

Danish Alliance for Responsible Soy Status Report 2020

**By the Danish Ethical
Trading Initiative**

1st December 2021



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Responsible Soy**



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A report prepared by the Danish Ethical Trading Initiative, on the basis of company reporting.



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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 responsibly produced soy. By participating in the Alliance, the stakeholders can help to promote responsibly produced soy, and the stakeholders also commit to the Alliance's vision and obligations.

The Alliance's 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.** To achieve the vision, participants undertake to:

- 1) Publish an action plan for responsible soy, incl. a time schedule, which describes initiatives to ensure progress towards the vision within six months of joining the Alliance.
- 2) Report progress annually to the Alliance Secretariat.

The Alliance's 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)

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 labor; effective abolition of child labor; 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.

Responsibly produced soy can be achieved, for example, through third-party verification or through the following certification schemes: RTRS (incl. RTRS credits), ProTerra, EU-organic, ISCC Plus (biofuels), Donau Soja and Europe Soya Standards or IFOAM, (the list is not exhaustive).

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

- *Participating companies* include representatives from e.g. retail, food service, animal feed producers, industrial companies, and food producers. Participating companies must comply with the Alliance's obligations - i.e. publish an action plan and report annually on progress.
- *Supporting members* include NGOs, authorities, universities, business and industry organizations, trade unions, and the like. 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.

The Danish Ethical Trading Initiative (DIEH) acts as a secretariat for the Alliance. Company participants 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 organizations that possess relevant knowledge about the problem and solutions to responsible production of soy.

As of September 2021, the Alliance counts the following members:

Participating companies:



Supporting members:



Introduction to this report

The company participants of the Danish Alliance for Responsible Soy are obliged to report once a year to the Alliance's secretariat, the Danish Ethical Trading Initiative, on the progress they 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 (certification schemes, other verification methods, etc.). Participants' data is collected and presented in this report in an aggregated, anonymized format to protect commercially sensitive data. The data is self-reported, without an obligation to document.

Of the eleven company members in the Alliance, nine have submitted the reporting. The two remaining company members Danpo and Rose Poultry (HK Scan) joined the Alliance later and were thus not required to report on the progress of their published action plans until 2022. These actors have however been encouraged to provide input, which is included in this status report when relevant.



Figure 1: Company submissions

This report provides the first status on the annual reporting by participating company members of the Alliance, presenting a baseline for the participants' progress towards the vision since the launch of the Alliance in 2019. The status report indicates challenges and progress experienced by the participants during 2020. Since this is the first reporting, volumes can't be compared, and progress indications are predominantly on the ways companies work. In the coming years, we will likely be able to measure developments in the share of responsible soy once a better insight is gained by mapping out and estimating the total soy volumes of Alliance participants. At this stage, the report can be used as inspiration to participants on their work as well as the potential for sector collaboration towards the overall vision.

Denmark soy imports and consumption

The following section provides a brief overview of current Danish soy import. Figures are provided by the Department of Food and Resource Economics at University of Copenhagen, and are part of a publication on the transition to physical traceable import of responsible and deforestation free soy (IFRO, 2021).

Export country	2020	
Germany	577,070	(32.1%)
Argentina	504,797	(28.1%)
Brazil	228,839	(12.7%)
Netherlands	105,168	(5.9%)
Paraguay	80,424	(4.5%)
Russia	75,368	(4.2%)
UK	9,481	(0.5%)
ROW	225,474	(12%)
Total	1,797,139	

Figure 2: Danish import by country, soy beans and soybean meal

As the table shows, Denmark imports around 700,000 tons of soy from European countries that don't have soy production, it is necessary to take re-export and thereby origin into account:

