

# No one wants to know how the sausage gets made



**FORESTS OF  
THE WORLD**.ORG



Rainforest Foundation  
Norway



MIGHTY EARTH

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# Executive summary

The 2019 fires in the rainforests of the Amazon put a grim spotlight on one of the greatest environmental catastrophes in the world. The destruction of tropical forests in South America and elsewhere causes devastating losses of biodiversity, threatens the livelihood of millions of Indigenous people and is a major contributor to global warming.

Driving this destruction are industrial agriculture and the food industry, constantly demanding new cropland and pasture. The increasing global appetite for meat causes a booming demand for animal feed, and global soy production has increased more than tenfold over the last fifty years. Seventy-five percent of the soy is used as livestock feed in the meat industry.

A recent report from the Intergovernmental Panel on Climate Change (IPCC) concludes that, taken as a whole, industrial agriculture is almost as big a driver of climate change as fossil fuels. In South America, this development has accelerated recently, as forest protection policies have been put under attack in Brazil.

This places a huge responsibility on the agricultural sector, the food manufacturing industry and on food retailers to stop driving the demand for an unsustainable expansion of soy production. This is why this report puts attention on Danish Crown.

The Danish meat manufacturer, known globally for product brands such as Tulip, is one of Europe's largest producers of pork. The Danish pork industry is responsible for the annual import of close to a million tons of soy to Denmark, 83 percent of which comes from South America.

This report reveals that a large share of the soy that Danish Crown imports to Denmark through its farmer members lacks any assurance that it does not come from deforested areas. The report also reveals that Danish Crown receives soy from ports in South America that are known to ship soy from high-risk areas.

While Danish Crown claims a commitment to sustainability through its own Corporate Social Responsibility policy and through its membership in the Danish Alliance for Responsible Soy, no measures to ensure its supply does not drive deforestation have been implemented. The initiative from the Alliance provides no deadlines, and it also allows for measures that fail to guarantee deforestation-free soy.

We strongly recommend that Danish Crown start adapting, in actions and not just words, to the growing market of concerned consumers and investors who are likely to distance themselves from manufacturers that contribute to environmental destruction. While retailers, food manufacturers and finance institutions around the world are taking action, Danish Crown is failing to cut its ties to deforestation.

To avoid being complicit in deforestation and trading with companies that are responsible for serious environmental damage, Danish Crown must commit to engage only with suppliers that are not involved in deforestation. Moving demand toward certified soy may go some way toward achieving this as a first action, but in the long run it is clearly insufficient. The only way to ensure that soy imports do not cause further forest destruction is by permanently switching to suppliers that are completely free of deforestation in all of their operations.

**DISCLAIMER:** After the finalisation of this report, Danish Crown has submitted their action plan for sustainable soy. Their action plan fails to ensure that Danish Crown becomes a fully deforestation-free company and does not change the main arguments and critique in this report.

# Where Does The Danish Soy Come From?



**Brazil:** 744,436 tons  
**Argentina:** 527,931 tons  
**Paraguay:** 77,667 tons

Danish imports of soy cake and soy meal in tons, including re-exports from Germany, Great Britain, the Netherlands and Belgium, 2018. (<https://www.ft.dk/samling/20191/beslutningsforslag/b15/spm/6/svar/1636281/2153598/index.htm>)

## Mato Grosso

One of Brazil's top soy producing states, Mato Grosso accounts for 85 percent of the soy produced in the Amazon biome. The state also experienced more fires in the summer of 2019 than any other state in Brazil. The Indigenous peoples who still inhabit the remaining forests in the state are under enormous pressure and are constantly forced to relocate. The worsening political situation subjects their futures to dire risk.

## The Cerrado (Matopiba)

The Cerrado is a vast savannah forest located south of the Amazon. It is the most biologically diverse savannah in the world, and it is home to one out of every twenty species on Earth. Known as an "upside-down forest" for its relatively small trees with enormous roots, the Cerrado is the source of half of Brazil's water and stores an enormous amount of carbon. Less than 20% of the Cerrado remains intact, and only 3 percent is protected through national laws and regulations.

The four states of Maranhão, Tocantins, Piauí and Bahia, often referred to collectively as Matopiba, are the current deforestation frontier of the Cerrado. Matopiba accounts for 62 percent of the total deforestation within the biome. The land converted to soy plantations increased by 253 percent in this region between 2000 and 2014.

## Gran Chaco

The dry tropical forests of the Chaco are one of the largest remaining contiguous tracts of native vegetation in South America, second in size only to the great Amazon rainforest. This 110-million-hectare ecosystem spans Argentina, Bolivia and Paraguay.

The Gran Chaco is highly biodiverse and home to many endemic species. 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 plantations and cattle ranching, with deforestation rates exceeding even those of the Amazon.

