



## **The Business Benchmark on Farm Animal Welfare 2013 Report**

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The Business Benchmark on Farm Animal Welfare (BBFAW) is designed to improve corporate reporting on farm animal welfare management, policies, practices, processes and performance, and, over time, to contribute to improvements in the farm animal welfare practices and performance of food companies. It is the first global measure of farm animal welfare management, policy commitment and disclosure in food companies and is designed for use by investors, companies, NGOs and other stakeholders interested in understanding the relative performance of food companies in this area.

The programme is supported by two principal partners, Compassion in World Farming and the World Society for the Protection of Animals (WSPA), through the provision of technical expertise and guidance, funding and practical resources.



#### **Compassion in World Farming**

Compassion in World Farming ("Compassion") has been engaging with food business companies to drive up standards in farm animal welfare for over a decade. In 2009, it established a Food Business Team to strengthen dialogue and promote collaboration with food businesses. As a part of this, Compassion is dedicated to developing appropriate tools to benchmark the relative animal welfare performance of companies and to recognise and acknowledge best practice. Its annual Supermarket Survey and Good Awards programme are proven tools for effective engagement with food business companies across Europe.

The Food Business Team now works in partnership with many of the leading brands to develop practical solutions to animal welfare issues within the supply chain. By focusing specifically on those with the highest volumes, over 377 million animals are set to benefit each year as a result of work to date.



#### **World Society for the Protection of Animals (WSPA)**

At the World Society for the Protection of Animals (WSPA), we have protected animals around the globe for more than 30 years. We use our collective skills and knowledge to move individuals, organisations and governments to transform animals' lives. Our diverse work includes ending the mass suffering of industrially farmed animals, preventing the pain of individual animals caught up in disasters, and making rabies-driven dog culls history by proving that a humane response works best for animals and people.

Working in more than 50 countries, we create positive change by exposing cruelty and pioneering sustainable solutions to animal suffering. We also act for animals at a global level, using our consultative status at the United Nations to make sure our message is heard: that the lives of animals are inextricably linked to our own, and now more than ever is the time to stop their suffering.

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**FOREWORD**

Over the 25 years I have been an investor in private and public companies, I have seen a dramatic change in the investment community's acceptance of the principles for investing responsibly. The old model of returns measured on a purely financial basis is waning. Like the businesses they back, investors have an obligation to nurture the world they live in.

Environmental, Social and Governance, or ESG, policies are rapidly becoming a vital part of investors' toolkits. ESG is the investment community's equivalent to corporate social responsibility.

A very important part of this is animal welfare. Every day, we learn more about animals' complex thought processes, their intelligence and their ability to feel pain and pleasure. These matters are becoming more of a priority for society, which is why I ask colleagues in the investment community to reflect on what we can do to help improve the quality of life for our farm animals.

There is increasing concern among consumers about the way in which farm animals are treated in the course of producing meat, dairy or egg products. As indicated by the Business Benchmark, we see a wide spectrum in the way food companies address farm animal welfare. The admirable work of Sainsbury's and their 20 by 20 Sustainability Plan was outlined by their CEO Justin King CBE in the 2012 Benchmark, and we congratulate them on this pioneering project.

Farm animal welfare is also growing in importance for investors in the food industry. We are beginning to understand that higher standards of welfare are not only important to meeting consumer expectations but, given the health risks associated with poor care, can also have a beneficial effect on business efficiency, profitability and long-term market value.

Until now, investors have had few tools to enable them to assess and benchmark the relative performance of companies in this area. Over the past year, the Business Benchmark on Farm Animal Welfare has begun to address these issues. It has rapidly developed into the core source of information for investors and other stakeholders on corporate approaches to farm animal welfare. More importantly, it has started to deliver real change in corporate practice and performance, with the support of Compassion in World Farming and the World Society for the Protection of Animals.

We actively support and endorse the Benchmark as a tool that investors can use in their investment research and decision-making. It guides and encourages companies to improve their farm animal welfare-related policies, governance processes, management controls and impacts. Investor support of the Benchmark is a clear signal that this issue will only become more important to the investment community in the coming years.

Together, we can build a future that will improve the lives of billions of humans and other animals.



