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### Danish Alliance for Responsible Soy

The Danish Alliance for Responsible Soy aims to bring together relevant Danish actors in a binding collaboration to ensure progress towards sourcing responsibly produced soy. By participating in the Alliance, the stakeholders can help to promote sourcing responsibly produced soy, and the stakeholders also commit to the Alliance vision and obligations.

The Alliance vision is for all soy imported to Denmark to be produced responsibly, including legally produced, and to not contribute to deforestation or conversion of other natural vegetation. Through a joint Danish effort, the Alliance will continuously contribute to global soy production becoming responsible. To achieve this vision, members commit to:

- 1) Publish an action plan for responsible soy, including a time bound schedule, which describes actions to ensure progress towards the vision within six months of joining the Alliance.
- 2) Report progress annually to the Alliance Secretariat. The Alliance vision includes both soy as a product (in the form of, for example, soybeans, soy meal, or oil) as well as soy embedded in products on the Danish market (e.g. soy embedded in beef, chicken, pork, etc.).

## Summary of Progress Achieved in 2021

Despite the difficult operating environment in 2021, according to the progress reported by Alliance members against their own company action plans and the vision of the Alliance, we can see that total volumes of certified soy have increased since the initial Alliance report in 2020.

Whilst this has been largely driven by new reporting members, predominantly through the purchase of certified credits, we can see within the existing membership a significant shift from credits towards more physical models of certified soy such as mass balance.

This report estimates that the collective tonnage of Alliance members' reported certified soy volumes accounts for at least 40% of total Danish soy imports in 2021.

Recognising the importance of achieving impact on the ground, Alliance members continuing to collectively explore the most effective models for supporting farmers in key sourcing countries, such as Argentina and Brazil, to transition to responsible soy production. 66

It is encouraging that the agricultural sector's road map for responsible and deforestation-free soja along with individual company policies already in 2021 has resulted in a marked increase in the volumes of certified soy and a significant shift from credits towards more physical import models of responsible soy.

- Morten Damkjær Nielsen Danish Agriculture & Food Council

66

Reporting from companies shows that we are starting to see a shift from buying credits towards mass balance, but there is still very little physical soy that is certified responsibly produced.

WWF is therefore delighted that in September we were able to launch our joint initiative 'Sustainable Soy, Brazil' together with Ethical Trade Denmark and with the Danish Soy Alliance as advisory board.

The aim of the project is to help us verify that the physical soy we import to Denmark has been produced without contributing to deforestation and degradation and has been produced responsibly in terms of e.g., biodiversity and indigenous peoples' rights.

- Sofie Tind Nielsen WWF

# **Criteria for responsibly produced** soy

The Danish Alliance for Responsible Soy has defined 'responsibly produced soy' as soy production that meets the following criteria:

- 1) Comply with relevant legislation.
- 2) Production is subject to thorough environmental considerations, including protection of endangered species, wetlands and wide zones, soil conditions, water and air quality, etc.
- 3) The production does not contribute to deforestation or conversion of other habitats of high conservation value (i.e. high conservation value, cf. Accountability Framework Initiative).
- 4) Safe handling of agro-chemicals and prohibition or phasing out of highly toxic chemicals. This includes chemicals listed in the Stockholm and Rotterdam Conventions.
- 5) Abolition of all forms of forced labour; effective abolition of child labour; abolition of discrimination in employment and occupation. There are secure working conditions, freedom of association, and decent wages.
- 6) Respect for legal and established land rights.
- **7)** Third party verified or third party certified to a standard that meets the above criteria.

Working groups in the Alliance are currently in the process of aligning and harmonizing the criteria to the international FEFAC criteria for responsible soy (FEFAC+desired 34).



#### **Membership**

Participants in the Danish Alliance for Responsible Soy are divided into one of the following two groups:

- Company members include representatives from e.g. retail, food service, animal feed producers, industrial companies, and food producers. Alliance members must comply with the Alliance obligations – i.e. publish an action plan and report annually on progress.
- Supporting members include NGOs, governmental institutions, business and industry organisations and trade unions. Supporting members are not obliged to publish an action plan and report on progress, but to actively support the initiative, e.g. through contributions with professional knowledge and communication about the initiative.