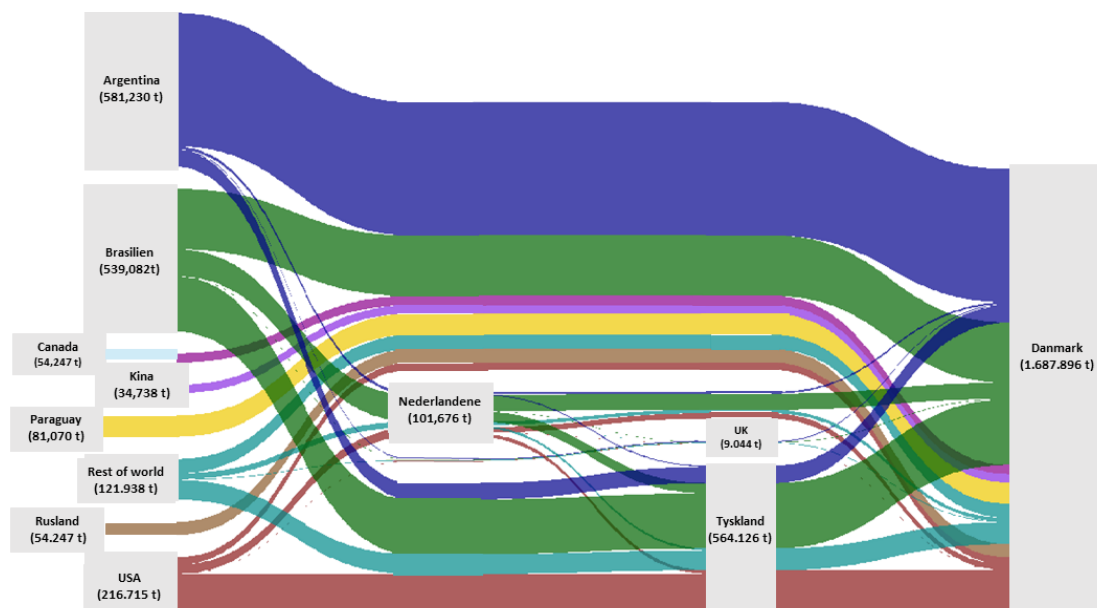


Figure 3: Origin of Danish import by country, soy beans and soybean meal

The Institute notes that re-exports are calculated on the basis of the producer countries which have exported soybean oilcakes to Germany, the Netherlands and Belgium. In addition, indirect re-exports through the Netherlands have been calculated. Data are drawn as import figures from Comtrade¹.

The figure shows that Danish imported soy primarily originates from Argentina (581,230 t) and Brazil (539,082 t). Certain areas in these countries are considered hotspots for deforestation.

Alliance company reporting and progress

This section provides an insight into key parts of company participant's reporting, focusing on a) company action plans, b) progress in 2020, and c) identified challenges and gaps.

Company action plans

The action plans of Alliance company members were published in May 2020. The following paragraph will briefly present the key content of these plans, including the objectives, means to achieve the objectives and the scope of the activities – which all have an impact on the reporting.

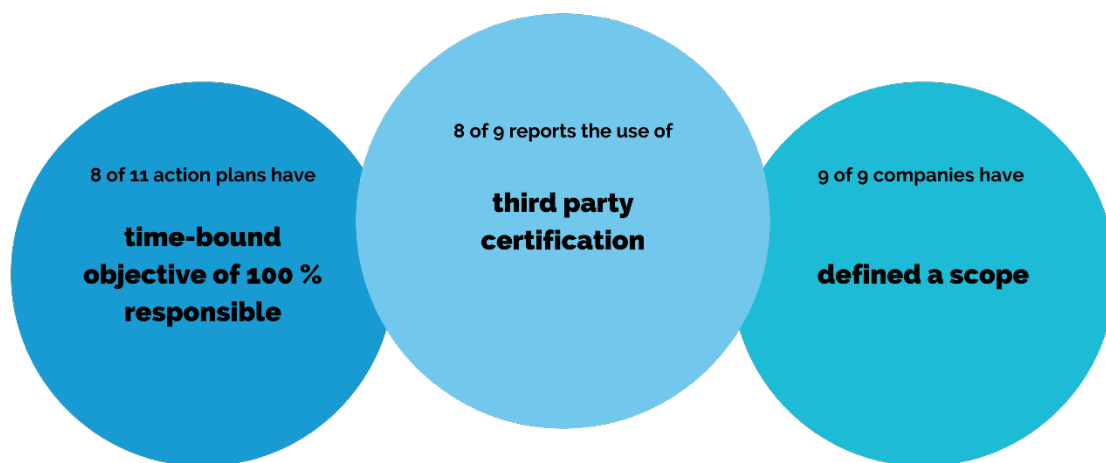


Figure 4: Key content of action plans

¹ Source: Calculation based on Callesen et al. 2020 and data from Comtrade (United Nations, 2021)

