

# Policy Statement

## Animal Welfare

### **About Atradius Dutch State Business**

Since 1932 Atradius has operated the Export Credit Insurance Facility (EKV) for the Dutch State. The EKV is managed by Atradius Dutch State Business NV (ADSB), a wholly-owned subsidiary of the Atradius Group. This 'policy statement on animal welfare' is part of the government's policy on the EKV's corporate social responsibility. It describes the approach and choices with regard to insurance applications with an animal welfare element. For the further process and framework of the environmental and social assessment of applications we refer to our 'policy statement on corporate social responsibility' and the 'policy document on corporate social responsibility for export credit insurance' (both available on our website).

### **Animal welfare**

Animal welfare is an important part of sustainable economic development for several reasons. Animal welfare is also linked to other sustainability issues such as food safety, human health and environmental pressure on ecosystems. In many of the countries, where the exports insured under the EKV are destined to, animal welfare policy and its enforcement are sometimes weak or even non-existent.

### **Atradius Dutch State Business and animal welfare**

In accordance with scientific thinking, ADSB takes the view that animals are sentient beings capable of experiencing pleasure and pain. We also see a strong business case for putting animal welfare first. For example, paying attention to animal welfare will reduce susceptibility to disease

and mortality, as well as providing opportunities for traders and consumers to achieve positive effects in markets where animal welfare plays a role. ADSB is therefore committed to conducting assessments of the transactions, in order to ensure that the animals which will be kept in a business unit to which Dutch exporters supply<sup>1</sup>, are in a welfare state, and that these units operate at least in accordance with international animal welfare guidelines. All deliveries to the intensive livestock sector and to slaughterhouses are treated as 'sensitive sector' transactions. This means that an environmental and social assessment will be carried out for these transactions, including the examination of the animal welfare aspect, regardless of the size of the transaction and proportional to the risks of the project.

### International frameworks

The principles known as the 'Five Freedoms' dominate the global international principles on animal welfare. Many guidelines, recommendations and regulations, including the Terrestrial Animal Health Code of the World Organisation for Animal Health (OIE) and the OECD-FAO Guidance for Responsible Agricultural Supply Chains, refer to the 'Five Freedoms'. According to these freedoms, an animal must be free from hunger, thirst and improper nutrition, physical and physiological distress, pain, injury or illness, fear and chronic stress and must be able to display its natural behaviour.

### Consequences for acceptance of transactions

ADSB considers a number of animal husbandry systems and practices to be incompatible with the 'Five Freedoms' or with the view that animals have an intrinsic value. This means that ADSB will not provide insurance for the following transactions:

- Production of and trade in angora wool;
- Production of and trade in products obtained by mulesing sheep;
- Production of and trade in down from live plucked geese and ducks<sup>1</sup>;
- Production of and trade in fur;
- Trade in endangered species as defined by CITES<sup>2</sup>;
- Production of and trade in hides and leather of exotic species;
- Animal testing for cosmetics and animal testing of great apes;
- Cloning of animals;
- Whaling;
- Fishing with explosives and poisons;
- Fishing with driftnets in open water and with a length of more than 2.5 km;
- Forced feeding of geese and ducks;
- The finning of sharks;
- Animal fighting;
- Use of animals for shows and events;

- Accommodation of laying hens: deliveries to, and relating to, houses in which unenriched cages for laying hens are used<sup>3</sup>;
- Accommodation of broiler hens: deliveries to houses in which broiler hens are kept with a density greater than 42 kg/m<sup>2</sup>;
- Accommodation of sows: deliveries to houses where it is not possible to provide adequate group housing for pregnant sows, in line with EU legislation;
- Accommodation of calves: deliveries to houses where it is not possible to provide adequate group housing for calves, in line with EU legislation;
- Transport of livestock from the Netherlands not in accordance with EU and Dutch regulations on the transport of live animals.

### Animal welfare in the environmental and social assessment

Animal welfare is an integral part of the assessment of an application under the EKV and is based on various international guidelines for animal welfare. More concretely, the following elements are considered. It is investigated whether the project involves practices that are incompatible with our principles, as discussed above.

In addition, it is checked whether the exporter will produce his transaction in accordance with EU regulations<sup>1</sup>. We also expect our customers to meet their own animal welfare obligations, regardless of the ability and willingness of the country in which the export transaction will eventually take place. This means that they take their own responsibility by means of a demonstrable own adequate policy and/or way of working with respect for animal welfare. If an exporter detects animal welfare violations at his buyer's premises, he must call this buyer to account in order to have him take measures. Exporter must communicate this finding and the measures taken by the buyer to ADSB.

