

# FINANCIAL INSTITUTIONS AND ANIMAL WELFARE

**Sinergia Animal's review of the status of animal welfare from financial institutions in the Global North and South**



 **SINERGIA  
ANIMAL**



## About this report

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With thanks to the Fair Finance Guide, which inspired most criteria used in this study, and to the FARMS Initiative, whose criteria were also adopted in this assessment.

Learn more at [www.banksforanimals.org](http://www.banksforanimals.org)



### About Sinergia Animal

Sinergia Animal is an international animal protection organization working in countries of the Global South to reduce the suffering of farmed animals and promote more compassionate food choices. We are recognized as one of the most effective animal protection NGOs in the world by Animal Charity Evaluators (ACE).



### About Shifting Values

Shifting Values plans and implements campaigns and initiatives which promote and advance a shift in values within society. A shift in values which finds its way into national and international legislation, political concepts, as well as our production systems and consumer behaviour.

*December 2021*

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# 1. EXECUTIVE SUMMARY

Every year, financial institutions pump billions of dollars into companies that are directly connected to animal cruelty. For example, in the livestock sector alone—which is responsible for the exploitation of the largest number of terrestrial individuals—, behind closed doors and barbed wire fences, billions of animals are kept in cages so small they cannot even stretch or turn around. Many are forced to live in their own feces, suffer mutilations, injuries, frustration, and stress for virtually their entire lives.<sup>1</sup> Other sectors—including but not limited to fashion, medical and cosmetic testing, and entertainment—also inflict significant suffering on animals.

Financial institutions generally carry out due diligence analysis of their clients, during which they assess the social, environmental, and governance risks of a company. This tends to include topics such as human rights, deforestation, and climate change, but hardly ever seems to include anything about the exploitation of animals in their supply chain.

Ignoring this issue is a financial risk for banks and investors. Consumer demand is changing, and some of the largest companies have signed pledges to shift their sourcing to products with higher animal welfare. Legislation is also changing to improve the conditions under which animals are held. The EU, for example, is preparing legislation that will ban the use of cages by 2027. Companies that don't improve their practices can lose access to markets, including international ones, which can impact their profitability and compromise their ability to repay financiers.

Financial institutions can play a very important role in bringing change to the way animals are treated in different sectors. They can adopt policies, engage with their clients to increase animal welfare standards, provide special finance lines to support the transition to higher animal welfare farming methods, and invest in plant-based initiatives and more sustainable production systems.

The criteria that were used in this report to assess the financial institutions on their policies represent important requirements to prevent the worst abuses of animals. They represent measures that are viable to be implemented by financial institutions in the short term and that would improve the lives of billions of animals.

This report assessed the policies of 69 financial institutions worldwide, with a special focus on those that finance operations and companies in the Global South. To the best of our knowledge, it's the largest animal welfare policy assessment of financial institutions ever conducted.

The policy assessment consists of 21 criteria, and for each criterion, a red, yellow or green score could be achieved. Red stands for non-compliance and 0 points, yellow for partial compliance and is equivalent to 1 point, and green stands for full compliance and is equivalent to 2 points. Of the 69 financial institutions assessed for this report, only six

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<sup>1</sup> <https://welfarefootprint.org>

financial institutions (9%) obtained 50% or more of the total achievable number of points. This means that most financial institutions are ignoring the issue, and are therefore complicit in financing animal mistreatment.

Out of these six institutions, none are based in the Global South, a fact that strongly indicates the need to work with the financial sector in low- and middle-income countries in the development of such policies.

Other key findings also expose the magnitude of the lack of animal welfare policies in the banking sector:

- Only three financial institutions—out of 69—achieved a green score for more than 50% of the criteria;
- 50 financial institutions (72%) did not obtain a single green score, and almost half did not even get a single yellow score on any criterion;
- 91% of the assessed financial institutions scored below 50% of the total available points;
- ‘Restrictions on medical testing’ and ‘transition finance for more sustainable food systems’ are the two most often met criteria.

It is particularly concerning that banks that have, by their nature, a high exposure to the livestock sector, like rural or agricultural banks, on average obtain such low scores. These banks should be well aware of the cruel realities of factory farming, and are well placed to guide their clients to shift to higher welfare systems. They are also more exposed to the risks of not doing so.

On top of urgent efforts to improve animal welfare standards among their clients in the short term, financial institutions should also support a much needed transition to more sustainable, plant-based and higher animal welfare production systems. This is especially the case for public and/or multilateral development banks, which should spend taxpayers’ money on initiatives that promote achieving the United Nations Sustainable Development Goals (SDGs). Systems that exploit animals, like factory farming, aquaculture, industrial fishing, fur production, and animal testing, are inherently cruel, unethical, and unsustainable, and banks should divest from them.

This report aims to shed light on the urgent need to convince financial institutions to adopt strong animal welfare policies and pave the way for a more sustainable future for animals, people, and the environment.



## 2. INTRODUCTION AND METHODOLOGY

The main focus of this report is on the welfare of those animals that are raised or caught for food. The cruel practices they are subjected to in these food-producing sectors are profound and systematic, and need to be addressed urgently.

Apart from the food sector, there are other sectors where animal welfare is an issue as well, such as research, entertainment, and fashion. Those points are also taken into account when analysing important criteria for animal welfare policies.

The policy assessment consists of 21 criteria, and for each criterion, 0, 1, or 2 points could be achieved: non-compliance (0), partial compliance (1) and full compliance (2).

### 2.1. Financial institution selection

This study assessed the policies of 69 banks and investors from around the world, but with a focus on those that operate in the Global South (See Appendix 3). The selection of the assessed financial institutions was based on a combination of the following criteria:

- Top financial institutions by assets under management;
- The top banks in each of the main six countries where Sinergia Animal operates (Argentina, Brazil, Chile, Colombia, Indonesia, and Thailand);
- Known financiers of animal food producing/processing/trading/selling companies that operate in the countries where Sinergia Animal has a presence;
- Financial institutions that have been assessed by other initiatives and/or that have policies on animal welfare that are stronger than average.

The selection of financial institutions did not take into consideration the exposure (the amount of credit and investment provided) of the banks and investors to sectors that impact animal welfare, like the industrial livestock sector. This is because only very limited data is available on that.<sup>2</sup>

### 2.2. Criteria selection

The criteria that were used for this assessment are based on those developed by the Fair Finance Guide (<https://fairfinanceguide.org/>). Some were adapted to make them stricter, and a few were added to the list.

While Sinergia Animal focuses only on farmed animals, this assessment also includes—as

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2 Feedback has done research in this field, which can be found here: <https://feedbackglobal.org/toobigastory/>

does the Fair Finance Guide—criteria for animal welfare in (medical) testing, fashion, conservation, education, entertainment, and commercial activities. This choice was made as financial institutions are urged by different stakeholders to adopt a comprehensive cross-sectoral animal welfare policy, not one that only applies to a specific sector.

A summarized version of the set of criteria is described below. The detailed criteria can be found in Appendix 1.

## **1. Five Freedoms**

Financial institutions require the companies they fund to respect the Five Freedoms, which states that animals should be free from:

1. Hunger, thirst and malnutrition;
2. Any thermal or physical discomfort;
3. Pain, injury and diseases;
4. Fear and chronic stress;
5. The denial of natural (species-specific) behaviour.

## **2. Cages**

The use of cages, crates, tethering and other severely restricting housing methods, including keeping calves in crates, sows in farrowing and/or gestation crates, laying hens in cages, and animals on fully slatted floors by companies funded, is unacceptable.

## **3. Environmental conditions**

Companies funded ensure adequate environmental conditions and animals are not subjected to extreme temperatures, and have access to clean air and water and to enriched environments that meet the minimum criteria as defined by the FARMS Initiative, where applicable.<sup>3</sup>

## **4. Mutilations**

Painful procedures such as teeth clipping/grinding, dehorning, debeaking, tail docking, and castration are avoided by funded companies.

When painful procedures have to be carried out for medical reasons, legal reasons, or as measures of last resort, animals must receive appropriate anaesthetics and analgesics, to significantly reduce pain levels.

## **5. Breeding**

Funded companies commit to prioritise animal welfare in breeding and genetic selection.

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3 <https://www.farms-initiative.com/>

## 6. Transport

Funded companies reduce the time of animal transport to a maximum limit.

## 7. Slaughter

When animals (including fish and animals that are considered pests) are slaughtered, this is done in the least distressing and most pain-free manner possible by funded companies.

## 8. Reporting

Companies are required to provide independently audited reports on at least a yearly basis detailing how they implement and uphold minimum animal welfare standards.

## 9. Antimicrobials

Companies apply a prudent use of antimicrobial medicines (such as antibiotics) in food-producing animals, in order to minimize antimicrobial resistance.

## 10. Shift to plant-based

Companies commit to a time-bound shift from animal protein to plant and alternative proteins in order to decrease animal protein consumption.

## 11. Fur

Capturing and/or keeping animals for the primary purpose of using their skin or fur—and the manufacturing, trading and selling of animal skin- or fur-derived products—is unacceptable.

## 12. Trade

Trade in wild animals (including fish) for the pet trade, the entertainment industry, or any other purposes is unacceptable.

## 13. Conservation

Companies funded follow best-in-class practices regarding the welfare of animals held captive for activities that have an educational and/or species conservation and protection objective (such as zoos).



#### 14. Commercial use

Entertainment or other commercial activities in which wild animals are involved or animals are exposed to distress (including circuses, dolphinariums, fighting games with animals, horse racing, advertisements, and shows and exhibitions with animals) are unacceptable.

#### 15. Non-medical testing

Non-medical animal testing is unacceptable.

#### 16. Medical testing

Requirements are set for the use of (laboratory) animals for manufacturing medical products in order to limit animal suffering and the number of animals used as much as possible, and companies must demonstrably look for alternatives (the so-called 3R-strategy: "Replace, Reduce, Refine").

#### 17. Genetic engineering

Genetic modification of animals is unacceptable.

#### 18. Company supply chain

Companies integrate high animal welfare criteria into their procurement and operational policies and include clauses on the compliance with criteria on animal welfare in their contracts with subcontractors and suppliers.



### **19. Bank procurement**

The financial institution has a procurement policy that requires its suppliers to comply with its animal welfare policy.

### **20. Covenants**

Contracts between the financial institution and its clients or suppliers include animal welfare requirements, as well as covenants on breaches of these commitments.

### **21. Transition finance**

The financial institution has special programmes to promote sustainable, animal-friendly food production systems.

## **2.3. Policies evaluation and review**

Only public policies and documents published by the financial institutions were evaluated. This assessment was done between September 2020 and May 2021. The draft scores were shared with the respective financial institutions, offering them an opportunity to provide feedback. Where relevant, comments were incorporated in the final version. Though multiple outreach attempts were made, 29 financial institutions never replied.

## **2.4. Public and multilateral development banks and standards**

For comparison purposes, a few development banks, international standards, and certification schemes were also assessed. These results can be found in Appendix 2.



### 3. RESULTS AND DISCUSSION

An interactive version of the data can be accessed online at [www.banksforanimals.org](http://www.banksforanimals.org).

#### 3.1. Scores table

Table 1 shows the scores per financial institution and per criterion. Green scores are given for fully meeting the criterion, yellow for partially meeting it, and red for not meeting it.

The maximum amount of points a financial institution can achieve is 42.

Country	Financial Institution	Five Freedoms	Cages	Environmental Conditions	Mutilations	Breeding	Transport	Slaughter	Reporting	Antimicrobials	Shift to plant-based	Fur	Trade	Conservation	Commercial	Non-medical testing	Medical testing	Genetic Engineering	Company supply chain	Bank procurement	Covenants	Transition finance	Total	
Netherlands	Triodos	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	40	
Netherlands	de Volksbank	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Yellow	Green	40	
Australia	Australian Ethical	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Red	Red	Red	Green	31	
Netherlands	ABN Amro	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Red	Green	Green	Green	Green	Green	Green	Green	Red	Red	24	
Netherlands	ING Group	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Yellow	Red	Green	Red	Green	Green	Green	Green	Green	Green	Green	Green	Red	23	
Netherlands	Rabobank	Green	Yellow	Green	Green	Green	Green	Green	Red	Green	Green	Green	Red	Green	Green	Green	Green	Red	Green	Green	Red	Red	21	
Australia	National Australia Bank	Green	Yellow	Green	Green	Green	Green	Green	Green	Red	Red	Green	Red	Green	Green	Green	Green	Green	Red	Green	Green	Green	20	
Australia	Bank Australia	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Red	Red	Red	Red	Red	Green	Green	Green	Red	Red	Red	Red	16	
Germany	Allianz	Red	Red	Red	Yellow	Red	Green	Green	Green	Green	Green	Green	Green	Red	Red	Yellow	Green	Green	Red	Red	Red	Red	10	
France	BNP Paribas	Yellow	Red	Yellow	Yellow	Red	Red	Red	Yellow	Yellow	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	Red	9	
Spain	BBVA	Yellow	Red	Yellow	Yellow	Red	Red	Red	Yellow	Yellow	Red	Red	Red	Red	Red	Green	Green	Red	Red	Red	Red	Red	8	
Singapore	DBS	Yellow	Yellow	Yellow	Yellow	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Green	7
UK	Standard Chartered	Yellow	Green	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Yellow	Red	Red	Red	Red	Red	Red	7	
UK	NatWest	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	Yellow	Green	Red	Red	Red	Red	Yellow	5	
UK	Barclays	Yellow	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	3	
Brazil	Banco do Brasil	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Green	3	
USA	Wells Fargo	Yellow	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Yellow	3	
UK	HSBC	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	2	
Singapore	United Overseas Bank	Yellow	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	2	

