**Comments on Guidance Note for ESS6**

The FAIRR Initiative is a global institutional investor network focused on the financial risks presented by intensive livestock farming and the opportunities linked to a shift to a more sustainable food system. Our work is currently backed by global investors with approximately $4trillion in combined assets under management.

Given our focus on intensive livestock production, we would like to submit for inclusion in the Guidance Note the following suggestions on animal welfare and environmental impact as part of ESS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources), under point 37.

The current subsection reads: (*“The Borrower involved in the industrial production of crops and animal husbandry will follow GIIP to avoid or minimize adverse risks or impacts. The Borrower involved in large-scale commercial farming, including breeding, rearing, housing, transport, and slaughter, of animals for meat or other animal products (such as milk, eggs, wool) will employ GIIP 19 in animal husbandry techniques, with due consideration for religious and cultural principles.”*

Animal welfare as a specific condition

We propose that animal welfare should be explicitly included in this subsection, and we would recommend direct reference to **The Five Freedoms**[[1]](#footnote-1) as a framework for approaching animal welfare livestock operations including smallholder programs. Indeed, The Five Freedoms is referenced directly by financial institutions operating in the agriculture space across markets, such as Rabobank,[[2]](#footnote-2) as it is a widely applicable framework to address animal welfare issues that can occur across different housing and management systems.

In particular, animal welfare guidance should encompass the **exclusion of close confinement systems**, such as caged confinement systems for egg laying hens and poultry, gestation crates and sow stalls for pigs, and veal crates for calves. There is a marked and rapid shift away from these systems, not only in developed countries but also in emerging markets. From FAIRR’s work with investors, this translates into a risk for investment in these systems given they have a limited lifecycle.

In addition, we would recommend reference to **detailed standards developed by reputable animal welfare certification schemes**, which are in alignment with the intent of the IFC’s Good Practice Note on Animal Welfare which is specifically referenced in ESS6. These include Certified Humane, which is increasingly in use throughout Latin America and globally; and RSPCA Assured, which is expanding its reach into Asia.

Environmental and social impacts of livestock production

The negative environmental and social implications of livestock production are well documented, including by our own research for investors which identifies 28 Environment, Social and Governance (ESG) risks linked to the industry.[[3]](#footnote-3) We would suggest that section ESS6 should make direct reference to this and borrowers should consider and commit to address these risks.

The World Bank Group, as a recognized leader in setting and meeting environmental and social standards, is ideally positioned to help its clients thrive in local and global marketplaces increasingly concerned about the treatment of animals and the impact of livestock production on the environment and human health. Inclusion of these issues explicitly in the Guidance Note for ESS6 would also position the World Bank Group favourably in terms of the shift we are seeing in the financial community in understanding these issues as material to the long term feasibility of the food system.

1. Five Freedoms are: 1) Freedom from hunger or thirst by ready access to fresh water and a diet to maintain full health and vigour; 2) Freedom from discomfort by providing an appropriate environment including shelter and a comfortable resting area; 3) Freedom from pain, injury or disease by prevention or rapid diagnosis and treatment; 4) Freedom to express (most) normal behaviour by providing sufficient space, proper facilities and company of the animal's own kind; and 5) Freedom from fear and distress by ensuring conditions and treatment which avoid mental suffering. The Five Freedoms should be explicitly included in training and project objectives for Bank livestock projects at all scales. [↑](#footnote-ref-1)
2. Please see Rabobank Sustainability Policy Framework, accessible online: https://www.rabobank.com/en/images/sustainability-policy-framework.pdf [↑](#footnote-ref-2)
3. FAIRR, *Factory Farming: Assessing Investment Risks*, published December 2015 and accessible online here: http://www.fairr.org/wp-content/uploads/FAIRR\_Report\_Factory\_Farming\_Assessing\_Investment\_Risks.pdf [↑](#footnote-ref-3)