Law Council
OF AUSTRALIA

Business Law Section

25 September 2025

Ms Hannah Armitage
Research Manager
Australian Council of Superannuation Investors

By email: harmitage@acsi.org.au

Dear Hannah

ACSI Governance Guidelines Review 2025

1. Thank you for the opportunity to comment on the ACSI Governance Guidelines (**Guidelines**).

2. This submission by the Law Council of Australia's Business Law Section has been prepared on behalf of the Corporations Committee (the **Committee**).

3. The Guidelines play a constructive role in assisting ACSI members to achieve value for their beneficiaries through environmental, social, and governance (**ESG**) practices in the companies in which they invest, and as an educative tool more generally. The Committee welcomes ACSI's regular program of review of the Guidelines to keep them up to date.

4. This submission is on one specific aspect that the Committee already considered in the context of the ASX Corporate Governance Council, 5th edition consultation on the Corporate Governance Principles and Recommendations (the **Code**), and which is not currently addressed in the Guidelines.

5. In the Business Law Section's submission to the ASX Corporate Governance Council dated 8 May 2024, the section supported the submission by Animal Welfare Lawyers (**AWL**) to include "harming animals" in the definition of 'social risks' (paragraph 4 of the Law Council submission). This would mean that the ASX CGC recommendation for an entity to disclose whether it has any material exposure to social risks, and if so, how it manages or intends to manage the risk (recommendation 7.4), would require a consideration of any material risks associated with the entity or its suppliers harming animals.

6. A copy of the AWL submission is attached. The submission is based on the Code reflecting community and investor expectations for the welfare of animals. It includes a discussion of King and Wood Mallesons' review of a sample of ASX-listed companies and the impact of the companies' operations on animal welfare.

Of particular relevance to ACSI, the AWL submission also contains a discussion of reports by research bodies:

> *Reports by well-respected independent research bodies clearly demonstrate that animal welfare is an important concern in the community and for investors and comes within the "S" in ESG.*
>
> *Moreover, there is often insufficient transparency about animal welfare for consumers and investors to make informed choices. In the context of ASX investors, there is the added overlay of the information needed by fund and asset managers and others to offer products that meet the demand of investors for investment products where the underlying product or service is consistent with community animal welfare standards.*

7. The reports referred to in the AWL submission include a report by the Responsible Investment Association of Australia (**RIAA**). ACSI's past collaborations with RIAA in relation to ESG include the *ACSI/RIAA Modern Slavery Act—Guide for Investors* and joint releases (with RIAA and others), such as 'Nature Key to Our Shared Prosperity', demonstrating an alignment of views on various aspects of ESG.

8. A summary of the RIAA report, *From Values to Riches 2024: Charting Consumer Demand*[1] is set out in the attached submission:

> *The outcome of the top environmental and social issues Australians want to avoid in their investments is somewhat striking—the table is reproduced in full below. Animal cruelty is at the top of the list at 66%, above human rights and environmental damage. If other animal welfare concerns such as animal testing for non-medical purposes is added, then it is 74%. RIAA observes:*
>
> > *"There remains a striking difference between consumer sentiment and the investment products available to the market. Animal rights is a case in point. Animal cruelty was a top concern amongst Australians in 2022 and has grown in the past two years—66% of Australians now list animal cruelty as important to avoid when investing their money, while 54% want to avoid animal testing for non-medical purposes. However, only 11% of Assets Under Management is negatively screened for animal testing (for non-medical purposes)."*

9. We note that the current version of the Guidelines lists IFRS 2 (Sustainability Disclosure Requirements) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct as references to assist in the identification of ESG issues for management and reporting, both of which documents refer to animal welfare in this context.

10. Accordingly, in the context of the ACSI request for feedback: "is there anything else, beyond what is proposed above, that should be included in an amended version of the Guidelines", our submission is that recognition of animal welfare as part of the 'S' in ESG would reflect current investor and community expectations.

