

ANIMAL WELFARE

principles

more
than
money



PREAMBLE

NAB¹ finances one in every three dollars lent to agribusinesses in Australia² and one in every four³ dollars lent to agribusinesses in New Zealand. We have exposure to a wide range of businesses involved in agribusiness sub-sectors - both pre- and post-farmgate. We, alongside our customers, care about the welfare of animals. We believe the integrity of agribusiness is critical to ensure its sustainability. Animal welfare is an important issue, as reflected in various legislative instruments, international conventions and treaties, industry codes and standards and community expectations.

NAB believes that good animal welfare means that an animal is generally:

- a. healthy, well-nourished, safe, comfortable, able to behave naturally⁴, and not suffering (free from pain, fear, and distress); and
- b. cared for in a way that gives due regard to the provision of appropriate living conditions, disease prevention, veterinary attention when needed, and humane care - including humane slaughter, culling and euthanasia.

We understand that adopting improved animal husbandry and production technology, including infrastructure, can take time and a great deal of capital. Our customers may incur increased financial obligations to undertake this work and NAB is committed to supporting ongoing animal welfare improvements through the sustainable provision of finance for such investments. NAB recognises that investing in higher welfare standards is an investment in sustainable and ethical business.

This document sets out NAB's Animal Welfare Principles ("Principles"). The Principles provide guidance for bankers when undertaking risk assessment of:

- a. prospective customers as part of credit risk assessment and due diligence processes at origination; and
- b. existing customers as part of the annual credit risk assessment and due diligence processes.

The Principles apply to our dealings with customers engaged in any form of business involving animals, including but not limited to the following contexts:

- a. farming - involving animal industries;
- b. breeding, sales and services;

- c. animals used for research and testing purposes;
- d. use of animals for entertainment, recreational hunting, cultural and sporting activities;
- e. population management of introduced pests or feral animals;
- f. fishing and aquaculture; and
- g. wildlife protection and conservation.

THE PRINCIPLES

1. Owners and users of animals have a duty of care to animals in their care or under their management, and must safeguard and promote their welfare and wellbeing.
2. NAB is committed to promoting the respect and protection of animal wellbeing based on generally accepted, contemporary, scientific understanding of animal welfare, as referenced in the following standards and conventions:
 - a. Animal Health Codes of the World Organisation for Animal Health (OIE) - covering terrestrial animals and aquatic animals;
 - b. International Finance Corporation's Good Practice Note for Animal Welfare in Livestock Operations;
 - c. International conventions for the protection of animals (including those related to international trade in endangered species of wild flora and fauna and any forms of animal trafficking⁵);
 - d. National and State codes, standards and regulations (as relevant for the respective geographic context) relating to the welfare of animals and the use of animals be it in farming, for sport, entertainment and recreation, in research or for teaching, including use of animals in cultural events and ceremonies; and
 - e. Relevant industry regulations, frameworks, best practice standards and quality assurance programs.
3. NAB expects that customers engaging with animals will, as a minimum, do so with respect to, and in compliance with, relevant legislative and regulatory requirements and standards.

1. NAB means National Australia Bank Limited and the relevant group of bodies corporate constituted by NAB and its subsidiaries. References to 'we', 'us' or 'our' are references to NAB.

2. RBA Banking System/NAB APRA June 2019

3. Based on analysis of RBNZ at 30 June 2019.

4. Natural behaviour means an animal can perform a good proportion of its normal behaviours such that its health and wellbeing are not negatively impacted.

5. To deal or trade illegally in wildlife.

4. NAB will encourage customers engaged in businesses involving animals to:
 - a. adopt industry best practice standards, certification and quality assurance programs, where applicable; and
 - b. act in accordance with best practice animal welfare and societal expectations as they relate to animal welfare to contribute to ongoing sustainability of agribusiness and animal industries.
 5. NAB expects customers to meet the needs and safeguards for animals set out in the 'Five Domains'.⁶ A brief description of the Five Domains is as follows:
 - a. **nutrition** - appropriate consumption of water and nutritious foods to maintain health and minimise thirst and hunger;
 - b. **environment** - where applicable, provide shade or shelter, good housing, good air quality and comfortable rest;
 - c. **health** - prevent or rapidly diagnose and treat disease and injury so animals enjoy good health;
 - d. **behaviour** - provide sufficient space, proper facilities, and appropriate company of the animal's own kind; and
 - e. **mental state** - promote safe conditions so animals feel safe and secure and avoid mental suffering.
 6. Good animal welfare practices should include consideration of the following (as applicable):
 - a. impacts of local resource availability on animal welfare and farm sustainability (land, water, capital, labour, knowledge, and climate and extreme weather events) including when undertaking emergency and drought preparedness planning;
 - b. husbandry practices including provision of sufficient feed, water and proper housing or shelter systems;
 - c. effects of animal transport (costs, pollution and animal welfare); health, disease management and vaccination programs including responsible use of veterinary, medicinal and other drugs and chemicals;
 - d. stock management, slaughter, culling and euthanasia practices; and
 - e. genetics and breed selection practices.
 7. NAB is supportive of innovation in agricultural and animal-related industries that is ethical. NAB is also supportive of research that meets the three R's concept.⁷ Where animals are used for research and testing purposes, we expect customers to comply with the relevant codes (e.g. the Australian code for the care and use of animals for scientific purpose), to follow guidelines set by the relevant Animal Ethics Committee (AEC), and implement the three R's concept by:
 1. **replacing** the use of animals with alternative techniques, or avoiding use of animals all together;
 2. **reducing** the number of animals used to a minimum, to obtain information from fewer animals or more information from the same number of animals; and
 3. **refining** procedures to avoid pain and suffering, and to improve the welfare of animals.
 8. Where a customer is engaged in population management of a species classified as a pest, NAB expects that:
 - a. this be evidence-based and not involve causing negative impacts including death of threatened or endangered species; and
 - b. the method of population management used is humane.
 9. NAB will not finance activities where there is evidence of material non-compliance with relevant legislative and regulatory requirements and standards or animal welfare guidelines.
 10. If relevant legislative and regulatory requirements and standards are not being met by customers, customers will be given the opportunity to remediate issues and demonstrate they can consistently operate in a compliant manner. NAB considers that this approach promotes and delivers better outcomes for animal welfare and the industry over time.
 11. NAB reserves the right to cease: (i) business with a customer, or (ii) sponsorship agreements (where appropriate) - where there is evidence of a significant breach of relevant legislative and regulatory requirements and standards or animal welfare guidelines without remediation, provided that:
 - a. doing so would not contravene NAB's obligations under relevant legislative or contractual arrangements to: (i) a customer, or (ii) as part of a sponsorship agreement; and
 - b. consideration has been given to customer fairness and relevant requirements of the Banking Code of Practice and other banking industry best practice.
 12. NAB will not finance:
 - a. animal testing for cosmetic purposes;
 - b. animal trade involving endangered or threatened species unless designated for conservation;
 - c. use of endangered or threatened species or non-human primates for any testing/research and experimental purposes (apart from studies for conservation purposes);
 - d. animal fights for entertainment or gambling;
 - e. activities that involve inhumane killing or capture methods;
 - f. shark finning or commercial whaling;
 - g. destructive fishing practices including the use of poison and explosives; and
 - h. operating fur farms and the trade and manufacturing of fur products made from endangered species.
- These Principles will be periodically reviewed.

6. Mellor, D.J. "Operational Details of the Five Domains Model and Its Key Applications to the Assessment and Management of Animal Welfare". *Animals*, No. 7 (August 2017): p.60.

7. <https://www.animaletics.org.au/three-rs>