



Soy & Deforestation Progress report

Calendar year 2024

Introduction

Soy beans are an excellent source of protein and an important part of many people's diets globally. Livestock farming and aquaculture uses large volumes of these beans for animal feed. Soy can also be crushed to produce oils and appears in many foods in the form of derivatives such as soy lecithin.

Various aspects of soy production generate greenhouse gases that contribute to climate change. Tropical countries including Brazil, Argentina and Paraguay have seen significant emissions from deforestation and losses to biodiversity from conversion of high-quality habitats, especially tropical forests, driven partly by the development of soy. For example, Brazil has lost around 800,00sq km of the Amazon rainforest since 1970.

Addressing deforestation is a fundamental challenge for current and future generations, which requires urgent action. Forests have a critical role in hosting most of the planets terrestrial animals but they also sequester carbon, regulate global temperatures and provide livelihoods for hundreds of millions of people.

In line with Princes' long held approach to sustainable sourcing, we have a responsibility to protect vital ecosystems in the countries from which we source ingredients and raw materials for manufacturing (e.g., palm oil) or imported goods s (e.g. corned beef).

Our commitment

While Princes' impact is relatively small in terms of global trade, our actions and voice can influence how commodities are produced and traded, and we have a duty to tackle the issue of deforestation.

Our exposure to soy is complicated and our influence upon it is limited as animals fed soy for our meat, farmed fish or dairy requirements are often several 'tiers' separate from Princes and our direct contracting party suppliers. Regardless, there is consensus within the food sector that improvements are required within soy management and accelerating to zero deforestation.

We strongly believe that collaboration with the industry is a key avenue to tackling deforestation, and as such, joined the UK Soy Manifesto in November 2022.

Signatories to the UK Soy Manifesto commit to soy within their supply chains being deforestation free by 2025 (with a cut-off date of 2020 or earlier for soy grown on deforested / converted land) and to work together to achieve this goal.

More on this commitment can be found in our Deforestation policy which addresses other risk commodities such as beef, coffee or palm.

