



The Hague, November 9th 2016

Dear Sir, Madam,

The Animal Coalition welcomes the opportunity to give feedback on the proposed new FMO Sustainability Policy. Our coalition is supported by about 600.000 financial supporters in the Netherlands and counts 15 member organizations, including leading international and European animal welfare organizations like World Animal Protection, IFAW and CIWF. With this submission, we would like to focus on an important aspect of sustainable development that is currently missing in the draft, explicit references to animal welfare.

Both via the Treaty of Lisbon and national legislation, the Dutch Government has strongly committed itself to animal welfare. Article 13 of Title II of the Treaty on the Functioning of the European Union¹ (TFEU) recognizes that animals are sentient beings and therefore that the Union and the Member States shall pay full regard to the welfare requirements of animals. Within Dutch law, the intrinsic value of animals is acknowledged. The Animal Act states also that its regulation shall pay full regard to the welfare requirements of animals – and at the least, that infringements upon the integrity and the welfare of animals beyond what is reasonably necessary will be prevented and that the care animals reasonably need, is safeguarded.¹

Internationally, the United Nations recently endorsed, in the context of achieving food security and sustainable agricultural development, the policy recommendation to ‘Improve animal welfare delivering on the five freedoms’². The call to improve animal welfare is also part of the UN Principles for Responsible Investment in Agriculture and Food Systems (adopted by UN CFS in 2014). The sector specific OESO/FAO Guidance on Responsible Agricultural Supply Chains provides, inter alia, guidance on animal welfare due diligence. More generally, ISO26000 provides guidance for the social responsibility of organizations, including respecting animal welfare. Finally, in its declaration ‘Transforming our world: the 2030 Agenda for Sustainable Development’, which provides the umbrella for the Sustainable Development Goals, the United Nations call for a world ‘in which humanity lives in harmony with nature and in which wildlife and other living species are protected.’

In its policy letter ‘MVO loont’, the Dutch Government expressed its stance that entrepreneurs should strive for the same norms abroad as within The Netherlands.³ This also applies to animal

¹ Wet dieren, 2011. Artikel 1.3.2. ‘Daarbij wordt er in elk geval in voorzien dat de inbreuk op de integriteit of het welzijn van dieren, verder dan redelijkerwijs noodzakelijk, wordt voorkomen en dat de zorg die de dieren redelijkerwijs behoeven is verzekerd.’

² UN Committee on World Food Security, Forty-third Session "Making a Difference in Food Security and Nutrition", Rome, Italy, 17-21 October 2016. The Five Freedoms include 1) Freedom from hunger, thirst and malnutrition; 2) Freedom from fear and distress 3) Freedom from physical and thermal discomfort; 4) Freedom from pain, injury or disease; 5) Freedom to express normal patterns of behaviour.

³ Kabinetsbrief MVO loont, 2013, p.16.



welfare. The KPMG analysis of risk sectors revealed in 2014 that many sectors run the risk of negative animal welfare impacts, thereby highlighting animal welfare as part of the ESG risks. Recently, as party in the CSR agreement of the garment and textile sector, the Dutch government acknowledged that: 'International animal welfare guidelines and frameworks are often insufficient to guarantee animal welfare as part of the ambitions on international responsible business conduct of Dutch enterprises.'⁴

Given the above, the omission of explicit references to animal welfare in the proposed new FMO Sustainability Policy is a serious flaw that needs correcting, the more so in view of the fact that the Dutch state owns the majority of FMO shares. To remedy this, we propose the following changes and amendments (in red):

Page 1:

'By following this Policy, FMO intends to protect people, **animals** and the environment impacted by its own operations and its investments and to help clients 14 1 manage their environmental and social impact 15 and improve their corporate governance.'

Page 2:

'FMO's vision is to contribute to a world where, in 2050, a projected nine billion people can live well, ~~and~~ within the boundaries of our planet **and in harmony with nature and where wildlife and other living species are protected.**' [in line with the UN 2030 Agenda for Sustainable Development]

Page 5:

Add in the list under 4 the following policies:

- **UN CFS Principles for Responsible Investment in Agriculture and Food Systems**
- **UN CFS Global Strategic Framework for Food Security and Nutrition**
- **OESO/FAO Guidance on Responsible Agricultural Supply Chains**
- **ISO26000**

Page 6:

'In case environmental, social or human rights impacts are identified that the IFC Performance Standards do not sufficiently address, FMO will identify and agree on mitigants by referring to the other standards above as relevant. **A case in point are animal welfare standards and animal welfare due diligence, which the IFC Performance Standards do not cover.**⁵ On this topic, FMO follows **EU standards or equivalents as a minimum and, pertaining to agricultural products, the OESO/FAO**

⁴ Agreement on Sustainable Garment and Textile, Den Haag 2016, p.38

⁵ In practice, the IFC uses the IFC Good Practice Note on Animal Welfare, but this leaves open a choice of standards and in practice the lowest common denominators are used (OIE standards) which fail to deliver acceptable levels of animal welfare from the perspective of Dutch RBC. No information is available on the FMO due diligence in this respect.



Guidance on Responsible Agricultural Supply Chains. Private standards that exceed the before mentioned standards are preferred.'

Page 12:

FMO complies with applicable Dutch law, ~~and~~ regulations and relevant public procurement policies, the Dutch Banking Code and the Dutch Corporate Governance Code.

Finally, we note that the FMO Sustainability Policy is part of a broader sustainability structure. In several instances, other parts of this structure also need to be amended to integrate animal welfare. In particular, this is true of the exclusion list, which, at the very least, should feature fur, exotic leather and other wildlife products.

We thank you in advance for taking the above into account and are more than willing to answer any questions this may pose. Please keep us posted on the next steps in this process.

Yours sincerely,

[handtekening]

Dirk-Jan Verdonk
Chair of the Dutch Animal Coalition