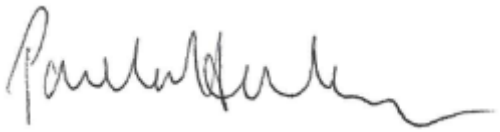
[1] https://www.responsibleinvestment.org/research-and-resources/resource/from-values-to-riches-2024-charting-consumer-demand-for-responsible-investing-in-australia

This could be addressed through an additional section in “3. Oversight of ESG risks and opportunities”.

11. The Committee would be pleased to discuss any aspect of this submission.

12. Please contact the member of the Committee Deborah Hambleton [redacted] if you would like to do so.

Yours faithfully



Professor Pamela Hanrahan
Chair
Business Law Section

1 May 2024

Corporate Governance Council
By upload

Dear Council
ASX Corporate Governance Principles – 5th edition

Thank you for the opportunity to comment on the draft 5th edition of the ASX Corporate Governance Principles (the **Code**). We note that you envisage releasing the final version of the Code in calendar 2025 and will be undertaking a roadshow to inform and seek feedback.

About us

As our name suggests, we are a group of lawyers[1] with an interest in the welfare of animals and expertise across a range of legal areas. Our purposes are:
(a) to provide advocacy on animal welfare issues; and
(b) to promote community awareness of animal welfare; and
(c) to promote changes to the law that will benefit animals and/or advocacy by animal welfare advocates.

We take a practical approach to animal welfare issues that is not driven by any ideological position. While we are a special interest group, the change we are seeking is not a special interest issue. It represents current investor and community concerns and expectations about the welfare of animals.

Overview of submission

We appreciate that the consultation draft is an incremental revision, rather than a complete rewrite, and that it "*gives consideration to evolving investor and community expectations on issues including corporate conduct, culture, risk management, stakeholder relationships, reporting, and remuneration*".[2]

In our submission, therefore, the Code should also represent community and investor expectations for the welfare of animals, which are substantial already and will only increase. We propose that the 5th edition of the Code should include reference to animal welfare. As discussed below, it could do this, for example, as part of the 'social risks' addressed under Principle 7.

[1] Our members include barristers, solicitors, corporate counsel and academic practitioners.
[2] Communique 27/2/24

Appendices

For ease of reading this submission we have provided the detailed proofs to support the statements in this letter by way of attachments. They are:

Attachment A	Banks and financial institutions – animal welfare.
Attachment B	Reports on animal welfare
Attachment C	International Standards.

Detailed submission

Background

The expression "environmental, social, governance" or ESG can be traced back to the UN's 2004 Global Compact titled "Who Cares Wins".[3] The understandable focus on climate change and hence the "E" in this acronym has overshadowed more detailed consideration of social factors. However, social factors have gained greater traction more recently and it has been said that "…*more businesses are realising that social issues should be an integral component of their sustainability strategy*."[4]

Thus, modern discussions of "S" have expanded to refer to issues such as diversity, equity and inclusion, data security,[5] and modern slavery.[6] A number of listed companies also identify animal welfare as a potential source of reputational and financial harm[7] if ignored.[8] As the fallout from banking services provided to Jeffrey Epstein proved, the damage can be significant even when the cause of it is indirect.[9] Moreover, accurate information is critical to the growing demand for ESG screening.[10]

[3] Elizabeth Pollman, "The making and meaning of ESG", European Corporate Governance Institute Law Working Paper No 659/2022 at p 10.

[4] PWC UK, "What does the S of ESG mean to your organisation?" July 2022: See https://www.pwc.co.uk/industries/financial-services/understanding-regulatory-developments/what-does-the-s-of-esg-mean-to-your-organisation.html

[5] Jason Saul, "Fixing the S in ESG", Stanford Social Innovation Review, 22 February 2022: https://ssir.org/articles/entry/fixing_the_s_in_esg#.

[6] S&P Global, https://www.spglobal.com/en/research-insights/articles/what-is-the-s-in-esg visited 25 July 2023

[7] This realisation is increasingly being reflected by the inclusion of reputational hurdles in companies' remuneration structures: See, eg Clancy Yeates, "Using the carrot and the stick to drive better corporate behaviour" *Australian Financial Review* 23 September 2023.