**Jeremy Collier**

Chief Investment Officer  
Collier Capital



## EXECUTIVE SUMMARY

### Setting the Scene

Farm animal welfare is an important business issue for all food sector companies; retailers, service companies, manufacturers, processors and producers. This is being driven by a range of factors including regulation, consumer concern, client demand, and the brand and market opportunities for companies that adopt higher farm animal welfare standards (or the risks of not addressing the issue).

As investor awareness of the business case for managing farm animal welfare standards grows, companies are increasingly expected to report on their performance in a way that provides investors and other stakeholders with the reassurance that farm animal welfare-related issues are being effectively managed across their national, regional and global operations and through their supply chains.

## THE BUSINESS BENCHMARK ON FARM ANIMAL WELFARE

### About the Business Benchmark on Farm Animal Welfare Programme

The Business Benchmark on Farm Animal Welfare programme has been designed to help drive higher farm animal welfare standards across the world's leading food business. Its aims are:

- To provide investors and other stakeholders with the information they need to understand the business risks and opportunities linked to farm animal welfare for the companies in which they are invested.
- To provide investors, governments, academics, NGOs, consumers and other stakeholders with an independent, impartial and reliable assessment of individual company efforts to adopt higher farm animal welfare standards and practices.
- To provide guidance to companies interested in improving their management and reporting on farm animal welfare issues.

A key tool for the delivery of these objectives is an annual benchmark of food companies' performance on farm animal welfare. The first Business Benchmark on Farm Animal Welfare ('Benchmark'), covering company performance in August/September 2012, was published in February 2013, and the second Benchmark (covering company performance in August/September 2013) was published in December 2013.

### GOVERNANCE

The Benchmark has been developed with the support and expertise of leading farm animal welfare organisations, Compassion in World Farming and the World Society for the Protection of Animals (WSPA). It is governed by an independent secretariat which provides a programme director and other resources necessary to coordinate the delivery of the Benchmark criteria, and the accompanying dialogue with stakeholders.

The Benchmark assessed company approaches to farm animal welfare on the basis of their published information in three core areas:

- Management Commitment and Policy, including overarching farm animal welfare policies as well as specific policies on issues such as close confinement and long-distance transport.
- Governance and Management, including management oversight, farm animal welfare-related objectives and targets, supply chain management and performance reporting.
- Leadership and Innovation including research and development and customer and client engagement.

In total, 70 food companies were included in the 2013 Benchmark. These companies – which were spread across the three food industry subsectors, i.e. (a) food retailers and wholesalers, (b) restaurants and bars, and (c) food producers (see Table 1) – provided a broadly representative sample of the largest companies in the European food sector. It is relevant to note that, while primarily comprising European companies, the 2013 company scope included 15 US companies and one Brazilian company who have a significant presence in Europe (see Table 2).

**Table 1: Companies by Sub-sector**

SUB-SECTOR (AND ICB CLASSIFICATION)*	NUMBER
Food Retailers and Wholesalers (5337)	23
Restaurants and Bars (5757)	21
Food Producers (3570)	26
<b>Total</b>	<b>70</b>

**Table 2: Companies by Country of Listing or Incorporation**

COMPANIES BY COUNTRY	NUMBER
UK	18
USA	15
France	8
Germany	7
Italy	4
Netherlands	4
Norway	2
Sweden	2
Switzerland	4
Denmark	2
Spain	2
Belgium	1
Brazil	1
<b>Total</b>	<b>70</b>

