CASE STUDY

In partnership with: Soil Capital

INTERNATIONAL PLATFORM FOR INSETTING

SOILCAPITAL

ROYAL CANIN

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OVERVIEW

COMPANY NAME	Soil Capital
PROJECT NAME	ROYAL CANIN® Scope 3 reduction
COMMODITY	Wheat, Maize
LOCATION	France, Belgium
TYPE OF INTERVENTION	Regenerative Agriculture
PROJECT PARTNERS	ROYAL CANIN®
MRV TOOLS	Cool Farm Tool (CFT), TÜV Rheinland, ISO (International Organisation for Standardisation)
REGISTRY	CSA Registry

BACKGROUND

ROYAL CANIN® is a global expert in pet health through nutrition. In order to support the Paris Agreement to limit global warming, the company built a roadmap including investments in renewable energy, sustainable packaging, and regenerative agriculture. In alignment with these goals, Royal Canin partnered with **Soil Capital** to start a low carbon program within their supply chain to deliver on both commitments: sourcing from regenerative agriculture and improving the carbon footprint of their raw materials.

ACTION

ENGAGING FARMERS IN REGENERATIVE AGRICULTURE

Picture: Cécile Coutens (President of Royal Canin) and Soil Capital during a visit at Teddy Sparrow's farm

In 2023, Royal Canin® partnered with Soil Capital to initiate a five-year project aimed at engaging, training, and financially supporting farmers and farming cooperatives in its supply chain. The collaboration targets up to **300,000 hectares** of farmland over a 5 year time long period, focusing on adopting regenerative agriculture practices to improve soil health, water resilience, biodiversity, and climate resilience.

CORE REGENERATIVE AGRICULTURE PRACTICES

Regenerative agriculture, or "regen ag," revitalizes soil health by managing land in harmony with nature, aiming for both environmental and economic benefits. The project promotes five core regenerative practices, each enhancing the soil and surrounding ecosystem:

- **Maximizing organic inputs**: Reduces reliance on synthetic fertilizers and increases natural soil fertility.
- **Reducing land disturbance**: Limits practices that disrupt soil life, helping to maintain stable organic matter.
- **Increasing cover crops**: Introduces cover crops to protect and nourish soil between main crops.
- **Diversifying crop rotations**: Enhances biodiversity and prevents soil degradation.
- **Integrating agroforestry**: Adds trees within farmland to improve ecosystem stability and carbon capture.

During these five years, hundreds of farmers in the supply chain of ROYAL CANIN® will actively put in place these regenerative practices on their lands, benefiting from agronomic assessment and support from Soil Capital's teams.

KEY REGENERATIVE AGRICULTURE PRACTICES IN ACTION

COVER CROPS:
Cover crops help maintain and improve the soil structure with their root system. By increasing soil carbon levels and organic matter, cover crops enhance nutrient cycling, gradually releasing nutrients to benefit subsequent cash crops. This practice not only captures more carbon but also helps retain water and prevent erosion.

5-species cover - from left to right:
phacelia / buckwheat / mustard / vetch / sunflower

REDUCED TILLAGE:
Deep tillage can disrupt soil life, reduce stable organic matter, and lead to issues such as erosion and soil compaction. By adopting minimum tillage or no-till methods, farmers minimize soil disturbance, helping store carbon in topsoil layers and promoting soil biodiversity, especially beneficial organisms like earthworms.

Example of reduced tillage: direct seeding under phacelia cover

MONITORING AND MEASURING PROGRESS WITH MYSOILCAPITAL

To track and verify the regenerative performance, farmers in Royal Canin's supply chain use the **mySoilCapital app**. This tool enables farmers to calculate regenerative performance metrics and monitor key indicators over time. The app utilizes satellite remote sensing to verify the use of practices like cover cropping and reduced tillage, ensuring the transparent tracking of regenerative practices.

IMPACTS / KPIs

PRIMARY OBJECTIVE

The main goal of this project is to provide direct financial support to farmers within Royal Canin's **supply shed**, facilitating their transition to regenerative agriculture. This financial backing is essential, as it enables farmers to experiment, adapt, and learn while managing the risks associated with implementing new sustainable practices. Without remuneration, many would be unable to navigate this challenging path toward regeneration.

CLIMATE IMPACT

- **Carbon sequestration:** With regenerative practices applied across thousands of hectares, the project aims to significantly boost carbon storage in the soil, contributing to Royal Canin's decarbonization goals.
- **Emission reductions:** The project will target substantial reductions in greenhouse gas emissions, particularly through reduced synthetic fertilizer use, improved soil health, and minimized tillage practices. Each hectare involved in the program contributes to Royal Canin's net-zero targets, further reducing Scope 3 emissions.