Argentina alone lost 22 percent of its forests between 1990 and 2015, primarily for soy plantations. Paraguay is regularly ranked as having one of the highest global deforestation rates. Poor governance coupled with the large-scale expansions of industrial agriculture is causing widespread deforestation.

Source:  
 The Avoidable Crisis ([www.mightyearth.org/wp-content/uploads/2018/04/ME\\_DEFORESTATION\\_EU\\_English\\_R8.pdf](http://www.mightyearth.org/wp-content/uploads/2018/04/ME_DEFORESTATION_EU_English_R8.pdf))



## The effects of deforestation

### Loss of biodiversity

Deforestation means the destruction of the habitats of millions of species. It is hard to fully grasp the enormous diversity of life in the world's tropical forests and to fully comprehend the possible consequences of losing this diversity. Not only do we lose species that are known to us, but also those yet to be discovered, a potentially even greater loss.

### Destruction of renewable resources

Tropical forests are the source of many highly valuable renewable resources. Medicines that we depend on today have been developed from biological sources in the rainforests. Who knows how many more cures may be discovered in the forests, and how many lives may be at stake if we destroy them?

### Climate change

The forests of the world store about 650 billion tons of carbon. That is almost as much as the total amount of carbon in our atmosphere today. Destroying and burning the forest releases carbon. About 3 billion tons of CO<sub>2</sub> are released from deforestation every year. According to IPCC, the deforestation and degradation of forests accounts for 10 to 15 percent of human-caused greenhouse gas emissions.

### Destruction of native homelands

Millions of Indigenous people live in the tropical forests today. The loss of forests and the harmful use of pesticides in agriculture have an immediate and direct effect on their way of life. Many Indigenous people living on the fringes of the forests have been displaced, sometimes multiple times, and are in effect living as environmental refugees in their own country.

### Soil erosion and floods

Forests have an important function in retaining water and topsoil. Deforestation exposes the soil to erosion, often leaving behind completely barren land within just a few years. This is a vicious circle, driving farmers to keep expanding into new forested areas. The land that is left behind becomes susceptible to flooding.

### Changing the weather

Forest ecosystems have a direct impact on regional weather patterns. The Amazon is so large that it even generates its own rain, spreading precipitation over large parts of the continent. The forests also protect the continent from tropical storms by drawing in moist air from the Atlantic. Forests are a fundamental part of the water cycle. Disrupting this cycle may have devastating effects on all life in the area – including on human habitability. Deforestation has caused droughts in Brazil already, and it may have severe negative impacts on agriculture in the future.

Read more about the effects of deforestation:  
<https://rainforests.mongabay.com/09-consequences-of-deforestation.html>

## The problem with soy

Soy is the fastest expanding crop in the world. Since 1961 soy production has increased more than tenfold, from 27 million tons in 1966 to 350 million tons in 2017.

<sup>1</sup> Global demand is expected to continue to increase to 514 million tons by 2050.<sup>2</sup> In the same period, the crop area allocated to soy production has increased by 1,000,000 km<sup>2</sup>.<sup>3</sup> This increase alone is more than the combined area of the three Scandinavian countries. More than half of this expansion has happened in South America where soy was a marginal crop six decades ago, to the detriment of native forests. Today it is the number one export of Brazil and Paraguay and a major source of export revenue for Argentina.

Seventy-five percent of the world's soy production is used as animal feed.<sup>4</sup> Soy is valued for its high yield of both protein and fats and is primarily used in compound feeds for cattle, poultry, pork and farmed fish. A global increase in the demand for meat, driven partially by population growth and partially by a dietary change in countries that have traditionally had a low meat consumption, will keep pushing the demand for soy feed.

The growing demand for soy is one of the main drivers of the destruc-

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<sup>1</sup> <http://www.fao.org/faostat/>

<sup>2</sup> Bruinsma, J. 2009. *The resource outlook to 2050: by how much do land, water and crop yields need to increase by 2050?* Paper presented at the FAO Expert Meeting, 24–26 June 2009

<sup>3</sup> <http://www.fao.org/faostat/>

<sup>4</sup> "The Growth of Soy: Impacts & Solutions," World Wildlife Fund International, January 2014, [http://wwf.panda.org/what\\_we\\_do/footprint/agriculture/soy/soyreport/](http://wwf.panda.org/what_we_do/footprint/agriculture/soy/soyreport/).

tion of tropical forests. More than 480 km<sup>2</sup> are deforested to make way for soy plantations every year,<sup>5</sup> equal to five times the area of the city of Copenhagen. The devastating forest fires in the Amazon and other South American regions are the direct consequence of agricultural expansion. Soy production is inextricably linked with widespread forest loss, greenhouse gas emissions, violent conflicts, environmental pollution and the loss of irreplaceable species.