ADSB assesses the risk of animal welfare violations in relation to the export transaction and the related project and takes appropriate steps within its capabilities to prevent and/or mitigate the effects as much as possible. Part of the assessment is to check whether the transaction of both the Dutch exporter and the project of the foreign buyer of the Dutch goods and/or services comply with local laws and regulations. In addition, ADSB assesses the project on the basis of the aforementioned relevant OIE standards and the 'Good Management Practices' of the IFC 'Good Practice Note on Animal Welfare'. If it turns out that the required standards are missing or incomplete, we will look into which other internationally recognised standards are available as a reference framework for the substantive due diligence. These may, for example, be relevant EU directives.

In case ADSB detects significant differences with the international standards, ADSB will investigate the willingness of the buyer to improve animal welfare. If this willingness exists, and our influence<sup>1</sup> on the buyer is significant enough, then the transaction may still be assured. If the differences with the international standards are and remain too large, the transaction will be rejected.

### Stakeholder dialogue and complaints mechanism

We see cooperation and dialogue as a powerful means of investigating and addressing potential animal welfare violations. We use the chain of our business relationships, but also, for example, the network of international NGOs and knowledge institutes, which can be an effective channel to include the concerns of local stakeholders in our assessment and thus contribute to solutions. This is even more important in the case of animal welfare, as the animals them-

selves are not in a position to have a say. ADSB will, as part of the due diligence of both the exporter and its buyer, assess the ambition of good management to achieve good animal welfare. If there is reason to do so, ADSB will, in addition to the due diligence, highlight good practices and explain why this is important.

As part of its general CSR policy, ADSB publishes projects with potentially high environmental and social risks, including animal welfare, on its website prior to issuing the policy in order to give third parties the opportunity to share their concerns about a project and gain insight into the possible effects of a project on animal welfare. Once a policy has been issued, information about the project and the grounds for assessment will be made public via the ADSB website.

ADSB makes every effort to ensure that parties involved in the transaction or project have an adequate complaints mechanism where local parties can make their grievances known. In addition, it is also possible to formally complain through the ADSB's complaints mechanism about a project for which a Dutch exporter or a bank has received insurance under the EKV. This complaint will be treated confidentially and may be made by any person, group of persons,

company, community or other party concerned about or potentially affected by transactions or projects supported through ADSB or about ADSB's own activities. The complaint mechanism is available via ADSB's website.

### **Continuous learning process**

Developments in the field of animal welfare are ongoing. ADSB follows these developments and takes action if necessary. In recent years we have held discussions with various parties, including NGOs and exporters, about how animal welfare can be included in our environmental and social assessment. We have also gained new insights through visits to companies on site. ADSB participates in various forums in the field of animal welfare in order to keep abreast of the latest insights and developments and to share experiences. For example, ADSB actively participates in the discussions on animal welfare within the OECD Export Credits Group (ECG) and has chaired the animal welfare working group there. In doing so, we actively strive to raise the level of ambition for animal welfare policy and also to improve the level playing field.

This policy statement is embedded in our business operations and work processes. In addition, ADSB will continue its efforts to actively

bring animal welfare to the attention of all levels and disciplines within the organisation and its business relations.

1 The methodology for defining the scope of the assessment is explained in our 'Environmental and Social Policy Document', which can be found at <https://atradiusdutchstatebusiness.nl/en/article/csr-%28corporate-social-responsibility%29.html>.

2 The above production methods are in fact contrary to EU Directive 98/58 with general provisions for the prevention of unnecessary pain, suffering and injury to production animals.

3 CITES = Convention on international Trade in Endangered species of wild Fauna and flora ([www.cites.org](http://www.cites.org)).

4 Enriched cages contain at least perches, littered floors, laying nests and sufficient space.

5 When assessing the transaction, the relevant EU directives or regulations apply. These could be animal welfare related directives or regulations in the context of the protection of animals during transport and the protection of animals during farming for agricultural purposes, the slaughter of animals and also, for example, welfare directives and food safety requirements, etc.

6 The way in which, and the extent to which, we can exert influence on a customer or project on site, for example by starting improvement processes and enforcing measures, is described in our 'CSR policy document on export credit insurance'. The concrete measures may differ per project.

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