



Regnskogfondet



MIGHTY

Investments in soy destruction

*Norwegian savings and pensions
are contributing to one of the worst
environmental crises of our time:
the extensive destruction of native
ecosystems.*

May 2018



The Avoidable Crisis: The Soy Industry's Environmental Catastrophe

As a producer from Chaco, born and raised in the area, I don't think that soy is food. To me, it's a disease. Healthy foods are those from my father's time, sweet potatoes, yucca, pumpkins... Soy is for the big money pools, not for us.

They came to make us sick with soy here, in Chaco. And I believe all over Argentina too. ... They come, sow, poison, harvest and go away. ... For me, soy is no good, not even as a food for the animals. It makes the animals sick ... the hens do not lay eggs, the meat has an awful taste. It's not like the corn that we sow in our Chaco. ...

The planes [spraying herbicides] passed at 6:00 a.m. They poisoned the water, the tank, the well and we drank it and the animals drank it. We ended up sick, my animals and I. They made us sick.

— **Elva Catalina Cendra**

Scandinavians are internationally known for their commitment to the environment and fighting climate change. But despite this public concern, and unknown to most people in Norway, Denmark and Sweden, they are contributing to one of the worst environmental crises of our time: the destruction of tropical forests. How? Through their savings and pensions, which are being invested by banks and pension funds in the companies that drive deforestation.

Soy production is expanding across South America's agricultural frontier, a global hotspot for deforestation. Large companies like Bunge and Cargill are driving the destruction of ancient native ecosystems and the wildlife habitat they contain to make way for industrial soy monocultures. More than one million square kilometers of land are

dedicated to growing soy, the total combined area of France, Germany, Belgium and the Netherlands.¹

The world's meat industry relies on massive quantities of soy for animal feed to raise livestock. About 75% of the world's soy is used for animal feed. Big meat consuming countries in Europe imported 27.8 million tons of soy from South America in 2016. The Netherlands, Spain and Germany are the three largest destinations for South American soy in the EU.² Once in Europe, the soy is purchased either by the animal feed processors or the meat processors directly and is used to raise livestock. From there, it is sold to supermarkets and restaurants and then is purchased by consumers.

As shareholders in the companies that drive this deforestation, Scandinavian banks and pension funds are providing soy companies with the capital they need to operate. We have identified 15 investment institutions from Norway, Sweden and Denmark that hold shares in one of the companies driving deforestation, Bunge³. The five largest holdings are held by Norway's Government Pension Fund Global (GPF), Nordea, DNB, Sweden's national pension funds (the AP funds) and Danske Bank.

Companies need capital to invest in and expand their business, and one way of getting access to capital is by attracting investment from institutional investors internationally. By acquiring shares and becoming co-owners of a company, investors gain influence over how that company is run. Shareholders have a responsibility to use their influence to induce businesses to operate in a way which is both financially, socially and environmentally sustainable. Increasingly, investors are becoming aware of the risks entailed in investing in companies that destroy the environment or violate human rights, and many are taking steps to engage with companies to make them improve. Some Scandinavian investors are already doing this, but as this report shows, the speed with which forests are being destroyed for soy makes it urgent for investors to step up their efforts to demand an end to deforestation.

¹ http://wwf.panda.org/what_we_do/footprint/agriculture/soy/soyreport/

² <https://resourcetrade.earth/data?year=2016&exporter=sac&importer=eur&category=87&units=weight>

³ Norway: Government Pension Fund Global, DNB, Storebrand and KLP. Sweden: Nordea, AP-funds, Svenska Handelsbanken, SEB, Swedbank, Länsförsäkringar, Skandia, Godfond Sweden. Denmark: Danske Bank, Investeringsforeningen, Nykredit Bank.