On average, 14 percent of the soy expansion in South America in the period 2008–2017 has been into forested land. The majority of new soy plantations have emerged in Brazil, where 22 percent of the expansion was into forests. Paraguay, while a smaller soy producer in total, has had 57 percent of its expansion into forests. In Argentina, 9 percent of its soy expansion in the last decade was in forested areas.<sup>6</sup> Any soy import from these countries thus carries a major risk of being from deforested areas, unless the importers accept responsibility for a high level of diligence.

## Political turmoil

The recent political developments in Brazil are cause for increased concern about deforestation. The government of Brazil has signaled a strong emphasis on economic and infrastructural development, at the cost of forest preservation and environmental concerns. As a result of this, Brazilian forests are increasingly at risk.

During the election campaign, current president Jair Bolsonaro pledged to limit fines, limit the influence of the national environmental agency (Ibama) and support clearing forests for plantations, mining, and cattle ranching. Within the first eight months of Bolsonaro's tenure in office, fines had dropped by a third.<sup>7</sup> Many other measures have also been taken by the government to weaken forest protection, such as forgiving or revising environmental fines, weakening the enforcement of the law and other policies.

The Brazilian government is also working on a measure to regulate land tenure in the Amazon by self-declaration. This means that anyone may claim ownership of land by a mere declaration without any validation. This policy has yet to be presented to the Brazilian National Congress, possibly because of increased international awareness and corporate threats to withdraw investments in Brazil.

At the same time, the soy moratorium is under pressure. The moratorium is an international commitment from soybean producers and exporters to refuse to buy soybeans produced on newly deforested tracts of the Amazon. Initiated in 2006, the moratorium has been repeatedly extended and is widely recognized as the most successful measure to stop commodity driven deforestation. However, Brazilian soy farmers are pushing to extinguish the soy moratorium. The powerful soy producers' association Aprosoja has called the moratorium "an illegal commercial barrier".<sup>8</sup> This view has also been supported by the Brazilian Minister of Agriculture.<sup>9</sup>

While the effectiveness of the moratorium was initially bolstered by the support of the Brazilian government, recent developments are a cause for concern. As a worrisome parallel, a ten-

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5 <https://www.ucsusa.org/resources/whats-driving-deforestation#.VzIzEIQrLIW>

6 European Commission. (2019a). Annex to the report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the status of production expansion of relevant food and feed crops worldwide. Brussels. Retrieved from <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019DC0142&from=EN>

7 <https://www.bbc.com/news/world-latin-america-49460022>

8 <https://www.reuters.com/article/us-brazil-soybeans-moratorium-idUSKBN1XF2J6>

9 <https://www.reuters.com/article/us-brazil-soy-moratorium-idUSKBN1XN2LM>





*Hunters of the Nahua tribe in the Amazon rainforest  
(Photo: Johan Wildhagen)*



year ban on sugarcane plantations in the vulnerable Pantanal tropical wetlands was recently lifted by the government.<sup>10</sup>

These and other political developments are very likely the cause of the dramatic increase in deforestation in Brazil within the last year. Data on deforestation in the Amazon from the satellite surveillance system PRODES show that the deforestation in the 2019 forest year (August 2018 – July 2019) was more than 9700 km<sup>2</sup>. This is the highest rate of deforestation since 2008,<sup>11</sup> even though it does not include most of the devastating 2019 fire season that made global news in August 2019.

## Increased violence

Deforestation and related land grabbing cause violent conflicts with the Indigenous peoples who inhabit these forests. In Brazil's Maranhão state, three members of the Guajajara tribe were killed in two separate incidents in November 2019. Only this January, three Miranha Indigenous people were killed in Coari municipality in Amazonas state, while two farmers were murdered in Maranhão state. These are only a few of the most recent acts of violence against Indigenous people in a rising tide of violence.<sup>12</sup> According to the Indigenous Missionary Council (CIMI), 135 Indigenous people were murdered in 2018, an increase of almost 23 percent from 2017.

The CIMI report also included preliminary data for 2019, noting 160 cases of land invasion, illegal exploitation of natural resources and damage to property in 153 Indigenous territories since the new Brazilian government took office. Even though these preliminary numbers only cover the first nine months of 2019, the total area that has come under attack is already double that of 2018.<sup>13</sup>

## Corporate responsibility

As a reaction to the forest fires of 2019, pressure is growing on Brazil to change its current course. Asset managers, pension funds and companies with financial and commercial connections to Brazil have expressed their concern and issued warnings, halted deals and stopped purchases of government bonds. Through the UN-supported PRI network, 230 institutional investors representing USD \$16.2 trillion in assets issued a call on companies to take urgent action and (among other things) to publicly disclose and implement a no-deforestation policy with quantifiable, time-bound commitments covering the entire supply chain and sourcing geographies.<sup>14</sup>

Several international clothing companies have suspended leather purchases from Brazil. Aquaculture companies MOWI and Skretting have issued statements of concern, and MOWI is considering sourcing soy elsewhere.<sup>15, 16</sup> In a recent move, Nestlé has decided to drop Cargill as a supplier of Brazilian soy, as the trading company has failed to guarantee a deforestation-free