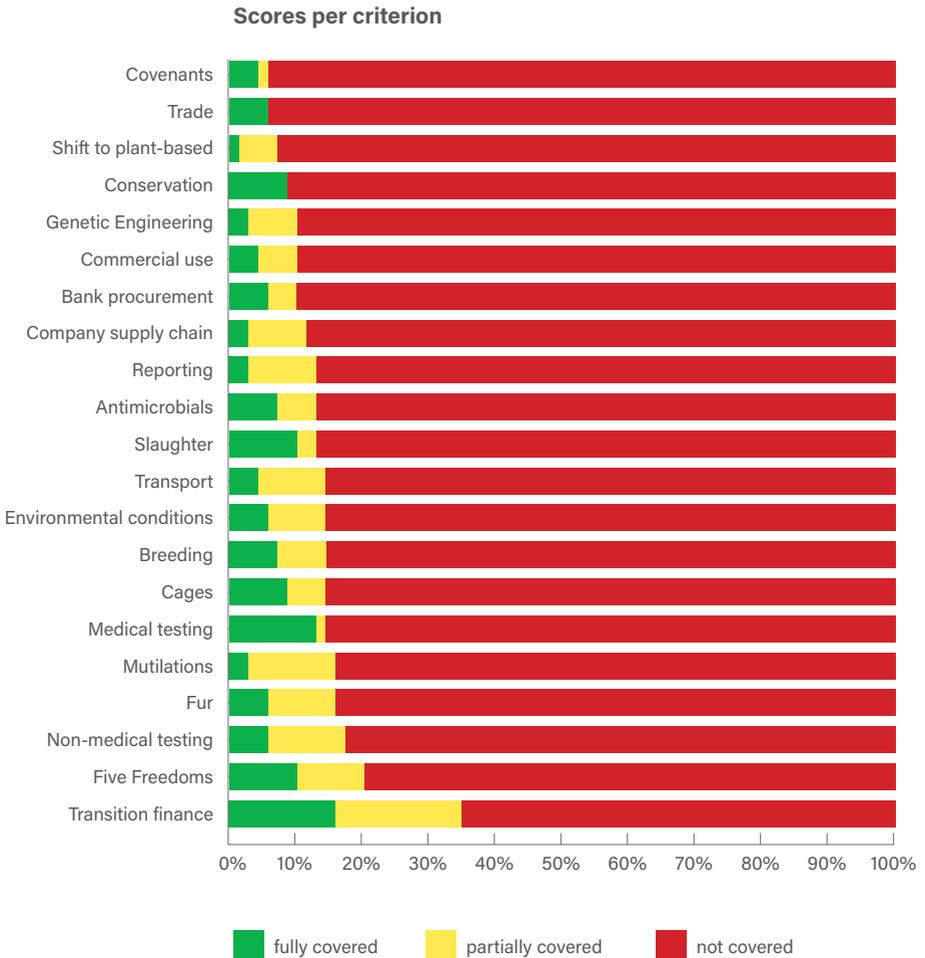
Country	Financial Institution	Five Freedoms	Cages	Environmental Conditions	Mutilations	Breeding	Transport	Slaughter	Reporting	Antimicrobials	Shift to plant-based	Fur	Trade	Conservation	Commercial	Non-medical testing	Medical testing	Genetic Engineering	Company supply chain	Bank procurement	Covenants	Transition finance	Total	
Colombia	BanColombia																						2	
Brazil	BNDES																							2
Brazil	Itaú Unibanco																							2
USA	Goldman Sachs																							2
Colombia	Banco Agrário de Colombia																							1
Argentina	Banco Galicia																							1
Indonesia	Bank Mandiri																							1
Indonesia	Bank Negara Indonesia																							1
USA	Bank of New York Mellon																							1
France	BPCE Group																							1
Brazil	Bradesco																							1
Brazil	BTG Pactual																							1
USA	Citigroup																							1
Canada	Scotiabank																							1
Australia	WestPac																							1
Australia	ANZ																							0
Chile	Banco de Chile																							0
Chile	Banco de Crédito e Inversiones - BCI																							0
Chile	Banco Estado																							0
Argentina	Banco Macro																							0
Argentina	Banco Nación																							0
Argentina	Banco Provincia																							0
Spain	Banco Sabadell																							0
USA	Bank of America																							0
China	Bank of China																							0
Indonesia	Bank Rakyat Indonesia																							0
USA	BlackRock																							0
Canada	BMO Financial Group																							0
France	Crédit Agricole																							0
Switzerland	Credit Suisse																							0

Country	Financial Institution	Five Freedoms	Cages	Environmental Conditions	Mutilations	Breeding	Transport	Slaughter	Reporting	Antimicrobials	Shift to plant-based	Fur	Trade	Conservation	Commercial	Non-medical testing	Medical testing	Genetic Engineering	Company supply chain	Bank procurement	Covenants	Transition finance	Total	
Colombia	Daviyenda																						0	
Germany	Deutsche Bank																							0
Norway	Government Pension Fund Global																							0
Colombia	Grupo Aval																							0
China	ICBC																							0
USA	JPMorgan Chase																							0
Thailand	Kasikornbank																							0
Thailand	Krung Thai Bank																							0
Japan	Mizuho Financial																							0
USA	Morgan Stanley																							0
Japan	MUFG																							0
Canada	Royal Bank of Canada																							0
Spain	Santander																							0
Thailand	Siam Commercial Bank																							0
Japan	SMFG																							0
France	Société Générale																							0
USA	State Street																							0
Canada	Toronto-Dominion Bank																							0
Switzerland	UBS																							0
USA	Vanguard																							0

Table 1 shows the scores per financial institution and per criterion. Green scores are given for fully meeting the criterion and is equivalent to 2 points, a yellow score is given when the criterion is met partially and is equivalent to 1 point, and a red score is given when a criterion is not met, and is equivalent to 0 points. The total column shows the total number of points a financial institution obtained, out of 42.

### 3.2. Evaluation per criterion

An assessment of the scores obtained by the different financial institutions, per criterion, shows which criteria are better covered and which are more neglected in the policies.



*Graph 1 shows which percentage of the assessed financial institutions scored green, yellow, and red for each criterion. The criteria are ranked from best covered to least covered.*

## 1. Five Freedoms

10% of the assessed financial institutions clearly reference the Five Freedoms, while another 10% partially reference them. Of those financial institutions that did not reference the Five Freedoms, only 9% scored positively on anything else but transition finance.

The Five Freedoms reflect principles rather than standards. Financial institutions that reference the Five Freedoms therefore indicate their intention to improve animal welfare practices of their clients. However, unless the bank adopts further policies, this may not have any concrete impact.

## 2. Cages, crates, and other restrictive housing methods

9% of the assessed financial institutions have prohibited the use of cages, and another 7% have adopted restrictions on the finance for projects that use cages. Some, such as Rabobank, have implemented a requirement for all clients to transition to cage-free systems before a certain date. None had any requirements for cages used in aquaculture.

The use of cages, tethering, and other severely restricting housing methods can cause tremendous suffering to animals. They spend their lives in confinement in a space so small that they can often not even fully stretch their bodies or turn around, let alone express any other natural behaviour.

Financial institutions should prohibit the financing of any new projects that use cages for animals, including fish and other aquatic animals,<sup>4</sup> and should require all their clients to transition to cage-free production.

## 3. Environmental conditions

6% of the assessed financial institutions have included criteria on the environmental conditions in which animals are kept. Another 10% make some reference to environmental conditions, but lack strong criteria. However, the vast majority lack any criteria on this issue.

The spaces that animals are kept in should provide protection from weather conditions and from extreme temperatures; access to clean air and water; a natural light regime; and enriched environments that meet the minimum criteria as defined by the FARMS Initiative, where applicable.

Keeping animals in bare environments that offer no stimulation whatsoever can cause severe boredom and stress. Animals should be provided enriched environments that have different spaces that they can explore and use according to their needs. This should include a nesting space with appropriate bedding material, as well as a space where they can forage, bathe, and interact with each other.

## 4. Mutilations and painful procedures

3% of the assessed financial institutions achieved a green score. Since these do not lend to livestock rearing, they implicitly also don't finance producers that use mutilations.

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4 <https://ali.fish/blog/key-animal-welfare-guide-for-aquaculture-receives-broad-support>

Another 14% mention some limitations on mutilations, but lack strong criteria. However, the vast majority lack any criteria on this issue.

Mutilating animals is a common practice. Many mutilations are done when animals are kept in barren environments and at high stocking densities, to prevent the stressed animals from injuring themselves or others. This includes beak trimming in chickens and turkeys, teeth clipping, teeth grinding and tail docking in pigs, and dehorning or disbudding in cattle. The livestock industry should address the motivation of these abnormal behaviours, which is enhanced by the crowded housing conditions and lack of enrichment, instead of mutilating the animals.

Some other mutilations are performed to obtain better taste, like pig castration; to identify the animals, like hot iron branding; to ease the work of the farmer, like udder flaming;<sup>5</sup> or to increase productivity, like eyestalk ablation in shrimp. Financiers should not fund any production system that uses mutilations and painful procedures on a routine basis. When painful procedures have to be carried out for medical reasons, legal reasons, or as measures of last resort, animals must receive appropriate anaesthetics and analgesics, to significantly reduce pain levels.

## 5. Breeding

7% of the assessed financial institutions achieved a green score. Another 7% mention some requirements regarding breeding practices, but lack strong criteria. However, the vast majority lack any criteria on this issue.

The breeding and selection of animals for traits that increase production or that are otherwise perceived as desirable for humans can seriously impact the health and wellbeing of animals. Animals that are selected to grow and/or fatten faster may become too heavy for their legs to support, or too big for their organs to function properly. Animals that are specifically selected for breeding suffer from this the most, as they live longer.

Likewise, in companion animals, the selection for traits for aesthetic or pedigree reasons can cause welfare issues for the animals—for example, selective breeding that aims to produce shorter/flatter noses in dogs can cause breathing problems. Financial institutions should ensure that their clients prioritize animal welfare in their breeding programmes.

## 6. Transport

4% of the assessed financial institutions achieved a green score, as they comply with the criterion about limiting the duration of transport. Another 10% mention some limitations on transport, but lack strong criteria. The vast majority lack any criteria on this issue.

The transport of animals over long distances, especially overseas shipments of animals, often happens under very low welfare conditions, with animals being crammed together so tightly that some may die by being crushed by others and/or from exhaustion, thirst, and/or hunger. During sea transport, sick animals are sometimes thrown overboard while still alive.<sup>6</sup>

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5 <https://www.kinderworld.org/videos/dairy-industry/udder-flaming-cows/>

6 [http://www.liveexportshame.com/60\\_minutes2.htm](http://www.liveexportshame.com/60_minutes2.htm)

Truck accidents or sinking ships generally cause a very high mortality rate. In addition, the loading and unloading process can involve the use of violent tactics to make the animals move in the desired direction.

Financial institutions should ensure that their clients don't expose animals to these awful conditions, and should therefore implement policies that restrict the long transportation of animals. Other solutions should be sought, such as slaughtering on/close to the farm, using the highest animal welfare standards.

## 7. Slaughter

10% of the assessed financial institutions achieved a green score. Another 3% mention some restrictions regarding slaughtering procedures, but lack strong criteria. The vast majority lack any criteria on this issue.

Slaughtering of animals should happen in the least stressful and least painful way possible. Animals (including fish<sup>7</sup>) should be stunned before they are slaughtered. The least distressing and least painful killing methodology should also be applied to animals that are euthanized, and to those that are killed as part of population control measures.

Financial institutions should ensure their clients respect the highest animal welfare standards during slaughtering, hunting, and killing procedures.

## 8. Reporting

3% of the assessed financial institutions achieved a green score, based on the fact that they require companies to be certified. Another 10% received a yellow score, mostly based on the "encouragement" of companies to get certified. The vast majority lack any criteria on this issue.

Reporting on animal welfare conditions—and on the management, monitoring, and steps that were implemented to improve these conditions—is essential for transparency purposes. Reports must be audited by third parties.

Financial institutions should require their clients or investees to report on animal welfare either in a stand-alone report or in their annual reports.

## 9. Antimicrobials

7% of the assessed financial institutions achieved a green score. Another 6% mention some limitations on the use of antimicrobials, but lack strong criteria. The vast majority lack any criteria on this issue.

Antimicrobial resistance is a serious threat to human and animal health alike, and the excessive use of these substances in the livestock and aquaculture industries greatly exacerbates the problem.

Financial institutions must require their clients to have a policy on the responsible use of antibiotics. They should not be misused on healthy animals, in non-therapeutic ways, or to promote growth.<sup>8</sup>

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7 <https://ali.fish/ali-welfare-guide>

8 <https://www.who.int/docs/default-source/documents/no-time-to-wait-securing-the-future-from-drug-resistant-infections-en.pdf>

## 10. Shift to plant-based

1% of the assessed financial institutions—only one institution—achieved a green score on this criterion, and only 6% achieved a yellow score. The vast majority lack any criteria on this issue.

To structurally improve animal welfare, the intensive rearing of animals should be abolished and finance should be shifted to more plant-based food production systems. In addition to being beneficial to animal and human health, a shift towards these systems is essential if we are to achieve the SDGs and the goals of the Paris Climate Agreement, as the production of plant-based food is far less resource intensive, uses significantly less land, and results in lower greenhouse gas emissions.

## 11. Fur

6% of the assessed financial institutions achieved a green score. Another 10% mention some limitations on the production, trade, and use of fur, but lack strong criteria. The vast majority lack any criteria on this issue.

Animals raised for their fur, feathers, skin, or scales are often kept in very restrictive housing conditions before they are killed by electrocution or gassing, or even plucked alive. These products are generally used in the fashion industry. Given that good, higher welfare, and generally cheaper alternatives are available, these products serve no basic need. This is illustrated by the fact that many companies have committed to no longer using these products.<sup>9</sup>

Financial institutions should therefore refrain from financing companies involved in keeping animals exclusively for this purpose.

## 12. Trade

6% of the assessed financial institutions achieved a green score while none received a yellow score, based on the fact that they follow the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). However, this convention does not cover trade in non-endangered species. The vast majority of the financial institutions lack any criteria on this issue.

The trade in wild animals is a multi-billion dollar business involving many illegal practices and much animal suffering. It starts with catching or trapping wild animals, often by killing a mother and taking her young. The animals are then shipped around the world in often precarious conditions—especially when the trade is illegal—and generally end up in small cages, with little or no ability to express most of their natural behaviours. Captive animals are often also used for breeding purposes, for the (often illegal) wildlife trade.

Financial institutions should not finance the trade in wild animals, even when legal. The existence of legal trade facilitates (and provides a cover for) illegal trade, and fuels a market for wild animals. From the animals' point of view, the suffering is similar, regardless of whether the trade is legal or not.

