Advocacy brief: Arguments for updating the OECD Guidelines to include business standards on animal welfare

Outcome sought: Update of the OECD Guidelines for Multinational Enterprises (Guidelines) to strengthen expectations for multinational enterprises (MNEs) on animal welfare.

Problem: The OECD Guidelines do not address animal welfare despite clear links between responsible business conduct on animal welfare and impacts to animals, people, and the planet
The OECD Guidelines do not make reference to animal welfare at all, despite the fact that animal welfare is increasingly acknowledged as an issue relevant to responsible business conduct (RBC) and a consumer concern. Low animal welfare not only generates significant impacts for animals as sentient beings that experience stress and pain, but also presents serious risks to humans and the environment. Each year, billions of animals are used in industries including farming, textiles, pharmacy and cosmetics, tourism and finance. Irresponsible business conduct by businesses in animal-based industries has led to serious impacts on animals, people and the environment, including (but not limited to) the following:

- **Negative public health and safety effects:** High-density animal keeping and increased interaction between animals and humans increases the risk of the emergence of zoonotic diseases (e.g. COVID-19, SARS, Ebola, Avian Flu), with severe impacts on human health, economic growth and social equity. Preventing the spill-over of pathogens to humans costs substantially less than responding to these pathogens once they emerge.[1] Low animal welfare and subsequent overuse of antibiotics is also driving up antimicrobial resistance, which is projected to kill 10 million people annually by 2050 unless action is taken to address it.[2]
- **Deforestation and loss of biodiversity:** Intensive livestock farming and the related production of feed for farm animals (e.g. soy) have had a massive impact on the degradation and destruction of key biomes such as the Amazon and Cerrado, resulting in a severe loss of habitats for flora and fauna, which in turn results in a disastrous loss of biodiversity.[3]
- **Environmental pollution:** Intensive livestock farming and the production of animal-derived materials are linked to soil, water, and air pollution due to the use of fertilizers, chemicals and pharmaceuticals, and the waste this industry generates.[4] This pollution can threaten human health, biodiversity and the ecosystems that underpin our economies.
- **Climate change:** According to FAO, livestock contribute approximately 14.5% of the total annual anthropogenic GHG emissions globally.[5] Livestock influence climate through land use change, feed production, animal production, manure, and processing and transport.[6]
- **Crime and labour exploitation**: (Il)legal wildlife trade involves major transnational organised crime, and legal and illegal trade routes are often intertwined. Wildlife crime groups operate as global networks, and are often linked to the drugs and weapons trade, human trafficking and money laundering.[7] Unsustainable fishing has increased forced labour; the pressure to maintain and increase fish supplies at the same time as fish stocks are falling has resulted in endemic labour exploitation in an under-regulated industry.[8]
- **Severe neglect of animals' needs:** Animals are sentient beings, meaning they have the neurophysiological system that enables them to experience emotions such as joy, pleasure, pain and frustration. Many companies and/or their supply chains involve animal testing, intensive confinement and practices that are scientifically identified as causing severe pain and long-lasting frustration for the animals.

Impact of the problem: Lack of clear standards for MNEs and remedy for impacted parties
The total lack of reference to animal welfare in the OECD Guidelines has two consequences:

1) Lack of coherent, comprehensive RBC standards for MNEs on this important subject; and

2) Total lack of access to remedy via the National Contact Point (NCP) grievance mechanism for civil society and other interested parties seeking to address the corporate role in improving animal welfare and preventing the harmful impacts described above.

Solution to the problem: Update the OECD Guidelines to add expectations for RBC regarding animal welfare.
The complete gap in coverage of on animal welfare should be closed so that MNEs understand that ensuring good animal welfare in their value chains is a critical component of RBC, and often relevant to fulfilling the other standards in the Guidelines. To this end:

Chapter II (General Policies) should:

- Clarify in commentary that MNEs should undertake due diligence over RBC impacts arising from suboptimal animal welfare in their value chains;
- Call on MNEs to establish and implement measurable objectives for improving animal welfare in their value chains;
    - Commentary to Chapter II should encourage MNEs to adopt more holistic, ethical, and sustainable systems of keeping, producing and consuming animals, to include implementing less intensive farming systems, supporting higher animal welfare, and engaging in more monitoring of animal health and well-being.