Time-bound objectives

Of the eleven company members with public action plans, eight included the objective of having 100 % 'responsibly sourced soy' in 2025. The definition of what qualifies as responsibly sourced soy in 2025 is neither clarified nor aligned, which reflects different approaches as well as uncertainty on the best way to create a market transition in the long term. While some participants explicitly state how they aim to reach 100% responsibly produced soy by 2025 (e.g. through buying credits and then move towards physically certified or verified supply chains, or by requiring suppliers to do so), others are less specific on how to get there. The three companies without the 100 % target have included shorter-term goals, as one indicates that it is too uncertain to set targets for 100 % responsible soy at this time.

Verification and certification

To implement the company policy and ensure that the soy lives up to the criteria for responsibly produced soy, eight of the nine reporting companies use third-party certification. With thousands of suppliers, it is reportedly more manageable for both the buying company or retailer and their suppliers to use third-party certifications than verification². One company state that they make use of a verification approach for entire geographical areas when these are considered low-risk with regards to deforestation.

Scope

The companies define different scopes in the action plans. The scope is the part of the companies' business activities being covered by the action plans and by its targets. The scope is defined either by markets (i.e. production to the Danish market), product specifications (percentage of meat or dairy in a product), production differences (e.g. private/own-label products in supermarkets) but can also entail the entire business. The fact that most companies defined a scope implies that the reported volumes are not representing 100 % of the soy footprint in the company.

The company participants' scopes indicate that production companies can include a broader part of business activities in the scope than retailers. Some production companies include the entire business, while others have selected certain markets. Several companies are in the process of expanding their scope.

Common to most of the retail chains, is that their scope includes:

² Verification is the evaluation of whether or not a product, service, or system complies with a regulation, requirement, specification, or imposed condition. Certification on the other hand refers to the formal procedure by which an accredited or authorized organization assesses whether supply chain partners are working in compliance with a specific (sustainability) standard.

- own brands /private label, and
- product specifications regarding the amount of meat in a product ranging from >40-50 % and/or the amount of direct soy, approximately >5 %.

Products such as chicken salad (29 % meat³) or ready-to-eat meals as lasagne (26 % meat⁴), will thus not be included in the current data-gathering to calculate soy volumes. The brand products in supermarkets also represent a significant share of the volumes, which are currently -at least partly- unreported.

Retailers and producers have defined these scopes for good reasons, as they have large numbers of suppliers and thus cannot cover them all from the beginning when gathering data and setting requirements regarding soy.

At this moment only four company participants know how much their reported soy volumes represent of their total soy consumption. Participants of the Alliance have started the discussion on soy volumes during 2021 to estimate and get closer to the actual soy footprint. Further reflection on this can be found in the section on “identified challenges and gaps”.

Progress in 2020

The following section presents the progress made by participants in 2020 towards the company action plans and the common vision of ensuring responsible soy import to Denmark.



Figure 5: Documented progress in 2020

Of the participants, 7 out of 9 companies report having reached documented progress towards the vision of the alliance for all soy imported to Denmark to be produced responsibly, including legally produced and not contributing to deforestation or conversion of other natural vegetation. Out of the two companies who have reported no progress, one states that volumes increased because they included another product

³ <https://osuma.dk/21090>

⁴ <https://hjem.foetex.dk/produkt/lasagne/89712121-ea>

category in their scope, whereas the other has prioritized mapping and supplier collaboration in 2020. This means that both are working towards the vision, but without being able to document progress at this stage yet.