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<sup>9</sup> <https://furfreeretailer.com/>

### **13. Conservation**

3% of the assessed financial institutions achieved a green score and another 6% received a yellow score. The vast majority lack any criteria on this issue.

When animals are kept in zoos or other facilities for educational and/or conservation purposes, those responsible for the welfare of the animals must ensure that the best practices are being used and that the animals are able to express their natural behaviours as much as possible. Most species should be in contact with conspecifics at an intensity similar to that in the wild.

Financial institutions should require clients and investees to implement best conservation practices.

### **14. Entertainment and other commercial uses**

4% of the assessed financial institutions achieved a green score and another 6% received a yellow score. The vast majority lack any criteria on this issue.

The use of animals for commercial purposes—such as competitions, circuses, dolphinariums, zoos, and others—is not acceptable. Deprivation of freedom to ordinarily wild animals is problematic in and of itself, but on top of this, these animals are forced to act out unnatural behaviours. The training required to get them to do this generally involves cruel punishments. With so many other kinds of entertainment available, it is simply unacceptable to keep exploiting animals for this purpose.

Financial institutions must therefore prohibit any finance of these types of activities.

### **15. Non-medical testing**

6% of the assessed financial institutions achieved a green score. Another 10% mention some limitations on non-medical testing, but lack strong criteria. The vast majority lack any criteria on this issue.

The testing of products on animals is still commonplace, especially for skin care and makeup products, but also for many other products. This is despite the fact that for many situations there are good alternatives, and the fact that the results from testing on animals don't always translate well to the impacts the products have on humans.

Financial institutions should require their clients and/or investees to prohibit the testing on animals.

### **16. Medical testing**

13% of the assessed financial institutions achieved a green score. Only 1% obtained a partial score for this criterion, and thus the vast majority lack any criteria on this issue.

The medical testing on animals should be reduced to a minimum. Financial institutions should require clients and/or investees to implement the three Rs (Replacement by non-animal alternatives, Reduction of the number of animals tested and Refinement of the practice of experimenting with animals). Furthermore, tests shall be approved by

an ethical commission and shall only be performed when there is no alternative that produces good results.

### **17. Genetic engineering**

3% of the assessed financial institutions achieved a green score, as it explicitly mentions the issue. Another 9% mention some limitations on genetic engineering, but lack strong criteria. The vast majority lack any criteria on this issue.

The genetic modification of animals—such as has been done with salmon—can create unexpected animal welfare and other impacts, and should not be used because of the precautionary principle.<sup>10</sup>

The genetic modification of animals also tends to lead to further commodification of animals, stripping them of their own agency, and making them a patented product of man.

Financial institutions should not finance any activities that involve the genetic engineering of animals.

### **18. Company supply chain**

3% of the assessed financial institutions achieved a green score. Another 9% make some reference to the company's supply chain, but lack strong criteria. The vast majority lack any criteria on this issue.

While animal welfare policies generally focus on the producer companies, consumer companies also play a big role in improving animal welfare. Financial institutions should require all their clients and/or investees to adopt sourcing policies that include animal welfare criteria that meet the minimum demands set out in this report.

### **19. Financial institution procurement**

6% of the assessed financial institutions achieved a green score. Another 6% mention some criteria for the financial institution's procurements, but lack strong criteria. The vast majority lack any criteria on this issue.

The financial institution itself should also include animal welfare criteria in its procurement policies, which should meet the minimum demands set out in this report.

### **20. Covenants**

4% of the assessed financial institutions achieved a green score. Another 2% make some reference to covenants, but lack strong criteria. The vast majority lack any criteria on this issue.

Financial institutions should include covenants regarding animal welfare in their contracts, and should impose sanctions on clients/investees that breach them.

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10 <https://www.unglobalcompact.org/what-is-gc/mission/principles/principle-7>

## 21. Transition finance

14% of the assessed financial institutions achieved a green score on this criterion, and another 22% received a yellow score. Still, there is a majority that lack initiatives on this issue.

Financial institutions play a crucial role in accelerating the transition to more sustainable food production systems. The need for such a shift has been extensively documented by intergovernmental reports, such as those from the Intergovernmental Panel on Climate Change (IPCC)<sup>11 12 13</sup> and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).<sup>14 15</sup> A report by the Inter-American Development Bank (IDB) and the International Labour Organization (ILO) also proved that such a shift would have many economic benefits, including job creation.<sup>16</sup> Financial institutions should therefore make finance available to invest in this transition.



11 <https://www.ipcc.ch/srccl/chapter/summary-for-policy-makers/>

12 <https://www.ipcc.ch/sr15/chapter/spm>

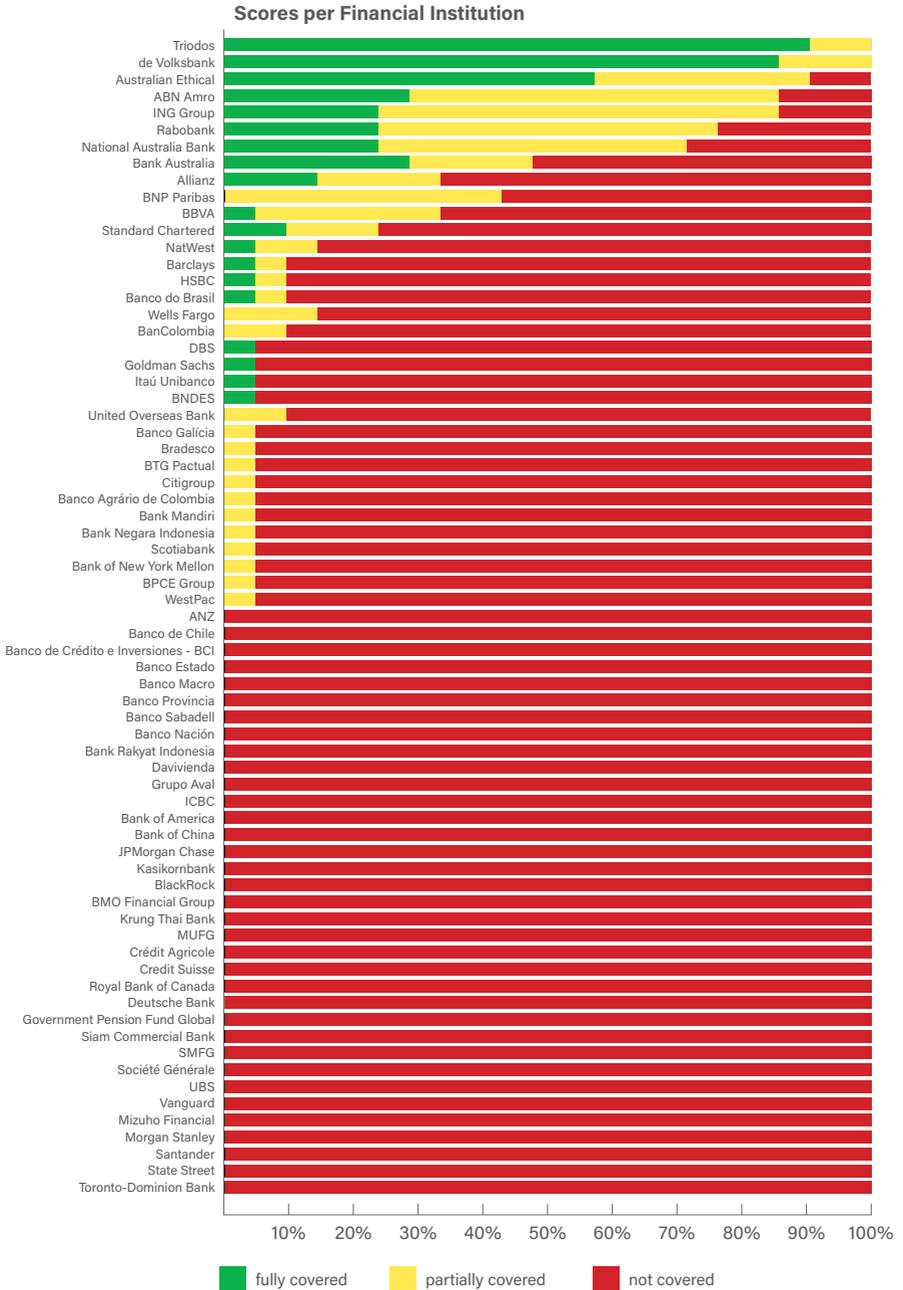
13 <https://www.ipcc.ch/srccl-report-download-page/>

14 <https://ipbes.net/global-assessment>

15 <https://ipbes.net/assessment-reports/ldr>

16 [https://www.ilo.org/brasilia/noticias/WCMS\\_752093/lang--pt/index.htm](https://www.ilo.org/brasilia/noticias/WCMS_752093/lang--pt/index.htm)

### 3.3 Evaluation per financial institution



Graph 2 shows the percentage of green, yellow, and red scores for each assessed financial institution.

## Key Findings

- Only three financial institutions—out of 69—achieved a green score for more than 50% of the criteria;
- Fifty financial institutions (74%) did not obtain a single green score, and almost half did not even get a single yellow score on any criterion;
- 91% of the assessed financial institutions scored below 50% of the total available points;
- 'Respect for the Five Freedoms,' 'medical testing' and 'transition finance for more sustainable food systems' are the two most often met criteria.

It is particularly concerning that banks that have, by their nature, a high exposure to the livestock sector like rural or agricultural banks, on average obtain such low scores. These banks should be well aware of the cruel realities of factory farming, and are well placed to guide their clients to shift to higher welfare systems. They are also more exposed to the risks of not doing so.



## 4. THE ROLE OF FINANCIAL INSTITUTIONS

Financial institutions can play a very important role in supporting companies in their shift to more sustainable and higher animal welfare production practices. Unfortunately, right now most banks and investors don't have policies on this yet, and therefore, through their finances, continue to perpetuate the suffering of billions of animals every year. They provide the industry with the finance they need for their activities, often with no questions asked about the way animals are treated in the production system. Instead, as financial institutions seek profit maximization, they are more likely to push for further intensification. This mostly comes at the cost of animal welfare.

Research by Feedback Global from 2020 mapped the financiers and investors of 31 of the world's largest factory farming corporations. It found that, between 2011 and 2020, financial institutions provided over USD 628 billion in loans and underwriting to meat and dairy companies, and that they held USD 226 billion in bonds and shares of these companies, as of March 2020.<sup>17</sup>

### Case study: BRF

BRF is one of the largest food companies in the world, headquartered in Brazil. Though it did make some first steps towards increasing animal welfare, the company has not yet announced a complete and detailed animal welfare policy for its animal production and supply chain. The company still allows the use of gestation crates for pigs for up to 28 days, the tail docking of piglets without anesthesia, and the use of farrowing crates in its pig supply chain—practices that have been banned by a number of companies and governments worldwide. There is also no clear policy confirming that the company does not use antibiotics as preventative treatment, which could pose a serious threat to human health.

Despite this track record, between 2015 and 2019, BRF received almost USD 3 billion in loans and underwriting services from 13 banks.<sup>18</sup> The policies of 11 of these banks were assessed, but none obtained more than 50% of the total achievable points. This financial institutions' lack of strong policies allows them to provide high levels of financing to the company, enabling it to proceed with violating the welfare of the animals it raises. If the banks were to adopt stronger policies, they could leverage positive change in the company, like accelerating the transition to 100% crate-free production.

<sup>17</sup> <https://feedbackglobal.org/toobigastory/>

<sup>18</sup> <https://feedbackglobal.org/toobigastory/>

**Table 2: Loans and underwriting services for BRF (2015-2019)**

<b>Investor Parent</b>	<b>Sum of Per Investor Value</b> (in millions US\$)	<b>Policy score</b> (out of 42 points)
Bradesco	673	1
Banco do Brasil	644	3
Santander	317	0
Citigroup	264	1
Itaú Unibanco	225	2
BNDES	138	2
BTG Pactual	125	1
JPMorgan Chase	100	0
Morgan Stanley	92	0
BNP Paribas	92	9
Deutsche Bank	92	0
Bank of America	92	0
Votorantim Group	48	not assessed
<b>Grand Total</b>	<b>2,900</b>	

## 4.1. Financial risk

The changes in consumer demands regarding minimum animal welfare standards,<sup>19 20 21 22</sup> the ever-increasing number of corporations that have made pledges<sup>23</sup> to shift to sourcing products with higher welfare, and the changing legislation in different countries that will make higher animal welfare requirements compulsory make it significantly more risky for financiers to have clients that don't act on these changes. These clients risk losing markets, both nationally and internationally. And market risk can lead to financial risk.

Many large corporations, representing a significant portion of the market, have made commitments to adopt higher animal welfare standards in their sourcing. For example, Chicken Watch, which tracks animal welfare commitments by corporations, lists over 1,000 companies that have committed to transitioning to using only cage-free eggs.<sup>24</sup> Sinergia Animal's Cage-Free Tracker shows that there are over 240 companies committed to cage-free policies in Latin American countries. This includes big brands like Danone, McDonald's, Mondelez, Kellogg's, Starbucks, Kraft Heinz, Pepsico, and Hilton.<sup>25</sup>

19 <https://pubmed.ncbi.nlm.nih.gov/32120935/>

20 <https://faunalytics.org/advocates-allies-adversaries-12-years-of-faunalytics-animal-tracker/>

21 <https://www.thepoultrysite.com/articles/why-cage-free-and-why-now>

22 [https://www.worldanimalprotection.org.br/sites/default/files/media/br\\_files/consumo\\_as\\_cegas\\_latam.pdf](https://www.worldanimalprotection.org.br/sites/default/files/media/br_files/consumo_as_cegas_latam.pdf)

23 See [cagefreeworld.org](http://cagefreeworld.org) and [cratefreeworld.org](http://cratefreeworld.org)

24 <https://chickenwatch.org/cage-free>

25 <https://www.cagefreetracker.com/report>

Countries and states are also increasingly adopting legislation that phase out the use of cages and crates and that introduce further minimum requirements for animal welfare. In the European Union (EU), the very successful “End the Cage Age” European Citizens’ Initiative (ECI) has led the European Commission to state it would propose legislation in 2023 to phase out and eventually ban caged farming for all animals covered by the citizens’ proposal, possibly by 2027.