NATURE AND ECOSYSTEM IMPACT

- **Biodiversity enhancement:** By introducing cover crops, crop rotation diversity, and agroforestry practices, the project promotes biodiversity at multiple levels—from soil organisms to plant and insect diversity—supporting resilient ecosystems.
- **Water retention and erosion control:** The adoption of cover crops and reduced tillage practices directly benefits water retention and reduces soil erosion, creating healthier soils capable of withstanding extreme weather events.

PEOPLE AND COMMUNITY IMPACT

- **Farmer support and skill-building:** The project directly impacts more than 50,000 hectares at the farm level, empowering farmers to refine their practices and adopt regenerative methods. These efforts build capacity and skills within the farming community, establishing a foundation for continued sustainable practices and creating co-benefits that extend beyond carbon reduction. This holistic approach not only supports sustainability goals but also reinforces community welfare and economic resilience.

- **Strengthening supply chain relationships:** In a unique initiative, Royal Canin® teams have met farmers on-site, fostering mutual understanding and respect. These farm visits strengthen supply chain connections, helping both parties align on shared goals and challenges, ultimately reinforcing resilience within the value chain.

PROGRESS

CLIMATE	30,000	Soil Capital Certificates purchased, equivalent to 30,000 tons of CO2e reduced or removed (one-year pilot).
	49,809	Soil Capital Certificates purchased, equivalent to 49,809 tons of CO_2e reduced or removed (first year of a five-year engagement)
NATURE	120,480	Tons of maize and wheat impacted by regenerative practices
	51,555	Ha of regenerating soils (over five years).
PEOPLE	220	Farmers supported with direct financial support

LEVERAGING VERIFIED EMISSION FACTORS FOR COMPLIANCE AND REPORTING

With new regulations such as the EU Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), large companies are now required to disclose greenhouse gas (GHG) emissions across their supply chains and to develop transition plans.

Through its collaboration with Soil Capital, Royal Canin® is strategically supported to meet these regulatory requirements. The company not only reports reduced GHG emissions but also demonstrates a committed transition toward long-term sustainability. These claims are underpinned by Verified Emission Factors (VEFs), which represent verified supply chain impacts (in a given year). When that absolute impact is compared to a reference year, we can talk of reductions and removals. These VEFs serve as validated data points in Royal Canin's Scope 3 emissions inventory, allowing the company to credibly claim reductions tied to the raw materials in its supply chain.