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10 <https://www.reuters.com/article/us-brazil-environment-agriculture/brazil-cancels-decree-barring-sugarcane-cultivation-in-the-amazon-idUSKBN1XG311>

11 <http://www.obt.inpe.br/OBT/assuntos/programas/amazonia/prodes>

12 <https://news.mongabay.com/2020/01/five-murdered-in-2020-brazilian-amazon-land-conflicts-adding-to-2019-surge/>

13 <https://news.mongabay.com/2019/10/violence-against-indigenous-peoples-explodes-in-brazil/>

14 <https://www.unpri.org/news-and-press/230-investors-with-usd-162-trillion-in-aum-call-for-corporate-action-on-deforestation-signaling-support-for-the-amazon/4867.article>

15 <https://mowi.com/blog/2019/08/28/the-treatment-of-the-amazon-is-unacceptable/>

16 <https://www.skretting.com/en/news/all-news/the-fires-in-the-amazon-are-a-concern-for-skretting-and-the-planet/1614358>



origin of its soybeans.<sup>17</sup>

It is hard to assess the effects of these reactions within such a short time frame, but there are signals that the Brazilian government is in fact putting a brake on some of its worst policies. Experience from previous efforts, such as the establishment of the Soy Moratorium, indicates that international corporate pressure does indeed halt deforestation, and with the difficult political situation in the area, increasing this pressure may be the only feasible way to stop deforestation.

The Consumer Goods Forum, an organization that brings consumer goods retailers and manufacturers together globally and at the CEO level, has urged its members to take greater accountability in avoiding deforestation. At its summit in Berlin in October 2019, CGF's path forward on deforestation was presented, stating that efforts are underway to move from a *clean supply chain* approach to a *clean supplier initiative*.<sup>18</sup> This comes as an acknowledgement of the fact that the current approach of addressing only the specific supply chains of individual manufacturers through certifications and other means is too weak to put real pressure on suppliers to abandon deforestation practices. CGF has some of the biggest retailers in the world among its members.

A shift in retailer demands is likely to have a large impact on manufacturers like Danish Crown. Some manufacturers are already positioning themselves to meet this demand. Among them is major global food manufacturer Mars. It has recently updated its sustainability policy to include strong requirements on its suppliers' policies.<sup>19, 20</sup>

## Climate Change and Land

In August 2019, the Intergovernmental Panel on Climate Change (IPCC) issued a report specifically looking at the connection between land use and climate change. The analysis focused on land degradation, sustainable land management, food security and greenhouse gas fluxes in terrestrial ecosystem, and its message was clear: deforestation driven by global industrial agriculture is a far bigger cause of climate change than currently reflected in our global discussion.

The report found that industrial agriculture and the food industry are, taken as a whole, almost as big a driver of climate change as fossil fuels. According to the analysis, a relatively small number of giant meat, agribusiness and biofuel companies are responsible for the bulk of deforestation and other climate pollution in the agriculture sector.

The solutions to this are relatively simple, like shifting agricultural expansion away from forested areas and toward the more than one billion acres of already deforested land and implementing basic best practices. For that to happen, the companies that buy products driving deforestation must demand these best practices – not only for their own supply chains, but for all their suppliers' activities.

17 <https://www.wsj.com/articles/brazils-shrinking-rainforest-prompts-nestle-h-m-others-to-shake-up-supply-chains-11577307707>

18 <https://www.esmmagazine.com/a-brands/consumer-goods-forum-sustainable-retail-summit-day-one-review-81810>

19 <https://www.mars.com/about/policies-and-practices/deforestation-policy>

20 <https://www.mars.com/about/policies-and-practices/next-generation-supplier-program>





*Rainforest cleared to plant soy in Xingu, Brasil  
(Photo: Kyrre Lien)*



# Does Danish Crown contribute to deforestation?

Danish Crown (DC) is one of the world's largest exporters of pork and one of Europe's largest producers of pork. DC exports meat to over 120 countries, but the majority of its operations take place in its regional markets in Denmark, Sweden, Germany, UK and Poland. The company has clear ambitions for expansion, aiming to become a global leader in several product categories such as bacon, pizza toppings, canned meat and snack products, as well as the sale of natural casings and raw materials to the medical industry. DC has acquired several other manufacturers in the Netherlands, Poland, Argentina, Spain, the U.S. and China.

DC has pledged a commitment to sustainability, but how its ambitions will be put into practice remains unclear, and its policy on a sustainable soy supply chain is ambiguous. In 2014, Danish Crown pledged in its Code of Conduct<sup>21</sup> that the soy in its supply chain would be sustainable. However, clear mechanisms to achieve this have yet to be put into place, and the company's plans in the near future to implement such mechanisms are limited to only a small part of its operation.