Ethical Trade Denmark acts as a Secretariat for the Alliance. Companies who join the Alliance are obliged to publish an action plan within six months.

All Danish actors who have the opportunity to promote responsible soy production are encouraged to participate in the Alliance.

This applies to companies that use or trade soy, e.g. retail, food service, feed producers, industrial companies, and food producers, and to organisations that possess relevant knowledge about the problem and the solutions for the responsible production of soy.

#### As of April 2023, the Alliance counts the following members:

























#### Supporting members:



Miljøministeriet

























#### Members' reporting obligations

Members of the Danish Alliance for Responsible Soy are obliged to report once a year to the Alliance Secretariat, the Danish Ethical Trading Initiative, on the progress they have made towards the common vision on responsible soy.

Companies report by filling out a confidential 'Matrix of Progress' questionnaire. The reporting must contain specific information on the tools used (e.g. certification schemes, other verification methods, etc.). Members' data is collected and presented in this report in an aggregated, anonymised format to protect commercially sensitive data. The data is self-reported, without an obligation to verify the data by a third party.

The Alliance has gained one new member in 2021, bringing its membership up to twelve companies, of which eleven have reported fully, while one, being a new member, was not required to report, but did provide figures for purchases of certified soy which have been included in the analysis in section 3.2.1 below. Last year all companies that were required to report did so – two were late joiners so were not required to for 2020 but have reported this year.

This report provides an update on members' progress during 2021 towards the vision of the Alliance following the publication of the baseline report last year.



# Denmark soy imports and consumption

This section provides a brief overview of Danish soy imports. Figures are provided by the Department of Food and Resource Economics at the University of Copenhagen for the year 2021 included within this year's publication 'Monitoring of responsible and deforestation-free agricultural raw materials in Denmark 2022: Status of implementation of action plan against deforestation' (IFRO, 2023). [1]

Table 1: Denmark's imports of soybean meal from primary producer countries in tonnes.

Producer countries	2020	2021
Brazil	540.317	641.207
Argentina	581.400	345.298
USA	217.043	250.684
Paraguay	81.072	70.532
Russia	58.898	130.876
Canada	54.483	18.924
China	34.759	3.583
India	3.936	31.627
Uruguay	1.555	697
Rest of the world	114.434	64.090
Total	1.687.896	1.557.518

In total, Germany, Brazil and Argentina accounted for 68 per cent of total gross imports to Denmark. Imports from other European countries (Germany, the Netherlands, Belgium, Italy and Norway) are often reexports. Table 2.3 shows that Brazil and Argentina are the two main exporting countries to Denmark, but their respective roles have reversed since 2016. At that time, 42 per cent came from Argentina and 23 per cent from Brazil. In 2021, 41 per cent of Denmark's soybean meal imports came from Brazil and 22 per cent from Argentina. The decline in imports from Argentina is also seen in Europe in general.

[1] https://fefac.eu/wp-content/uploads/2021/02/FEFAC-Soy-Sourcing-Guidelines-2021-1.pdf

Since 2016, both soybean area and production have declined in Argentina, partly due to droughts in 2018 and 2021 that affected more than a third of production, as well as declining competitiveness against Brazil and the US due to rising export tariffs and a tax on soya in Argentina (Kingwell & White, 2018).

Danish Crown was Denmark's (and the world's) largest buyer of RTRS credits in 2021. The number of credits is expected to remain high, but a share of the credits will in future cover activities in Germany and Poland, and credits for the Danish market will be phased out as Danish feed producers purchase physically certified soy. The share purchased in a mass balance model will increase towards 2025, when Danish Crown and the Danish Grain and Feed Association (DAKOFO) expect credits to be completely phased out in Denmark, at least for pig and poultry production. This transition phase is in line with the Danish Agriculture and Food Council's soy policy[2] and the plans of other soy importing companies in Denmark.