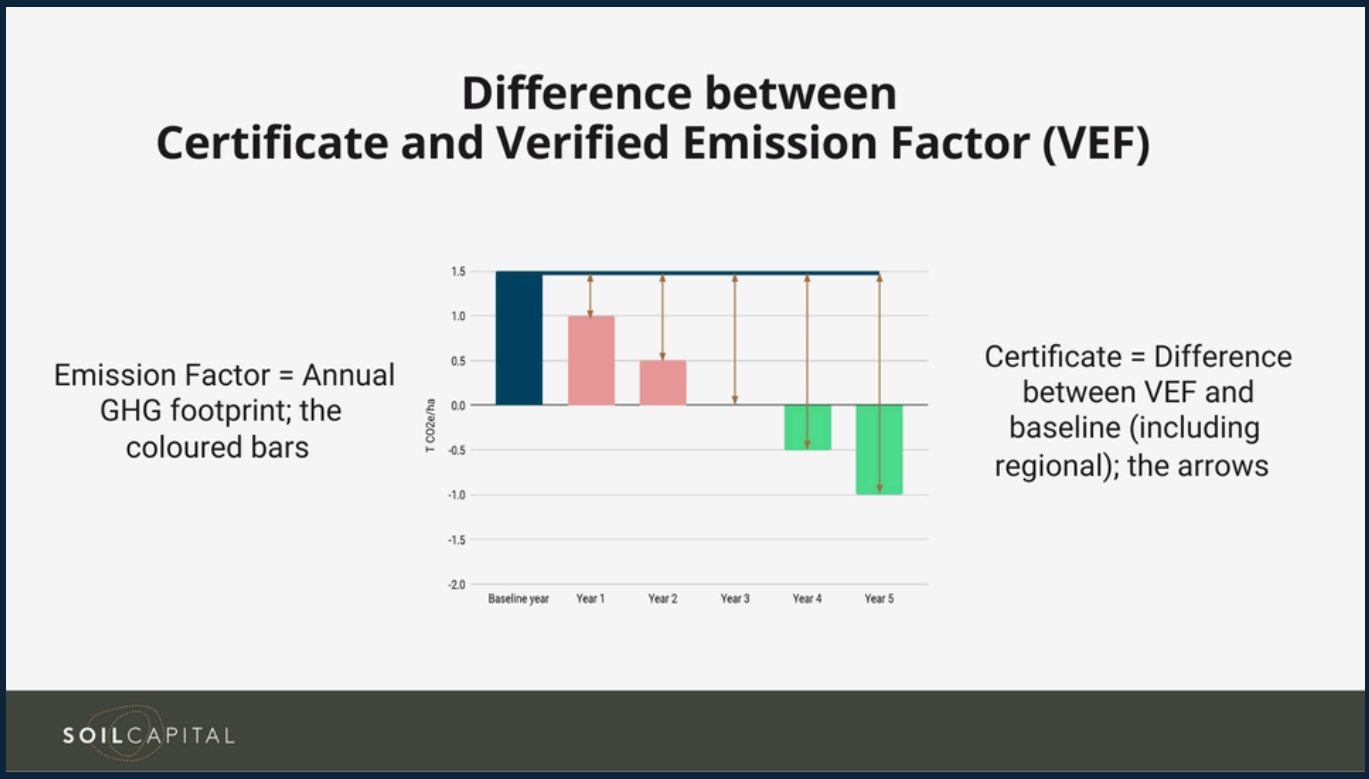

Illustration of the link between Soil Capital Certificates and Verified Emission Factor (VEF)

TOOLS

Soil Capital enables ROYAL CANIN®'s claims based on a complete MRV (Monitoring, Reporting & Verification) that builds a high integrity, transparent and robust methodology:

MONITORING

Cool Farm Tool (CFT) is the model used to quantify the carbon footprint of each crop produced.

REPORTING

CSA Registry: CSA Group is a company holding a public registry for Carbon Certificates. They certify the authenticity of Soil Capital Certificates in all transparency. The registry clearly states the seller (Soil Capital) and the buyer (ROYAL CANIN®), ensuring that the latter can effectively claim emission reductions in its carbon accounting.

VERIFICATION

TÜV Rheinland is the external auditor for Soil Capital. An annual audit controls the assessment methodology and validates the authenticity of the data provided by the farmers.

ISO (International Organisation for Standardisation): ISO 14064 is the international standard recognizing Soil Capital Certificates quality and allows them to be sold on the Voluntary Carbon Market with confidence.

SDGs

LESSONS LEARNED

A key takeaway from this partnership lies in the robust verification and approval process. As previously noted, ROYAL CANIN® established a clear sustainability strategy, supported by Quantis-an environmental sustainability consultancy acquired by BCG in 2022. Quantis was engaged to review Soil Capital's program and review the robustness of the calculations performed and tools used to obtain the emission factors as well as the alignment with Mars' internal guidelines.

Quantis experts rigorously reviewed the data collection and quantification methodologies used by Soil Capital, including how emissions and yield data are reported crop-by-crop, along with any underlying assumptions. The verified emission factors provided by Soil Capital, were applied to ROYAL CANIN®'s FLAG targets, further supporting the company's net-zero ambitions and allowing it to seamlessly integrate and monitor CO_2 reduction efforts across its value chains, facilitating a holistic approach to agricultural transformation and enabling transparent progress reporting.

This review by Quantis, following the prior audit and validation of Soil Capital data by TÜV Rheinland, confirms the integrity and accuracy of the data. This dual validation from two independent sources highlights a strong commitment to transparency and establishes a solid foundation of trust, paving the way for a seamless and successful collaboration on a global scale.

ROYAL CANIN® exemplifies decisive action toward achieving its ambitious goal of net zero greenhouse gas emissions across its value chain by 2050. Through its partnership with Soil Capital, the company is advancing its GHG reduction targets while fostering a regenerative, sustainable, and resilient food system that benefits farmers.

AKNOWLEDGEMENTS

Thank you, Soil Capital, for preparing this case study. As a mission-driven company with expertise in regenerative agriculture, Soil Capital supports farmers in adopting sustainable practices that not only lower greenhouse gas emissions but also improve biodiversity, soil health, and water resilience.
By partnering with agri-food companies, Soil Capital enables these organizations to invest in on-farm sustainability within their supply chains, strengthening value chain resilience and providing certified data on reduced Scope 3 GHG emissions, helping companies achieve their climate goals.

**Please note, the Quantis review was limited to calculations and data assessment and did not include an evaluation of chain of custody concepts. As a result, this review does not constitute a guarantee of GHG LSR compliance or alignment with SBTi requirements.*

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