[8] See, eg, the 2023 annual reports of Australian Agricultural Company Ltd, Elders Ltd, Ingham's Group Ltd, Schaffer Corporation Ltd, Tabcorp Ltd, the a2 Milk Company Ltd and Woolworths Group Ltd.

[9] See eg Edward Helmore and others, "JP Morgan settles Jeffrey Epstein lawsuits with US Virgin Islands for $75m" *The Guardian* 27 September 2023 and Karen Maley, "Epstein payout changes how all banks must act" *Australian Financial Review* 19 June 2023.

[10] As demonstrated by the recent decision in *ASIC v Vanguard Investments Australia Ltd* [2024] FCA 308. See also the discussion in the section outlining our second point below.

ASX listed companies – relevance of animal welfare and affected industries

Our first point is that animal welfare is relevant in various ways for a significant number of listed companies and industries. The level of materiality is a matter for each company to assess.

For the purposes of this submission King and Wood Mallesons (**KWM**) undertook a review of a sample of ASX listed companies – reviewing the S&P/ASX50. The impact of each company's operations on animal welfare was divided into the following categories:

- Direct impact – products and services where animals are the input or output. *Example: retail.*
- Indirect impact – animals are affected in the supply chain or transportation of goods and services. *Example: the impact on the environment of mining on animals' habitats.*
- Product development – animals are used or affected in the design, development and testing of products or services. *Example: pharmaceuticals.*
- Funding & financial support – financial support or assistance is provided to other organisations that have a direct or indirect impact on animal welfare. *Example: banks.*

KWM's review concluded that the activities of almost all companies comprising the S&P/ASX50 impact animal welfare, either directly, indirectly, through the development of their products and services, or by providing financial support to other companies that directly or indirectly impact animal welfare.

In addition to the industry in which a company operates, other activities of the company, such as sponsorship, may have animal welfare relevance. To quote one example, Myer ended its sponsorship of the Melbourne Cup because of animal welfare concerns.[11]

In relation to disclosures, KWM's review rated publicly available corporate governance policies and practices of each company in respect of animal welfare. KWM concluded that, generally, companies that have a 'direct' impact on animal welfare have a separate animal welfare policy, and most companies discuss "biodiversity" more broadly as part of their sustainability reporting or corporate governance policies. Companies that have an 'indirect', 'product development' or 'funding & financial support' impact on animal welfare tend not to have a separate animal welfare policy in place and tend not to make specific disclosures around animal welfare (only discussing biodiversity). The review is available on request.

Moreover, disclosure is important in the context of superannuation funds and banks, as Attachment A shows.

[11] Melissa Singer, "Out of fashion: Myer scratches Cup sponsorship" *The Age*, 1 July 2023.

Supplementing this, separate research by us of the 2023 annual reports of ASX-listed companies found that a growing number of companies are reporting on their animal welfare-related activities.[12] In addition:

- several companies listed charitable or other community-based activities directed towards animal welfare[13]
- investment companies referred to their animal-welfare related screening[14]
- some companies are responding to community expectations by undertaking businesses that by-pass the need for animals and hence the risk of animal harm[15] and
- many companies are reporting on sustainability activities to protect native plant and animal species.[16]

Investor and community expectations

Our second point is that investor and community expectations in relation to animal welfare are directly relevant to the Code, reflecting the observation in the consultation draft about considering *evolving investor and community expectations.*

Reports by well-respected independent research bodies clearly demonstrate that animal welfare is an important concern in the community and for investors and comes within the "S" in ESG. A sample from such reports is in Attachment B.

Moreover, there is often insufficient transparency about animal welfare for consumers and investors to make informed choices. In the context of ASX investors, there is the added overlay of the information needed by fund and asset managers and others to offer products that meet the demand of investors for investment products where the underlying product or service is consistent with community animal welfare standards.