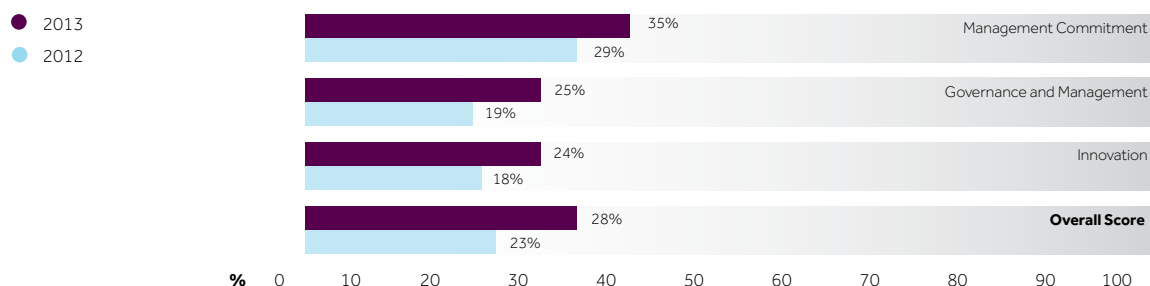
\*Industry Classification Benchmark

## Key Findings

### ***There is clear evidence that farm animal welfare is rising up the business agenda...***

We are starting to see tangible signs that companies are increasing the attention they pay to farm animal welfare (see Figure 1). This is being seen across all the three core areas of the Benchmark (i.e. Management Commitment, Governance and Management, and Leadership and Innovation). For example, the number of companies that have published a formal farm animal welfare policy has increased from 46% to 56% over the past year, and the number that have published objectives and targets for farm animal welfare has increased from 26% to 41%.

One of the most important findings was that there has been a significant increase in the number of companies that provide information to their customers or consumers on farm animal welfare with 30 of the 70 companies (43%) assessed in the 2013 Benchmark providing this information compared to just 25% in the 2012 Benchmark. Moreover, 16 of the 30 presented multiple examples, suggesting that farm animal welfare is an integral part of their customer messaging and engagement, rather than a one-off activity. This proactive communication on farm animal welfare is hugely important; it helps to raise the awareness of farm animal welfare issues among consumers and it signals that farm animal welfare should be an integral part of food companies' approaches to corporate sustainability.

**Figure 1: Overall Scores**

**...but farm animal welfare continues to receive much less attention than other corporate responsibility issues.**

While over 70% of the companies covered by the 2013 Benchmark acknowledge farm animal welfare as a business issue, many have yet to formalise their commitment in overarching policies or equivalent documents, and fewer have set out the specific commitments that underpin this area. More specifically, only 56% have published a formal farm animal welfare policy, just 39% describe how their board or senior management oversee their approach to farm animal welfare, and only 41% have published objectives and targets for farm animal welfare.

**While there is a huge variation in company performance....**

Figure 1 presents a composite picture of company scores. We have classed the surveyed companies into one of six tiers as follows:

TIER	PERCENTAGE SCORE
1: Leadership	>80%
2: Integral to Business Strategy	62 – 80%
3: Established but Work to be Done	44 – 61%
4: Making Progress on Implementation	27 – 43%
5: On the Business Agenda but Limited Evidence of Implementation	11 – 26%
6: No Evidence that on the Business Agenda	<11%

# BUSINESS BENCHMARK ON FARM ANIMAL WELFARE 2013: COMPANY SCORES

## **Tier 1 Leadership**

Coop Group  
(Switzerland),  
Marks & Spencer

## **Tier 2 Integral**

The Co-operative Food (UK),  
J Sainsbury, Marfrig,  
Noble Foods, Unilever

## **Tier 3 Established**

Arla, McDonald's, Migros, Nestlé,  
Royal FrieslandCampina, Smithfield Foods, Tyson,  
Vion, Waitrose, Wm Morrison

## **Tier 4 Making Progress**

Cargill, Compass, Cranswick, Cremonini, Dairy Crest,  
Danish Crown, Groupe Danone, Koninklijke Ahold,  
Kraft Foods Group Inc, Premier Foods, Rewe,  
Sodexo, Subway, Tesco, Walmart, Yum! Foods

## **Tier 5 On the Business Agenda**

Aldi Süd, Barilla, Carrefour, Greggs, Group Lactalis, ICA Gruppen,  
JD Wetherspoon, Lidl, Mercadona, Metro, Mitchells & Butlers,  
Mondeléz International, Schwarz Unternehmens (Kaufland), Starbucks

## **Tier 6 Not on the Business Agenda**

2 Sisters Food Group, ABF, Aldi Nord, Aramark, Autogrill, Burger King, Camst,  
Casino, Delhaize, El Corte Inglés, Elio, Gategroup, Groupe Auchan, Hillshire Brands,  
HJ Heinz, Mars, Müller, Quick, SSP, Terrena Group, Thon Gruppen, Umoe Gruppen, Whitbread



***...there are clear signs of improvement...***

Table 3 illustrates how the company rankings have changed from 2012 to 2013.