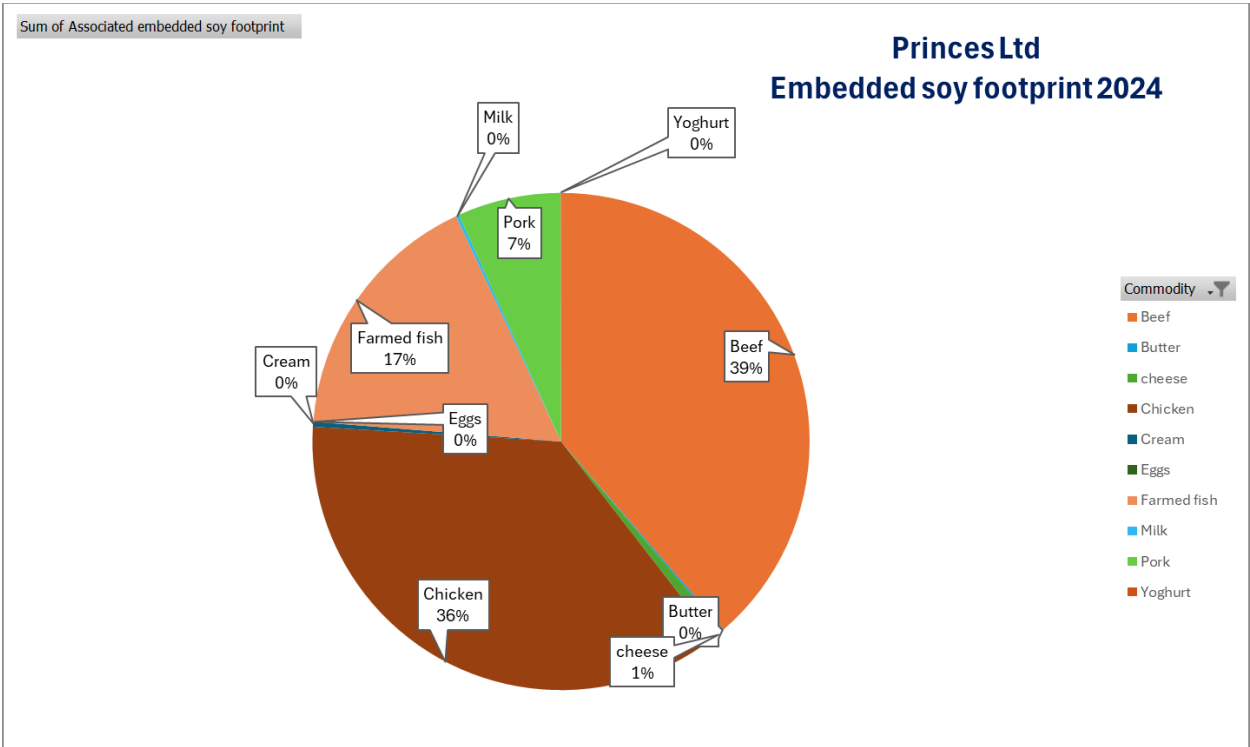
Our progress

As signatories to the UK Soy Manifesto, we have committed to reporting our progress against our commitment annually. With Princes changing ownership mid-way through 2024 this year, the reporting period has changed from financial to calendar year. We have therefore had to review our data and figures presented in this report reflect this change.

- Understanding our soy footprint and improving data collection

Work undertaken in 2022 identified that Princes has an 'exposure' of c.12,000 tonnes¹ of soy within its supply chains up stream of our manufacturing operations and third party finished goods suppliers. We have since improved our reporting systems and have been able to recalculate our soy footprint for calendar year 2024 which is of c.8000 tonnes of soy. We have used the RTRS dataset, with primary sources mostly from the Profundo and Hoste (WUR & IDH) studies.

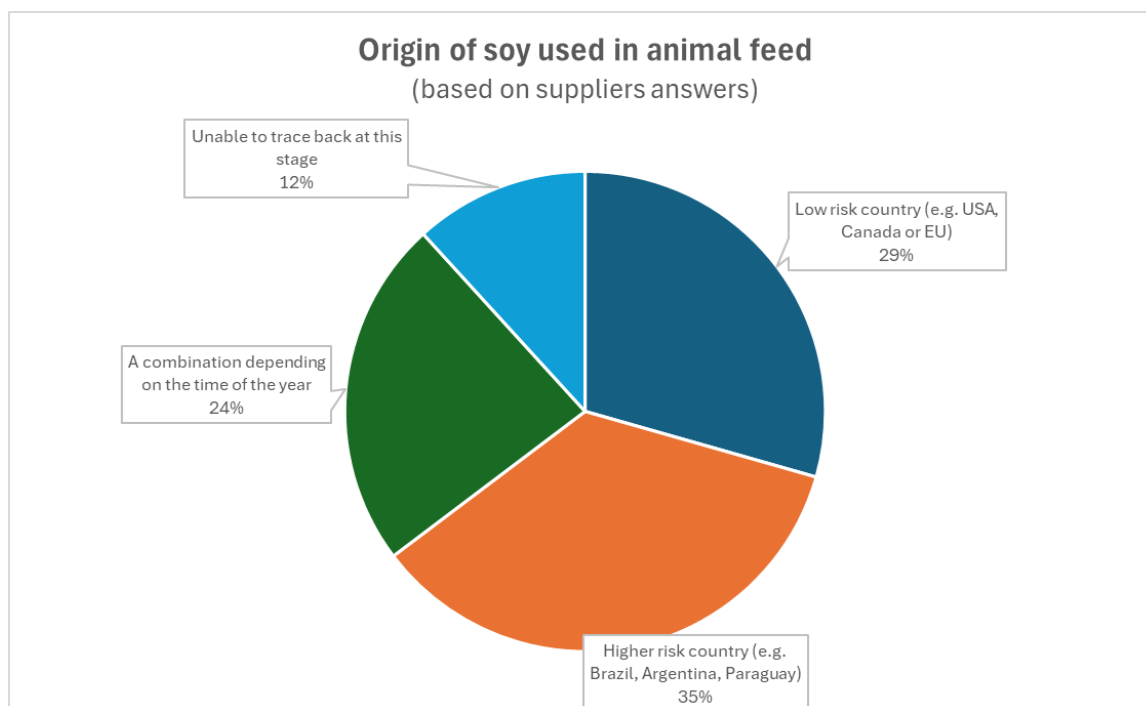
Category (soy embedded in animal feed)	Soy footprint 2024 (calendar) tonnes
Beef	3084
Butter	10
Cheese	58
Chicken	2907
Cream	25
Eggs	0
Farmed fish	1340
Milk	16
Pork	535
Yoghurt	2
<i>Total approx.</i>	7979



