

abrdrn Position Statement – Animal Testing

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The issue

At abrdrn, we recognise that for some of our investors, animal testing is a sensitive ethical issue. While research involving animals has led to huge advancement of scientific knowledge and discoveries of important medical treatments and vaccines (e.g. the development of COVID vaccines), some experiments subject animals to various levels of suffering and distress. Research that uses species such as monkeys (non-human primates), cats and dogs is particularly ethically contentious given the animals' close links to humans and their higher abilities to experience pain and psychological trauma.

Risks

As investors, we also understand that while animal testing is required for regulatory approval of certain products (e.g. medicines and chemical compounds), companies' and contract research organisations' treatment of lab animals can pose serious legal, financial and reputational risks. For example, the inhumane treatment of animals at Huntingdon Life Sciences in the late 90's and early 00's had a material adverse impact on the company's share price and led to the eventual delisting from the New York Stock Exchange.

In the aftermath of this event, there has been a strengthening of regulations on animal research in the UK and EU¹. Additionally, it demonstrates how mistreatment of animals at research facilities can attract extreme actions from animal rights activists which can cause operational disruption and put employee safety at risk. In contrast, good animal welfare improves the reliability and efficacy of laboratory testing, allowing greater degree of certainty around the results and helping reduce the numbers of animals needed for studies.

The Three Rs ("Replacement, Reduction, Refinement") principles

First introduced by academics Russell and Burch in their book *The Principles of Humane Experimental Technique* in 1959, the Three Rs principles² have now become the internationally accepted approach for researchers to apply when deciding to use animals in research and in designing humane animal research studies. They are defined as follows:

Replacement refers to methods that avoid using animals. The term includes '**absolute replacements**' (i.e., replacing animals with inanimate systems such as computer programs) as well as '**relative replacements**' (i.e., replacing animals such as vertebrates with animals that are lower on the phylogenetic scale).

Reduction involves strategies for obtaining comparable levels of information from the use of fewer animals or for maximizing the information obtained from a given number of animals (without increasing pain or distress) so that in the long run fewer animals are needed to acquire the same scientific information.

Refinement refers to modifications of husbandry or experimental procedures to enhance animal well-being and minimize or eliminate pain and distress.

What is our approach to animal testing?

Exclusion from our ethical fund range

We apply a screen across our ethical fund range to exclude companies that manufacture products or ingredients that have been tested on animals. This aligns with investors' desire to avoid companies involved in any animal testing activity.

¹ Directive 2010/63/EU on the protection of animal used for scientific purposes; Cosmetics Regulation; The Animals (Scientific Procedures) Act 1986 Amendment Regulations 2012.

² <https://nc3rs.org.uk/the-3rs>



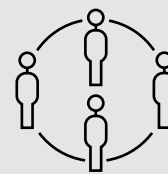
Framework for assessing companies' animal testing practices

Outside our ethical fund range, with regards to investee companies that have involvement in animal testing, we have developed a framework to assess their animal testing practices. This framework sets out the animal testing standards that we expect our investee companies to uphold. These include:

- As a minimum, compliance with legislation on animal testing standards of the jurisdictions under which the company operates;
- Having in place detailed policies and processes that demonstrate the company's commitment to upholding and implementing the internationally-recognised 3R ("Reduce, Replace and Refine") principles;
- Evidence of fostering a culture of care (e.g. providing training to research staff, being part of the International Culture of Care Network);
- Transparent disclosures on the use of lab animals (e.g. a breakdown of annual use of animals by species, the number of animals avoided due to implementation of the 3Rs).

Active Ownership

We actively engage with investee companies that may be involved or exposed to animal testing based on the above framework, in order to better understand their approach, promote best practice and ensure that they conduct animal testing in a legal and responsible manner. Our approach is based on a risk framework, where we believe that companies exposed to sensitive activities, such as animal testing, adopt the highest governance processes to ensure high standards of business conduct. Our active ownership approach also gives consideration to shareholder resolutions on this issue and where relevant, we will support resolutions relating to the improvement of practices or better disclosure from companies on animal testing.



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