**Table 3: Number of Companies by Tier**

TIER	NUMBER	
	2012	2013
1: Leadership	0	2
2: Integral to Business Strategy	3	5
3: Established but Work to be Done	6	10
4: Making Progress on Implementation	18	16
5: On the Business Agenda but Limited Evidence of Implementation	18	14
6: No Evidence that on the Business Agenda	23	23
<b>Total</b>	<b>68</b>	<b>70</b>

The fact that 37 out of the 70 companies appear in Tiers 5 and 6 reinforces the point that farm animal welfare is a relatively immature business issue. However, a closer look at the data points to two more encouraging signs. The first is that there are now 17 companies in the top three tiers, whereas in 2012 only nine companies achieved this level. Of these, two (Coop Group (Switzerland) and Marks & Spencer) reached Tier 1 and a further five (The Co-operative Food (UK), J Sainsbury, Marfrig, Noble Foods and Unilever) reached Tier 2. These companies have made strong commitments to farm animal welfare, have well-developed management systems and processes, and have a clear focus on farm animal welfare outcomes.

The second encouraging sign is that 19 of the 70 companies have made notable improvements in their farm animal welfare-related management and/or reporting over the past year. These include Coop Switzerland (which moved from Tier 3 to Tier 1), Gruppo Cremonini (Tier 6 to Tier 4), Marfrig (Tier 4 to Tier 2), Marks & Spencer (Tier 3 to Tier 1), Nestlé (Tier 5 to Tier 3), Sodexo (Tier 6 to Tier 4) and Walmart (Tier 6 to Tier 4).

***...but companies need to maintain their focus***

While the general trend is encouraging, a number of companies achieved lower scores than the 2012 Benchmark. Five companies (2 Sisters Group, ICA Gruppen, Mitchells & Butlers, Terrena Group and Whitbread) fell by at least one tier, and a number of others saw their scores decline year-on-year. While, in some cases, the reasons related to corporate events (e.g. such as takeovers or mergers), in most cases the cause appeared to be changes in reporting rather than changes in policy and practice. For example, a number of these companies revamped their corporate websites and, in the process, removed most or all of the information they had previously provided on farm animal welfare.

## What are the implications...

### *...for investors?*

Reflecting the core message from the 2012 Benchmark, the key conclusion to be drawn from the 2013 Benchmark is that farm animal welfare continues to be a systemic risk that many companies in the food industry are either not effectively managing or not properly reporting.

While we have produced a broad ranking of companies, we think that it is premature to draw strong conclusions on individual company performance given the novelty of farm animal welfare as a reporting issue and the short period between the first Benchmark report being issued in February 2013 and the second cycle of evaluations six months later. Our expectation, however, is that the 2014 Benchmark will allow for a robust assessment of individual company performance. At that point, it will be reasonable to conclude that companies that have not taken action or signalled their intention to take action are in fact failing to effectively manage farm animal welfare-related risks and opportunities.

In the short term the most important contributions that investors can make are to (a) ensure all companies in the sector are aware of the Benchmark and associated guidance material (e.g. the reporting framework) produced by the Business Benchmark on Farm Animal Welfare, (b) encourage companies to develop their management systems and processes to ensure the risks and opportunities presented by farm animal welfare are effectively managed, and (c) encourage companies to improve their reporting on farm animal welfare.

### *...for companies?*

Our expectation is that companies will face increased scrutiny of their farm animal welfare performance from investors, from consumers, from governments and from civil society. From our discussions with the leading companies in the Benchmark, it is clear that they see farm animal welfare as both a business risk but, increasingly, as a source of competitive advantage.