### Legislation banning the use of cages and crates for pigs<sup>26</sup>

The use of gestation crates for pigs (individual pens in which pigs are confined during the period of pregnancy) was banned completely in Sweden in 1988,<sup>27 28</sup> in the UK in 1999,<sup>29</sup> and in Norway in 2000.<sup>30 31</sup> Gestation crates may only be used for up to four days in the Netherlands.<sup>32</sup> Any new pig units built in Denmark since 2015 may only use gestation crates for up to three days, and this must apply to all existing units by 2035.<sup>33</sup> Austria restricts their use to a maximum of 10 days,<sup>34</sup> as does Switzerland (since 1997).<sup>35</sup> Across the EU, a partial ban has been in place since 2013.<sup>36</sup> However, the EU law still allows the use of gestation crates during the first four weeks of pregnancy, and one week before farrowing. The continuous use of gestation crates for pigs is also being phased out in nine states in the USA.<sup>37 38</sup> In Canada, building new gestation crate systems has been restricted since 2014.<sup>39</sup> The Australian pork industry committed to voluntarily phase out gestation crates by 2017.<sup>40</sup> The routine use of farrowing (individual crates in which pigs are placed to give birth and to suckle their litter, which severely

26 [www.ciwf.org.uk/media/7434596/end-the-cage-age-why-the-eu-must-stop-caging-farm-animals.pdf](http://www.ciwf.org.uk/media/7434596/end-the-cage-age-why-the-eu-must-stop-caging-farm-animals.pdf)

27 Djurskyddsforordning (1988:539) [Animal Health Ordinance] § 3, 14 & 15: [https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/djurskyddsforordning-1988539\\_sfs-1988-539](https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/djurskyddsforordning-1988539_sfs-1988-539)

28 The Animal Welfare Ordinance 1988:539. <https://www.ecolex.org/details/legislation/animal-welfare-act-1988534-lex-faoc019544/?>

29 The Welfare of Pigs Regulations 1991. <https://www.legislation.gov.uk/uksi/1991/1477/regulation/3/made>

30 Regulations on Pigs, 2003. Forskrift om hold av svin. <https://lovdata.no/dokument/SF/forskrift/2003-02-18-175?q=hold%20av%20svin>

31 <https://www.freefarrowing.org/know-the-rules/welfare-legislation/>

32 Besluit Houders van dieren (Decree to keepers of animals) 2014, article 2.15, <https://wetten.overheid.nl/BWBR0035217/2015-09-15>

33 Ministry of Agriculture, Denmark, 2014. Pig Welfare Action Plan 2014 [English]. <https://en.fvm.dk/focus-on/animal-welfare/pig-welfare-action-plan-2014/>; SEGES, Danish Product Standard, June 2017, <https://pigresearchcentre.dk/DANISH-quality-assurance-scheme/The-Danish-Product-Standard/>; “Consolidated Act on indoor keeping of gilts, pregnant sows and dry pregnant sows” (Bekendtgørelse af lov om indendørs hold af gylte, goldsøer og drægtige søer). Entered into force on 14 Jan 2017, based on Department of the Environment and Agriculture legislation of 2015 as amended in 2016. <https://www.retsinformation.dk/Forms/R0710.aspx?id=186206>

34 Tierhaltungsverordnung, 2018. BGBl. II No 485/2004 last amended by Federal Law Gazette II No. 151/2017 , Anlage 5. Para 3.2 regarding sow stalls. Para 3.3.2 regarding farrowing crates. Available from: <https://www.ris.bka.gv.at/>

35 <https://the-animalist.ch/en/conventional/>

36 COUNCIL DIRECTIVE 2008/120/EC of 18 December 2008. Laying down minimum standards for the protection of pigs. <https://eur-lex.europa.eu/eli/dir/2008/120/2019-12-14>

37 Florida, Arizona, California, Rhode Island, Colorado, Maine, Michigan, Ohio and Oregon

38 <https://www.aspc.org/animal-protection/public-policy/farm-animal-confinement-bans>

39 [https://www.huffingtonpost.ca/2014/03/07/canada-pig-crates-gestation-ban\\_n\\_4920564.html?guccounter=1](https://www.huffingtonpost.ca/2014/03/07/canada-pig-crates-gestation-ban_n_4920564.html?guccounter=1)

40 <https://australianpork.com.au/about-pig-farming/housing>

restrict the movement of the mother) crates is banned in Norway,<sup>41</sup> Sweden,<sup>42</sup> and Switzerland.<sup>43</sup> Starting in 2033, Austria will restrict time in farrowing crates to 'critical days' surrounding birth (likely to be 4–7 days).<sup>44</sup> Germany will restrict time spent in farrowing crates to a maximum of five days starting in 2036<sup>45</sup>. The farrowing crate is allowed and used routinely for up to five weeks per pregnancy in the rest of the EU. In New Zealand, a 2020 High Court decision ruled the use of farrowing crates for pigs unlawful, and required changes to the legislation.<sup>46 47</sup>

Conventional battery cages for laying hens were first prohibited in Switzerland in 1992.<sup>48</sup> They have since been banned in various US states<sup>49</sup>, and partially banned throughout the EU, in Bhutan,<sup>50</sup> and New Zealand.<sup>51</sup> Canada has also committed to gradually ending this type of confinement.<sup>52</sup>

The use of veal crates has been restricted in the UK since 1990<sup>53</sup> and in the EU since 2007.<sup>54</sup>

In June 2021, the European Parliament adopted, with overwhelming majority, a resolution to make cages for farmed animals illegal across the EU by 2027. This was in reaction to the 'End the Cage Age' European Citizens' Initiative<sup>55 56</sup> which was signed by 1.4 million people across Europe and is only the sixth successful Initiative since the EU launched this democracy tool 10 years ago.<sup>57</sup>

41 Regulations on Pigs, 2003. Forskrift om hold av svin. <https://lovdata.no/dokument/SF/forskrift/2003-02-18-175?q=hold%20av%20svin>

42 Djurskyddsförordning (1988:539) [Animal Health Ordinance] §3, 14 &15: [http://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/djurskyddsförordning-1988539\\_sfs-1988-539](http://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/djurskyddsförordning-1988539_sfs-1988-539)

43 Ordinance of the FSVO on the keeping of farm animals and domestic animals. 455.110.1, August 27, 2008 (as of 1st March 2018). The Federal Office for Food Safety and Veterinary Affairs (FSVO): <https://www.fedlex.admin.ch/eli/cc/2008/610/de>

44 Tierhaltungsverordnung, 2018. BGBl. II No. 485/2004 last amended by Federal Law Gazette II No. 151/2017. Para 3.2 regarding sow stalls. Para 3.3.2 regarding farrowing crates. Available from: <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20003820>

45 Verordnung zum Schutz landwirtschaftlicher Nutztiere und anderer zur Erzeugung tierischer Produkte gehaltener Tiere bei ihrer Haltung (Tierschutz-Nutztierhaltungsverordnung), § 30 (2b). <https://www.gesetze-im-internet.de/tierschnutztv/BJNR275800001.html>

46 <https://www.nzherald.co.nz/the-country/news/high-court-rules-farrowing-crates-for-pigs-unlawful/4JNG2ZUOA3RLG5XVVXGZD5ARSU/>

47 <https://www.mpi.govt.nz/animals/animal-welfare/national-animal-welfare-advisory-committee/>

48 Animal Protection Ordinance of 23-4-2008. <https://www.blv.admin.ch/dam/blv/en/dokumente/tiere/rechts-und-vollzugsgrundlagen/tschv-en.pdf.download.pdf/Animal%20Protection%20Ordinance%20455.1.pdf>

49 <https://blog.humanesociety.org/2021/03/breaking-news-utah-becomes-eighth-state-to-prohibit-cages-for-egg-laying-hens.html>

50 [https://www.hsi.org/news-media/bhutan\\_cage\\_free\\_080212/](https://www.hsi.org/news-media/bhutan_cage_free_080212/)

51 <https://www.mpi.govt.nz/animals/animal-welfare/codes/all-animal-welfare-codes/>

52 <https://www.cbc.ca/news/business/cage-free-eggs-1.3435333>

53 <https://www.legislation.gov.uk/ukSI/2000/1870/schedule/4/made>

54 <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32008L0119> ; <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A31997L0002&qid=1620601159962>

55 <https://www.ciwf.eu/impact-to-date/end-the-cage-age-european-citizens-initiative-for-farmed-animals/>

56 <https://www.endthecageage.eu/>

57 <https://www.ciwf.com/news/2021/06/overwhelming-support-by-eu-parliament-for-ban-on-cages-for-farmed-animals-1>

## 4.2. Drivers of change

Financial institutions can influence how companies use their money, and therefore hold responsibility for the impacts caused by their clients and/or investees. They should require the companies they finance and/or invest in to adopt strict animal welfare policies.

Just like many financiers have policies on issues relating to human rights,<sup>58</sup> fossil fuels,<sup>59</sup> and deforestation,<sup>60</sup> it's time for policies on animal welfare to become standard practice.



58 [https://www.banktrack.org/article/4\\_out\\_of\\_5\\_banks\\_failing\\_on\\_human\\_rights\\_report\\_shows](https://www.banktrack.org/article/4_out_of_5_banks_failing_on_human_rights_report_shows)

59 [https://www.banktrack.org/campaign/banks\\_and\\_coal](https://www.banktrack.org/campaign/banks_and_coal)

60 <https://forestsandfinance.org/bank-policies/>

## 5. A DEEPER VIEW OF ANIMAL WELFARE AND SUSTAINABILITY ISSUES

### 5.1. Animal welfare issues in the industrial livestock and aquaculture sectors

According to the Food and Agriculture Organization (FAO), in 2019, 26 billion chickens, 850 million pigs, and 1.5 billions cattle were farmed for food,<sup>61</sup> and many more billions of fish and other animals were raised in aquaculture.<sup>62</sup> <sup>63</sup> Animals raised in aquaculture are so numerous they are not even counted; rather, they are reported on by weight.<sup>64</sup>

The vast majority of these animals are kept in factory farms, which exploit economies of scale to maximize profits. The animals pay the price for this, as the intensive and industrial methods of production can often cause tremendous physical and mental suffering.<sup>65</sup>

Industry practices usually include strict confinement at high densities,<sup>66</sup> use of cages,<sup>67</sup> tethering,<sup>68</sup> barren environments/keeping animals exclusively indoors,<sup>69</sup> mutilations without anesthetics and analgesics,<sup>70</sup> <sup>71</sup> <sup>72</sup> restrictive feeding,<sup>73</sup> <sup>74</sup> <sup>75</sup> lack of adequate

61 FaoStat, 2021. Live Animals. <http://www.fao.org/faostat/en/#data/QA>, consulted on 25-4-2021

62 <https://ourworldindata.org/seafood-production#global-seafood-production>

63 <https://ali.fish/blog/key-animal-welfare-guide-for-aquaculture-receives-broad-support>

64 <https://countinganimals.com/the-fish-we-kill-to-feed-the-fish-we-eat/>

65 <https://welfarefootprint.org>

66 CIWF. Factory Farm is everywhere. <https://www.ciwf.org.uk/factory-farming/>.

67 Meseret, S., 2016. A review of poultry welfare in conventional production system. [https://www.researchgate.net/publication/311321712\\_A\\_review\\_of\\_poultry\\_welfare\\_in\\_conventional\\_production\\_system](https://www.researchgate.net/publication/311321712_A_review_of_poultry_welfare_in_conventional_production_system).

68 Cronin, G.M., 1985. The development and significance of abnormal stereotyped behaviours in tethered sows. <https://library.wur.nl/WebQuery/wurpubs/80989>.

69 An HSUS Report: The Welfare of Intensively Confined Animals in Battery Cages, Gestation Crates, and Veal Crates. <https://www.humanesociety.org/sites/default/files/docs/hsus-report-animal-welfare-of-intensively-confined-animals.pdf>.

70 An HSUS Report: The Welfare of Piglets in the Pig Industry. <https://www.humanesociety.org/sites/default/files/docs/hsus-report-piglets-industry-welfare.pdf>.

71 The Mutilations (Permitted Procedures) (England) Regulations 2007, <https://www.legislation.gov.uk/ukdsi/2007/9780110757797>

72 CIWF, 1994. For their own good. <https://www.ciwf.org.uk/research/animal-welfare/for-their-own-good/>

73 De Bettio et al., 2015. Impact of feed restriction on the performance of highly prolific lactating sows and its effect on the subsequent lactation. <https://www.cambridge.org/core/journals/animal/article/abs/impact-of-feed-restriction-on-the-performance-of-highly-prolific-lactating-sows-and-its-effect-on-the-subsequent-lactation/43FE5BCFE0D79105BB23A9-56A8107B1D>.

74 Middelkoop, A., et al., 2019. Feed intake of the sow and playful creep feeding of piglets influence piglet behaviour and performance before and after weaning. <https://www.nature.com/articles/s41598-019-52530-w>.

75 Trocino, A., et al., 2020. Effect of Feed Restriction on the Behaviour and Welfare of Broiler Chickens. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7278418/>.

bedding,<sup>76</sup> poor air quality,<sup>77</sup> lack of clean water (in aquaculture),<sup>78</sup> lack of normal daylight patterns,<sup>79,80</sup> rough handling and slaughter,<sup>81,82</sup> and selective breeding for productivity traits that jeopardises animal welfare.<sup>83,84</sup>

These conditions make it impossible for animals to express most of their natural behaviours, such as walking and stretching freely, flying and swimming long distances, interacting with other individuals in a natural way, taking sun/water/mud baths, foraging, exploring, making nests, and nurturing their young. The conditions also impact their health. Animals often suffer from skeletal and/or respiratory problems, infectious diseases, and injuries.<sup>85 86 87 88 89</sup>

## 5.2. Animal welfare issues in other sectors

The industrial livestock sector and the aquaculture sector are by far the sectors that impact on the welfare of the largest number of animals. But animal welfare is an important issue in other sectors as well.