Investors should:

- Encourage the soy traders to promote an industry-wide joint action mechanism and a collective monitoring system that ensures that soy supply chains don't contain deforestation or human rights violations.
- Demand that soy traders cease sourcing from producers that won't commit to avoid deforestation in all their operations.
- Demand that soy traders conduct due diligence on environmental and human rights impacts of their supply chains, including by mapping, monitoring and reporting publicly on their suppliers.
- Demand that soy traders trace 100 percent of their soy supplies.
- Insist that soy producers and traders respect the human rights of indigenous peoples and other local communities affected by their operations and supply chains.
- Encourage the soy traders to promote the expansion of the soy moratorium to encompass all of South America's biomes.
- Support the cerrado manifesto, which commits to no deforestation within the cerrado biome.
- Shift investments from irresponsible soy companies to companies that show responsible action to stop deforestation.

To find out the real impact of soy production, we sent an investigative team thousands of kilometers away to South America's agricultural frontier. We documented how soy raised for animal feed drives deforestation in Argentina and Paraguay, two of the leading soy-producing countries in South America. This follows [our previous investigation](#) into large scale deforestation for soy in the Brazilian Cerrado and Bolivian Amazon basin. Together, these four countries comprise the majority of Latin American soy production.

In this new investigation, our field team visited soy plantations across 4,200 kilometers of Argentina and Paraguay's Gran Chaco ecosystem and documented extensive destruction of natural ecosystems. The Gran Chaco receives much less attention than the Amazon forest, despite being the second biggest forested ecosystem on this continent.

The videos and photos included here show first-hand the deforestation happening to raise meat for, inter alia, European consumers. We also interviewed local community members to learn about the health impacts and social conflicts from these vast



monocultures. We then traced the soy from these production sites to the ports, where international traders then bring it around the world.

The tragedy of the destruction we documented is that it is entirely avoidable. While meat is inherently resource-intensive to produce, it does not require the destruction of native ecosystems. There are more than 650 million hectares of previously cleared land across South America alone where soy and cattle can be raised without threatening native ecosystems. While not all of these degraded lands may be available for commodity agriculture, even a small percentage would easily meet any projected soybean expansion hundreds of years into the future.⁴ Norwegian, Swedish and Danish investors have, if working together, huge influence and the leverage to demand an end to any additional destruction of native ecosystems for soy production.

The Gran Chaco: The "Impenetrable" Forest

Across the landscapes we visited, we documented large agribusinesses bulldozing and burning thousands of hectares of the extraordinary ecosystem known as the Gran Chaco, a 110-million hectare region spanning Argentina, Bolivia, and Paraguay.⁵ The dry woodlands of the Chaco are one of the largest remaining continuous tracts of native vegetation in South America, second only size to the great Amazon rainforest.

The Chaco is home to a vibrant community of indigenous peoples. The forests are inhabited by indigenous peoples such as the Ayoreo, Chamacoco, Enxet, Guarayo, Maka'a, Manjuy, Mocoví, Nandeva, Nivakle, Toba Qom, and Wichi.⁶ Many are still hunter-gatherers and completely dependent on the forest they live in. These lands were once the impenetrable stronghold of almost magical creatures like the screaming hairy armadillo (a real animal), the famous jaguar, and the giant anteater.

The Ayoreo are one of the few remaining uncontacted indigenous groups in the world. The Ayoreo are an indigenous group consisting of different clans, many of which have already been contacted. The contact occurred in recent times and by force, latest in

⁴ <http://www.wri.org/blog/2016/10/restoring-degraded-land-latin-america-can-bring-billions-economic-benefits>

⁵ <https://www.sciencedirect.com/science/article/pii/S0959378017305964>

⁶ <https://www.culturalsurvival.org/publications/cultural-survival-quarterly/indigenous-paraguayan-chaco-struggle-land> and <http://www.argentinaindependent.com/socialissues/environment/beyond-the-amazon-deforestation-in-argentina/>

2004. They are dependent on the Chaco forest to survive and particularly vulnerable, given that when contact happens this is almost always violent.⁷

But in the last decade, huge American soy companies like Cargill and Bunge have infiltrated these frontiers, bulldozing and burning these habitats to make way for vast fields of genetically modified soy. But the Chaco's harsh climate isn't naturally suited for vast monocultures. As a result, soy grown here is genetically modified and requires vast amounts of toxic pesticides like glyphosate and chemical fertilizers. These too are transforming the Chaco. Waterways have become polluted, and local community members report a surge in birth defects, cancers, and respiratory illnesses. Even their pets and livestock are feeling the impacts- many families have reported that their animals have died due to this herbicide exposure.