[2] Landbrug & Fødevarer (u.å.). Landbrug & Fødevarers politik for ansvarlig soja til foderformål. https://lf.dk/omos/vores-holdning/soja



# Alliance members' reporting and progress

This section provides an update from members' self-reporting, focusing on a) company action plans, including on scope, time-bound objectives, verification and certification, b) progress achieved in 2021, both from a quantitative and qualitative perspective, and c) reported challenges, gaps and opportunities, again, in comparison with last year's reporting.

#### **Company action plans**

This section provides an update from members' self-reporting, focusing on a) company action plans, including on scope, time-bound objectives, verification and certification, b) progress achieved in 2021, both from a quantitative and qualitative perspective, and c) reported challenges, gaps and opportunities, again, in comparison with last year's reporting.

According to members' reporting, currently all the eleven reporting companies (out of twelve members in total) have a policy for responsible soy (including deforestation-free soy), while ten out of eleven reporting members have a publicly available action plan that describes actions that promote responsible soy production in line with the Alliance vision and their own policy. This is broadly in line with last year's reporting. In addition, four out of eleven reporting members also updated their action plan in 2021.

#### Scope

The scope describes the part of the companies' business activities being covered by the action plans and their targets. Each company defined the scope of its own policy and action plan when setting (or updating) their targets.

Scope has been defined in a number of ways: either geographically by markets (i.e. covering production for or imports to the Danish market); or via product specifications (e.g. those products containing a specified percentage of soy, meat or dairy content); or by product lines (e.g. retailers' private label products); but it can also cover the entire business.

As most companies defined their own scope, those members' reported volumes do not necessarily represent 100% of their soy footprint.

Overall, product manufacturers included a larger proportion of their soy footprint within the scope of their policies and action plans in comparison with retailers, for reasons outlined below.

In line with last year's report, retailers continue to focus on own brand (private label) products, mainly in Denmark (not yet in other markets), and have generally not included branded products within scope. One member also mentioned a distinction between private label primary brands, which are included within their scope, and minor private label brands, which are not currently included within scope.

On direct soy (i.e. soy used directly as an ingredient in a product), retailers commonly include products with more than 5% soy content (as a direct ingredient).

This threshold is in line with last year's reporting and is a pragmatic solution to challenges in calculating soy content, for example, the use of soy flour in bakery products.

On indirect or embedded soy (where soy is used as an ingredient in animal feed) retailer members commonly include within their scope products with a meat/dairy/egg content of >40-50% of the total product weight. Depending on reporting company product ranges, this commitment can apply to dairy (e.g. milk, cheese and other dairy products), eggs, meat (e.g. pork, beef, chicken, etc.) and seafood (including shellfish and farmed fish). This 40-50% threshold is also in line with last year's reporting and thus there is likely to remain a level of under-reporting still in terms of total soy usage.

For example, as mentioned within the 2020 report, processed products and ready meals which contain a lower proportion of meat-based ingredients, such as a chicken salad or lasagne, are not currently included within all members' scope and, consequently, will not be part of the Alliance collective reported soy volumes represented in the following section of this report. Similarly, as retailers also sell branded products, and these are not often within scope, this represents another gap within the following calculations of soy volumes (see section 3.2.1 below).

Alliance members reported difficulties in estimating their total soy consumption and thus what proportion of this is currently captured within their policy scope. Only four companies (three of which are manufacturers of consumer goods) confirmed that their reported soy volumes represent approximately 100% of their total soy consumption (in line with last year's figures).

Further reflections on this can be found in the section 'Reported challenges, gaps and opportunities' below.

#### Time-bound objectives

Eight out of eleven reporting members have set a 2025 target date for achieving their goal of 100% responsibly sourced soy, many having been working on this since 2020. This is in line with last year's reporting.