Animals bred, raised or hunted for their fur, hide, or feathers are often treated very poorly. Animals like mink, rabbits, raccoon dogs, and foxes are kept in small, barren, wire cages for their entire lives. When their pelt is considered prime, they face being beaten, electrocuted, having their necks broken, and skinned alive. This happens at a massive scale. In 2018, more than 93 million animals were bred and killed on intensive fur farms.<sup>90</sup> In addition, in 2017, more than 3 million animals, such as coyotes, were killed for their pelts by trapping in North America alone. These animals are brutally killed by trappers, and suffer an agonizing death.<sup>91</sup>

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- 76 European Commission, Scientific Veterinary Committee, Animal Welfare Section. 1995. Report on the welfare of calves. [https://wayback.archive-it.org/12090/20121023163117/http://ec.europa.eu/food/fs/sc/oldcomm4/out35\\_en.pdf](https://wayback.archive-it.org/12090/20121023163117/http://ec.europa.eu/food/fs/sc/oldcomm4/out35_en.pdf).
- 77 Wheeler EF, et al. 2006. Ammonia emissions from twelve U.S. broiler chicken houses. [https://lib.dr.iastate.edu/abe\\_eng\\_pubs/151/](https://lib.dr.iastate.edu/abe_eng_pubs/151/).
- 78 Håstein, T., et al., 2005. Science-based assessment of welfare: aquatic animals. <https://pubmed.ncbi.nlm.nih.gov/16358506/>.
- 79 Malleau, E., et al., 2007. The importance of rest in young domestic fowl. <https://www.sciencedirect.com/science/article/abs/pii/S0168159106002450>.
- 80 Schwan-Lardner, K., et al. 2013. Effect of day length on cause of mortality, leg health, and ocular health in broilers. <https://www.sciencedirect.com/science/article/pii/S0032579119398190>.
- 81 An HSUS Report: Welfare Issues with Conventional Manual Catching of Broiler Chickens and Turkeys. <https://www.humanesociety.org/sites/default/files/docs/hsus-report-manual-catching-of-poultry.pdf>.
- 82 Grandin, T., et al, 2006. Progress and challenges in animal handling and slaughter in the U.S. <https://www.sciencedirect.com/science/article/abs/pii/S0168159106001146>.
- 83 Knowles, T.G., et al, 2008. Leg Disorders in Broiler Chickens: Prevalence, Risk Factors and Prevention. <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0001545>.
- 84 Broom, D.M., 2000. Does present legislation help animal welfare? [https://www.researchgate.net/publication/301292102\\_Does\\_present\\_legislation\\_help\\_animal\\_welfare](https://www.researchgate.net/publication/301292102_Does_present_legislation_help_animal_welfare).
- 85 An HSUS Report: The Welfare of Animals in the Meat, Egg, and Dairy Industries. <https://www.humanesociety.org/sites/default/files/docs/hsus-report-welfare-animals-meat-egg-dairy-industry.pdf>.
- 86 <https://www.humanesociety.org/farm-animal-welfare>
- 87 <https://www.ciwf.org.uk/farm-animals>
- 88 <https://www.ciwf.org.uk/factory-farming/animal-cruelty/#animal-cruelty-sources>
- 89 <https://www.ciwf.eu/media/7444223/ciwf-february-2021-scientific-briefing-on-caged-farming.pdf>
- 90 Humane Society International. The Fur Trade. <https://www.hsi.org/news-media/fur-trade/>.
- 91 Humane Society International. The Fur Trade. <https://www.hsi.org/news-media/fur-trade/>.

Another huge problem is the worldwide trade in wild animals, which is a serious threat to the survival of many species.<sup>92</sup> For animals in the wild, the hunting and fishing threats posed by humans cause stress.<sup>93</sup> The animals that are hunted down are often caged and shipped around the world in very low welfare environments, only to end up in a life of captivity, including small cages or aquariums.<sup>94</sup> The trade in wild animals also increases the risk of spreading zoonotic diseases.<sup>95</sup>

Animals kept in zoos, aquariums, and similar institutions are kept in confined conditions, where they are severely limited in their ability to express their natural behaviours.<sup>96</sup> In addition, many animals are exploited for pure entertainment purposes at circuses, dolphinariums, fights, horse races, in film and TV, and at shows and exhibitions. Not only are these animals deprived of their freedom, but they are also subjected to training programmes to force them into unnatural behaviours which often include harsh or violent punishments for undesirable behaviour.<sup>97 98 99 100 101</sup>

The use of animals in testing for new medicines and medical procedures is still the norm, even though animal models offer very little predictive value in terms of human response to drugs or the pathophysiology of human disease.<sup>102 103 104</sup> What's more, there are alternatives—such as cell cultures and organs-on-a-chip—that are often actually better than animal tests, because they are more humane and tend to be more cost effective, rapid, and reliable than traditional animal tests.<sup>105 106 107 108 109</sup> Testing may include making the animal ill first, and/or pushing the dosing limits far enough to cause the animals' deaths. It exposes the animals to a large range of physical and psychological suffering.<sup>110</sup> The testing of cosmetics on animals has been prohibited in the EU since 2009,<sup>111</sup> but worldwide, testing for non-medical purposes—including cosmetics, cleaning products, and all sorts of chemicals—is still quite common. An increasing number of companies are committing to no longer test on animals, contributing to the evidence that this practice is not necessary.<sup>112 113</sup>

92 [https://www.worldanimalprotection.org/sites/default/files/int\\_files/big\\_5\\_little\\_5\\_report.pdf](https://www.worldanimalprotection.org/sites/default/files/int_files/big_5_little_5_report.pdf)

93 <https://www.animal-ethics.org/hunting/>

94 <https://www.hsi.org/issues/wildlife-trade/>

95 [https://wwwnc.cdc.gov/eid/article/15/11/09-0467\\_article](https://wwwnc.cdc.gov/eid/article/15/11/09-0467_article)

96 <https://www.nationalgeographic.com/animals/article/waza-zoos-accused-of-mistreating-animals-wap-report>

97 WAP, <https://www.worldanimalprotection.org/news/cruel-wildlife-performances-continue-world-zoo-associations-member-venues> ; [https://www.worldanimalprotection.org/sites/default/files/int\\_files/15072019\\_waza\\_report-final.pdf](https://www.worldanimalprotection.org/sites/default/files/int_files/15072019_waza_report-final.pdf)

98 [https://www.worldanimalprotection.org/sites/default/files/media/us\\_files/tiger\\_selfies\\_exposed\\_1.pdf](https://www.worldanimalprotection.org/sites/default/files/media/us_files/tiger_selfies_exposed_1.pdf)

99 <https://www.worldanimalprotection.org/news/thousands-captive-whales-dolphins-and-other-marine-mammals-still-suffering-2019>

100 <https://www.bornfreeusa.org/campaigns/animals-in-captivity/circuses/>

101 <https://www.rspca.org.uk/adviceandwelfare/wildlife/captivity>

102 <https://www.afma-curedisease.org/>

103 <https://www.medsci.org/v10p0206.htm>

104 <https://www.nature.com/articles/news.2010.158>

105 Frame, <https://frame.org.uk/the-issue/alternatives-to-animals/>

106 <https://www.crueltyfreeinternational.org/why-we-do-it/alternatives-animal-testing>

107 <http://alittox.org/mapp/table-of-validated-and-accepted-alternative-methods/>

108 <https://wyss.harvard.edu/technology/human-organs-on-chips/>

109 <https://www.crueltyfreeinternational.org/why-we-do-it/alternatives-animal-testing>

110 Humane Society, <https://www.hsi.org/news-media/about/>

111 Regulation (EC) 1223/2009 of the European Parliament and of the Council, of 30-11-2009, on cosmetic products. [https://ec.europa.eu/health/sites/default/files/endocrine\\_disruptors/docs/cosmetic\\_1223\\_2009\\_regulation\\_en.pdf](https://ec.europa.eu/health/sites/default/files/endocrine_disruptors/docs/cosmetic_1223_2009_regulation_en.pdf)

112 <https://www.leapingbunny.org/>

113 <https://www.crueltyfreekitty.com/list-of-cruelty-free-brands/>

Finally, the genetic modification of animals represents their ultimate commodification, as companies may claim patents on the animals they have engineered. The practice denies the animals any agency or a place in nature, considering them fabricates of man. Apart from the philosophical discussion about whether humans should engineer animals, there is the impact of the genetic modification itself. There is plenty of evidence that these animals suffer from unusual health problems, such as high rates of birth defects, disabilities, and premature death. Both the traits for which they were engineered and unintended side effects can compromise the welfare of the animals.<sup>114 115 116 117 118</sup>

### 5.3 Environmental issues and the Sustainable Development Goals (SDGs)

The industrial livestock sector is not only a hazard to animal welfare. It also has a strong impact on the climate, and conflicts with a large number of the United Nations' SDGs. These impacts are so large that achieving the SDGs and the Paris climate goals is virtually impossible without phasing out factory farming. Multiple reports, including from the IPCC and the IPBES, have therefore called for a profound change in our food systems.<sup>119</sup>

This study focuses only on the animal welfare policies of financial institutions, as this is an aspect that requires urgent attention. However, financial institutions should also consider the wider impact that the industrial livestock, aquaculture, and fisheries sectors have. On top of any efforts to improve animal welfare standards among their clients in the short term, financial institutions should support an urgent transition to more sustainable, plant-based, and higher animal welfare food systems.

The 17 SDGs were established by the United Nations in 2015. Many of these goals are directly impacted by industrial livestock farming, fisheries, and aquaculture, and therefore meeting them will be almost impossible without a drastic reduction or even end of food systems that are heavily dependent on animal products.

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- 115 Ormandy, 2011. Genetic engineering of animals: Ethical issues, including welfare concerns. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3078015/>
- 116 HSUS, 2009. An HSUS Report: Welfare Issues with Genetic Engineering and Cloning of Farm Animals <https://www.humanesociety.org/sites/default/files/docs/hsus-report-issues-genetic-engineering-cloning-farm-animals.pdf>
- 117 <https://kb.rspca.org.au/knowledge-base/what-are-the-animal-welfare-issues-with-genetic-modification-of-farm-animals/>
- 118 Greger, M., 2011. Transgenesis in Animal Agriculture: Addressing Animal Health and Welfare Concerns. [https://www.researchgate.net/publication/226546829\\_Transgenesis\\_in\\_Animal\\_Agriculture\\_Addressing\\_Animal\\_Health\\_and\\_Welfare\\_Concerns](https://www.researchgate.net/publication/226546829_Transgenesis_in_Animal_Agriculture_Addressing_Animal_Health_and_Welfare_Concerns)
- 119 IPBES, 2018. <https://ipbes.net/assessment-reports/ldr>  
 IPCC, 2018. <https://www.ipcc.ch/sr15/chapter/spm/>  
 IPBES, 2019. <https://ipbes.net/global-assessment>  
 IPCC, 2019. <https://www.ipcc.ch/srcl-report-download-page/>  
 EAT-Lancet, 2019. <https://www.thelancet.com/commissions/EAT>  
 FOLU, 2019. <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/FOLU-GrowingBetter-GlobalReport-ExecutiveSummary.pdf>  
 WRI, 2019. <https://research.wri.org/wrr-food>  
 IPBES, 2020. <https://ipbes.net/pandemics>  
 Dasgupta, 2021. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/957292/Dasgupta\\_Review\\_-\\_Abridged\\_Version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/957292/Dasgupta_Review_-_Abridged_Version.pdf)  
 Chatham House, 2021. <https://www.chathamhouse.org/2021/02/food-system-impacts-biodiversity-loss>  
 UNEP, 2021. Making Peace with Nature. <https://www.unep.org/resources/making-peace-nature>



### No poverty

Industrial livestock creates relatively few jobs, outcompetes small-scale food producers, and leads to a concentration of production capacity, land, market share, and capital in the hands of a select few.<sup>120 121 122</sup>



### Zero Hunger

Industrial livestock undermines food security and sovereignty as it competes for land and human-edible crops to produce animal feed. The vast majority of grains produced globally are used to feed farmed animals<sup>123</sup>, while vulnerable communities face malnutrition and hunger. Producing animal protein at an industrial scale is a very inefficient process for producing food.<sup>124</sup> The production of meat, fish from aquaculture, eggs, and dairy requires around 83% of the world's farmland, while it provides only 37% of the protein and 18% of the calories.<sup>125</sup> Scientists estimate that, in the United States, the grains used as animal feed were instead used for direct human consumption, an extra 4 billion people could be fed.<sup>126</sup>



### Good health and well-being

Intensive livestock farms and fur farms are potential breeding grounds for zoonotic diseases, which can spread to humans.<sup>127</sup> The industry also contributes significantly to antimicrobial resistance, as it relies on the non-therapeutic use of antibiotics to prevent diseases that can be a consequence of the crowded conditions of factory farms.<sup>128 129</sup> In addition, high levels of consumption of animal products, especially red and processed meats, have been associated with a number of chronic diseases in humans.<sup>130 131 132 133 134 135</sup>



### Gender equality

Women from impacted communities face livelihood losses related to the loss of access to land and the crowding out of smallholders by the industry, among other challenges.<sup>136</sup> The jobs that are created are few, and they

120 <https://www.ciwf.org.uk/news/2012/08/factory-farming-more-farm-animals-fewer-jobs>

121 <https://www.theguardian.com/environment/2019/mar/09/american-food-giants-swallow-the-family-farms-iowa>

122 Muller et al, 2021. Impact of transnational land acquisitions on local food security and dietary diversity. <https://www.pnas.org/content/118/4/e2020535118>

123 FAO, 2020. Food Outlook. <http://www.fao.org/3/cb1993en/cb1993en.pdf>

124 <https://url.grida.no/2ZB2wDP>

125 <https://science.sciencemag.org/content/360/6392/987.full>

126 <https://iopscience.iop.org/article/10.1088/1748-9326/8/3/034015/meta>

127 UNEP 2020. Preventing the next Pandemic. <https://www.unep.org/resources/report/preventing-future-zoonotic-disease-outbreaks-protecting-environment-animals-and>