## Diffusion of responsibility

On its website, Danish Crown states it is in its vision to produce "completely climate neutral" meat by 2050. The main emphasis for this policy, however, is put on energy and water consumption, transport and packaging. While measures to improve feed efficiency are also emphasized, the sustainability in its feed supply chain is only mentioned in passing, stating that they are "exploring new solutions to the biggest and most complex issues, such as sustainable livestock feed and new technologies."<sup>22</sup>

Initial correspondence with Danish Crown did not clarify this ambiguity. Inquiring about the origin of the soy in its supply chain and what mechanisms are in place to guarantee that its pork production does not contribute to deforestation, DC referred us to the Danish Agriculture and Food Council "as they cover Danish farming broadly".

Moreover, it stated that "Danish Crown is a cooperative owned by Danish farmers and the farmers also deliver pigs and cattle to Danish Crown. The farmers are responsible for raising the animals and for sourcing feed to the animals. Therefore, Danish Crown has no access to data concerning the volume of the feed purchased by our members or the suppliers of feed to the farms."<sup>23</sup>

In its Supplier Code of Conduct, soy is not mentioned specifically. It is left up to the company's suppliers to "be aware of the significant environmental impact of products, processes and services delivered to Danish Crown."<sup>24</sup> However, the document also specifies that suppliers must be able to provide transparent, full and correct documentation on environmental performance upon request, and that they may be excluded if they fail to do so. This seems to contradict the claim that Danish Crown has no access to data about the feed purchased by its members, indicating that the Code of Conduct has very little impact on the actual day to day operations of the company.

This diffusion of accountability and responsibility is incompatible with Danish Crown's stated

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21 [https://www.danishcrown.com/media/3881/2013-2014\\_csr.pdf?637126840670000000](https://www.danishcrown.com/media/3881/2013-2014_csr.pdf?637126840670000000) (on page 43)

22 <https://www.danishcrown.com/en/sustainability/>

23 Email from Jens Hansen, Head of Press at Danish Crown, 2 July 2019

24 [https://issuu.com/danishcrown/docs/danish\\_crown\\_supplier\\_code\\_of\\_condu](https://issuu.com/danishcrown/docs/danish_crown_supplier_code_of_condu)



sustainability ambitions. Considering that through its members, Danish Crown is a major importer of soy from high risk areas, due diligence would require a much stricter control of its supply chain.

Danish Crown has taken steps since our initial contact in June 2019 and has committed to join the “Danish Alliance for Responsible Soy” in September 2019.<sup>25, 26</sup> The Alliance acknowledges the need for concrete measures to ensure responsible protein imports to Denmark and lays out a vision for responsible and deforestation-free soy imports. However, the lack of clear and concrete measures and time-bound goals makes the initiative fall short. The schedule for implementation of its measures is up to each member, and the initiative includes no mechanisms to hold the members accountable for their commitments.



*Danish hot dog (Photo: Susanne Sundbye)*

While joining the Alliance means that in principle Danish Crown has accepted responsibility for the social and environmental impacts of the soy that goes into its pork, the actual commitments to improve sustainability of its imports are very limited: By March 2020, Danish Crown will deliver an action plan for purchase of sustainable soy. But the scope of this plan is limited to cover only the amount of soy needed to produce the meat sold on the Danish market. Considering that 90% of Danish pork is exported<sup>27</sup>, the plan may apply to as little as a tenth of the company's total production.

## Danish soy imports

While the supply chain of Danish Crown lacks transparency and control, Danish soy import statistics are revealing. In 2018, total imports of soybeans were 1.7 million tons. The top suppliers were Germany (37%), Argentina (29%) and Brazil (11%). However, Germany does not actually produce the soybeans it exports. Instead, it re-exports soy products that have been primarily imported from South America. When this is taken into account, 31% of imports to Denmark are from Argentina and 44% from Brazil. Adding Paraguay and Uruguay, 83% of Danish soy imports are from South America.<sup>28</sup>

Less than a third of this soy was compliant with the FEFAC Soy Sourcing Guidelines (SSGs), which is an absolute minimum benchmark for responsible soy sourcing. As little as 20% is cov-