Over the last two decades, the forests of the Chaco have experienced some of the world's highest rates of conversion to agriculture, primarily for soybean farming and cattle ranching.⁸ In fact, the Chaco forests are being lost at rates matching or exceeding those of rainforests⁹ — even the Amazon.¹⁰ In the entire Chaco Region — covering large parts of Argentina, Paraguay, and Bolivia, — more than eight million hectares were cleared over just a dozen years.¹¹ This trend has been accelerating. Argentina alone lost 22 percent of its forests between 1990 and 2015,¹² most of it to establish soy farms. The total carbon emission associated with the conversion of Chaco forest and grasslands to croplands and pasture is estimated to be 824 billion kilograms of carbon between 1985 and 2013, 15 times Norway's annual carbon emissions¹³. Most of deforestation is concentrated in the northern part of the Chaco in the provinces of Santiago del Estero, Salta, Formosa and Chaco, which together account for 80% of the total deforestation.¹⁴ In 2009, Argentina passed a forest protection law which requires that at least 0.3 percent of the total national budget goes towards forest law

⁷ <http://www.iniciativa-amotocodie.org/wp-content/uploads/2017/05/InformeAisladosZonaFronteraPY-BO-Reduced.pdf>

⁸ <http://www.pnas.org/content/113/15/4021.full>

⁹ <https://link.springer.com/article/10.1007%2Fs00267-008-9101-y>

¹⁰ https://link.springer.com/chapter/10.1007/978-3-319-33628-2_13

¹¹ http://www.sciencedirect.com/science/article/pii/S0959378017305964?_escaped_fragment_=#!

¹² <http://commodities.globalforestwatch.org/#v=map&lyrs=tcc%2ChansenLoss&x=-60.69&y=-23.5&l=5> and <http://www.buenosairesherald.com/article/198242/argentina-ranks-ninth-in-infamous-%E2%80%98deforesta>

¹³ <https://www.ssb.no/klimagassn/>

¹⁴ <http://www.greenpeace.org/argentina/Global/argentina/2017/1/Deforestacion-norte-Argentina-Anual-2016.pdf>

enforcement.¹⁵ However, in 2016, the funds assigned by the Argentine Congress for forest protection were 23 times less than what is required.¹⁶ Poor governance coupled with large-scale expansion of soy is causing deforestation that according to experts is threatening “the equilibrium between humans, animals and the environment.”¹⁷

Other ecosystems have also felt the brunt of this unnecessary deforestation. Agricultural interests have cleared an estimated 98% of Paraguay’s Atlantic Forest.¹⁸ Over the past several years, Paraguay has frequently been ranked as having one of the highest deforestation rates globally. We documented significant deforestation in national parks and indigenous territories, detailed below.

The Paraguayan Forest Act states that one quarter of properties larger than 20 hectares must be preserved as native ecosystems.¹⁹ However, in 2017, Paraguayan President Horacio Cartes issued a decree allowing landowners to clear all of the forest on their property, which accelerated the rate of deforestation. The effects of this decree have been exacerbated by a long history of the government giving large private landowners formal title to lands inhabited by indigenous people.

All of the deforestation covered in this report specifically, and in eastern Paraguay generally, is illegal. The zero deforestation law of 2004²⁰ prohibits deforestation in the eastern parts of Paraguay until 2018, as well as the conversion of forests into agricultural or livestock production. This means that any conversion of forests for soy production in the Atlantic Forest is, in fact, illegal, as well as the deforestation we document in this investigation inside a national park.²¹

Without sanctions or consequences for this illegal clearance, the deforesters have few obstacles in converting valuable forest to soy fields.