The University of Melbourne's Professor Christine Parker and her colleagues[17] reviewed animal welfare in the context of responsible investment and concluded that the two main barriers to consideration of animal welfare issues in Responsible Investment, as raised by the interviewees, are:

> *First, there is a common belief that Australian investors are not exposed to animal welfare issues; however, there is significant exposure through direct investment in animal-use industries (mainly animal agriculture) and supply chains to justify urgent*

[12] See, eg, Adairs Ltd, Apiam Animal Health Ltd, Australian Agricultural Company Ltd, Bega Cheese Ltd, Bendigo and Adelaide Bank Ltd, Capricorn Metals Ltd, Challenger Ltd, Cochlear Ltd, Coles Group Ltd, Elders Ltd, Fisher & Paykel Healthcare Corporation Ltd, Inghams Group Ltd, Opthea Ltd, Pilbara Minerals Ltd, Polynono Ltd Premier Investments Ltd, PYC Therapeutics Ltd, Schaeffer Corporation Ltd, Tabcorp Holdings Ltd, The a2 Milk Company Ltd and Woolworths Group Ltd.

[13] Atlas Arteria Ltd, AUB Group Ltd, Ebos Group Ltd, Pepper Money Ltd, Premier Investments Ltd.

[14] Australian Ethical Ltd, NAOS Small Cap Opportunities Company Ltd, Pengan International Equities Ltd.

[15] ASF Group Ltd (lab-grown meat and animal skin for leather), Dominos Pizza Enterprises Ltd, (plant-based beef).

[16] Aaeris Resources Ltd, Alkane Resources Ltd, Alligator Energy Ltd, Aussie Broadband Ltd, Australian Strategic Materials Ltd, Boral Ltd, Experience Co Ltd, Michael Hill International Ltd, National Australia Bank Ltd.

[17] Parker, C, Cornish A and Boehm A "The Environmental Social Governance of Animal Welfare: A Review of Current Practice in Responsible Investment in Australia" (2022) 50 ABLR 91

> *attention to animal welfare in RI. Secondly, there is low expertise and awareness of animal welfare in the RI community – this can be addressed by the explicit inclusion of animal welfare in ESG metrics and official corporate governance principles.*

Community expectations have evolved, and this has been recognised by regulators, as witnessed by the inclusion of animal sentience in various animal welfare Acts and States' intended re-enactments of their animal welfare laws.[18]

The strength of community attitudes has been reflected in growing shareholder activism, addressing issues such as:

- cage-free eggs;
- confinement of pregnant pigs to gestation crates; and
- animal testing.[19]

Indeed, as long ago as 2016 proxy adviser Glass Lewis supported a proposal on pigs' gestation crates by Green Century Capital Management in relation to Tyson Foods, stating:

> *Given the attention paid to the use of gestation crates and that 60 major restaurant chains have committed to sourcing pork from suppliers who have phased or will phase out the use of gestation crates, we believe that the Company could be placed at a financial disadvantage with respect to its ability to compete for contracts or supply certain pork customers and that* ***increased disclosure of these risks would better allow shareholders to assess how the Company is addressing this issue****.* (our emphasis).[20]

A review of shareholder proposals from the 2022 proxy season in the United States reported an increase in both the number and level of support for animal welfare proposals by comparison with the previous year.[21]

In our submission these trends are being, or will be, replicated in Australia and the Code should be on the front foot by including animal welfare. Major brands and companies are actively and voluntarily adopting animal welfare positions, for example, in relation to cage-free eggs.[22] Community expectations regarding animal welfare will increase further over time and investors will demand to see disclosure in relation to it.

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[18] For example: in Victoria *Animal Care and Protection Bill*, in NSW *Animal Welfare Bill* 2022, in ACT *Animal Welfare Act* 1992 (Republication No 33, effective: 22 February 2023).

[19] Freshfields analysis of ISS data as of June 15, 2023 p 54. Amelia Lucas, "McDonald's shareholders to vote on proxy fight with Carl Icahn over animal welfare practices" CNBC, 25 May 2022. See for example, Volvo, Global announcement, 21 September 2023; Beth Wright, "Peta buys shares to sway sourcing at Levi Strauss, Boohoo," *Just Style* 28 March 2019; Phoebe Wall Howard, "Ford shareholders reject PETA request for annual report on animal testing process" *Detroit Free Press*, 11 May 2023; Phoebe Wall Howard, "PETA declares victory with animal ban for crash test research; Ford updates policy" *Detroit Free Press*, 11 July 2023; Jake Lingeman, "Ford Spells Out Bans on Animal Testing for Suppliers, Scientific Studies" Newsweek, 12 July 2023.