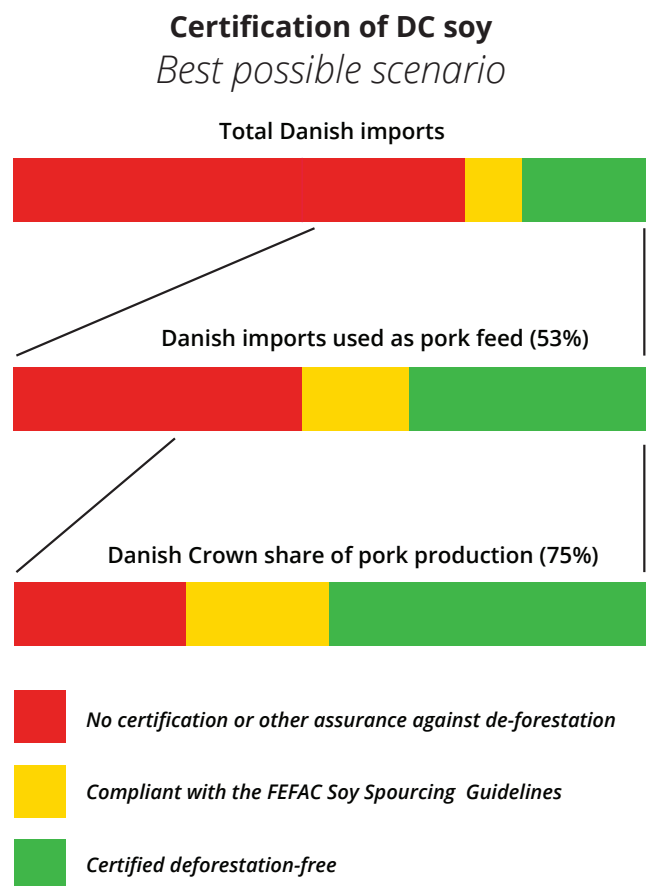
<sup>25</sup> <https://www.danishcrown.com/da-dk/kontakt/presse/nyheder/danish-crown-tilslutter-sig-dansk-alliance-for-ansvarlig-soja>

<sup>26</sup> [https://www.dieh.dk/dyn/Conference/4/14/Conference\\_Content/file/85/1569330767/dansk-alliance-for-ansvarlig-soja-final\\_pa.pdf](https://www.dieh.dk/dyn/Conference/4/14/Conference_Content/file/85/1569330767/dansk-alliance-for-ansvarlig-soja-final_pa.pdf)

<sup>27</sup> <https://agricultureandfood.dk/danish-agriculture-and-food/danish-pig-meat-industry>

<sup>28</sup> The remaining imports are mainly from China and the USA.  
<https://www.ft.dk/samling/20191/almdel/mof/spm/96/svar/1612029/2113177.pdf>

ered by a certification scheme that even claims to be deforestation-free,<sup>29</sup> and even this number includes a large portion of RTRS Credits, which are problematic (see sidebar). The University of Copenhagen has estimated that 53% of the imported soy is used in pork production.<sup>30</sup> Since Danish Crown accounts for 75% of all pork production in Denmark,<sup>31</sup> this means that even in the best possible scenario, where every single ounce of certified soy goes to Danish Crown farmers, half of the feed used by its suppliers would still have no claim to be deforestation-free, and a quarter of the supply wouldn't conform to any benchmark for responsible sourcing. Considering that Danish Crown has failed to demonstrate any effort to prioritize certified soy in its supply chain thus far, it seems more likely that the actual share of soy with no certification of any kind would be closer to the national average of 71 percent.



## RTRS Credits

The Roundtable on Responsible Soy (RTRS) is one of several organizations that issue certificates for responsibly produced soy. A significant shortcoming of these certificates is the allowance of so-called legally deforested natural areas for certification as late as June 2016. As discussed elsewhere in this report, the weak state of environmental laws and their enforcement in many South American countries means that the distinction between legal and illegal deforestation is of limited relevance. Still, the RTRS certification schemes are generally accepted as being among the most transparent and trustworthy frameworks for guaranteeing deforestation-free soy.

However, RTRS also provides a credits system where instead of buying certified soy directly, importers may buy soy from any source and then acquire certificates for an equivalent amount of deforestation-free soy. Decoupling the certificates from the physical shipments of soy simplifies logistics and reduces overhead, while maintaining some incentives for deforestation-free soy. Still, this means RTRS Credits in themselves offer no guarantee that the soy arriving at Danish ports does not come from deforested areas.

Buying RTRS Credits is certainly better than taking no measures at all. But by relinquishing control over the actual supply chain, there is a strong possibility that an importer may still be creating demand for further deforestation, even while buying certificates. Therefore, buying RTRS Credits is not sufficient to claim that soy is deforestation-free.

For a certificate to provide sufficient assurance that any shipment of soy is in fact deforestation-free, the supply chain must be *segregated*. This means that soy from one or more certified properties is kept physically separate from other sources of non-certified soy.

29 <https://www.idhsustainabletrade.com/uploaded/2019/04/European-Soy-Monitor.pdf>

30 <https://www.ft.dk/samling/20191/almdel/mof/spm/96/svar/1612029/2113177.pdf>

31 [danishcrown.com/media/2880/danish-crown-group-animal-welfare-policy.pdf](https://danishcrown.com/media/2880/danish-crown-group-animal-welfare-policy.pdf)

## Danish Crown's questionable suppliers

According to the IPCC, a relatively small number of agribusiness companies are responsible for the majority of this deforestation. Companies like the American agribusiness corporations Cargill and Bunge are driving the destruction of ancient native ecosystems and the wildlife habitat they contain to make way for industrial soy monocultures. These industrial giants are funded by the companies that turn their commodities to products, and the markets that sell those products to the public.