¹⁵https://www.greenpeace.org/argentina/Global/argentina/report/2010/Bosques/Ley_Bosques/aplicacion-ley-de-bosques-fondos.pdf

¹⁶ <https://news.mongabay.com/2016/02/seven-million-hectares-of-forests-have-been-lost-in-argentina-in-the-past-20-years/>

¹⁷ <http://archive.today/2012.07.30-004747/http://www.fao.org/ag/AGP/agpc/doc/Bulletin/GranChaco.htm>

¹⁸ <http://www.worldlandtrust.org/projects/paraguay/guyra-reta-reserve>

¹⁹ http://www.seam.gov.py/sites/default/files/ley_352_0.pdf

²⁰ Law No. 5.045/13

²¹ Law No. 352/94



Supply Chain Links

The deforestation we document here is the result of a long supply chain that starts on the South American frontier and ends in the world's supermarkets. We used satellite mapping to determine the current hotspots for deforestation for soy in the Chaco and sent our team to 20 sites to investigate.

In these sites, we found recent deforestation, including incidents of illegal deforestation. We spoke with employees on each of the farms and found that almost all of the deforestation soy is exported through the port of Rosario and adjacent ports. Due to the relative remoteness of the Chaco region, most of the soy is sold by the farmers to transport companies that bring the soy to these ports²², where the major agribusiness traders have their silos and port facilities. As part of its Plan Belgrano infrastructure initiative, the Argentine government is rebuilding a major railway line in the provinces of Salta and Jujuy to speed the transport of soy from the forest frontier in the Chaco to the ports. This new infrastructure acts as a massive effective subsidy for the soy industry in the Chaco. As such, unless immediate conservation measures are put in place by the private sector and government, this railway is likely to significantly accelerate deforestation.

The growers told us that their soy is sold to the major traders. The traders Cargill and Bunge came up repeatedly. None of the landowners were at the sites and we learned that most of these farms are owned by corporations based in Buenos Aires or large foreign businesses.

The hidden middlemen

There are a small group of companies that sit astride the global agricultural trade - ADM, Bunge, Cargill, Louis Dreyfus, and Wilmar. These companies control up to 90% of the global grain trade.²³ In addition to their role in trade, these companies also play a more direct role in driving ecosystem conversion by providing plantation owners with financing, fertilizer, infrastructure, and other incentives for new deforestation to expand their supply base. Given their outsized role, these companies have the power to insist

²² <https://www.argentina.gob.ar/noticias/plan-belgrano-avanza-la-recuperacion-del-tren-de-cargas-en-salta-y-jujuy>

²³ http://www.ipes-food.org/images/Reports/Concentration_FullReport.pdf



that suppliers protect native ecosystems and land rights. Indeed, these companies have policies that commit them to eliminate deforestation. But so far, Cargill and Bunge have prioritized reckless expansion over even easy conservation wins. These problems extend beyond the Gran Chaco; we previously documented 567,562 hectares of deforestation connected to Bunge and 130,000 hectares to Cargill in the Brazilian Cerrado; and additional extensive deforestation connected to Cargill in the Bolivian Amazon.

Among the large traders, Cargill and Bunge have been the primary forces behind deforestation for soy across Latin America. These traders are among the largest exporters of soy from South America to Europe. In the areas we visited for this investigation, we found significant connections to the major traders. Bunge operates a large silo in Argentina's Chaco Province, and Cargill has two silos nearby. In Paraguay's Atlantic Forest region, Cargill and Bunge operate silos in San Pedro and Canindeyu Departments.