[20] See https://www.greencentury.com/wp-content/uploads/2018/06/Glass-Lews_Tyson-_Report.pdf

[21] Tom P Skulski and Glenn O'Brien, Morrow Sodali "2022 Proxy Season – Shareholder proposal Review" *Harvard Law School Forum on Corporate Governance,* 3 October 2022.

[22] www.rspca.org.au/campaigns/layer-hen-welfare/cage-free-proud.

Consistency with international ESG developments

Our third point is that animal welfare already has evolving recognition as part of the "S" in ESG internationally and amending the Australian Code to recognise animal welfare would be consistent with this evolution. Examples of international developments are detailed in Attachment C, and include the following:

- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023)
- IFRS 2 Sustainability Disclosure Standards (2023)
- GRI 13: Agriculture, Aquaculture and Fishing Sectors (2022)
- GRI G4 Food Processing Sector Disclosures (2014) and
- UN SDGs (2019).

The role of the board

Lastly, it is central to the role of the board that it is in a position to guide and monitor management.[23] A common feature of the governance failures in relation to social risks that have been exposed in recent Royal Commissions and inquiries has been an information gap where management has failed to escalate a matter to the board or directors who are charged with monitoring management have failed to ask the right questions.

More explicit guidance (in this case, regarding animal welfare) on disclosure of social risks would alert boards and entities to the potential for this kind of information gap.

Submission Conclusion

The factors we have identified above and the role of the board, the growing community demand for ethical investments, and the obstacles to effective screening posed by inadequate disclosure all point to the need for additional guidance on social risk disclosure to be included in the Code. We submit that this must include reference to animal welfare because of:

- the growing awareness by companies of the dangers of consumer backlash if they do not treat animals, especially sentient animals, humanely, and
- the increasingly significant concern of investors and consumers that animals are treated humanely by the companies they support.

As set out above, recent research supports that view. And as Parker et al have observed:

> *Animal welfare concerns raised by the use of animals for food and textiles, in health, beauty and veterinary products, and so on, represent a real and inescapable investment risk…. Specific mention of animal welfare in Principle 7 of the ASX CGPR – the leading statement of ESG in Australia – would assist in raising awareness and signalling the need for upskilling in this area. Animal welfare is a real concern for*

[23] *Daniels v Anderson* (1995) 37 NSWLR 438 at 501.

> *institutional investors that have a diverse stockholding and are focused on the long-term sustainability of their investment future.* [24]

The 5th edition in Recommendation 7.4 states "*A listed entity should disclose (a) any material risks (including its material environmental, social and governance risks) and (b) how it manages or intends to manage those risks*." The definition of "social risks" in the Glossary addresses human society.

We recommend amending the definition of "social risks" in the manner outlined below. We note the following in relation to our revised formulation of the definition:

1. It includes the amendments proposed by the Council (underlining and strike through).
2. Our proposed amendments are underlined and marked in red.
3. We have added reference to investments and customers to address a potential limitation that, we submit, was probably unintended. This amendment is intended to capture (for example) fund exposure to investments and bank exposure to customers.

Our formulation is -

> *"social risks: the potential ~~negative~~ consequences (including systemic risks and the risk of ~~consequential~~ regulatory responses) to a listed entity if its activities ~~adversely~~ affect human society or its activities are ~~adversely~~ affected by changes in human society. This includes the risks associated with the entity, and (as applicable) its investments, or its customers or its suppliers engaging in modern slavery, aiding human conflict, facilitating crime or corruption, mistreating employees, customers or suppliers, or harming the local community (including from failing to protect data, or the inappropriate application of artificial intelligence) or harming animals. It also includes risks for the entity associated with large scale mass migration, pandemics or shortages of food, water or shelter".* [25]

Our proposed change to capture reference to harm done to animals would be an important reform helping to future-proof the 5th edition of the Code.

[24] Parker C, Cornish A and Boehm L 'The Environmental Social Governance of Animal Welfare: A Review of Current Practice in Responsible Investment in Australia' (2022) 50 *ABLR* 91, at p 105.