As Danish Crown would or could not provide us with any sourcing data for the soy in its supply chain, we sought to trace the origin of its soy through our own research. Using location data transmitted by vessels via the Automatic Identification System to track individual shipments, specific ports and locations are linked, providing a strong indication of customer relationships from specific suppliers, via Denmark's largest feed producers (DLG Group and Danish Agro Group), to Danish Crown.

In our research we found vessels loading high-risk soy at ports known to ship deforestation sourced soy from the Argentinian Chaco forest, and unloading these shipments in Danish ports.

We also found that Cargill is among the top suppliers in the Danish Crown supply chain. This is a cause for concern, as Cargill has a rather dismal history of environmental misconduct. The company has been proven several times to be involved in both legal and illegal deforestation.<sup>32</sup>,<sup>33</sup> In 2018 Cargill was fined by the Brazilian government for buying soy grown on illegally deforested land in the Cerrado.<sup>34</sup> While other actors in the market have been willing to reach an industry agreement to protect the Cerrado, Cargill has been dragging its feet on the issue. Cargill holds 21 percent of the soy market share in Maranhão state, where several Indigenous leaders have recently been killed, almost certainly through conflicts connected to deforestation.

In 2018, we conducted an investigation into the supply chains of soy from high-risk areas to the meat industry. Their report revealed strong links between Cargill and the destruction of crucial tropical forests in Argentina and Paraguay.<sup>35</sup>

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32 <http://www.mightyearth.org/mysterymeat/>

33 <http://www.mightyearth.org/wp-content/uploads/2017/05/StillAtIt.pdf>

34 <https://news.mongabay.com/2018/06/29-million-deforestation-fines-game-changer-for-brazilian-soy-trade/>

35 <http://www.mightyearth.org/avoidablecrisis/>





*Combine harvesters in soy field in Campo Verde, Mato Grosso, Brasil (Photo: Shutterstock)*

## Too little, but not too late

Given the undeniable connection between soy expansion and deforestation, and the dramatic consequences of the loss of tropical forests, strong measures must be expected by companies with South American soy in their supply chain. The initiatives that Danish Crown has taken at present are insufficient in scale, scope and implementation.

The commitment made to the Danish Alliance for Responsible Soy could be seen as a first effort, showing awareness to the problem, but in itself it does little to ensure that the entire supply chain is deforestation-free.

The Alliance aims for its members to submit an action plan by the end of March 2020, containing measures to ensure that all soy imported to Denmark is produced responsibly. But the initiative does not include a deadline for when the action plan must be implemented and the goal achieved. Without proper deadlines, there will be few mechanisms to hold the members accountable to their commitments. In addition, the action plan may include measures that fail to guarantee deforestation-free soy. This includes certification schemes that do not necessarily guarantee that no deforestation takes place, such as RTRS Credits. For all practical purposes you might not even call it a commitment to anything at all.

## Legal deforestation is still deforestation

A major cause for concern are the lax definitions of sustainable soy. While the Alliance sets as a goal that “production shall not contribute to deforestation or conversion of other habitats of high conservation value”, the certification schemes accepted within the framework have far

weaker standards.

Some certification schemes prohibit only soy produced through “illegal deforestation”. Given the weak state of environmental laws and their enforcement in many South American countries, this is far from sufficient. Brazil is seeing its deforestation laws undermined by its own government, and Argentina has failed to effectively enforce forest management laws.<sup>36</sup> According to Soy Monitor, within current national regulations this would allow for the legal clearance of another 1,100,000 km<sup>2</sup> of forest in Brazil, Argentina and Paraguay, an area equal to 25 times the size of Denmark.<sup>37</sup>

All in all, the measures that the Alliance prescribes are already outdated and are incompatible with the expectation of consumers and investors. Within this framework, there is no reason to believe that Danish Crown will introduce measures that are sufficient to avoid being complicit in deforestation in South America. The situation in Brazil and other soy producing countries merits strict measures and swift action, and so far Danish Crown has failed in delivering this.

## Deforestation-free suppliers

A significant limitation on existing initiatives is that the sustainability of soy is determined on the “batch level”, rather than on the supplier level. This means a supplier may offer certified soy to those that demand it with one hand, while at the same time selling deforestation produced soy to those who don’t with the other. Certifications schemes are meant to create market pressure on suppliers to source soy responsibly, but when suppliers are free to trade in deforestation soy with anyone who make no explicit demands about sourcing, this market pressure is too weak to actually make a decisive impact on deforestation practices. The most effective approach to sustainability is to demand deforestation-free suppliers that do not engage in deforestation in any part of their operations.

The Consumer Goods Forum at its summit in October 2019, made clear that the organization is moving from a ‘clean supply chain’ approach to a ‘clean supplier initiative’. This is cause for optimism. But for any supplier that lacks control over its own soy supply chain, like Danish Crown, this should come as a clear warning and an immediate call to action.

