



Please reply to:

9 July 2024

Mark Hughes  
European Bank for Reconstruction and Development

Compassion in World Farming

[ciwf.org](https://www.ciwf.org)

Dear Mark

### Concerns about the proposed loan to Food Union Europe

We are writing to urge EBRD not to go ahead with the proposed loan of 25 million euros to Food Union Europe.

In the first place, we question whether an international corporation with an annual revenue of [EUR 290 million](#), which produces luxury items, should even qualify for financial support from the EBRD. How will this loan support key values of the EBRD, like economic inclusion and food security, and how does it contribute to the achievement of the SDGs, Paris alignment or GBF alignment?

EBRD's website states that Food Union Europe focuses primarily on ice-cream and dairy products and operates in several EU Member States and Norway. It seems that Food Union Europe does not itself operate dairy farms but presumably sources large amounts of milk from dairy farms for its ice-cream and dairy products.

We urge EBRD not to grant this loan unless it is satisfied that Food Union Europe is taking reasonable steps to ensure that the farms from which it sources milk operate in accordance with EU legislation on the welfare of dairy cows.

The concept that major corporations should take responsibility for potential detrimental impacts of their supply chain is gaining increasing acceptance. This principle is reflected in the EU's recently adopted Due Diligence Directive. Recital 19 of this states: "Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, those of their subsidiaries, **as well as their direct and indirect business partners throughout their chains of activities** in accordance with the provisions of this Directive." (emphasis added)

Moreover, paragraph 25 of EBRD's new draft Environmental and Social Requirement 6 states: "As part of the supply chain assessment process outlined in ESR 1, the client will identify and assess whether there are known risks of significant land use conversion that could impact biodiversity (such as deforestation) **in the project's core supply chain.**" It defines the 'core supply chain' as "suppliers and sub-suppliers who provide goods, equipment or materials essential to the core functions of the project".

In our view the principle that large companies must take a measure of responsibility for the impacts of their core supply chain reasonably extends to the impact on animal welfare of farms that supply the principal ingredient of a company's product - in this case milk for the company's ice-cream and dairy products.

### **EU legislation on the welfare of dairy cows**

EBRD's Environmental and Social Policy provides that EBRD will only fund projects that meet EU animal welfare standards.

There is no species-specific Directive on the welfare of dairy cows. Accordingly, one must rely on what is referred to as the 'General Farm Animals Directive' i.e. Council Directive 98/58/EC concerning the protection of animals kept for farming purposes.

The Directive is written in very broad language. However, its main provision – Article 3 – is strong. It provides: "Member States shall make provision to ensure that the owners or keepers take all reasonable steps to ensure the welfare of animals under their care and to ensure that those animals are not caused any unnecessary pain, suffering or injury."

Scientific research helps us understand what are the welfare problems that affect dairy cows, as well as the "all reasonable steps" that must be taken to address these problems in order to "ensure" dairy cows' welfare. Indeed, the European Commission has stressed, in the context of interpreting and applying Directive 98/58, that "the necessary scientific assessment of dairy cow welfare has been performed by the European Food Safety Authority (EFSA) on request by the Commission and these data have been published in several opinions on dairy cows".

EFSA's 2023 Scientific Opinion on the welfare of dairy cows provides detailed recommendations; see page 101 onwards. These recommendations address a wide range of issues including the following:

**Lameness** is a major problem in dairy cows; lameness can be extremely painful. Accordingly, the EFSA recommendations state: "A recommended mitigation strategy includes regular gait scoring with early treatment of lame cows".

In order to minimise lameness and other disorders and to provide comfort, EFSA recommends:

- "Dry, soft and deformable lying surfaces, preferably deep bedding (either in cubicles or a deep bedded pack), should be provided because they are associated with longer lying time and ease of lying down and rising up movements.
- When using bare concrete, bedding of at least 30 cm thickness should be provided.
- Rubber coated floor (or other deformable, non-slip standing and walking surface) at the feed manger and in the alleys should be used because it improves cows' gait and ease of walking, and increases feeding time.
- Flooring should not be slippery."

Straw and sand are generally recognised to be good bedding materials.

**Cubicles** are the most common form of housing for dairy cows in the EU. A number of welfare problems can arise in cubicles. The body length of cows has increased over the years; older cubicles are too short for today's large cows. This forces them to lie or stand with their back legs in the passageway. Cubicle length and design influence cow comfort. Cows go through a sequence of movements for lying down and getting up, which may not be possible, or may be difficult and protracted, if the design of the cubicles is poor. In some cases, cows may collide with the housing equipment whilst lying down; this can result in injuries.

Paragraphs 13 & 14 on page 102 of EFSA's Scientific Opinion provide detailed recommendations aimed at addressing cubicle problems. EFSA recommends that "At least one cubicle per cow should be provided".

### **Tethering/tie stalls**

In some Member States, some cows are tethered i.e., they are tied up with a chain or strap around their neck that is fastened to a hook in the floor or a rail above them. In some cases, they are tethered like this for 24 hours a day, all year round.

In light of these problems, EFSA recommends "Tethering should not be practised because it severely restricts the ability to perform comfort behaviour except for limited time periods for events such as veterinary treatments or milking".

### **Space allowance**

EFSA recommends "A total indoor area – including lying area - of at least 9 m<sup>2</sup>/cow should be provided".

### **Access to pasture**

EFSA recommends: "Access to well-managed pasture (i.e. well-drained, provision of shade) should be provided because it offers opportunity to walk freely, ease of changing posture and a comfortable lying area".

### **Alignment with climate commitments**

Apart from having potential adverse impacts on animal welfare, industrial dairy production accounts for large GHG emissions, which risk jeopardising EBRD's climate commitments.

The World Bank's latest report on agrifood systems, *Recipe for a Liveable Planet*, states that demand for meat and dairy "in HICs [high income countries] and, increasingly, in MICs [middle income countries], leads to nearly two-thirds of total agrifood emissions" (p. 229). It stresses that "High-income countries should decrease their own consumer demand for emissions intensive, animal-source foods" (page xxiii). Food Union Europe's primary countries of operation are all high-income countries.

EBRD's *Methodology to determine the Paris Agreement alignment of EBRD investments*, includes the ruminant livestock supply chain among high-emitting sectors (Annex 5).

Because of all these reasons, we urge the board of directors to wait at least until the E&S due diligence for the project is complete, extend due diligence to the company's supply chain, and consider the option of not proceeding with this investment, having in mind its potential impacts on the climate and animal welfare.

"A standard project due diligence questionnaire and follow-up Q&A with the client" might not be enough to properly address the risks deriving from this project.

Yours sincerely

Compassion in World Farming,  
International Accountability Project  
Sinergia Animal  
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