[25] An example of this approach being taken is Challenger Ltd in its 2023 Governance and Sustainability Report: Under the heading Social - *"Human capital, workplace health and safety, labour relations and standards, human rights, modern slavery, demographic changes, supply chain, responsible lending, data privacy, Indigenous cultural heritage, **animal welfare** and community impacts."* (p8, our emphasis)

Conclusion

Thank you again for considering our submission. We would be pleased to discuss any aspect of this submission and to participate in the roadshow.

Please contact Alan Shaw at alanjshaw@outlook.com, in the first instance if you would like to discuss any aspect of this submission.

Yours sincerely



ALAN SHAW on behalf of Animal Welfare Lawyers

Attachment A - Banks and financial institutions – animal welfare

World Animal Protection
https://www.worldanimalprotection.org.au/our-work/factory-farming/finance/super-funds/

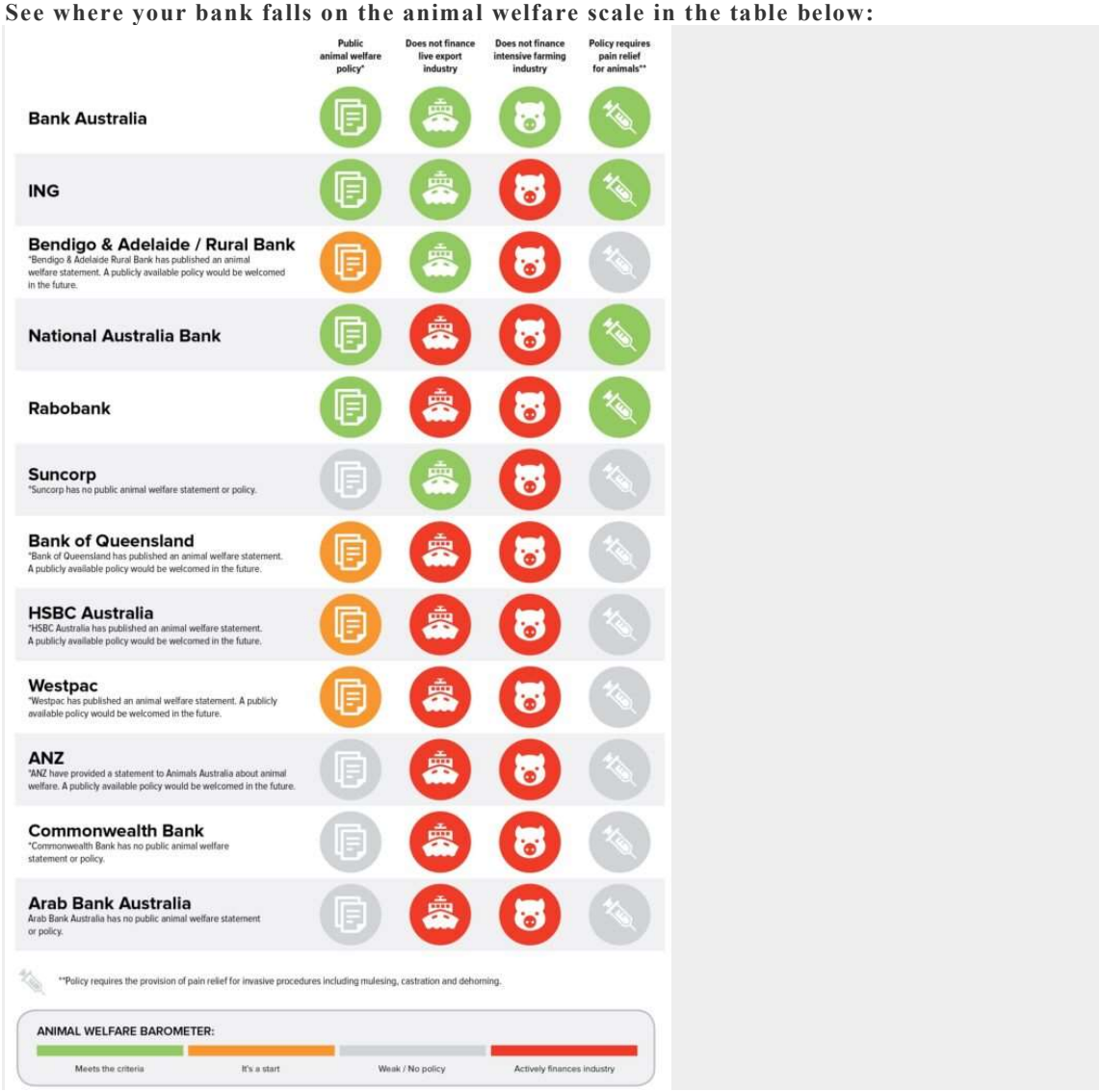
Here are the super funds (as of 2022) with animal welfare options for their members:

