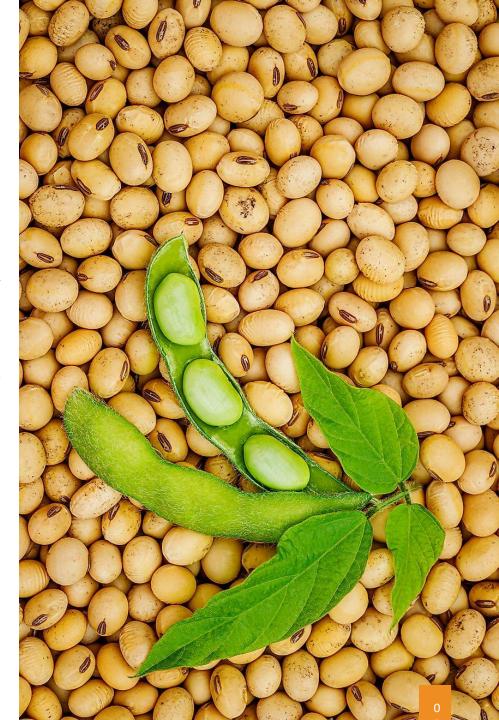
- Sign the UK Soy Manifesto*
- Adopt a policy of only using, or buying products that have been fed soy that has not been grown on land that has been deforested or converted since December2020 (in line with Accountability Framework Initiative)
- 3. Require your direct suppliers to match and cascade these commitments
- 4. Monitor and verify your supplier's performance
- 5. Publicly report on your progress (e.g. on website)

Timeline for action:

- Policy Adoption: September 2022
- Annual Progress Reporting: Starting January 2023

Guidance: Suppliers can find more detail and guidance on the UK Soy Manifesto here

*We are asking UK and non-UK suppliers to commit to the individual Manifesto commitments, to ensure a level playing field.



Step 2 – Ensure DCF soy is used for Sainsbury's products

By December 2025, all soy used in our products must be verifiably compliant with our policy by virtue of where it comes from (origin) or by effective monitoring systems (procurement controls). Suppliers should work with their supply chain to build better transparency into soy supply chains to achieve this. Between now and 2025 suppliers may use certification as evidence of deforestation free soy.

1. Origin: Soy verified to be sourced from countries or areas considered at a low risk of deforestation or conversion. This may include areas with regional monitoring systems, such as the Amazon Soy Moratorium or alternatively, from one or more of the Responsible Commodities Facility farms.

The following defines the country level risk analysis for soy animal feed. Any list of sub-national areas deemed low-risk (e.g. Brazilian municipality) should be agreed with the relevant Sainsbury's technical manager.

High Risk Country	Low Risk Country		Unknown Origin (Country or Area)
Brazil Argentina Paraguay Uruguay Bolivia	USA Canada Europe Ukraine	Russia India China Other	High risk assumed

2. Procurement Controls: Soy from supply chains with matching commitments and independent monitoring demonstrating compliant producer landscape practices.

Soy coming from higher deforestation and conversion risk countries or areas may be verified to be DCF through independent monitoring systems. The independent monitoring system must use satellite/geospatial monitoring to assess the soy has not been grown on land that has been deforested or converted since December 2020. The third-party monitoring provider should provide visibility of independent assessments to Sainsbury's on an agreed basis.



3. Independent certification: Between 2022 and December 2024, suppliers may also use certified soy (mass-balance or segregated) as a transitional mechanism to deliver DCF soy.

If not verified DCF through origin or procurement controls, soy volumes used for Sainsbury's products from highrisk origins should be certified to a standard. Specifically, it should be certified to a standard <u>benchmarked by the European Feed Industry's (FEFAC)</u> as achieving the no-conversion criteria, with a cut-off date before 2020, that is delivered in a mass-balance (MB) or segregated chain of custody.

Please follow the link above for a list of certifications currently accepted through this benchmark (please note the need for certifications to meet the no-conversion criteria).

Below are the chain of custody models that meet our requirements:

Supply Chain Model	Meets our requirements 2022-2024	Definition
Book & Claim	No	A claim is not tied to the physical soy volumes, but instead is traded on a separate online market.
Area mass balance	No	System of regional certificates, where certificates are bought from certified farms in a region where the physical soy originates. Claims are not tied to the physical soy volumes.
Mass balance	Yes	Soy from one or more certified facilities/sites may be mixed with sources of non-certified soy. An accounting system ensures the volume of certified soy corresponds to the total volume of soy delivered by certified farms.
Segregation	Yes	Soy from one or more certified facilities is kept physically separate from other sources.
Identity Preserved	Yes	Use of segregation and traceability procedures to maintain the identity of specific lots of agricultural or processed products throughout all stages of production, maintenance, transportation, storage and processing.

Certificates: From 2022, for any volumes of soy used for Sainsbury's products that do not meet the DCF definition above, suppliers should purchase the equivalent certificates from RTRS Regional credits or Cefetra Area Mass Balance credits, and share evidence of this with Sainsbury's.