In several places where deforestation was occurring, the farmers we interviewed said they sold to Cargill and Bunge. In response to our inquiries, Bunge said they have no record of buying from the growers highlighted in our investigation. Cargill reported that its siloes were unlikely to source from the sites we visited, because their processing facilities are not in close proximity to those sites. However, most of the soy from this area is transported to the ports of Rosario, as there is not much storage infrastructure installed in the frontier region. When asked about their level of traceability, both Cargill and Bunge have failed to provide responses indicating that they have complete information about the location and origin of the soy in their supply chain. There is no legal requirement that the companies document the geographic origin of the soy, nor that it has been produced legally. As such, it is currently impossible for companies that source from these traders to ensure that the soy they are buying has not been produced through deforestation. It is worth noting that both companies have made public commitments to zero-deforestation in their supply chains²⁴²⁵. Knowing where and how

²⁴ <https://www.bunge.com/sustainability/zero-deforestation>

²⁵ <https://www.cargill.com/sustainability/deforestation>



their products have been produced is the first step in ensuring compliance with this commitment.

ADM operates in regions that are less exposed to deforestation, but has recently resisted conservation measures as well. ADM executives told us that they oppose stronger conservation measures because they “don’t want to break ranks” with their competitors. Louis Dreyfus, while smaller, has been much more supportive of conservation.

One of the reasons why these companies’ policies and actions are so important is that they are operating in a frequently lawless environment. In Argentina, Greenpeace and others have revealed that licenses were issued by the Salta provincial government authorizing the deforestation of almost 150,000 hectares of protected forest, in violation of national law. In many cases, soy agribusiness have illegally cleared land with impunity. However, they would not have an incentive to do so if meat companies were unwilling to buy deforestation-based soy in the first place or if their investors had zero-tolerance for illegalities within the companies’ operations.

Existing Commitments

Companies at each stage of the supply chain have zero deforestation policies- see below to see in their own words how these companies commit to eliminating deforestation from their supply chains. However, despite the “green” reputation and PR that comes with announcing a Zero Deforestation policy, some companies have gone further than others to actually implement action plans and ensure change throughout their supply chains. To be clear, it’s a positive step that these companies have taken the steps towards sustainability and expressing publicly their desire to end deforestation, and one that not all companies have taken. But in order to be truly effective, these policies have to be implemented on the ground, not just on paper.

Despite Cargill and Bunge publicly declaring their commitment to eliminating deforestation from supply chains, they also admitted to us that they do not have full traceability of their suppliers to ensure that their soy is not produced through deforestation. Without a system in place to ensure full traceability and transparency,



these companies can get away with publicly committing to zero deforestation, but being blind to the true impact of their operations.

The Human Impact

Our investigation found that the destruction driven by the soy industry was not limited to the environment; but has enormous human impacts as well. Most soy farms in the deforested areas of Argentina's Chaco region make heavy use of the herbicide glyphosate (marketed by Monsanto as Roundup). The World Bank reports that the use of agro-chemicals in Argentina has increased by 1000% over the last 20 years, due to the shift to genetically modified soy that is resistant to glyphosate.²⁶ The World Health Organization has declared glyphosate as a probable carcinogen, although Monsanto has defended the safety of its product.²⁷²⁸ Following its own independent studies, the Government of France has recently declared its intention to ban glyphosate. On average, 19 percent of deaths in Argentina are caused by cancer; in the soy growing areas, more than 30 percent of deaths are caused by cancer, leading to concerns about how widespread pesticide and chemical use in the Chaco and elsewhere is affecting people's health.²⁹

A family of campesinos our researchers interviewed offered disturbing testimony to the real-world impact of herbicide use. Living in a rural area about 100 kilometers from Resistencia, the capital of the Chaco Province, this family's neighbor was using glyphosate to "clear" native vegetation from an entire field. However, while applying the herbicide, rain fell, and the runoff contaminated their land and the water hole for their animals. Approximately 140 chickens, goats and cows died, putting the family's livelihoods at risk.