	No live animal export	No intensive animal farming	No animal testing - cosmetics	Published animal welfare policy or position statement	Published antibiotic use policy - animal agriculture	Proactive animal welfare advocacy
Australian Ethical	✓	✓	✓	✓	✓	✓
Cruelty Free Super	✓	✓	✓	✓	✓	~
Future Super	✓	✓	✓	✓	✓	~
Verve Super	✓	✓	✓	✓	✓	~
CareSuper	✓	✓	✓	✓	✓	✗
Christian Super	✓	✓	✓	✓	~	~
Australian Catholic Super Retirement Fund (ACSRF)	✓	✓	✓	~	✓	✗
Rest Super	✓	✓	✓	~	✓	✗
Mercy Super	✓	~	✓	~	✓	✗
NGS Super	✓	✗	✓	~	✗	✗
Aware Super	✓	✗	✗	~	✗	✗
HESTA	✓	✗	✗	~	✗	✗
Hostplus	✓	✗	✗	~	✗	✗
Perpetual WealthFocus Super	✗	✗	✓	~	✗	✗
Sunsuper	✓	✗	✗	~	✗	✗
VicSuper	✓	✗	✗	~	✗	✗
Media Super	~	~	~	~	✗	✗
All Other Super Funds	✗	✗	✗	✗	✗	✗

Meets the criteria | It's a start | Doesn't meet the criteria

Animals Australia
https://animalsaustralia.org/our-work/compassionate-living/bank-measure-up-animal-welfare/

See where your bank falls on the animal welfare scale in the table below:

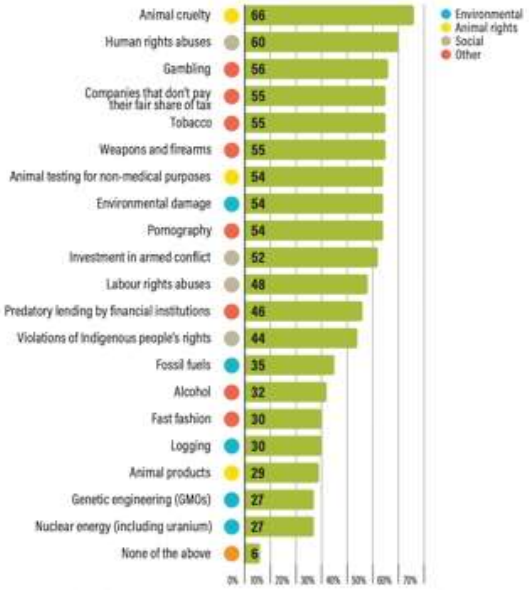


Attachment B – Reports on animal welfare

Responsible Investment Association Australasia (RIAA): "*From Values to Riches 2024 Charting consumer demand for responsible investing in Australia"*: RIAA commissioned Lonergan Research to conduct the research. The outcome of the top environmental and social issues Australians want to avoid in their investments is somewhat striking – the table is reproduced in full below. Animal cruelty is at the top of the list at 66%, above human rights and environmental damage. If other animal welfare concerns such as animal testing for non-medical purposes is added, then it is 74%. RIAA observes:

> *"There remains a striking difference between consumer sentiment and the investment products available to the market. Animal rights is a case in point. Animal cruelty was a top concern amongst Australians in 2022 and has grown in the past two years – 66% of Australians now list animal cruelty as important to avoid when investing their money, while 54% want to avoid animal testing for non-medical purposes. However, only 11% of Assets Under Management is negatively screened for animal testing (for non-medical purposes)."*