For the companies that have reported progress, the definition of *documented progress* varies, as this has not been agreed upon. This definition could thus be operationalized further in the future, to avoid discrepancy. The definition that is currently applied widely is to report steps taken that bring us closer to the Alliance vision. Another way to define progress could be an ‘*increase in the share of responsible soy volumes*’. This does however require further insight and alignment on the soy footprint per participant.

Progress enablers and key reported activities in 2020

Besides active participation in the Alliance, companies state the following activities to ensure progress in 2020:

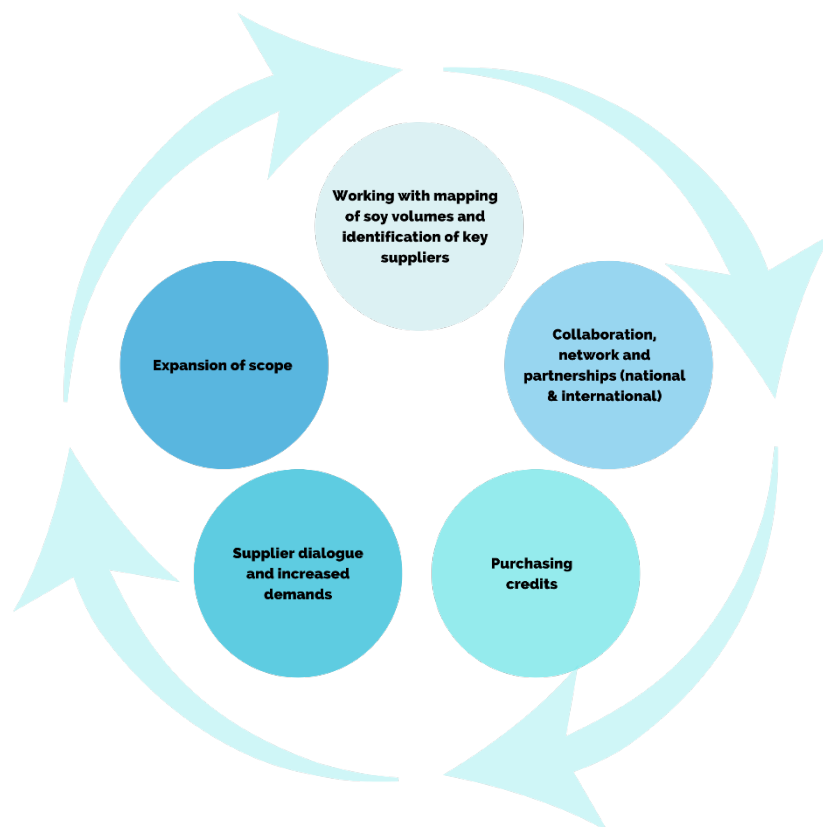


Figure 6: Activities and enablers for ensuring progress in 2020

- Creating an overview through soy mapping and the identification of key suppliers, in order to assess risks and opportunities, as well as potential supply chain challenges.
- Collaboration between actors, and to build on others' experiences. This is both to other initiatives, organizations, companies, and cross-national business units.
- The majority have made use of the tool 'Soy Calculator' to estimate their soy volumes, a tool that was developed in a working group under the Alliance and which offers several methods to calculate the amount of soy per product (e.g. different types of meat, fish, dairy, etc.)
- Eight companies have either committed to or purchased credits in 2020 for their known soy consumption⁵. Three companies purchase credits corresponding to 100 % of the soy footprint in their scope (complimented with low volumes of mass balance and segregated), while the remaining five vary between 0-27 %. The last company makes use of physically segregated certified soy as this is part of the certifications (free-range, organic, and ASC) that the company requires from all their suppliers.

Available types of soy certification

Certificate (book-and-claim / credits):

The credits model is not connected to the actual product supply chain, but instead certificates distributed to certified farmers, when a certain amount of responsible soy is produced. This model does not ensure that the actual soy used in the supply chain is responsible, but does support producers of responsible soy. This is considered the first step towards a sustainable transition, as it helps to increase the demand.