"The dead animals weren't the worst," a family member told us. "We suffered more. Most of the kids got sick. Everyone. I have a son, he's 19. ... a 15-year-old, a 3-year-old girl and a 1-year-old boy. The youngest suffered the most." They experienced "skin rashes, stomach problems and anemia," he said. "It resulted in the hospitalization of our

²⁶ <http://documentos.bancomundial.org/curated/es/218361479799045279/pdf/109527-ENGLISH-PUBLIC-ARG-CEA-Country-Environmental-Analysis-English.pdf>

²⁷ <https://www.reuters.com/investigates/special-report/who-iarc-glyphosate/>

²⁸ <https://www.scientificamerican.com/article/widely-used-herbicide-linked-to-cancer/>

²⁹ https://www.boell.de/sites/default/files/meat_atlas2014_kommentierbar.pdf



children.” He knew of two other nearby families that suffered similar problems, including one that lost more than 30 dogs and another that lost all of its animals and had a daughter born with disabilities.

Adding insult to injury, none of the families affected felt they could speak out because they would suffer retaliation. The family we interviewed said that they were told that if they said anything, the local council would shut down their small carpentry business — their sole source of income after their animals died. “[The local council] representative said that possibly, if we keep insisting it’s a poison and they say it’s not, they come and close my workshop,” the family member explained. “It’s not only a workshop, a sawmill, it’s an industry, a factory. ... They would close the business.” As a result, all the poisoned families asked for anonymity.

In Avia Terai, home to Bunge’s largest silo in the region, the investigators interviewed Silvia Achaval. She is the mother of Camila, a six year-old girl who is fortunate to be alive. The family’s house is located very close to where an aerial spraying company fumigates soy fields. The planes “were flying when I was pregnant,” Silvia told us. Camila was born with serious malformation problems. She was rushed to the hospital. “She had everything out of place,” Silvia said. “They had to move her heart, her lungs... They told me that she had a complicated surgery ... that because of the poison, she was born this way. The doctors said she wasn’t going to survive. But thank God, she did.”

Camila’s doctor suspected her problems were caused by pesticide contamination — especially glyphosate, which is in some studies found to be closely linked to fetal malformation³⁰ and was used in the aerial spraying. There are also suspicions of a second source of contamination: a seed plant called Agros Soluciones that is owned by Monsanto. Local residents report that the company leaves toxic waste outside of its facility which contaminates the air. And Camila is not alone. “There are more and more children with many problems,” Silvia said. “Kids without hands or legs, they don’t speak. This soy contains a lot of poison. We have to stop it.” Camila and her neighbors have been working to do just that. After protests, the spraying company stopped flying

³⁰ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4983026/>
<http://www.reduas.com.ar/wp-content/uploads/downloads/2013/02/Informe-Malvinas-corregido1.pdf>



airplanes over their village. But many residents are fearful of speaking out because of the power of the soy industry.

“[Politicians and corporations] care only about the money,” Silvia said. “They don’t care if people get sick, if children are born healthy. It’s all about the money, sadly. And the presidents and mayors need to stand up and say enough. No more poisoning.”

Human rights violations and violence against indigenous communities

The Y’apó indigenous community lives close to the Brazilian border in the city of Corpus Christi, Paraguay. According to testimony and photos from an investigation by the Paraguayan newspaper *E’a*, the community in 2014 was invaded by 50 armed security guards hired from a neighboring farm owned by the group “La Americana.” This farm deforested 1,000 hectares of the indigenous land — and ever since, the company has been accusing the Y’apó of trespassing on their own land.

According to the newspaper’s investigation, which was corroborated by community testimony collected by Mighty Earth, the armed security guards smashed down doors and invaded houses, assaulted the adults and children, and kicked pregnant women — some of whom lost their babies. Thirty-two members of the community were hurt. Three guards and seven indigenous people were hit by gunshots. One guard was killed. Victims reported that the attack was intended to force the residents to leave the area.