For most companies, certification remains the key mechanism for delivering responsibly sourced soy. For some members this includes buying both credits and other more physically linked certified soy options, whilst others have made the decision to gradually move from credits towards only sourcing physically certified (or verified) responsible soy by 2025.

For example, one member has a 2025 target date by which 100% of their soy will need to be certified sustainable under a FEFAC approved scheme (benchmarked to the FEFAC 2021 Soy Sourcing Guidelines[3]), either as physical flows (i.e. soy being sustainably produced and certified), or via credits, which can cover remaining quantities which are not physically certified.

This reflects the different approaches taken by members, many of whom have also set their own individual shorter-term goals.

Members did highlight that the last six months in particular have been historically challenging with respect to the prices of feed and raw materials, also mentioning current uncertainties and further geopolitical developments that may affect the achievement of those 2025 targets. Further reflections on this can be found in section 'Reported challenges, gaps and opportunities' below.

[3] https://fefac.eu/wp-content/uploads/2021/02/FEFAC-Soy-Sourcing-Guidelines-2021-1.pdf



#### Verification and certification

All the eleven reporting companies confirmed their continued focus on the use of certification standards to implement their policies and provide assurance on responsible soy. This represents an increase compared to last year, when eight out of nine members had confirmed their use of third-party certification. Certification provides a practical way of taking action in complex supply chains where companies may have many suppliers. FEFAC approved certification standards were referenced as standards of choice by a number of members.

In line with last year's report, Book & Claim credits (e.g. RTRS credits) continue to be the most commonly used option (primarily because it may be the only practical option for some members at this stage, while they work with their own suppliers to move forward see section 3.3 below for more insights). Several members including supporting members indicate that in the longer term they would like to see progress towards more physically linked third-party certification options, while another sees third-party verification as a good solution, but currently has very limited knowledge of this method. In last year's report one company stated they were making use of a verification approach to demonstrating responsibly sourced soy, defining soy from a specific geographical area to be at low risk of deforestation and thus responsibly sourced. This year there has been an increase in the reported use of verification alongside certification: one member had made a commitment to both direct sov and embedded/indirect sov in food branded own products beina verified deforestation-free or third-party certified, either in the form of RTRS credits or physically certified soy by the end of 2020, and only in the form of physical certification by the end of 2025.

### Public reporting to communicate progress made to date

Six out of eleven reporting members have confirmed they report and communicate publicly about progress in relation to their action plan within their annual reports, while another uses their CSR report. Similarly, seven out of eleven reporting members use their own website to communicate about progress made to date, with one additional company currently planning some communications updates on their website. Overall, only one company does not seem to be currently reporting publicly on progress.

This represents a significant increase in members' public reporting on progress compared to last year, when only five companies were reporting and communicating publicly about progress against their own action plan.

#### Progress achieved in 2021

Within the 2020 report, seven out of nine reporting companies felt they had made documented (i.e. demonstrable) progress towards the vision of the Alliance. This year eight of the eleven reporting members reported that they were satisfied with the progress they had made in 2021 towards the goals they had set in their own action plans.

The progress made is in line with the goals set in the 2019 policy of the Danish Food & Agriculture Council[3], stating that 100% of the soy purchased for animal feed will be responsibly produced by 2025 (and assured through third-party verification and in accordance with FEFAC Responsible Soy Sourcing Guidelines 2021[4]).

[4] https://agricultureandfood.dk/danish-agriculture-and-food/responsible-soy-production

[5] https://fefac.eu/wp-content/uploads/2021/02/FEFAC-Soy-Sourcing-Guidelines-2021-1.pdf

Within this policy, which several Alliance members adhere to, subsidiary goals have been set for the years leading up to 2025, showing continuous improvement and a step-by-step approach, aiming to increase volumes overtime, and starting with 20% in 2021, then 40% in 2022, etc.

For this year's report, Alliance members collected data on:

- Volumes of certified soy calculated as a proportion of total soy consumption/footprint, thus as a percentage, to provide a quantitative measure of increased uptake by members.
- Qualitative actions taken by members to support the uptake of certified soy.

