

The background of the lower two-thirds of the page is a solid teal color. It features several faint, light-colored silhouettes of various animals, including a cow, a mouse, a dog, a chicken, a pig, a rabbit, and a horse, scattered across the space.

Analysis of the European Investment Bank Group's new Environmental and Social Sustainability Framework

February 2022

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Analysis of the European Investment Bank Group's new Environmental and Social Sustainability Framework

The European Investment Bank Group released its new Environmental and Social Sustainability Framework with a strong reference to animal welfare missing out largely on the biodiversity front.

Summary

The [updated Environmental and Social Sustainability Framework \(ESSF\)](#) of the European Investment Bank (EIB) Group¹, composed of Policy and Standards, sets an encouraging guidance towards the inclusion of animal welfare standards in the assessment of financed projects. This is in line with EU efforts and initiatives in this domain and in particular with the [Farm to Fork Strategy](#) setting up the agriculture framework of the European Green Deal. If this is a good sign for an improved welfare of farmed animals, the updated ESSF still has not fully acknowledged the link between animal welfare, intensive agriculture, climate change and biodiversity crisis. Stronger commitments from the EIB Group are needed to put an end to intensive livestock farming and protect animals, people and the environment we all share.

Background

As the biggest multilateral financial institution, EIB is a standard setter and a guide for a number of financial institutions. As the EU's bank, it is important for its activity and impact to reflect the current and upcoming EU policies, as well as the global drive towards funding sustainable and forward looking projects and investments. This is of particular importance taking into account the European and worldwide scope of the EIB financial activities in question.

In 2021, EIB initiated the revision of Environmental and Social Principles and Standards first published in 2009 to better reflect the current EU policy framework and ambitions towards climate neutrality and sustainable finance. Equipping EIB staff and promoters with criteria to accurately assess environmental, climate and social impacts and risks, ought to allow for the emergence of projects that are fit for the climate change driven future. In the process of this revision, EIB ran a public consultation allowing stakeholders

¹ EIB Group = European Investment Bank, European Investment Fund

to provide input on the content of these standards. Eurogroup for Animals and its Members participated in the public consultation calling for the inclusion of animal welfare and the end of funding of intensive livestock farming activities.

An encouraging inclusion of animal welfare standards

The updated draft ESSF, published on 12 January 2022, includes a clear reference to animal welfare standards regarding farmed animals. The draft Environmental and Social Policy states that EIB will only support “operations that do not significantly harm the environment, do not impinge on the sustainable use of natural and living resources”, specifying that it will require compliance with the “EU animal welfare standards and internationally recognised “Five Freedoms” Standard promoting animal welfare“ with regards to farmed animals. These standards will have to be considered when assessing environmental, climate and social impacts and risks throughout EIB's financed projects.

We welcome the EIB commitment to consider this criterion, as a step in the right direction that will benefit animals, climate and environment. The inclusion of the animal welfare elements should in theory drive more sustainable projects. The compliance with EU animal welfare standards is of particular importance as they must be revised towards stricter considerations aligned with recent scientific evidence. In particular, the ESSF will have to be aligned with the upcoming revised version of the EU Strategy for the Protection and Welfare of Animals currently in preparation by the European Commission, DG SANTE.

ESSF must follow policy developments and include “Five Domains”

The European Commission recently initiated a Fitness check of the European legislation regarding animal welfare. [Preliminary results presented by the European Commission](#) at the high level conference “Animal Welfare in the EU – today and tomorrow” in December 2021 indicate that the current legal framework is “outdated and not fit for purpose”. In particular, it fails at taking into consideration the latest developments in science and technology. Among other initiatives to improve animal welfare, the European Commission intends to replace animal welfare rules currently based on the “Five Freedoms” by the “Five Domains”.² Indeed, animal welfare science has greatly evolved since the 1990s, shifting attention away from the mere “care of animals” towards their psychological well being – of which physical well being is just one component.

The current version of the strategy falls short in recognising this evolution. We therefore ur-

² This model includes four physical domains that are (1) nutrition/hydration, (2) environment, (3) health/functional status and (4) behaviour/interaction. The model stresses that it is ultimately the mental elaboration (domain 5) of all these experiences that determines an animal's overall welfare status. The emphasis is thus no longer only placed on minimising negative experiences, but also on offering opportunities for positive experiences for all animals in human care, of which farmed animals represent by far the biggest number.

ge the EIB Group to ensure that the directly and indirectly financed projects comply with both the "Five Freedoms" and the "Five Domains".

Stronger requirements are needed to ensure sustainable practices

The ESSF does not clearly recognise the link between climate change, sustainability and animal welfare. It contains no mention of intensive agricultural practices and their devastating effects. Yet, sustainable agriculture practices complying with strong animal welfare standards contribute to a healthy environment and public health.

According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), "25% of the globe's GHG emissions come from land clearing, crop production and fertilization, with animal-based food contributing 75% of that". Certain agriculture practices have the potential to deliver better animal welfare conditions and are more sustainable. For instance, grass-based and mixed-farm systems, which are less dependent on additional feed, also have better capacities for carbon sequestration.³ Intensive agriculture has also contributed to the emergence and spreading of zoonoses and antimicrobial resistance.

Acknowledging this correlation and in line with the EU Farm to Fork Strategy as part of the European Green Deal agenda, the ESSF could be even more ambitious. Requirements restraining investments to intensive livestock farming are needed to comply with animal welfare standards and promote sustainable agriculture. Intensive livestock farming could be inscribed in a revised and updated version of the [list of activities excluded from EIB lending](#). The point 3.2(i) should also include animal welfare among "environmental, climate and social considerations" to drive decision-making processes of EIB Group.

Finally, the ESSF provides for guarantees in the protection of wildlife and biodiversity in line with the EU Habitat directive. Projects will be assessed against the directive and measures will be needed to avoid, prevent and reduce any significant negative impact on species and habitats. However, these requirements only concern projects implemented within the EU, EFTA and accession countries. This geographical scope strongly limits the outcomes of this measure as high biodiversity hotspots outside these countries are not considered.

Next steps

[EIB Board of Directors](#) adopted the revised EIB Environmental and Social Policy and its Standards on 2 February 2022. It is crucial that other International Financial Institutions also adopt and implement clear criteria on animal welfare requirements to implement sustainable projects and protect animal welfare and environment.

³ Canu & Forabosco (UNEP DTU 2018), Greenhouse gas emissions of livestock raised in a harsh environment, International Journal of Global Warming, 2018 Vol.15 No.4, pp.431 - 446

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