



# Written Submission on Asian Development Bank's (ADB) September 2023 Draft Environmental and Social Framework (ESF)

Submission from Humane Society International Received on May 7, 2024

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Subject: Humane Society International Safeguard Policy Submission 2024

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Hello, I submitted through the online form but I also wanted to send it via email so the links to some of the references could be added. Thank you so much for this opportunity and please let me know how I can help further.

### **ADB Public Consultation - Safeguard Policy 2024**

Humane Society International submission 5/6/2024

Animal welfare should be meaningfully addressed within the Asian Development Bank's policies, practices and procedures. And as such, we ask that it is formally addressed within ADB's Environmental and Social Framework (ESF).

Animal welfare is a primary environmental, social and governance (ESG) consideration that materially impacts both return and risk for financial institutions and businesses around the world.

Strong animal welfare practices should be included in the baseline requirements for project approval.

Animal welfare should be defined as outlined by the World Organization for Animal Health (WOAH) and companies should be required to implement standards that align with the WOAH Terrestrial Code.

While we recognize that animal welfare practices vary around the world, there are examples of strong animal welfare standards across countries, incomes and cultures. Other development banks, such as the International Finance Corporation (IFC), have made meaningful commitments to animal welfare. Additionally, private institutions such as Standard Chartered, Rabobank, ING Group and more have made commitments to animal welfare. While we do not view any of these commitments as "perfect," they represent an important step in the right direction.

Additionally, animal welfare has been meaningfully addressed in sector-specific standards for both the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). Both institutions request that companies report on the production of, and the use of, confinement-based products.

The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct <u>recently</u> <u>added</u> animal welfare to its recommendations.

In determining financing requirements, we ask that the ADB does not finance projects that support confinement-based production systems (both in a direct production capacity and a procurement capacity). Examples of confinement-based production systems include cage confinement for egg-laying hens, and crate confinement for gestating sows. Cages and crates are a primary focus because of the number of animals suffering globally (billions) and degree of suffering. These systems prevent animals from expressing all natural behavior and are being phased out around the world because of their cruelty. Investing in or financing these systems represents a material risk for the ADB as well as its clients.

#### Our requests include:

- No new projects that produce or procure confinement-based products should be approved (confinement-based products should be included in the prohibited investment activities list). Ideally, preimplantation group housing systems would be the requirement for pig and pork production supply chains.
- 2. Ideally, animal welfare should be given its own environmental and social standard (ESS). If that is not possible, animal welfare should have its own sub-section within ESS 3 (where the title of the ESS is renamed to include animal welfare "Resource conservation, pollution prevention and animal welfare) or ESS 6 (where the title of the ESS is renamed to include animal welfare "Biodiversity conservation, sustainable natural resources management and animal welfare").
- 3. Historical projects/financing recipients should be transitioned to confinement-free products by 2035.
- 4. ADB standards refer to the FARMS Initiative's <u>Responsible Minimum Standards (RMS)</u> as best practice related to animal welfare standards.
- 5. Animal welfare should be meaningfully addressed in risk screening and the resulting risk classification as well as ABD's Vision.
- 6. Animals should be considered project-affected stakeholders (as opposed to the current reference to "project-affected persons").
- 7. Financing recipients, including financial institutions, should be required to publicly report on animal welfare practices, including the use or procurement confinement-based products.
- 8. Plant-based products (food and otherwise) and alternative proteins should be recognized as a meaningful opportunity to address climate change.

Additionally, throughout ADB's Environmental and Social Framework (ESF), animal welfare should be included in basic language when referring to bank goals and guidelines. An example is in the Vision section [10(vii)] – animal welfare should be included.

An example of potential wording would be "Promote conservation of biodiversity and ecological functions, sustainable management of living natural resources, conservation of cultural heritage and strong animal welfare practices."

It's important that animal welfare is not viewed from an environmental lens, but instead through a social lens. Consumer and customer preference for higher welfare products is a primary driver for the global transition to higher animal welfare standards. There is no strong link between environmental impact and animal welfare (no meaningful research exists to date). Additionally, it's important that ADB be clear about its animal welfare requirements – vague definitions and requirements create an opportunity for cruel systems to slip through the cracks. It's imperative that animal welfare requirements go beyond country- or region-specific legislation.

We recommend that the ADB view the FARMS Initiative website (<a href="farmsinitiative.org">farmsinitiative.org</a>) for additional details and guidance, including why the simple mention of the Five Freedoms will not suffice. You can view HSI's Financial Institution Guide to Farm Animal Welfare here:

<a href="maintaitive.org/resources-guides.">farmsinitiative.org/resources-guides.</a> Another useful resource is <a href="HSI's Business Case for Preimplantation Group Housing Systems">HSI's Business Case for Preimplantation Group Housing Systems</a>.

Humane Society International would be happy to discuss this matter further with the appropriate personnel at the Asian Development Bank and support any specific wording/drafting requirements so animal welfare fits into the policy and aligns with the policy's tone and framework.

Please reach out to me, Jackie Groberski, CFA, Manager of Corporate and Financial Institution Engagement at Humane Society International for additional guidance and information. We are here to help.

# Thank you,

## Jackie Groberski, CFA

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