#### Quantitative progress achieved in 2021

Table 2 and Figure 2 below show reported volumes of certified soy purchases by Alliance members since the 2020 baseline report.

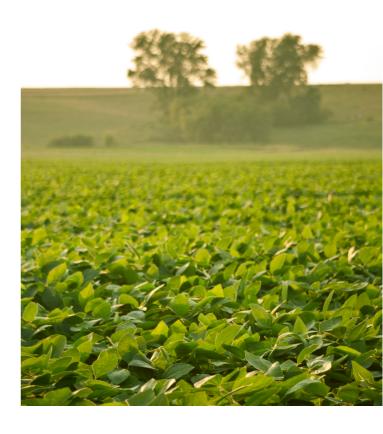
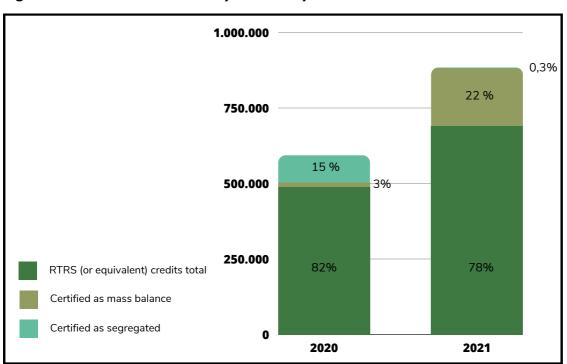


Table 2: Volumes of certified soy sourced by Alliance members in 2020 and 2021

	Volumes (ton)	
	2020	2021
RTRS (or equivalent) credits total	487,333	688,744
Certified as mass balance	15,000	192,582
Certified as segregated	90,539	2,360
Certified soy total (including credits)	592,872	883,686

Figure 2: Volumes of certified soy sourced by Alliance members in 2020 and 2021



The results show the overall amount of certified soy volumes sourced by Alliance members has increased significantly (by almost 50%) in 2021, however, this increase has been driven in large part by new Alliance members, predominantly Arla. Including the existing membership, whilst we still see a reliance on credits (688,744 tons – 78%), we have seen a drop in the proportion of segregated soy (to 2,360 tons – 0.3%), and a large increase in the proportion of mass balance (to 192,582 tons – 22%), the latter reflecting the direction of travel by some members to transition from credits to more physically linked certification options. Overall, there was also a decrease in total soy consumption by a few existing members.

According to individual companies' submissions:

- Seven members' proportion of certified soy had either increased or remained constant in 2021, with three of these already having reached 100% in 2020.
- Two members' proportion of certified soy had decreased, with one of these companies commenting that they were working to find a solution between different parts of the supply chain around the purchase of credits.

It should be borne in mind that these results are based on the same methodology used in last year's report (for comparison) and may include a certain level of double counting throughout the supply chain, for example, credits may be counted twice (as companies might count credits bought by suppliers) or even purchased several times throughout the supply chain. Notwithstanding the potential limitations of the methodology used here, it does provide a useful way to collectively estimate progress made to date.

This year we have also looked to estimate the proportion of total Danish soy imports (using the 2020 data illustrated in section 2 of this report) that can be described as certified from members' reporting.

To calculate this, we have used the figures presented in Table 2 above, which show a considerable increase from 33% in 2020 to 49% in 2021, and applied two methodologies aiming to avoid double counting throughout the supply chain. In the first methodology only direct soy (as opposed to indirect/embedded soy) was included which showed 45% of Danish soy imports to be certified in 2021.

In the second methodology only one tier of the Danish supply (product manufacturers) were included, this showed 40% of Danish soy imports to be certified in 2021. Both figures are likely to present an underestimate of total Danish certified soy imports in 2021, but do aim to reduce and in the latter case avoid the risk of double counting.