We have reached out to our suppliers to better understand their work on deforestation with the results as follows:

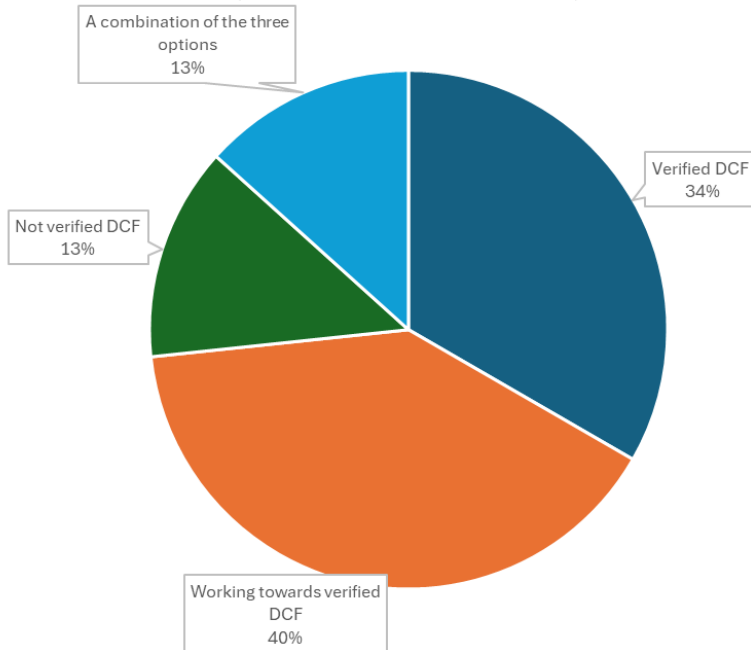
- 81% of our meat, dairy or aquaculture suppliers¹ are committed to ending deforestation in their supply chains which includes a commitment to conversion-free supply chains (up from 63% including a conversion-free supply chain commitment last year) and 48% clearly indicating a cut-off date of 2020.
- Three of our suppliers are already committed to the UK Soy Manifesto (up from one last year) and one other is planning on joining in the next twelve months. The others have not expressed interest in joining but we interpret this response as there not being a regional equivalent for them to join.
- 67% of our suppliers either have a system in place to provide VDCF soy or are currently developing one.

The following graphs provide more detail on our understanding of the soy used in animal feed by our suppliers. They are based on our suppliers' answers to the questionnaire and are only indicative (i.e. do not take into account conversion factors used in our soy footprint calculation).