128 <https://www.oie.int/app/uploads/2021/03/a-fourth-annual-report-amu.pdf>

129 <https://www.pnas.org/content/112/18/5649>

130 <http://bmjopen.bmj.com/content/2/5/e001072.full.pdf+html>

131 <https://pubmed.ncbi.nlm.nih.gov/9860369/>

132 [https://www.scielo.br/scielo.php?script=sci\\_arttext&pid=S0102-311X2003000700010](https://www.scielo.br/scielo.php?script=sci_arttext&pid=S0102-311X2003000700010)

133 <https://pubmed.ncbi.nlm.nih.gov/21983060/>

134 <https://www.sinergiaanimalbrasil.org/post/2019/10/04/cancer?lang=es>

135 Springmann et al, 2015. Analysis and valuation of the health and climate change cobenefits of dietary change. <http://www.pnas.org/content/early/2016/03/16/1523119113.full.pdf>

136 <https://globalforestcoalition.us7.list-manage.com/track/click?u=0b30abf320f3975c2826dcfd5&id=>

mostly involve bad labour conditions.<sup>137</sup> Women are also strongly and disproportionately impacted by climate change, of which the livestock sector is a major driver.<sup>138</sup>

### Clean water and sanitation



The industrial livestock farming and aquaculture sectors also have a very large 'water footprint' because of their dependency on grain-based feed, which causes water stress. On top of that, the fertilizers and pesticides used to produce the feed and the large quantities of manure contaminate water sources.<sup>139</sup>

### Life below water



Intensive fishing is severely damaging to aquatic ecosystems, both freshwater and saltwater. Many fishing methods have damaging impacts on the environment, including but not limited to deep sea and bottom trawling<sup>140</sup> and the use of dynamite.<sup>141</sup> The intensity of fishing is decimating populations of both target species as well as 'bycatch' species, leaving oceans and rivers increasingly emptied.<sup>142 143</sup>

Aquaculture also pollutes large quantities of water with faeces, feed remains, and dead animals, as well as antibiotics and other medicines that are administered to the animals.<sup>144</sup> Escaped animals can interbreed with wild relatives, which can impact the genetics of wild populations, especially when the escaped animals had been genetically engineered, as is the case with salmon.<sup>145</sup>

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137 <https://www.hrw.org/report/2019/09/04/when-were-dead-and-buried-our-bones-will-keep-hurting/workers-rights-under-threat>

138 <https://unfccc.int/gender>

139 <http://www.fao.org/land-water/news-archive/news-detail/en/c/1032702/>

140 <https://www.nationalgeographic.com/science/article/140519-bottom-trawling-seafloor-oceans-damage-science>

141 <https://www.scientificamerican.com/article/cyanide-fishing/>

142 <https://advances.sciencemag.org/content/7/7/eabb6026.full>

143 <https://www.acritica.com/channels/manaus/news/peixes-da-culinaria-do-amazonas-estao-sumindo-dos-rios-afirmam-pescadores>

144 <http://www.fao.org/land-water/news-archive/news-detail/en/c/1032702/>

145 <https://www.theguardian.com/environment/2019/apr/19/huge-plans-to-expand-icelands-fish-farms-risk-decimating-wild-fish-populations>



**Decent work and economic growth**

**Reduced inequalities**

**Sustainable cities and communities**

**Responsible consumption and production**

Working conditions in the industrial livestock sector and the fishing sector are often very poor. The sectors disproportionately impact low-income communities, and have a relatively high incidence of modern slavery, especially in countries of the Global South.<sup>146 147</sup>

The low prices that farmers get for their produce not only impact animal welfare, but also hamper the farmers’ capacity to live dignified lives.<sup>148</sup> They are forced to become contract growers for large corporations or move to cities, where they often must resort to working in sweatshops. Either path puts them at great risk of exploitation.

The production of animal-based foods is a very inefficient process which depletes resources (see SDG zero hunger). Livestock production is also a major driver of climate change, which is expected to have an increasing impact on crop production and food security.<sup>149</sup>



**Climate action**

The livestock sector is responsible for 14.5% of greenhouse gas emissions caused by humans globally. If trends continue, experts project that in 2050 the livestock sector’s emissions will amount to 80% of the world’s allowable greenhouse gas emissions for a 1.5°C temperature increase scenario.<sup>150</sup>



**Life on Land**

Livestock production is the single largest driver of biodiversity loss and reduced ecosystem services (the direct and indirect contributions of ecosystems to human wellbeing). This happens through the conversion of natural ecosystems into pastures for livestock or into crop fields to produce feed for farmed animals, such as maize and soy.<sup>151 152 153 154</sup>

146 <https://www.hrw.org/report/2019/09/04/when-were-dead-and-buried-our-bones-will-keep-hurting/workers-rights-under-threat>  
 147 [https://reporterbrasil.org.br/wp-content/uploads/2020/12/Monitor-8\\_Trabalho-esravo-na-ind%C3%BAstria-da-carne.pdf](https://reporterbrasil.org.br/wp-content/uploads/2020/12/Monitor-8_Trabalho-esravo-na-ind%C3%BAstria-da-carne.pdf)  
 148 <https://globalforestcoalition.org/human-rights-day-livestock/>  
 149 [http://report.ipcc.ch/sr15/pdf/sr15\\_spm\\_final.pdf](http://report.ipcc.ch/sr15/pdf/sr15_spm_final.pdf)  
 150 [https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196\(19\)30245-1/fulltext](https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(19)30245-1/fulltext)  
 151 [https://knowledge.unccd.int/sites/default/files/2018-06/GLO%20English\\_Ch7.pdf](https://knowledge.unccd.int/sites/default/files/2018-06/GLO%20English_Ch7.pdf)  
 152 <https://www.chathamhouse.org/2021/02/food-system-impacts-biodiversity-loss>  
 153 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/957292/Dasgupta\\_Review\\_-\\_Abridged\\_Version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/957292/Dasgupta_Review_-_Abridged_Version.pdf)  
 154 <https://ipbes.net/assessment-reports/ldr>

## 6. STANDARDS AND INITIATIVES ON ANIMAL WELFARE AND THE FINANCIAL SECTOR

Though animal welfare is still very much an afterthought for most financial institutions, there are a number of initiatives aimed at raising awareness of the issue among banks and investors.

Animal welfare is not currently regulated by a single, comprehensive international law instrument.<sup>155</sup> The World Organisation of Animal Health (OIE) does have widely used international standards, but these are not legally enforceable and can fail to specifically address cruel practices such as the use of cages and the practice of mutilations without pain relief. They also focus more on animal health than on animal welfare, and while there are recommendations on animal welfare, the criteria still allow for the use of cages and other low-welfare practices.

In the absence of international norms, some financiers have opted to encourage or require their clients to adopt certification schemes. These schemes can play an important role in improving animal welfare on farms. However, not all schemes are equally strong, and some have been accused of ‘humane washing’—the animal-welfare equivalent of greenwashing.<sup>156</sup> Therefore, financial institutions should use them with care as a proxy for good animal welfare practices.

### IFC Good Practice Note

In 2006, the International Finance Corporation (IFC), which is the private-sector finance arm of the World Bank, published a Good Practice Note on Improving Animal Welfare in Livestock Operations. This was updated in 2014<sup>157</sup>. The note mentions the Five Freedoms, and provides details on good management practices on genetics and breeds selection, animal health, husbandry practices, stockmanship, quality assurance programmes, feed and water, housing systems, transport, slaughter, and aquaculture. An example of a good practice on housing systems:

- *Animal accommodation should be designed, constructed, and maintained to allow all animals space to stand, stretch, turn around, sit, and/or lie down comfortably at the same time.*

155 <https://www.globalpolicyjournal.com/articles/international-law-and-human-rights/void-international-law-and-protection-animal-welfare>

156 Farm Forward, 2020. The Dirt on Human Washing. <https://res.cloudinary.com/hyjcvczjt/image/upload/v1609362305/resource/undefined-the-dirt-on-humanewashing-farm-forward-1609362294.pdf>

157 IFC, 2014. Good Practice Note on Improving Animal Welfare in Livestock Operations. <https://www.ifc.org/wps/wcm/connect/c39e4771-d5ae-441a-9942-dfa4add8b679/IFC+Good+Practice+Note+Animal+Welfare+2014.pdf?MOD=AJPERES&CVID=kGxNx5m>

- *Accommodation should allow all animals to directly interact with herd or flock mates, unless isolated for veterinary or nursing reasons.*
- *All animals should have access to a clean and dry place within the confinement area.*
- *All surfaces and flooring should [...] provide for the animal to bear weight on the entire sole of the foot.*

In practice this means that companies cannot use very intensive confinement methods, such as battery cages or veal, gestation, and farrowing crates. However, these good practices are only recommendations, and therefore lack enforceability. Even though the IFC is a development bank and should be even more strict on its investments to ensure they are aligned with the SDGs, they continue to finance controversial industrial livestock companies such as Pronaca in Ecuador<sup>158</sup> and Minerva in Brazil<sup>159</sup>, and so do many of the financial institutions that reference the IFC Good Practice Note.

### **Five Freedoms**

The Five Freedoms state that animals should be free from:

1. Hunger, thirst and malnutrition;
2. Any thermal or physical discomfort;
3. Pain, injury and diseases;
4. Fear and distress;
5. The denial of natural (species-specific) behaviour.

The concept of the Five Freedoms was first put forward by the United Kingdom (UK) Farm Animal Welfare Council in 1965.<sup>160</sup> They underpin international dialogue on animal welfare and are reflected in guidelines, recommendations, codes, and legislation prepared by countries around the world, including those of the World Organization for Animal Health (OIE)<sup>161</sup> and the World Bank/IFC.<sup>162</sup>

158 <https://disclosures.ifc.org/project-detail/SII/41934/pronaca-covid>

159 <https://disclosures.ifc.org/project-detail/ESRS/32247/minerva-beef>

160 Now the Farm Animal Welfare Committee—see <https://www.gov.uk/government/groups/farm-animal-welfare-committee-fawc>

161 <https://www.oie.int/en/animal-welfare/animal-welfare-at-a-glance/>

162 IFC, 2014. GOOD PRACTICE NOTE - Improving Animal Welfare in Livestock Operations. <https://www.ifc.org/wps/wcm/connect/c39e4771-d5ae-441a-9942-dfa4add8b679/IFC+Good+Practice+Note+Animal+Welfare+2014.pdf?MOD=AJPERES&CVID=kGxNx5m>

## Fair Finance Guide

The Fair Finance Guide is an initiative of an international coalition of organisations that rank the policies of banks in 10 countries (Belgium, Brazil, Germany, India, Indonesia, Japan, Netherlands, Norway, Sweden, and Thailand) on a number of issues. In the Netherlands and in Sweden, the guide also includes an assessment on the animal welfare policies of financial institutions. Of the 36 assessed financial institutions, only five received a green score.

### Dutch Fair Bank Guide Assessment on animal welfare<sup>163</sup>



Figure 1. Scores for eight Dutch banks on their animal welfare policies, as assessed by the Dutch Fair Bank Guide, on a scale from 0-10 (10 being the highest).

### Dutch Fair Insurance Guide Assessment on animal welfare<sup>164</sup>

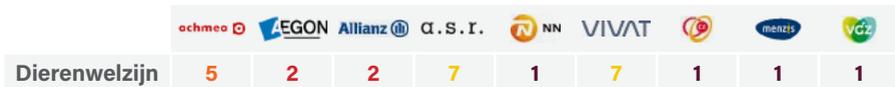


Figure 2. Scores for nine Dutch Insurers on their animal welfare policies, as assessed by the Dutch Fair Insurance Guide, on a scale from 0-10 (10 being the highest).

### Dutch Fair Pension Guide Assessment on animal welfare<sup>165</sup>



Figure 3. Scores for 10 Dutch Pension Funds on their animal welfare policies, as assessed by the Dutch Fair Pension Guide, on a scale from 0-10 (10 being the highest).

163 Eerlijke bankwijzer, 2020. <https://eerlijkegeldwijzer.nl/bankwijzer>, accessed on 27-3-21

164 Eerlijke verzekeringswijzer, 2020. <https://eerlijkegeldwijzer.nl/verzekeringswijzer/>, accessed on 27-3-21

165 Eerlijke pensioenwijzer, 2020. <https://eerlijkegeldwijzer.nl/pensioenwijzer/>, accessed on 27-3-21

**Swedish Fair Bank Guide Assessment on animal welfare<sup>166</sup>**



Figure 4. Scores for nine Swedish banks on their animal welfare policies, as assessed by the Swedish Fair Bank Guide. A high score indicates a high compliance with the assessment criteria.

**Animals Australia Policy Assessment**

Animals Australia assessed the policies of 12 banks that operate in Australia on four animal welfare issues. It assessed whether the bank has a policy on animal welfare, whether it allows live exports, whether it prohibits finance for industrial livestock, and whether it requires pain relief for animals for invasive procedures including mulesing, castration, and dehorning. Of the 12 banks, only four had an animal welfare policy, prohibited live exports, and required pain relief for animals. Only one bank prohibited finance for factory farming.

<sup>166</sup> Fair Finance Guide Sweden, 2020. Djurskydd. <https://fairfinanceguide.se/banks/omraaden-vi-granskar/djurskydd/>, accessed on 27-3-21

## Animals Australia bank policy assessment on animal welfare<sup>167</sup>



Figure 5. Scores for 12 Australian banks on their animal welfare policies, as assessed by Animals Australia.