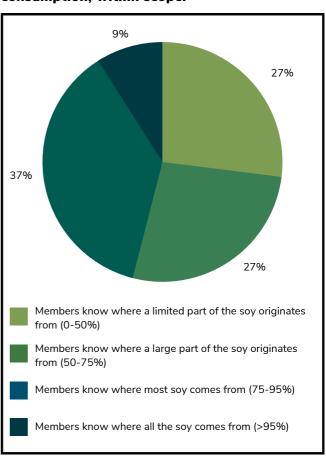
#### Soy origin

This year further data around soy origin was gathered, which shows that, for 2021:

- Eight members (73% of membership) know where the majority of their soy (i.e. more than 50%) came from, with one of those members knowing where all their soy (within scope) came from.
- Three members (27% of membership) know where less than 50% of their soy consumption (within scope) came from.
- In addition, eight members know they source primarily from Argentina, while six members know they source mainly from Brazil.

This information has also been summarised in Figure 3 below.

Figure 3: Members' own estimates of soy origin awareness, as the share of their soy consumption, within scope.



#### Qualitative progress achieved in 2021

In terms of 'qualitative' progress achieved in 2021 towards the vision of the Alliance, members have reported the following.

#### Collaboration with suppliers

 Nine out of eleven reporting members focussed on supplier requirements and cooperation, collaborating with their suppliers on data collection, but also in raising awareness on member's policies, the need to incorporate responsible soy within suppliers' requirements, the inclusion of soy as an embedded (indirect) ingredient within products and the role of certification.

#### Data collection

 A couple of reporting members focussed on improving their due diligence processes, working particularly on improving their data collection method, both externally via questionnaires and internally through their systems. Members have seen improvements in data submissions from suppliers that has strengthened soy traceability and their ability to calculate soy footprints per supplier. In one case, one member is already checking in with suppliers regarding compliance with their own policy, including collecting proof of purchase of credits or certification.

#### Traceability

- Four out of eleven reporting members focussed on traceability, checking documentation relating to credit purchases and certifications, or improving their internal systems to ensure effective internal communication, or by increasing their own awareness of the proportion of soy already covered by a certification scheme/standard.
- This may be an influencing factor in members looking into the alternatives to credit purchases, moving towards more physically linked certified soy options (e.g. from credits to mass balance), and towards the achievement of the end goal of 100% physically deforestation-free soy, while also learning more about soy origins and related deforestation risks.

#### Widening policy's scope

 Three companies also reported to have worked on extending the scope of their responsible soy commitment/policy/strategy, either geographically (i.e. beyond Denmark towards Sweden and Germany), or from a quantitative perspective (i.e. including several of their private label brands within scope).  For example, in one case, there has been a push towards vegetarian and vegan food ranges (e.g. including meat alternatives/substitutes), which contain European certified soy.

# Reported challenges, gaps and opportunities

Members were asked to identify challenges, gaps and opportunities in working towards the goal of achieving 100% responsible soy in Denmark. The following key areas were identified.

#### Current operating context.

 Members highlighted a difficult operating environment over 2021 with supply chain shocks on various commodities including soy leading to cost and availability issues. Events in 2022, including the war in Ukraine, increases in energy prices, and inflationary pressures will continue to present a challenging backdrop to Alliance members' actions on responsible soy.

#### Calculating embedded soy

· Specifically within meat, dairy and eggs product categories and in further processed foods (e.g. ready meals). Challenges remain in obtaining information on embedded soy content within these products (e.g. soy used in animal feed for egg and dairy production). Though global conversion factors are available, which can be applied to meat and dairy ingredients, they do not account for individual market contexts and so can be inaccurate. These challenges are increased in some food categories, such as processed foods (e.g. ready meals) that can have long and complex supply chains and multiple ingredients containing animal-based ingredients. In these instances, information on proportion of these ingredients (such as milk or meat) within the products, and the embedded soy they contain, may be difficult to calculate and not easily available. Understanding whether such products fall within or outside scope may, as a result, be challenging for Alliance members and their suppliers to assess.