FIGURE 14 Top environmental and social issues Australians want to avoid in their investments



QUESTION: *Which of the following are important issues to avoid when investing your money (including superannuation, banking and other investments)?*

Behaviorworks Australia, Monash University, "*Australian Animal Welfare Survey 2023"*: The Australian Alliance for Animals commissioned BehaviourWorks Australia to understand Australian public beliefs, expectations and behaviours regarding systemic change for animals. Almost 9 out of 10 Australians affirmed that the law should require that all sentient animals

are provided with good animal welfare and that animal welfare should be protected by the government through legislation. This indicates that the vast majority of the community regard animal welfare as important and to be protected.

Futureye, "*Australia's Shifting Mindset on Farm Animal Welfare" 2018:* The Department of Agriculture and Water Resources requested Futureye to identify expectations of farm animal welfare to understand whether the current regulations are perceived to be sufficient. By way of summary:

> "*Futureye's findings clearly show that the Australian public's view on how farm animals should be treated has advanced to the point where they expect to see more effective regulation. In Australia today, 95% of people view farm animal welfare to be a concern and 91% want at least some reform to address this."*

In the current context, the following observation is particularly pertinent, emphasising the importance of transparency:

> "*The research also indicates that there is distrust of the industry and government when it comes to the welfare of farm animals. This distrust seems to be fuelled by the perception that there is a lack of transparency and that certain information may be kept hidden intentionally, or deliberately obscured."*

Productivity Commission Inquiry Report No 79, "*Regulation of Agriculture*" (28 March 2017) devoted a complete chapter to animal welfare. The report noted that there were heightened community concerns about environmental and animal welfare impacts of farming practices and explicitly recognised that the objectives of regulation include reflecting evolving community attitudes saying:

> *"Farm animal welfare is a policy area that is expected to evolve over time as community attitudes evolve and as new scientific evidence becomes available. The policy challenge is to have arrangements in place that can transparently weigh up the costs of improved animal welfare against the benefits (the value of animal welfare to the community)."*

Attachment C – International Standards

OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023): Clause 85 say that Enterprises should respect animal welfare standards that are aligned with the World Organisation for Animal Health (WOAH) Terrestrial Code and expands on this point.

IFRS 2 Sustainability Disclosure Standards (2023) IFRS recognises animal welfare as a social risk, for example in Volume 1 Apparel, Accessories & Footwear and in Volume 22 Food Retailers and Distributors. In the latter, IFRS says:

> "*..suppliers face a myriad of sustainability-related challenges that include resource conservation, water scarcity, animal welfare, fair labour practices and climate change….consumers are increasingly concerned with the production methods, origins and externalities associated with the foods they purchase, which may affect an entity's reputation."*

FB-FR-430a.3 set out the matters an entity is to discussion to manage environmental and social risks within the supply chain, including animal welfare – this includes animal welfare standards, any targets, certifications etc.

GRI 13: Agriculture, Aquaculture and Fishing Sectors (2022): Topic 13.11 is animal health and welfare. It says:

> '*Animal health and welfare is crucial because it concerns productivity, the safety of animal-derived products, and the humane treatment of animals*.' And sets out additional recommendations and disclosures.

GRI G4 Food Processing Sector Disclosures (2014) includes a section on disclosures and indicators for animal welfare. It says:

> "*Consumers have become increasingly concerned about the way in which animals reared for food are managed and cared for. Their perception of food quality is determined not only by the taste and pricing of the product, but also by ethical issues such as the welfare of the animals from which the product was produced*."

UN SDGs (2019): The UN Global Sustainable Development Report identified animal welfare as one of several key missing issues in the 2030 Agenda for Sustainable Development and its SDGs. It said:

> **"***The clear links between human health and well-being and animal welfare is increasingly being recognized in ethics- and rights-based frameworks. Strong governance should safeguard the well-being of both wildlife and domesticated animals with rules on animal welfare embedded in transnational trade."*