Our investigators interviewed the community’s leader, Abelino Garcia.³¹ He told us that the farm keeps accusing them of trespassing and that his people live in constant fear that the private security officers will come back to try to force them to leave — or worse. He also said their rivers are so polluted by pesticides that fish — an important food source — are dying off. And with the community now surrounded by soy fields, opportunities for traditional hunting have nearly disappeared. The arrival of soy has also sown conflict between amongst the community, between those who are trying to protect their traditional lands, and those who have sold them to soy companies. The arrival of large-scale soy has put the local culture at risk.

³¹ This interview was conducted in the indigenous language Guarani, and was later translated into English.



Ramón Lopez,³² leader of the indigenous communities throughout the region, told us that many other communities were displaced after deforestation destroyed their traditional way of living. Some were even left without wood to build houses. Now, the only way for many individuals to survive is to rent their land to soy farmers. Most distressingly, he said there is not much hope for the indigenous communities to survive for much longer.

Living on Landfill Sites

Our investigators interviewed Candida Ferreira Benitez, an indigenous woman who lives at a landfill site in the city of Nueva Esperanza, in Paraguay's Canindeyu Department.

She had previously lived with her tribe, the Arroyo Guazu, in Alto Parana Department. But she told us that after the forest was cut down to make space for soy farms, there were no longer any animals to hunt, fruit to gather or wood to build houses. As a result, the only way to make a living was for indigenous people rent their land to soy farmers. But Candida, a single mother, received no money for the rentals and had no way to earn a living. This is also an act in conflict with Paraguayan law³³. That forbids lease of any territories classified as indigenous peoples' lands to third parties³⁴.

That's why she left her community. She found a job on the landfill site and soon afterwards, ten more families from her community joined her. All live in unhealthy and impoverished circumstances. Candida misses the forest and wishes she could return, but because of soy farming, there is no forest left.

The tragedy of this deforestation and human rights abuse is that it is entirely avoidable. There are more than 500 million acres of previously deforested land across Latin America where agriculture can be developed while protecting intact ecosystems. Indeed, the same big soy companies that are driving deforestation on the frontier have shown

³² This interview was conducted in the indigenous language Guaraní, and was later translated into English.

³³ <http://www.tierraviva.org.py/wp-content/uploads/2013/11/PDF.pdf>

³⁴ Paraguayan Law no. 904/81, article 17.



elsewhere in Latin America how to expand agriculture without destruction of native ecosystems.

More than a decade ago, facing pressure from customers in Germany and other parts of Europe, these same agribusinesses agreed to ban purchases from any farmers engaged in deforestation in the Brazilian Amazon. Within three years, deforestation for soy plummeted from 25% of the total to just one quarter of one percent. Despite the ban on deforestation, these companies have been able to expand the area planted with soy in the Brazilian Amazon more than two million hectares by focusing on degraded land, a huge environmental and economic win-win. Along with similar progress in the cattle sector, this drop in deforestation in the Brazilian Amazon is considered one of the world's greatest environmental success stories.

Despite this success, two of the largest soy companies in the world, — Bunge and Cargill — have continued to press expansion into new, untouched frontiers outside the Brazilian Amazon, including the Gran Chaco of Argentina and Paraguay, as well as the Brazilian Cerrado, and the Bolivian Amazon. Although competitors like Louis Dreyfus Company and Wilmar International have expressed willingness to extend the Brazilian success across South America, Cargill and Bunge have bitterly resisted efforts to expand deforestation-free production.

Movement in the Industry

To their credit, some of the world's largest meat and dairy sellers have at least started to call for action. 61 of the world's leading meat and dairy sellers, including Metro AG, Carrefour, Wal-Mart, McDonald's, and Unilever have recently issued a call to end all destruction of native vegetation in Brazil's Cerrado³⁵. While this "Cerrado Manifesto" is an encouraging first step, it also risks replicating the great gap of the original Brazilian Soy Moratorium. By confining action to just one ecosystem, it provides a perverse incentive for unscrupulous companies like Bunge and Cargill to shift their deforestation to other frontiers like Argentina and Paraguay. Bunge and Cargill operate across South

³⁵ <https://www.tfa2020.org/wp-content/uploads/2018/01/Press-release-marking-the-significant-increase-in-company-signatories-to-the-Cerrado-Manifesto-Statement-of-Support-25-Jan-2018.pdf>

America; to be effective, conservation measures must operate on the same scale as these giant corporations.