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<sup>36</sup> <https://www.theguardian.com/environment/2018/oct/26/soy-destruction-deforestation-in-argentina-leads-straight-to-our-dinner-plates>

<sup>37</sup> <https://www.idhsustainabletrade.com/uploaded/2019/04/European-Soy-Monitor.pdf> (Page 28)



# Recommendations

## Recommendations for Danish Crown

We call on Danish Crown to immediately scale up ambitions and publicly commit to becoming deforestation-free in all of its operations by 2020, including to only buy soy from deforestation-free suppliers. Danish Crown should also express its concern about the increased deforestation and violations of Indigenous peoples' rights in Brazil.

*How Danish Crown can achieve this :*

- › As a first and immediate step towards becoming deforestation-free, Danish Crown must only allow deforestation-free, segregated RTRS or ProTerra certified soy in the company's supply chain.
- › Danish Crown must demand that its soy sub-suppliers such as Cargill and ADM eliminate deforestation from all of their operations and become deforestation-free suppliers by the end of 2020, and exclude suppliers that fail to meet this requirement.
- › Danish Crown must ensure transparency in its supply chain and identify the origin of its soy (origin must be traced down to farm-level).
- › Danish Crown and its soy related sub-contractors must sign the Statement of support for the Cerrado Manifesto and express their support for the Amazon Soy Moratorium.

## Recommendations for retailers

- › Demand that food manufacturers like Danish Crown only trade with deforestation-free suppliers, i.e. suppliers that are not involved in deforestation in any of their operations.
- › Exclude food manufacturers with high deforestation risk, and lacking zero deforestation commitments.
- › Sign the Statement of support for the Cerrado Manifesto and express their support for the Amazon Soy Moratorium.

## Recommendations for policy makers

- › Require that all soy imported to Denmark must be deforestation-free.
- › Implement a law / requirements for full transparency in Danish supply chains.
- › Hold back the ratification of the Mercosur trade deal until Brazilian government halts deforestation and restores the protection of Indigenous people's rights.
- › Introduce a due diligence law that holds Danish companies accountable for human rights violations and environmental damage caused directly or indirectly through their supply chain.

## Recommendations for consumers

- › Ask Danish Crown to take responsibility for its supply chain and only engage with suppliers that are not involved in deforestation.
- › Ask your local supermarket, for example through its customer service, to only sell products that have no connection to deforestation through its supply chain.
- › Reduce your meat consumption – it reduces the demand for soy.



## Appendix 1

# How Danish Crown can become a deforestation-free meat producer

Danish Crown must recognize its complicity in the destruction of ancient forests and the displacement of indigenous peoples. As a soy consuming company, it must use its purchasing power to demand its suppliers change their practices. The company must take immediate action to exclude deforestation-linked soy from its supply chain and demand all upstream suppliers become deforestation-free. Experience from previous efforts, such as the establishment of the Soy Moratorium, indicates that international corporate pressure does indeed halt deforestation.<sup>38</sup>

## Immediate action

1. As a first step, Danish Crown must commit to only purchase segregated RTRS (Round Table on Sustainable Soy) or ProTerra certified soy.
2. Danish Crown must ensure full transparency in its supply chain. Danish Crown should develop a mechanism to obtain the necessary information about the origins of the soy in its supply chain. As a minimum, the information that must be obtained includes: Volume (tonnes), origin (country, as well as sub-national region, municipality, producer and where possible: farm origin), suppliers (exporter) and a sustainability assessment of Danish Crown's soy suppliers.<sup>39</sup>

## Action for becoming deforestation-free

3. Danish Crown must communicate this policy to its soy suppliers and request that they cease all purchases of high risk-soy and become deforestation-free across all their operations.
4. A non-compliance protocol must be developed. This should outline how Danish Crown will ensure that its suppliers will adhere to their no-deforestation guidelines and the process for exclusion should they not comply.
  - a. This means that Danish Crown must suspend its contracts with companies like Cargill, ADM and Bunge unless they commit to becoming deforestation-free in all their operations.
5. Based on the dialogue with the soy suppliers and the sustainability assessment made of them, Danish Crown should shift its purchases to the suppliers committing to becoming fully deforestation-free<sup>40</sup> within a short time-frame, and suspend those who continue their involvement in deforestation.
6. Should no such commitment exist by any soy supplier by 2020, Danish Crown must phase out South American soy and shift to other soy suppliers with no risk of being involved in conversion of tropical forests.

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<sup>38</sup> Current manufacturing competitors like Mars are already taking these steps and Danish Crown stands to be left behind without action.

<sup>39</sup> Danish Crown can publish the data about the origin of the soy as well as their sustainability assessment and make this information publicly available on its website immediately, as has been done by Tesco.

<sup>40</sup> Such commitment must be followed by transparent and regular third party revisions of the companies' operations.