#### Traceability and data gathering.

 Challenges in obtaining information on soy origin remain, as Alliance members' suppliers may struggle to access such information. This is exacerbated in the case of composite (multiingredient) products, as described above. As a process, data collection can be time and resource intensive, particularly when the data gathering process requires repeated checks and validations across a large number of suppliers. This can result in survey 'fatigue' (one member reported a low response rate from suppliers – approximately 60% – when requesting information on soy consumption and origin mapping).

Uncertainties around the move from credits to more physical certification models for responsible soy.

• A number of members have set out a pathway from credits towards more physical certification models (including mass balance) in order to provide greater traceability through a stronger physical link to soy origin, and greater transparency around where the certification premiums are directed. Questions remain as to whether segregation is a desirable end point, what role verification can play versus certification, the different certification and verification options available, and the perceived lack of a single globally recognised certification soy scheme/standard, such as RSPO within palm oil supply chains.

Uncertainty around upcoming changes in regulations.

- Primarily the development of the EU Due diligence proposal for regulating forest-risk commodities.
   Read more in the box below. Overall, Alliance members perceived this emerging regulatory requirement as a good opportunity to move forward and create real change, particularly if fully implemented at the European level. It has the potential to drive greater transparency and traceability within the soy industry, supporting the Alliance goal. Key concerns identified included:
  - The current proposal for a 'geolocation' approach to traceability requirement (i.e. GPS location) is perceived as being particularly challenging as supply chain knowledge on soy upstream towards country of origin is currently very difficult. Members highlighted the potential significant additional costs incurred by industry if this approach were, in practice, to lead to a requirement for segregated supply chains.

• Linked to the above, the resource implications for companies if large amounts of data on soy origin and provenance needed to be collected and shared throughout the supply chain. For the reasons already noted above and drawing from the experience of Alliance members, this could impose considerable administrative burdens particularly if additional systems for data collection/sharing needed to be developed to enable this to happen.



The Danish Chamber of Commerce is looking forward to EU legislation on deforestation, which we see as the only way to address the massive challenges with global deforestation. However, the legislation is not perfect and might impose European businesses large financial and administrative burdens, e.g. geolocation and double due diligence requirements. Ethical Trade Denmark is a suitable forum for knowledge sharing and we look forward to discuss benefits as well as disadvantages in the legislation.

- Anders Kroman Liin
Danish Chamber of Commerce

#### Alternative protein sources

 A number of Alliance members highlighted an increasing focus on the search for alternative protein sources for animal feed, including opportunities to source more locally grown (e.g. European) soy which is perceived to have a lower deforestation risk, and to find substitute alternative proteins such as insect-derived protein.



Members of the Alliance must strive to reduce their contribution to deforestation by reducing their carbon footprint. There are two ways of doing that, which is either improving the soy productivity of the existing production and/or reducing the demand for soy e.g. with more plantrich foods and by using fewer biofuels.

- Simone Højte Concito

This is a relatively new area of consideration with questions remaining, for example, how much substitution with alternative protein sources is possible or realistic, the time horizon for larger scale production and the life cycle pros/cons of protein alternatives versus responsibly sourced soy.

#### Soy and carbon.

• Over half of the Alliance members reported that they are using/adopting Science Based Targets (SBTs) or Net-Zero SBTs (under the Science Based Targets initiative - SBTi), which shows that the carbon footprint of commodities, ingredients, and products, including crucially soy being used as a protein source within animal feed, is becoming an increasingly prominent issue. Soy used as animal feed by suppliers will fall under companies' scope 3 emissions and, with the new FLAG (Forest, Land and Agriculture) Science Based Target Setting Guidance launched on 28th September 2022, it is expected that this will become an increasingly important part of members' work on responsible soy, and therefore a good opportunity for collaboration for the Alliance and its membership.

# Future opportunities for the Alliance

The role of the Alliance in providing a place for different stakeholders to work together on common issues towards a shared goal of responsible soy remains highly valued amongst members.