167 Animals Australia. How does your bank measure up when it comes to animal welfare? <https://animalsaustralia.org/features/bank-measure-up-animal-welfare.php> , accessed on 27-3-21

## The FARMS Initiative

The Farmed Animals Responsible Minimum Standards (FARMS) Initiative establishes concrete minimum standards with respect to how farm animals are raised, transported, and slaughtered. In addition to overarching principles, it establishes criteria for beef and dairy cattle, broiler chickens, laying hens, and pigs. The FARMS Initiative was founded by Compassion in World Farming, Humane Society International, and World Animal Protection. It is referenced in UNEP's Principles for Responsible Banking and in the UN's Global guidance on the integration of environmental, social and governance risks into insurance underwriting.<sup>168</sup>

## The FAIRR Initiative

The FAIRR Initiative is a collaborative investor network that raises awareness of the environmental, social, and governance (ESG) risks and opportunities brought about by intensive livestock production. The initiative, established by the Jeremy Collier Foundation, provides research, best practice tools, and collaborative engagement opportunities to help investors integrate these risks and opportunities into their investment decision making and active stewardship processes.<sup>169</sup>

## The Business Benchmark on Farm Animal Welfare

The Business Benchmark on Farm Animal Welfare (BBFAW) publishes an annual Benchmark which assesses how 150 global food companies manage farm animal welfare in their operations and in their supply chains. Founded in 2012 by Compassion in World Farming and World Animal Protection, BBFAW allows investors to compare companies, to identify leaders, improvers and laggards, and to assess wider trends in farm animal welfare in the global food industry. BBFAW also maintains the Global Investor Statement on Farm Animal Welfare, and convenes the Global Investor Collaboration on Farm Animal Welfare, a collaborative engagement between major institutional investors and food companies on the issue of farm animal welfare. In addition, BBFAW manages extensive engagement programmes with companies and with investors and provides practical guidance and tools for companies and for investors on key animal welfare issues.<sup>170</sup>

## Feedback

### Credit and investment in 35 meat and dairy companies

In 2020, Feedback published data about the financial backers of 35 of the world's largest meat and dairy companies, as defined by production volume.<sup>171</sup>

The data shows that between 2015 and early 2020, over 200 banks had provided credit worth almost USD 265 billion to these 35 companies, and that as of March 31, 2020, over 2,000 investors held bonds and shares worth more than USD 205 billion in these companies.

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168 FARMS. [www.farms-initiative.com/#](http://www.farms-initiative.com/#)

169 FAIRR. [www.fairr.org](http://www.fairr.org)

170 BBFAW. <https://www.bbfaaw.com/investors/>

171 Feedback (2020). Butchering the Planet: Dataset. <https://feedbackglobal.org/butchering-the-planet/>

*Table 3: Loans and underwriting services to 35 of the world's largest meat and dairy companies (2015-2020) and the Banks for Animals total policy score for each financial institution.*

<b>Row Labels</b>	<b>Sum of Per Investor Value (USD millions)</b>	<b>Policy score</b>
JPMorgan Chase	21,000	0
BNP Paribas	18,047	9
Bank of America	15,936	0
Barclays	15,340	3
HSBC	12,223	2
Royal Bank of Canada	9,400	0
Deutsche Bank	9,321	0
Citigroup	9,271	1
Santander	8,613	0
Mitsubishi UFJ Financial	8,495	0

*Table 4: Investments in 35 of the world's largest meat and dairy companies, per investor, as of 31 March 2020 and the Banks for Animals total policy score for each financial institution.*

<b>Row Labels</b>	<b>Sum of Per Investor Value (USD millions)</b>	<b>Policy score</b>
BlackRock	26,811	0
Capital Group	19,040	not assessed
Vanguard	15,060	0
Sun Life Financial	10,606	not assessed
Norwegian Government Pension Fund - Global	9,882	0
UBS	5,679	0
Credit Suisse	4,150	0
State Street	3,968	0
Third Point	3,849	not assessed
BNDES	3,734	2

## 7. CONCLUSIONS AND RECOMMENDATIONS

Only 6 out of 69 assessed financial institutions obtained more than half of all the achievable points of the policy assessment. Not a single criterion had more than one third of the financial institutions achieving a score for it.

These low scores show that there is a lot of room for improvement in the animal welfare policies of financial institutions. They may consider a variety of motivations to improve their policies, including:

- Ethical reasons, to avoid exposing sentient beings to high levels of suffering;
- Consumer demand, as consumers increasingly care about animal welfare;
- Leadership in sustainability, to ensure the financial institution stands out in relation to its peers;
- Regulatory risk, as stricter legislations are bound to be introduced sooner or later in many jurisdictions;
- Addressing associated impacts of the industrial livestock farming and aquaculture sectors, such as antimicrobial resistance, zoonotic diseases, deforestation and climate change.

### 7.1. Recommendations for financial institutions

- Adopt a public policy on animal welfare that adheres to general principles of animal welfare and details expectations from companies in line with the criteria used in this report;
- Support clients and investee companies in their efforts towards a transition to higher animal welfare practices;
- Set clear and time-bound targets to achieve minimum requirements by clients and the industry as a whole;
- Include minimum requirements for conditions in the contracts for loans and project finance;
- End financial relationships with companies that do not show any change of behaviour within a given timeframe after having been engaged with by the bank;
- Ban investments in building new housing facilities that use cages or other forms of intensive confinement with immediate effects.

## 7.2. Recommendations for financial regulators

- Incorporate animal welfare in the requirements for financial institutions regarding the governance, management, policies, and reporting on environmental, social, and governance risks.

## 7.3. Recommendations for rating agencies

- Incorporate animal welfare in the rating criteria for financial institutions and the services they offer as part of their environmental, social, and governance ratings.



# APPENDIX 1 - ASSESSMENT CRITERIA

## 1. Five Freedoms

*Companies respect the Five Freedoms.*

The Five Freedoms state that animals should be free from:

1. Hunger, thirst and malnutrition - by ready access to fresh water and a diet to maintain full health and vigour;
2. Any thermal or physical discomfort - by providing an appropriate environment including shelter and a comfortable resting area;
3. Pain, injury and diseases - by prevention or rapid diagnosis and treatment;
4. Fear and chronic stress - by ensuring conditions and treatment that avoid mental suffering.
5. The denial of natural (species-specific) behaviour - by providing sufficient space, proper facilities and company of the animal's own kind.

Though these principles are most often applied to livestock, they can also be applied to fish<sup>172</sup> and to any other animal held in captivity.

The concept of the Five Freedoms was first put forward by the United Kingdom (UK) Farm Animal Welfare Council in 1965.<sup>173</sup> They underpin international dialogue on animal welfare and are reflected in guidelines, recommendations, codes, and legislation prepared by countries around the world, including those of the OIE<sup>174</sup> and the IFC.<sup>175</sup> The Five Freedoms refer to idealized states of welfare rather than standards. They emphasize that the welfare of an animal includes its physical and mental state; that good animal welfare implies both fitness and a sense of wellbeing; and that any animal kept by humans must, at least, be protected from unnecessary suffering.

An alternative model, put forward by Professor David Mellor in 1994, looks at the 'Five Domains', which are:

1. Nutrition
2. Physical Environment

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172 <https://www.canva.com/design/DAEObQScXQ8/ZRVvsVbqGJYlxhuxBDNbZQ/view>

173 Now the Farm Animal Welfare Committee—see <https://www.gov.uk/government/groups/farm-animal-welfare-committee-fawc>

174 <https://www.oie.int/en/animal-welfare/animal-welfare-at-a-glance/>

175 IFC, 2014. GOOD PRACTICE NOTE - Improving Animal Welfare in Livestock Operations. <https://www.ifc.org/wps/wcm/connect/c39e4771-d5ae-441a-9942-dfa4add8b679/IFC+Good+Practice+Note+Animal+Welfare+2014.pdf?MOD=AJPERES&CVID=kGxNx5m>

3. Health
4. Behavioural Interactions
5. Mental state

While there is a big overlap between the two models, the Five Domains model puts more emphasis on the fact that the first four Domains can all influence the fifth—the animal's mental state.<sup>176</sup>

For the purpose of this assessment, a reference to the Five Domains was considered equivalent to a reference to the Five Freedoms.

## 2. Cages, crates, and other restrictive housing methods

*The use of cages, tethering, and other severely restricting housing methods—including keeping calves in crates, sows in farrowing and/or gestation crates, laying hens in cages, and animals on fully slatted floors—is unacceptable.*

The financial institution explicitly states that it considers extremely restricted housing methods to be unacceptable. Where applicable, companies are required to respect at least the minimum criteria as defined by the FARMS Initiative,<sup>177</sup> which established minimum criteria for broilers, laying hens, pigs, dairy cattle, and beef cattle. Minimum FARMS Initiative criteria are:

### Broiler chickens

- Maximum stocking density of 30 kg/m<sup>2</sup> (equivalent to 12 birds, weighing 2.5kg each, per square meter)
- No cages or multi-tiered systems for either broilers or broiler breeders

### Laying hens

- No cages
- Stocking density must be no more than nine hens per m<sup>2</sup>

### Pigs

- No gestation crates
- No farrowing crates
- Minimum space allowance for finishing pigs: 1 m<sup>2</sup>

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176 Mellor et al, 2020. The 2020 Five Domains Model: Including Human-Animal Interactions in Assessments of Animal Welfare. <https://pubmed.ncbi.nlm.nih.gov/33066335/>

177 <https://www.farms-initiative.com/>

### **Dairy cattle**

- Tethering is not permitted
- No fully slatted floors
- 5% more usable cubicles than the number of cows must be provided
- Dairy cows must be kept outdoors on grass during the grass-growing season except when weather conditions make this detrimental for welfare
- Calves must not be kept in crates or individual stalls; calves may be housed in pairs until eight weeks of age, but then must be housed in groups

### **Beef cattle**

- Cattle must be kept outdoors on grass during the grass-growing season except when weather conditions such as extreme heat or high rainfall leading to muddy ground make this detrimental for welfare

## **3. Environmental conditions**

*Adequate environmental conditions are safeguarded.*

The financial institution requires companies to guarantee animals can find protection from the elements, are not exposed to extreme temperatures, have access to clean air and water and to enriched environments that meet at least, where applicable, the minimum criteria as defined by the FARMS Initiative,<sup>178</sup> which established minimum criteria for broilers, laying hens, pigs, dairy cattle, and beef cattle. Minimum FARMS Initiative criteria are:

### **Broiler chickens**

- At least 2 m of usable perch space and two pecking substrates per 1,000 birds
- At least 50 lux of light, including natural light
- On air quality, the concentration of ammonia (NH<sub>3</sub>) must not exceed 20 ppm, and the concentration of carbon dioxide (CO<sub>2</sub>) must not exceed 3,000 ppm measured at the level of the chickens' heads

### **Laying hens**

- At least one nest box for every six hens, or 1 m<sup>2</sup> of nesting substrate per 120 hens for group nesting must be provided.
- A perch area of at least 15 cm of perch space per hen must be provided.
- When hens are enclosed in a house, whether barn raised or free range, when

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<sup>178</sup> <https://www.farms-initiative.com/>

housed indoors at night or during inclement weather, a minimum of one third of the available floor space must be covered with litter for comfort and to enable dustbathing and foraging activities.

- The ammonia concentration at bird height must be no more than 20 ppm.
- Enrichment materials must be provided to enable proper foraging and other natural activities, e.g., scattered grains and hay bales, for all stages of production.

### **Pigs**

- Enrichment materials must be provided to enable proper investigation and manipulation activities for all stages of pig production. Materials must be ingestible, chewable, destructible, and odorous, regularly replaced to sustain interest, accessible to all pigs, clean, and hygienic.
- Depending on climatic conditions, bedding substrates, such as straw, are strongly encouraged for additional physical and thermal comfort.
- Fully slatted floors must not be used; at least 50% of the floor must be solid.

### **Dairy cattle**

- Dairy cows and calves must be provided with a comfortable lying space such as straw or sand.
- Floors must be neither rough nor too smooth; they must be non-slip.

### **Beef cattle**

- Feedlots must not be used.
- Protection from the elements must be provided in the form of natural cover (trees) or artificial shading when cattle are outside during the grazing season.

## **4. Mutilations**

*Painful procedures are avoided.*

The financial institution requires companies to avoid painful procedures. Where applicable, companies are required to respect at least the minimum criteria as defined by the FARMS Initiative. When painful procedures have to be carried out for medical reasons, legal reasons, or as measures of last resort, animals must receive appropriate anaesthetics and analgesics, to significantly reduce pain levels. The FARMS Initiative establishes the following minimum criteria:

### **Broiler chickens**

- Not applicable

### **Laying hens**

- Producers must have a management plan to prevent and address feather pecking without beak trimming.

### **Pigs**

- Tail docking must not be carried out routinely. Tail docking may be used only as a last resort when all risk factor mitigation measures have failed to prevent tail-biting behaviour. Producers must have a management plan to prevent and address tail biting without resorting to tail docking.
- Surgical castration must not be carried out. Instead, immune castration must be used or intact males must be raised.
- Teeth clipping and teeth grinding must not be performed routinely. Teeth clipping or grinding may be used only as a last resort when all other measures to avoid lesions in the sow and other piglets have been implemented without success. Producers must have a management plan to prevent and address piglets injuring the sow or other piglets without resorting to teeth clipping or grinding.

### **Dairy cattle**

- Tail docking is not permitted.
- Dehorning is not permitted. The selection of polled cattle (cattle without horns) is greatly preferable to disbudding. Anaesthesia and prolonged analgesia must always be used when disbudding, which must be carried out at an early age (by three weeks of age).
- Udder flaming, a practice that involves passing a flame beneath dairy cows to burn off the hair from their udders, is not permitted.

### **Beef cattle**

- Face branding, hot-iron branding, and tail docking are not permitted.
- Dehorning is not permitted. The selection of polled cattle (cattle without horns) is greatly preferable to disbudding. Anaesthesia and prolonged analgesia must always be used when disbudding, which must be carried out at an early age (by three weeks of age).
- If castration is performed, it must be at an early age (no later than two months) with pain relieving analgesia and anaesthesia.

## 5. Breeding

*Companies commit to prioritize animal welfare in breeding and genetic selection.*

The financial institution explicitly states that cruel breeding practices are unacceptable and/or that breeding and genetics shall be geared towards good welfare.

A breeding practice is considered cruel when it can be foreseen that the breeding process will give the animals or their descendants traits that will cause them pain, suffering, injury, or anxiety.

Where applicable, companies are required to respect at least the minimum criteria as defined by the FARMS Initiative. Minimum FARMS Initiative criteria are:

### Broiler chickens

- Adopt breeds that demonstrate higher welfare outcomes, including the Hubbard JA757, 787, 957, or 987, Rambler Ranger, Ranger Classic, and Ranger Gold, or others that meet the criteria of the Royal Society for the Prevention of Cruelty to Animals' Broiler Breed Welfare Assessment Protocol.

### Pigs

- Sows should not be selectively bred to increase litter sizes to beyond the number a sow can raise.