All suppliers are expected to take immediate actions to transform their supply chains. We recognise that the speed in which different types of production systems can move are different however, and therefore have phased expectations.

Timeline for implementation:

	1 st of September 2022	1 st of January 2023	1 st of January 2024	31st December 2025
Poultry, Eggs and Fish	 Match our commitment Become a signatory to the UK Soy Manifesto 	 Origin or verified supply chain Certification* (mass balance or segregated) 	Continued	
Pork	Adopt a policy of only using, or buying products that have been fed, soy that has not been grown on land that has been deforested or converted since January 2020	Own Farms Origin or verified supply chain OR Certification* (mass balance or segregated) Purchased Volumes All your direct suppliers have matching commitments	Own Farms Continued Purchased Volumes — 50% origin or verified supply chain OR 50% certification * (mass balance or segregated)	100% Verified Deforestation and Conversion Free Soy Origin or verified supply chain
Other livestock and ingredient products	 Monitor and verify your supplier's performance Publicly report on your progress (e.g., on website) Require your direct suppliers to match and cascade these commitments 	All your direct suppliers have matching commitments	 >50% origin or verified supply chain OR >50% certification* (mass balance or segregated) 	

^{*}Any FEFAC Soy Sourcing Guidelines (2021) benchmarked standard with a cut-off date before 2020 and including optional criteria 34 on land conversion.

Our objective is to build the necessary transparency in soy feed supply chains to verify 100% of the soy used for our products is DCF by 2025, by virtue or its origin or the procurement controls in place. This will also facilitate compliance with upcoming due diligence requirements in the UK, brought in through the UK Environment Act.

Reporting

Sainsbury's will be verifying progress on the sustainable soy feed requirements and UK Soy Manifesto commitments through our annual reporting process. To support the verification of this reporting to Sainsbury's, the supplier should document the following elements relating to the soy used for Sainsbury's products:

- · Total volume of protein supplied
- Total volume of feed used to produce relevant protein, and associated soymeal content per tonne of protein.
- · Evidence for DCF status:
 - National and sub-national origin (state or municipality)
 - Evidence of procurement system in place to verify DCF status (e.g., independent satellite monitoring) – when relevant
 - Evidence of soymeal certification status when relevant
- Name of feed supplier
- Name of first importer of the feed to country of production (trader)

AND

Progress against each individual UK Soy Manifesto commitment

Sainsbury's has appointed external consultancy 3Keel to collect and verify this information from suppliers on an annual basis. Suppliers will be contacted in November to report on that calendar year's volumes, with a reporting period extending until February of the next calendar year.



Appendix

Our Definitions:

Where relevant, our definitions align with Accountability Framework Initiative (Afi):

- **Deforestation**: The loss of natural forest as a result of (i) conversion to agriculture or other non-forest land use; (ii) conversion to a plantation; or (ii) severe or sustained degradation.
- Conversion: Change of a natural ecosystem to another land use or profound change in the natural ecosystem's species composition, structure, or function
- Cut-off date (Related to no-deforestation and no-conversion commitments): The date after which
 deforestation or conversion renders a given area or production unit non-compliant with no-deforestation or
 no-conversion commitments.
- **Deforestation and Conversion Free (DCF)**: a volume of commodity produced on land that was not subject to conversion or deforestation past a defined cut-off date.
 - Sainsbury's DCF soy commitment cut-off date is January 2020.

Soy: Table 2 - Soy meal types and scope

Soy in animal feed		Scope
Full Fat Soy Hipro-Soy meal Soy bean hulls	Soy oil Soy Expeller Soy bean molasses	In Scope
Soy in food		
Edamame beans Soy milk Soy sauce Lecithin Tocopherols	Bean curd (Tofu) Soy oil Soy flour Glycerides	Out of scope



Sainsbury's

Our Requirements for Soy Feed

The information in this document may be supported by other Sainsbury's Documents.

The information outlined in this document is in addition to all applicable UK and EU legislation.

Sainsbury's suppliers must ensure they meet all legal and regulatory requirements both at the point of manufacture and where the products are sold to the consumer. Whilst this document is intended to help you supply products suitable for the Sainsbury's brand (i.e. all brands owned by Sainsbury's), they do not absolve you of your responsibility to understand and comply with all the quality, legal and safety requirements for your products or the products you supply.

For the purpose of this document Sainsbury's means Sainsbury's Supermarkets Limited and Argos Limited only. Sainsbury's Argos is the trading name of both:

- 1) Argos Limited, Registered office: 33 Charterhouse Street, London, EC1M 6HA.. Registered number: 01081551
- 2) Sainsbury's Supermarket Limited, Registered office: 33 Charterhouse Street, London, EC1M 6HA. and Sainsbury's Supermarkets (NI) Ltd, Upper Galwally, Belfast, BT8 6FX Registered number: 03261722

Document Reference	Document Owner	Amendment History	Date
ST004 - V1	Hugo Chambers	New Document	April 2022
ST004- V2	Joe James	Change cut off date from January 2020 to December 2020	August 2023
ST004-V3	Sustainability Manager	Head office location changes	June 2025