Mass balance:

The mass balance model includes the use of both certified and uncertified soy. The model allows for the certified amount to be sold as responsible if the amount is documented. The physical mixing of certified and uncertified soy provides sellers more flexibility in the supply chain, which is why it often will be lower cost than segregated soy.

Segregated:

Segregated soy is only certified soy, leaving transparency on the soy output. Depending on the scheme, the origin of the soy might not be known. Each link in the supply chain is responsible for living up to the requirements.

To read more about the schemes and different ways of working with certifications, read Efecas briefing from 2020 [here](#)

- Another important progress enabler is supplier dialogue and the development of new supplier demands. The supplier dialogue is crucial to assess volumes and challenges and plays a key part in the distribution of costs in the supply chain. Several participants have implemented their updated

⁵ Some participants have committed to compensate with credits as soon as the mapping of soy consumption for 2020 is completed. This is fulfilled no later than ultimo 2021.

soy demands into supplier contracts in 2020, as well as (re)developed the methodology for calculating and documenting impact. Both mapping and supplier dialogue activities should enable the scope to be broadened continuously.

- The traditional ways of working with responsible soy sourcing are also complemented by other initiatives. Seven company members are working with alternative proteins or other ways of reducing soy consumption. The alternative protein sources mentioned are fava beans, lupin, grass, and pea. These protein sources can be produced in Denmark, which means e.g. enhanced control of production conditions and reduced emissions on transportation. The companies are looking into alternative sources either themselves or through suppliers.

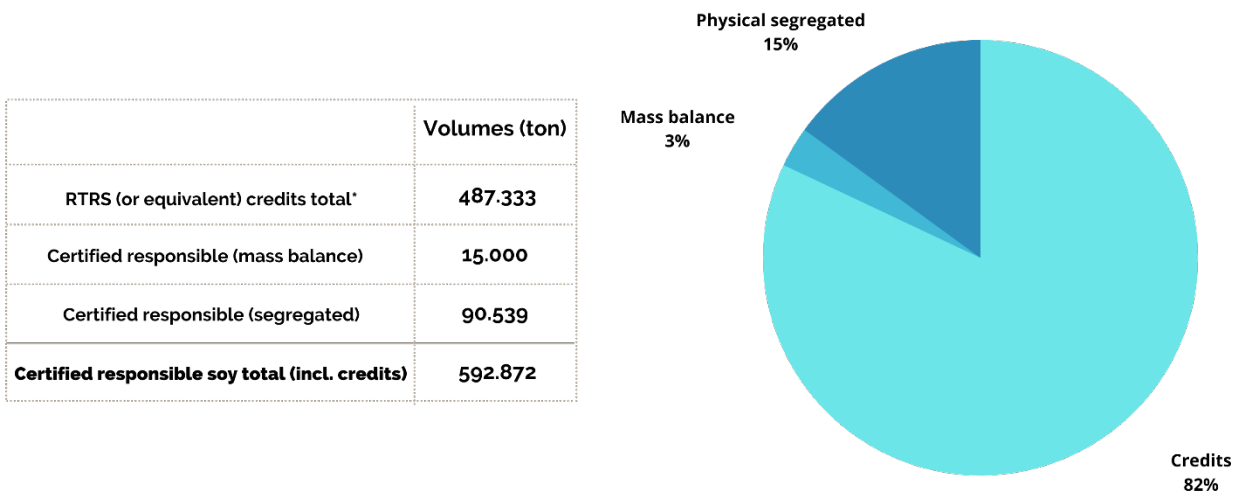


Figure 5: Volumes of responsibly sourced soy by Alliance participants in 2020

Estimation of exact aggregated volumes at the alliance level can be challenging, as the participants take part in the same supply chain and data might thus be double-counted or not registered throughout the supply chain. This might affect the exact amount of credits, which may be purchased several times by various links in the supply chain or counted twice, as companies count credits bought by suppliers. However, a crosschecking of data confirms that the aggregated total volumes of certified responsible soy are reasonably close to this estimate.

Over the next years, it will be possible to provide a more accurate figure, as further insights to the development on soy footprint, purchased credits, mass balance, and physically segregated soy can be gathered and visualized.