### Dairy cows

- Dairy cows should not be bred for excessive milk yield, and should be well adapted to the local climatic, nutritional, and disease conditions.

### Beef cattle

- Breeding for double muscling<sup>179</sup> is not permitted.

## 6. Transport

*Companies reduce the time of animal transport.*

The financial institution requires companies to reduce the duration of transport of animals to a maximum of eight hours. Where applicable, they should also respect the criteria defined by the FARMS Initiative. These are:

### Broiler chickens

- Not applicable

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179 <https://www.humanesociety.org/sites/default/files/docs/transgenesis-animal-agriculture.pdf>

### **Laying hens**

- In cases where they are transported for slaughter, end-of-lay hens should be caught gently, without inverting the birds, and the journey should be no more than four hours.

### **Pigs**

- Transport time must be limited to eight hours.
- Pigs transported by sea must be accompanied by a veterinarian and must reach their destination within 24 hours.
- Pigs must be fit for the journey. Non-ambulatory pigs must never be transported, unless to a veterinarian for treatment. Non-ambulatory pigs must not be dragged by their limbs, head, or tail, and must only be moved if pulled on a purpose-built conveyance.
- Electric goads or prods should not be used when catching, loading, unloading, or moving pigs. Pigs should be moved with a flat 'pig board' rather than with a stick.

### **Dairy cows**

- Land transport time must be limited to a maximum of eight hours.
- Dairy cows and calves transported by sea must be accompanied by a veterinarian and must reach their destination within 24 hours.
- Spent dairy cows are generally vulnerable animals, and must be fit for the journey and handled with extra care. Non-ambulatory dairy cows and calves must never be transported, unless to a veterinarian for treatment. Non-ambulatory dairy cows and calves must not be dragged by their limbs, head, or tail, and must only be moved if pulled on a purpose-built conveyance such as a cow sled.
- Low-stress handling methods must be used, with no electric prods permitted.

### **Beef cattle**

- Land transport time must be limited to a maximum of eight hours.
- Cattle transported by sea must be accompanied by a veterinarian and must reach their destination within 24 hours.
- Cattle must be fit for the journey. Non-ambulatory cattle must never be transported, unless to a veterinarian for treatment. Non-ambulatory cattle must not be dragged by their limbs, head, or tail, and must only be moved if pulled on a purpose-built conveyance such as a cow sled.
- Low-stress handling methods must be used, with no electric prods permitted.

## 7. Slaughter

*When animals (including fish and animals that are considered pests) are slaughtered/killed, this is done in the least distressing and most pain-free manner possible.*

The financial institution requires companies to slaughter/kill animals (including fish and those considered pests) in the least distressing and most pain-free manner possible. Where applicable, companies should, at a minimum, respect the criteria as defined by the FARMS Initiative:

### Broiler chickens

- Adopt controlled atmospheric stunning using inert gas or multi-phase systems, or effective electrical stunning without live inversion.
- Waterbath methods for poultry are not allowed.

### Laying hens

- As end-of-lay hens are fragile and prone to bone fractures, they should be euthanized on the farm using a non-aversive gas.
- Killing male chicks should be avoided, e.g., by rearing them for meat or by the identification and destruction of males while still in the hatching egg and before sentience has developed.
- Waterbath methods for poultry are not allowed.

### Pigs

- Facilities for handling and restraining pigs must take into account the size and age of the animals and be designed, constructed, and maintained to minimize stress and risk of injury.
- Pigs must be stunned before slaughter using a non-aversive method that causes instantaneous unconsciousness lasting until death, or if unconsciousness is induced gradually, the process must be non-aversive.
- High-concentration CO<sub>2</sub> gas must not be used for stunning.

### Dairy cows

- Facilities for handling and restraining dairy cows and calves must take into account the size and age of the animals, and be designed, constructed, and maintained to minimize stress and risk of injury.
- Dairy cows and calves must be stunned before slaughter using a non-aversive method that causes instantaneous unconsciousness lasting until death.
- Electro-immobilisation, casting, or rotation of dairy cows or calves must not be used.

## **Beef cattle**

- Facilities for handling and restraining cattle must take into account the size and age of the animals and be designed, constructed, and maintained to minimize stress and risk of injury.
- Cattle must be stunned before slaughter using a non-aversive method that causes instantaneous unconsciousness lasting until death.
- Electro-immobilisation, casting, or rotation of cattle must not be used.

## **8. Reporting**

*Companies are required to provide independently audited reports, on at least a yearly basis, on how they implement and uphold minimal animal welfare standards.*

The financial institution requires companies to provide independently audited reports on animal welfare on, at a minimum, a yearly basis. Any report, whether from a certification scheme or not, must guarantee that the companies comply, at minimum, with the criteria defined by the FARMS Initiative.

## **9. Antimicrobials**

*Companies apply a prudent use of antimicrobial medicines (such as antibiotics) in food-producing animals, in order to minimize antimicrobial resistance.*

The financial institution makes clear that the use of antimicrobials in food-producing animals should be conducted responsibly, to address and minimise the risks of antimicrobial resistance. This includes choosing breeds that are less susceptible to illness, improving animal housing (e.g. less crowded conditions), avoiding mixing animals of different origins, and other preventive measures. Antimicrobials must not be given to healthy animals. Last-resort antimicrobials for the treatment of humans shall not be given to animals, unless it is inevitable for veterinary reasons.

## **10. Shift to plant-based**

*Companies commit to a time-bound shift from animal protein to plant and alternative proteins in order to decrease animal protein consumption.*

The financial institution has a time-bound commitment of significantly reducing the finance for animal proteins, ideally by halving it by no later than 2040.

## **11. Fur**

*Capturing and/or keeping animals for the primary purpose of using their skin or fur, and manufacturing, trading, and selling (derived) products is unacceptable.*

The financial institution explicitly states that it considers capturing and/or keeping animals for the primary purpose of their skin or fur, as well as manufacturing, trading, and selling fur products, to be unacceptable.

## **12. Trade**

*Trade in wild animals (including fish) for the pet trade, the entertainment industry, or other purposes is unacceptable.*

The financial institution explicitly states that it considers the trade in wild animals (including transport) to be unacceptable.

## **13. Conservation**

*Companies follow best-in-class practices regarding the welfare of animals held captive for activities that have an educational and/or species conservation and protection objective (such as some zoos).*

The financial institution clearly states that companies have to follow best-in-class practices regarding the welfare of (wild) animals held captive in e.g. zoos. This includes acting in line with Article 9 of the Convention on Biological Diversity.

## **14. Commercial use**

*Entertainment or other commercial activities in which wild animals are involved or animals are exposed to distress (including circuses, dolphinariums, fighting games with animals, horse racing, advertisements, and shows and exhibitions with animals) are unacceptable.*

The financial institution explicitly states that it considers entertainment involving wild animals or animals being exposed to distress to be unacceptable.

## **15. Non-medical testing**

*Non-medical animal testing is unacceptable.*

The financial institution explicitly states that it considers non-medical testing on animals to be unacceptable.

## **16. Medical testing**

*Requirements are set for the use of (laboratory) animals for manufacturing medical products in order to limit animal suffering and the number of animals used as much as possible and demonstrably look for alternatives (the so-called 3R-strategy - "Replace - Reduce - Refine").*

The Financial Institution operates a policy in which all three Rs (Replacement by non-animal alternatives, Reduction of the number of animals tested and Refinement of the practice of experimenting with animals) are strived for. Tests shall be approved by an ethical commission, and shall only be performed when there is no alternative that produces good results.

## **17. Genetic engineering**

*Genetic modification of animals is unacceptable.*

The financial institution explicitly states that it considers genetic modification of animals to be unacceptable.

## **18. Company supply chain**

*Companies integrate high animal welfare criteria into their procurement and operational policies, and include clauses on the compliance with criteria on animal welfare in their contracts with subcontractors and suppliers.*

The financial institution requires companies to integrate animal welfare criteria into their supply chain and their purchasing, procurement, and operational policies.

## **19. Bank procurement**

*The financial institution has a procurement policy that requires its suppliers to comply with its animal welfare policy.*

The financial institution has a procurement policy that requires its suppliers to comply with its animal welfare policy.

## **20. Covenants**

*Contracts between the financial institution and its clients or suppliers include animal welfare requirements, as well as covenants on breaches of these commitments.*

The financial institution includes clauses on animal welfare in its contracts, as well as clauses on the consequences of breaching such commitments.

## **21. Transition finance**

*The financial institution has special programmes to promote sustainable, animal-friendly food production systems.*

The financial institution has a policy, a credit line, or another type of financial product to support the development of animal-friendly food production systems.

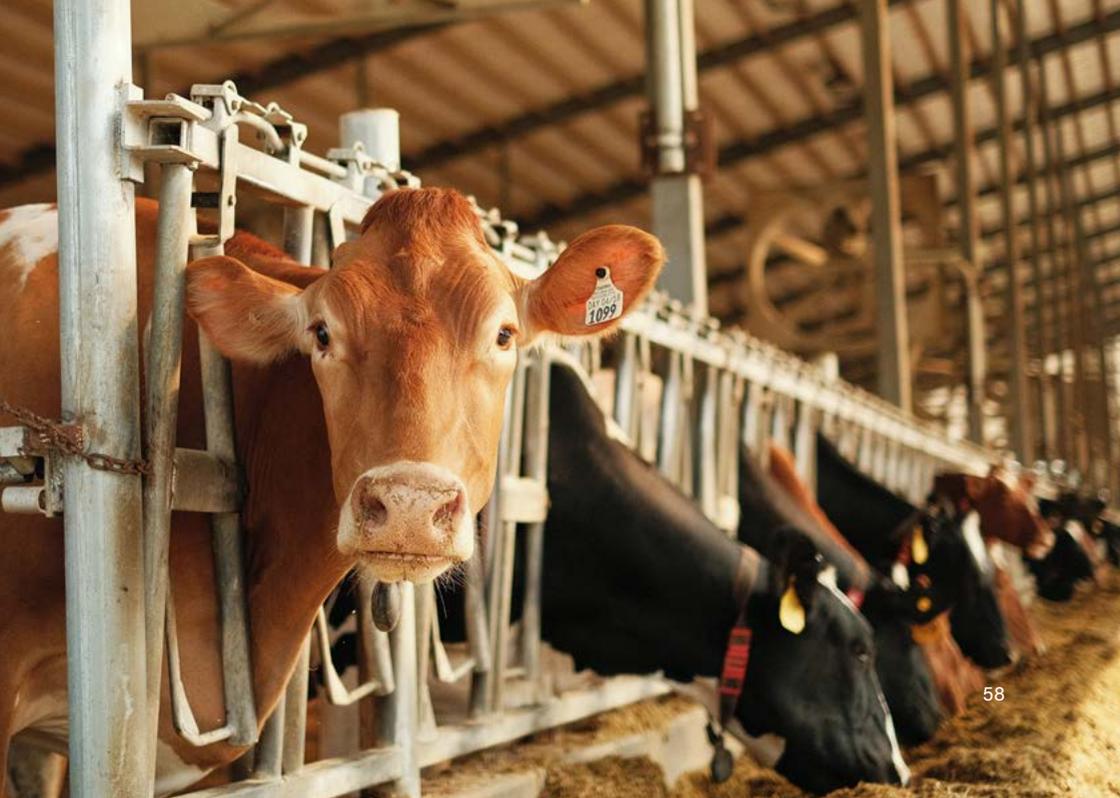
## APPENDIX 2 - SCORES OF SOME DEVELOPMENT BANKS AND STANDARDS

Country	Financial Institution	Five Freedoms	Cages	Environmental Conditions	Mutilations	Breeding	Transport	Slaughter	Reporting	Antimicrobials	Shift to plant-based	Fur	Trade	Conservation	Commercial	Non-medical testing	Medical testing	Genetic Engineering	Company supply chain	Bank procurement	Covenants	Transition finance	Total	
International	IFC																							11
International	World Bank																							11
UK	CDC Group																							6
International	EBRD																							6
Netherlands	FMO																							6
EU	EIB																							2

Table 5 - Scores per development bank on each criterion. A green score means policies cover the criterion and is equivalent to 2 points, a yellow score means that policies only partially cover the criterion and is equivalent to 1 point, and a red score means the criterion is not covered, and is equivalent to 0 points. The total column shows the total number of points a financial institution obtained, out of 42.

Standard	Five Freedoms	Cages	Environmental Conditions	Mutilations	Breeding	Transport	Slaughter	Reporting	Antimicrobials	Shift to plant-based	Fur	Trade	Conservation	Commercial	Non-medical testing	Medical testing	Genetic Engineering	Company supply chain	Bank procurement	Covenants	Transition finance	Total
SAN	Green	Green	Green	Yellow	Green	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	13
BBFAW	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	11
OIE	Red	Red	Green	Red	Red	Yellow	Red	Red	Green	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	10
UNEP PSI	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Yellow	6
Global GAP	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Red	Red	Yellow	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	5
SASB	Red	Yellow	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	4
Protocolo Verde Argentina	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	2

Table 6 - Scores per development bank on each criterion. A green score means policies cover the criterion and is equivalent to 2 points, a yellow score means that policies only partially cover the criterion and is equivalent to 1 point, and a red score means the criterion is not covered, and is equivalent to 0 points. The total column shows the total number of points a standard obtained, out of 42.



## APPENDIX 3 - GEOGRAPHICAL SPREAD OF ASSESSED FINANCIAL INSTITUTIONS

Country	Number of assessed financial institutions
USA	10
Netherlands	5
Australia	5
Brazil	5
UK	4
Argentina	4
Canada	4
Colombia	4
France	4
Chile	3
Japan	3
Spain	3
Thailand	3
Indonesia	3
China	2
Germany	2
Singapore	2
Switzerland	2
Norway	1

*Table 7: Geographical spread of the financial institutions assessed for the Banks for Animals report.*



## ABOUT SINERGIA ANIMAL

Sinergia Animal is an international organization working in countries in the Global South (South America and Southeast Asia) to reduce the suffering of animals in the food industry and promote more compassionate food choices. We have been recognized as one of the world's most effective animal protection organizations by Animal Charity Evaluators.



[sinergiaanimalinternational.org](https://sinergiaanimalinternational.org)