Good progress has been made this year on further defining and aligning on what actions may qualify as demonstrating progress towards the goal of responsibly sourced soy, and how progress may be measured and reported on. Certification remains a common and pragmatic choice for many companies, alongside supply chain verification (see section 3.1.3 above), but questions remain as to the right mix of 'tools' necessary to create the market transition in the longer term.

Alliance members have indicated an interest in exploring the benefits of moving from certified credits to more physical chain of custody models such as mass balance but also more broadly, to consider the role of certification as a whole in achieving the goal of the Alliance, both in terms of the assurance it provides on soy within their supply chains and the ability to deliver a positive impact in producer countries. It will be useful in this next period, building on the progress and learnings to date, to consider what this next part of the transition to 100% responsible soy for Denmark looks like and the role of certification/verification in that transition.

Connected to this discussion, Alliance members are interested in continuing to collectively explore the most effective models for supporting farmers in key sourcing countries, such as Argentina and Brazil, to transition to responsible soy production. The newly launched joint partnership project 'Scaling Up Sustainable Soy, Brazil' in which Alliance Members take part as active partners and Advisory Board members will enable alliance members to intensify and coordinate further collaboration.



The project focuses on the Cerrado area in Brazil and aims to reduce deforestation associated with the Danish Soy supply chain, ensuring that 'soy imported to and consumed in Denmark is produced sustainably without causing deforestation that damages climate, biodiversity and ecosystems, and inclusion and rights'. The activities that Alliance members will work on includes regional impact-driven RTRS credit pooling and exploring opportunities for collective models for joint producer support, and for the traceable supply of responsible soy from the Matopiba region in the Cerrado.

The challenges described in this report on data quality indicate opportunities exist for further work in this area. This should include how to provide more accurate and consistent application of conversion factors for embedded soy. Also how to improve data availability and develop mechanisms for more effective and efficient data sharing between supply chain tiers, to reduce administration costs and resource.

The recently proposed 'Danish Soy Roadmap' which builds upon the work in the Alliance and the abovementioned partnership project in Brazil, aims to address this issue and support companies in strengthening and meeting the ambitions set in their action plans in line with international best practice, in a smart way that involves the actors in the supply chain that have most leverage to create change.

Alliance members recognise and support the need for further work on scope to ensure greater alignment between companies on the range of products containing soy that are captured by company policies and actions plans. Challenging areas to be addressed include products containing indirect/embedded soy (e.g. meat, dairy and eggs) and more challenging still, where these ingredients are part of further processed products such as ready meals. For some members, in particular retailers, branded products may carry a significant soy 'burden', though it is accepted that this latter category remains hugely challenging to influence in practice. As noted last year, a more aligned and consistent approach on scope would help to provide clearer communication to suppliers, particularly those that supply several Alliance members, and accelerate the transition towards the achievement of the Alliance goal of 100% responsible soy. As mentioned before, the proposed Danish Soy Roadmap and related capacity building is designed to provide a pathway for companies to address these challenges.

Finally, Alliance members have highlighted the opportunity to broaden the dialogue to industry associations (e.g. feed, dairy, etc.) to support the Alliance and encourage adoption of criteria and benchmarks that mirror the Alliance goal and help accelerate a mass market transition in Denmark.



# DANISH ALLIANCE FOR RESPONSIBLE SOY

Ethical Trade Denmark (2008) is the unifying platform for companies and organizations working for responsible trade and sustainable development. We strengthen knowledge and cooperation on social responsibility and sustainability in global value chains because trade must respect human rights and take into account the environment and climate. Ethical Trade Denmark is behind the Knowledge Center for Sustainable Value Chains, the Academy for Ethical Trade, member networks and several multi-stakeholder partnerships and alliances.

The organization was established in 2008 as a membership organization of business, trade unions and civil society organizations to strengthen knowledge, action, and cooperation on responsible and sustainable global trade. Today, its membership includes more than 100 companies, trade unions, business and industry organizations, civil society organizations, public institutions, municipalities, and foundations.

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