Moreover, just politely *calling* for action is not sufficient, nor is simply engaging in dialogue with the companies. Until Bunge and Cargill are actually threatened with customers actually shifting their purchase volumes to responsible providers of soy, or investors actually threatening to remove these companies from their portfolios, they may believe they can ride out the criticism. Indeed, threats to discontinue business were what drove Bunge and Cargill to adopt the successful Brazilian Soy Moratorium in the first place. This success can be repeated.

Responsible investors taking action

Investors are increasingly attentive to the risk involved in investing in companies involved in deforestation and human rights abuses. Norway's Government Pension Fund Global has adopted a strong policy on climate change and deforestation, stating that it expects companies in its portfolio to avoid deforestation in its operations and supply chains³⁶. In 2017 the Fund's manager NBIM initiated a shareholder dialogue with Bunge to induce the company to stop sourcing soy from newly deforested areas.³⁷ Companies like GES International and Green Century Capital Management are also engaging Bunge on deforestation on behalf of a number of investor clients, many of which are from the Scandinavian countries³⁸. Other platforms for investor engagement like Ceres, PRI and CDP are also focusing on deforestation. If they coordinate their demands, investors can have tremendous leverage over the soy industry.

However, engaging in dialogue is not sufficient. Investors need to speed up the process and demand that the companies involved in deforestation take immediate action and ensure that they get mechanisms in place that guarantee that the product they sell has not been produced by deforestation. The world has, through the sustainable development goals agreed to halt deforestation by 2020. It is unacceptable that

³⁶ <https://www.nbim.no/en/responsibility/risk-management/climate-change2/>

³⁷ <https://www.nbim.no/en/transparency/reports/2017/responsible-investment-2017/>

³⁸

https://www.am.commerzbank.de/SiteContent/70/1/2/315/94/QuarterlyEngagementReport2017Q4_Commerzbank.pdf

companies like Bunge and Cargill do not fulfill their commitments, but continue to sell a product they do not know how or where is produced.

Moving From "In Principle" to In Action

Already, approximately half of the global soy market is covered by No Deforestation sourcing policies from companies like Louis Dreyfus and Wilmar International, none of which charge more for deforestation-free soy. While even these companies have room for improvement, they are making inroads against deforestation. By shifting their investments to soy companies that support comprehensive action to stop deforestation, Scandinavian investors can provide a clear incentive for more sustainable practices.

In addition, these companies need to commit to global social and humans rights standards of Free, Prior and Informed Consent (FPIC), in order to ensure their operations are not infringing on the land of indigenous or other local communities and that social conflict is not part of the soy production process. Based on research from the scientific community, the use of glyphosate as an herbicide should be re-examined, and at a minimum, steps should be taken to ensure that it is not poured directly into waterways, such as ending the use of aerial spraying.

Stopping deforestation and land-grabbing should be the low hanging fruit of corporate responsibility. It is easy and affordable, and has already been proven achievable in other parts of South America on a vast scale. There should be no excuse for Scandinavian investors to not take immediate action; this represents an opportunity for a major win.

Investments in Bunge

Norwegian investors

NBIM	868 020 000
KLP	27 100 000

Top 5 Scandinavian investors in Bunge

NBIM	868 020 000
Nordea	293115000



Storebrand + SPP Fonder	25 700 000	DNB	261 850 000
DNB	261 850 000	AP-Fonden	146930000
Totalt NOK	1 182 670 000	Danske Bank	45 015 000

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