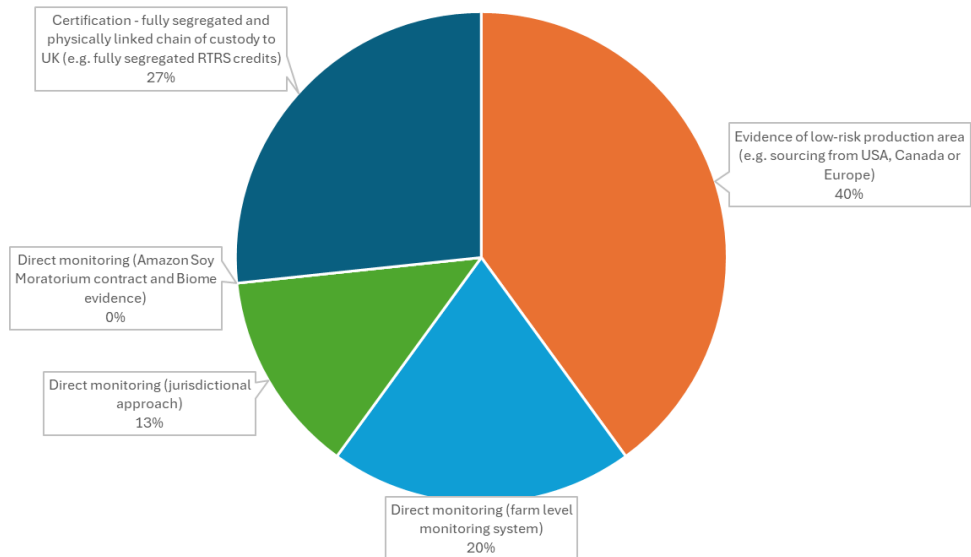


¹ Of respondents.

% VDCF soy used in animal feed (based on suppliers answers)



Split of mechanisms used to verify VDCF (based on suppliers answers)



We are still exploring the best avenue to capture the relevant data to share a granular progress update on the split of VDCF (Verified Deforestation Conversion Free)/ working towards VDCF / not VDCF soy within our supply chain.

- Engaging with our supply chain

Collaboration with our suppliers in key areas is crucial to our success. To this end, we have engaged with our meat, dairy and farmed fish suppliers to understand their progress. We have shared our commitment to the UK Soy Manifesto and encouraged them to follow suit.

We hold regular conversations with those key suppliers and understand that they are currently developing the right mechanisms to verify DCF, with solutions varying from geographies to geographies. When visiting suppliers for technical or customer audits, we share the latest developments in the regulations and ask for updates on their preparations.

In return, approximately 75% of our suppliers have confirmed they have engaged with their own suppliers on the issues of deforestation.

- Focus on aquaculture supply chains:

To strengthen our due diligence of supply chains, we have launched a new Aquaculture technical standard to increase our understanding of the wider supply chain beyond processing sites and applies to farms, hatcheries and feed mills. The standard covers sustainability standards, ethical and legal requirements, health and animal welfare, feed, medicines, traceability, and biosecurity matters amongst other. It includes a clear focus on deforestation-free soy. The Princes technical aquaculture standard was developed in collaboration with our customers and with the guidance of NGO Crustacean Compassion. As we roll out the standard, we will continue to engage with suppliers to increase farm-level transparency and traceability around the soy used in the feed.

- Embedding our Governance

We have further embedded the internal Governance of the issues related to deforestation to create the right space to uphold our commitments. Our ESG Sustainable Supply Chain working group, led by our Chief Procurement Officer, is comprised of key internal stakeholders from our procurement, technical and commercial colleagues, joined this year by colleagues from our regulatory and legal departments. Underneath the ESG Sustainable Supply Chain working group sits the monthly Deforestation working group.

Next steps

Our main focus in the upcoming months is going to be readiness for EU Deforestation Regulations and UK Forest Risk Commodities which we expect will help deliver the long-term goals of the UK Soy Manifesto.

We will also engage with the suppliers of another subsidiary of our new parent company and bring them on the journey to deforestation and conversion free supply chains. We will continue to engage with our suppliers and strongly encourage them to join the UK Soy Manifesto (or regional equivalent) and source DCF soy.

Our focus this year has been on engaging on the upcoming EU Deforestation regulations and we have supported some of our suppliers in their own engagement programme with their suppliers. However, it is important to acknowledge that EUDR is focusing on deforestation-free supply chains without inclusion of the conversion-free aspect of the UKSM' commitments. We are conscious that this means we will likely miss out of our commitment for the end of 2025 but will continue to work on deforestation and conversion-free supply chains in the years to come.