

The response reproduced below was submitted to the consultation held by the Nuffield Council on Bioethics on the ethics of research involving animals during October-December 2003. The views expressed are solely those of the respondent(s) and not those of the Council.

Henderson Global Investors- Sustainable and Responsible Investment Team

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We welcome this opportunity to contribute to the public consultation on the ethics of research involving animals. We have addressed the six main questions proposed for consideration within our framework below. The views expressed are those of Henderson's SRI Team.

Use of Animals in Research – an Issue of Relevance to SRI Investors

As sustainable and responsible investors, our approach to investment is founded on three core principles: ethics, corporate responsibility and sustainability. In the case of the first, we have a duty to ensure the companies we invest in take an ethical approach to their business operations. Secondly, we need to ensure that the value of our investments is not undermined by the mismanagement of social, ethical and environmental risks and responsibilities both in the short and long term. Thirdly, we look for companies taking advantage of business opportunities presented by the shift towards a more sustainable economy.

The use of animals in research is an issue that we consider and take seriously. All our funds have a criterion on animal welfare, with funds falling under one of three groups. The first group of funds prohibit any investment in companies involved in animal research, another group permits investment only in those involved in animal research for biomedical applications (where legally required) and where companies demonstrate a leadership approach to corporate responsibility (for example, implementing the 3Rs: reduction, refinement, replacement). The last group of funds permits investment in any company involved in animal research, where they demonstrate a leadership approach to corporate responsibility.

Consideration of Ethics

The prevailing rationale for animal research is to ensure a minimum acceptable level of safety and efficacy of chemicals, disease, infection, drugs etc, to humans. Animals are used as a proxy for likely human reactions as it is illegal to conduct research on humans for ethical reasons. However, society also recognises that there are ethical, as well as other concerns, associated with using animals. The SRI Team believes these concerns are real and legitimate. Of particular concern to us, is that the validity of extrapolating results from animal to humans is rarely questioned. Although there is data to support this practice, there is also data to the contrary. The increasing application of genetic engineering (GE) in animal research, and use of cloning to facilitate the production of transgenics are trends which also concerns us. We believe the creation of transgenic animals for research purposes not only brings new dimensions to existing ethical, social and environmental concerns associated with animal research, but also presents new ones.

We actively support the 3Rs with regards to use of animals in research. We believe, given that animal testing is legally required, attempts should be made to ensure the number of animals used is kept to the minimum necessary. This may be possible through better planning of experiments, and consideration of where alternatives could be used. Where research is conducted on animals, procedures should be modified to minimise any pain or distress experienced by the animal and enhance its wellbeing. This is

important not only for ethical reasons but also for obtaining the best possible data, as animals under distress may experience changes which compromise the results. Where possible, animal research should be replaced with alternatives. Thus, where we make investments in companies that are involved in using animals for research, we seek out those demonstrating commitment and leadership in terms of their policies, systems, and openness on replacement, reduction and refinement, and where possible, setting long-term objectives and targets in these three areas.

Responsible Management of Risks

The use of animals in research presents a number of potential ethical, social and environmental risks to business if not managed in a responsible manner. As already mentioned, the application of genetic engineering (GE) to animal research and use of cloning to facilitate the production of transgenic animals, adds new risks as well as creating a different dimension to those already associated with animal research. There is risk to corporate reputation, which can be damaged through association with animal research (both directly and indirectly), particularly in cases of poor practice. This damage could deter customers (affecting the markets the company can sell in), increase costs and prejudice future business. The actions of animal rights and/or anti-GE activists can have psychological impacts on employees, financial as well research implications. Public sentiment could have significant impacts on the regulatory environment, potentially adding to costs or at worst, derail corporate strategy. Huntington Life Sciences is an obvious example and illustrates starkly how non-financial risks can have a material impact on businesses. The actions of various stakeholders has ultimately resulted in the company having to relocate to another country to enable it to continue to access financial resources to conduct its business.

Sustainability Opportunities

We believe there are future investment opportunities in the area of non-animal research alternatives. Although some alternatives do currently exist, we believe that the range and robustness of alternatives will only increase in the future.

Recommendations

We believe that in a sustainable economy where animals would be afforded greater respect, there would be clear incentives for less use of animals in research, and where research is conducted on animals, that these are minimised and refined to reduce pain and distress. For this to happen we believe a step shift is needed which would require re-inventing the 3Rs for current and future challenges. In such a future, research would be more knowledge based, more responsive to the values of society, governed by smart regulation, as well as ensuring greater transparency.

Knowledge-Based

- We believe more emphasis and resources need to be dedicated to independent research into alternatives such as in vitro methods, bioinformatics and epidemiological studies;
- We encourage further, objective and independent exploration of the most basic premise of animal research - that results are relevant to humans. This is even more important as GE technologies are increasingly being adopted, as the use of transgenic animals takes this basic assumption to another level;
- Before the use of transgenic animals in research becomes more prolific, we encourage further investigation of the likelihood and magnitude of the social and environmental risks;
- We encourage more research looking at ways to reduce the amount of animal research conducted, and refinement of animal research techniques to minimise suffering;

- We encourage greater sharing of knowledge to reduce duplication and unnecessary animal research), possibly through a central independent organisation.

Responsive

Society needs to think more fundamentally about its relationship with animals and consider what are its long-term goals with regards the use of animals in research. To do this, we encourage an open and frank debate among all stakeholders about the various ethical, social and environmental issues associated with animal research, the increasing use of transgenic animals, and animal cloning. We believe this is particularly important in relation to transgenics and cloning, as much of the ethical foundation - and thereby its public legitimacy - has yet to be established. We also encourage debate about alternatives, and ways to manage animal research so as to reduce and minimise animal suffering.

Smart Regulation

The UK has led the way in terms of developing regulation on the use of animals in research, and we would encourage it to continue to do so. Future regulation needs to build on the requirement for the use of alternatives, requiring the need to make a convincing rationale for the benefits and management of risks. There should be greater incentives to reduce the use of animals in research as well as better designed tests to reduce animal suffering. However, what it is vital that the development of regulation does not increase the burden, and so regulation should be developed with this in mind (smart regulation).

A robust regulatory framework is vital for providing assurance to stakeholders that concerns and risks are being addressed, minimised, monitored, that those failing to do so are held accountable, and that corrective action is taken where necessary. There must be sufficient allocation of resources to ensure full implementation, enforcement and monitoring of compliance against the regulations. Companies may need clearer information and guidance on their legal duties and responsibilities with regards to the use of transgenics and cloning. It is also important that, whatever regulation is implemented, that this takes into account other activities which may impact on this area, in the context of regional, national and international parameters. Lastly, there should be regular and timely reviews of the regulatory framework to ensure it remains effective, and takes into account new concerns as relevant.

The Transparency Imperative

With such a complex and contentious issue as the use of animals in research, transparency and openness is vital. Poor public disclosure hinders the ability of society to make informed decisions. To date, public attitudes to animal testing have undoubtedly been shaped by a lack of trust of scientists in general and a lack of openness by the scientific community on the subject. There needs to be independent, objective and comprehensive information available to the public about the use of animals in research. Disclosure needs to be set in the appropriate context and use an appropriate language, depending on the target audience.

As investors, we also believe companies should be routinely disclosing their involvement in animal research - particularly about their use of transgenic animals in research and animal cloning - and consider including this in their Operational Financial Review (OFR) as this can be a material issue.