The ‘responsibly sourced’ soy is currently comprised of 82 % credits, 15 % physically segregated and 3 % mass balance. However, it is important to note that credit purchasing is generally applied in 2020 as an in-between solution in the sector transition. Some of the participants are interested in moving towards a ‘verification’ approach through existing industry standards, provided these live up to the Alliance’s criteria for responsible soy – as this can support a mass-market transition at a larger scale.

Identified reporting challenges & gaps

The data in this status report can be used to shed light on the gaps and barriers for achieving a market transition for responsibly produced soy to Denmark. This requires further research, mapping, tools, and joint action and the Alliance will work towards more transparency and progress in the sector, as well as more accurate measuring tools for impact and progress. The following challenges have been identified in the reporting phase:

Action plans and reporting: The lack of alignment with regards to the definitions of ‘responsible sourcing’ and the scope applied in the action plans makes it difficult to extract and combine data.

Calculation of soy footprint:

- The gap between total Danish soy import and the Alliance participants’ active share (With the challenges of having company participants trading between each other and not having the entirety of Danish actors represented in the Alliance, the data do not reflect the collective national import).⁶
- The gap of products falling ‘out of scope’ for retailers and producers, having focused on own brands and product content margins on meat and direct soy. Most retailers have set up a scope including their own brands, >40-50 % meat as ingredient or around >5 % soy.

Implementation of plans:

- The perceived impact of purchasing credits is limited without a direct impact at or link to the production level.
- Lack of alignment of supplier requirements and follow-up.

⁶ Actors in the Danish dairy sector, such as Arla and the feed sector, e.g. Danish Agro represent a substantial part of Danish soy consumption. An IFRO (Copenhagen University) report from 2020 states the total Danish import of soy amounts to 1,6 million tonnes, which is approximately the total consumption of embedded soy of the Alliance (1,574 m tonnes). This is a result of the challenge to assess the trade between company participants, which means that volumes might be registered both at the import, production, and retail level. <https://ifro.ku.dk/aktuelt/2020/dansk-import-af-soja-og-palmeolie-udleder-knap-7-millioner-tons-co2-om-aaret/>

- Lack of insight on how to transition to a physical soy supply chain.

Future opportunities for Alliance collaboration

Alliance participants show an interest in developing a joint program that redirects jointly purchased soy credits to invest in a high-risk production region and, secondly, to invest in a joint project for deforestation-free supply chains – thereby aiming to increase the impact of current methods and test possibilities for segregated supply. This is an ongoing work stream under the Alliance which needs to be developed in close alignment with traders, and other international actors, with a focus on Brazil and Argentina as the predominant production countries for Danish soy import. In addition, as illustrated by the findings in this report there is a clear need to continue work and efforts on the following:

- Redefining the Alliance criteria and update of action plans, to facilitate comparison and data on joint progress
- Alignment with international market transitions, such as existing industry standards once they live up to the criteria and Accountability Framework Initiative
- Identify a model to collaborate on pool credits-purchasing and investing in high-risk areas
- Identify ways to absorb/share the additional costs as a result of the transition to responsibly produced soy amongst the different stakeholders in the supply chain

The challenges listed in the previous section illustrate a clear opportunity to initiate pool credit-purchasing by Alliance members, to augment the impact of crediting and contribute to meaningful change in high-risk areas regarding deforestation and other issues. Such an effort opens options for more control and transparency on resources by increasing the power from a single company to several. Credits are however only a step towards delivering on the vision of the Alliance and the Alliance participants' ambitions for segregated and traceable soy.

In order to address the restricted scope listed in the previous section, retailers could broaden the scope, while working closely with their suppliers and require (similar) documentation for responsibly sourced soy embedded in the products. This can be standardized and clarified in contracts across participants, as several participants are in the process of implementing. This would help suppliers in living up to the requirements and reduce confusion, in case suppliers work with several participating companies. It can also save participants time in initial dialogue, implementation, and follow-up. Furthermore, it will help to compare and align the volumes of Alliance participants, providing further opportunity for a faster transition.