Frank Mechielsen
Executive Director, Feedback EU
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Mr Stefaan Decraene
CEO, Rabobank
Croeselaan 18, Utrecht, 3521
The Netherlands
cc: Members of the Rabobank Managing Board and Supervisory Board

January 31st , 2023

Dear Mr Decraene,

I am writing on behalf of Feedback EU, Feedback Global, World Animal Protection Netherlands and Banktrack , about Rabobank's financing of industrial livestock companies. We would like to highlight the significant and increasing risk for Rabobank and its members in financing industrial livestock, and the sector's poor risk-to-profit ratio.

In direct contradiction with its commitment to the goals of the Paris Agreement, the Dutch Climate Agreement and Commitment to Sustainable Agriculture and Forests, Rabobank is currently one of the world´s biggest financial backers of industrial livestock companies[1].

Between 2015-21, Rabobank provided $billions in finance to 18 of the world's most environmentally destructive industrial livestock companies, including providing $3.6 billion in corporate loans, underwriting nearly $2 billion in bond issuances, and providing revolving credit facilities.

In the `Our road to Paris´ report, Rabobank stresses the importance of addressing climate change and to set GHG emission reduction targets for high emitting sectors, but the reduction of its financing for industrial livestock is not included as one of the most effective options. Livestock is already responsible for at least 16.5% of the total anthropogenic emissions globally[2], and if current trends continue, the global livestock industry will be using up almost half the world's 1.5°C emissions budget by 2030[3]. Industrial livestock companies – i.e. the world's largest companies engaged in the intensive mass-production and processing of meat and dairy - are the biggest drivers of international livestock emissions. Indeed, the world's five biggest industrial livestock companies combined emit more greenhouse gases than ExxonMobil[4]. In short, Rabobank's clients in the industrial livestock sector are key drivers of climate change and deforestation, and exacerbate risks of food insecurity, future pandemics, workers' rights and animal welfare.

Moreover, almost none of Rabobank's clients in the industrial livestock sector have plans to reduce their absolute Scope 3 emissions, and none have plans to reduce their livestock numbers, without which there are serious limits to the emissions and land use savings possible within these companies[5]. Association with large scale industrial livestock will damage Rabobank's reputation and business, including risks of lost revenue and stranded assets, despite providing a relatively small proportion of Rabobank's revenue. Engagement with industrial livestock companies is likely to yield limited results because their core business model relies on the growth of industrial meat production[6]. Such companies face stranded assets when governments take action to scale back industrial livestock production and when climate change impacts the sector's productivity. FAIRR calculated that a carbon tax would cost beef companies up to 55% of current earnings[7], and heat stress is already costing the US cattle industry up to $1.5 billion a year in revenue[8].

The Dutch government needs to halve its nitrogen emissions by 2030 in accordance with European Union conservation rules. The Netherlands recently introduced a €25bn plan to reduce livestock numbers[9] [10]. The Netherlands Environmental Assessment Agency PBL calculated that this intervention should lead to 30% reduction in farmed animals in the Netherlands. In October 2022, the Dutch Parliament passed a motion which will require financial institutions to manage credit risks as a result of stranded assets, meaning that they have an obligation to bear losses arising from these types of credit risks themselves. If the Dutch government would adopt the motion and develop specific policies, Rabobank would need to write off a substantial part of its loan portfolio, unless it took action to reduce its exposure to industrial livestock companies. This highlights the significant regulatory risks Rabobank is exposed to by continuing to provide finance industrial livestock companies.

Rabobank must therefore release a time-bound plan in line with climate science and other sustainability goals to stop its financing for industrial livestock – including an immediate end to the financing of industrial livestock expansion. This should include issuing no new corporate loans to these companies, ending other financial services such as underwriting bond issuances and providing revolving credit facilities, and committing not to invest in any industrial livestock company through shares and bonds.

We would welcome a written response to set out what action Rabobank will take to end financial support for the industrial livestock companies listed in the Annex, and over what timescales. If Rabobank intends to continue financing these companies, we would welcome an explanation of how Rabobank's decision can be compatible with staying within safe levels of climate change and achieving zero deforestation, whilst safeguarding animal welfare.

Feedback has consistently raised the issue of industrial livestock investments in the media – including in the Financial Times, Bloomberg, the Guardian and the Independent – and we plan to intensify pressure through the media, bank customers, investors, policymakers and financial regulators on institutions which continue to invest in industrial livestock.

Please find in the attachment a briefing, including a Fact Sheet of our concerns regarding major industrial livestock companies which Rabobank provides financial support to.

We look forward to hearing from you and would welcome a written response addressing the concerns and questions set out above by 20th February

Yours sincerely,

Frank Mechielsen, Executive Director, Feedback EU

Carina Millstone, Executive Director, Feedback Global

Dirk Jan Verdonk, Executive Director World Animal Protection Netherlands

Hannah Greep, Banks & Nature Campaign Lead, BankTrack

Footnotes:

[1] Feedback, 'Butchering the Planet: The Big-Name Financiers Bankrolling Livestock Corporations and Climate Change' (London: Feedback, 2020), https://feedbackglobal.org/wp-content/uploads/2020/07/FeedbackReport-ButcheringPlanet-Jul20-HighRes.pdf.

[2] Richard Twine, 'Emissions from Animal Agriculture—16.5% Is the New Minimum Figure', *Sustainability* 13, no. 11 (January 2021): 6276, https://doi.org/10.3390/su13116276.

[3] Harwatt, H. (2019) 'Including animal to plant protein shifts in climate change mitigation policy: a proposed three-step strategy', Climate Policy. Taylor & Francis, 19(5), pp. 533–541. doi: 10.1080/14693062.2018.1528965. https://www.tandfonline.com/doi/full/10.1080/14693062.2018.1528965

[4] GRAIN and IATP, 'Emissions Impossible: How Big Meat and Dairy Are Heating up the Planet' (GRAIN and the Institute for Agriculture and Trade Policy, 2018), https://www.iatp.org/emissions-impossible.

[5] Feedback, 'It's Big Livestock Versus The Planet' (London: Feedback Global, 2020), https://feedbackglobal.org/wp-content/uploads/2020/04/Feedback-Big-Livestock-versus-the-Planet-Final-April-2020.pdf.

[6] Feedback defines industrial livestock companies as large companies who rely on meat and dairy production and processing for over 50% of their revenue

[7] Maria Lettini, 'Animal Agriculture Faces "Apollo 13" Climate Moment', Thomson Reuters Foundation, 18 May 2022, https://news.trust.org/item/20220518164300-xndoq/.

[8] Ibid.

[9] Senay Boztas, `Have we reached ´Peak Meat`? Why one country is trying to limit its livestock?´ *The Guardian*, 16 January 2023 https://www.theguardian.com/environment/2023/jan/16/netherlands-european-union-regulations-livestock?CMP=twt_a-environment_b-gdneco

[10] Breanne Deppisch, ´Netherlands buy out and close farms meet climate goals´ *Washington Examiner*, November 29, 2022 https://www.washingtonexaminer.com/policy/energy-environment/netherlands-buy-out-and-close-farms-meet-climate-goals