Parallel laws and standards
An update to the Guidelines could draw on existing language on animal welfare in various laws and international initiatives:

- OECD guidance, including the OECD-FAO Guidance for Responsible Agricultural Supply Chains, which calls upon enterprises to assess the likely impact on animal welfare when undertaking environmental, social, and human rights impact assessments, and the OECD Guidelines for the Testing of Chemicals and the OECD Mutual Acceptance of Data (MAD) system, which contemplate measures governments can adopt to eliminate or reduce the number of animals used for safety test assessments;
- The UN Sustainable Development Goals, particularly Goals 14 and 15 relating to conservation and protection of aquatic and terrestrial life that promote responsible and sustainable practices (e.g. in fishing and agriculture) with implications for animal welfare;
- International standards, such as the FARMS Initiative Responsible Minimum Standards, which set specific criteria for how farm animals should be raised, transported, and slaughtered and are being used by global financial institutions; and the UNEP Finance Initiative’s 2019 Guidance Document on Principles for Responsible Banking which references the FARMS Responsible Minimum Standards, a set of criteria for minimum measures to protect farm animals during rearing, transport, and slaughter offered as a minimum benchmark for global financial institutions;
- EU laws such as Directive 2010/63/EU covering the protection of animals used for scientific purposes;
- National laws and policies that increasingly acknowledge animal sentience and demand more humane treatment towards them;
- Frameworks such as the ‘One Health, One Welfare’ approach that promote key global objectives such as supporting food security, sustainability and agricultural productivity through a better understanding of the broader impacts of high animal welfare standards; and
- Guiding principles, such as the Five Domains model, that explore how an animal’s nutrition, environment, health, and behaviour can all impact its mental state.

These laws, standards, and initiatives do not cover the full range of animal species used for food, dairy, medicine, tourism, clothing production, labour, entertainment, companionship or environmental services. This has led to significant fragmentation in the understanding of animal welfare – and MNEs' responsibilities towards animal welfare – across regions and sectors. This is further reason for the OECD Guideline to be updated to reflect – across sectors, value chains, and regions – the importance of animal welfare as an element of RBC.

Why address this issue now?
The OECD Guidelines, originally drafted in 1976, have not been updated since 2011 and are out of date in many ways. Ten years of implementation of the current text of the Guidelines have revealed numerous gaps in the text that cause both a serious lack of clarity and coherence in international norms on key elements of responsible business conduct, and diminish victims' chances for remedy and accountability via the NCPs. Meanwhile, recent developments in RBC standards and laws made beyond the OECD Investment Committee are threatening to make the OECD Guidelines comparatively less useful or even obsolete.

The OECD Investment Committee's Working Party on Responsible Business Conduct (WPRBC), responsible for the OECD Guidelines, has completed a comprehensive stocktaking to identify what gaps exist in the Guidelines and assess whether an update is needed to close them. The stocktaking results show broad consensus among NCPs, stakeholders, and the public that the Guidelines are not adequately clear on this and other issues. The Investment Committee is now considering whether to update the Guidelines, as it has done every decade since 2001 and before that as well. Such an update would provide an opportunity for OECD governments to address the problems OECD Watch and others have identified. ***Wholescale update is not needed. Instead, smart, targeted edits to principles and/or commentary in key sections would go a long way in closing the gaps.***

Who needs to act?
OECD governments should show commitment to keeping the OECD Guidelines up to date with evolving issues in the field of business and human rights, and acknowledge civil society's concerns over limitations in the Guidelines' standards and complaint system, by improving the Guidelines through a textual update. Governments have a critical opportunity right now to close the gaps identified by NCPs and stakeholders. OECD Watch asks all states to support ongoing discussion on specific textual edits on the issues civil society is prioritizing and encourages those states that wish to champion various concerns of civil society to present proposals to resolve the gaps found. OECD Watch stands ready to support individual states and the Committee during the anticipated update process.

About OECD Watch
OECD Watch is a global network with over 130 member organisations in more than 50 countries. Founded in 2003, OECD Watch's primary aim is to help support CSO activities related to the OECD Guidelines and the work of the OECD's Investment Committee. Membership consists of a diverse range of civil society organisations – from human rights to environmental and development organisations, from grassroots groups to large, international NGOs – bound together by their commitment to ensuring that business activity contributes to sustainable development and poverty eradication, and that corporations are held accountable for their adverse impacts around the globe. For more information, please visit www.oecdwatch.org.

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