For companies that have yet to make significant progress, the 2013 Benchmark report provides a practical roadmap for action. The five key elements of a basic farm animal welfare management system are:

- An overarching farm animal welfare policy that includes a clear statement of the reasons why farm animal welfare is important to the business, a commitment to compliance with relevant legislation and to other relevant standards, a commitment to continuous farm animal welfare performance improvement, clear accountabilities for the implementation of the policy, and a commitment to public reporting on performance.
- Formal policies on key farm animal welfare-related concerns, e.g. close confinement, long-distance transport, routine mutilations.
- Clearly defined responsibilities – at the senior management (oversight) level and at the operational level – for the implementation of the company's farm animal welfare policy or policies.
- Objectives and targets for farm animal welfare performance.
- Reporting on farm animal welfare processes and performance.

## **Our Priorities for 2014**

### **We will continue to engage with investors**

From the very beginning, the investor community has been the key audience for the Benchmark, and the Benchmark has been designed with investors' interests in mind. We intend to maintain our engagement with investors, to ensure that the Benchmark remains relevant to their needs, to support investors in their engagement with companies, and to develop tools and information that enable investors to integrate farm animal welfare into their investment research and decision-making. More generally, we will continue to develop investors' understanding of farm animal welfare, work to develop consensus on the performance expectations of companies, and continue to press companies to improve their reporting on farm animal welfare.

Over time, as we repeat the Benchmark, our expectation is that the Benchmark will more clearly delineate between those companies that are using farm animal welfare as a source of competitive advantage, those that are effectively managing risks to the business, and those that are not taking effective action on this issue. We also expect that, as understanding of the risks and opportunities presented by farm animal welfare grows, investors will see the Benchmark as enabling them to draw increasingly robust conclusions about the quality of companies' management (both of farm animal welfare specifically and of social and environmental issues more generally).

### **We will focus on performance**

The emphasis of the 2012 and 2013 Benchmarks has been heavily weighted towards management practices and processes. We intend placing a stronger emphasis on performance (i.e. farm animal welfare outcomes) in future iterations of the Benchmark. To that end, in early 2014 we will establish a working group of companies, investors, and other stakeholders on performance measurement.

Our plan is to develop a series of indicators that we will consult on in May or June 2014, with the aim of introducing these measures into the 2014 Benchmark.

### **The next iteration of the Benchmark**

We will repeat the Benchmark in August 2014, and will release the third Benchmark Report in late 2014. Before we commence this process, we will – as we did for the 2012 and 2013 Benchmarks – formally consult on the criteria to be used, the issues to be covered and the scope of the Benchmark.

## Stakeholder Remarks

*"The Business Benchmark on Farm Animal Welfare is now the key reference source for investors about the increasingly acknowledged financial implications of farm animal welfare."*

**Helena Vines Fiestas, Head of SRI Research, BNP Paribas Asset Management**

*"The Benchmark is the 'go-to' tool for investors on farm animal welfare. It offers a rich stream of questions which allows investors to engage with food companies in a structured, focused manner by providing a clear and objective assessment of each company's performance, its strengths, its weaknesses and its areas for improvement."*

**Abigail Herron, Head of Responsible Investment Engagement, Aviva Investors**

*"The Business Benchmark takes the complexities of farm animal welfare and translates them into a practical tool that can be used by investors to assess company risk and performance"*

**Drew Fryer, Senior Research Analyst, MSCI ESG Research, London**

*"The Business Benchmark on Farm Animal Welfare has played a catalytic role in putting farm animal welfare on the business agenda. It has forced companies to acknowledge farm animal welfare as a business issue and, critically, it has forced them to take action."*

**Philip Lymbery, CEO, Compassion in World Farming**

*"Animal welfare should play an integral part in basic food standards; I think we are seeing more demand from both consumers and regulators for this. The Benchmark's effectiveness is demonstrated by the significant changes we have seen in company performance in the last year alone, and we hope that will continue year on year."*

**Mike Baker, CEO, World Society for the Protection of Animals**

*"Coop has been working to promote humane animal husbandry for over 30 years. It is important to us to meet both our own exacting requirements and consumers' rising expectations in terms of animal welfare. The excellent results in the Benchmark is both confirmation of the course we have taken and an incentive for us to continue pursuing it with conviction and also to maintain Coop's leading position with articles produced under particularly humane animal husbandry conditions."*

**Philipp Wyss, Head of Marketing/Purchasing Business Unit, Coop Group (Switzerland)**

*"For Groupe Auchan, we are at the start of our journey on reporting our farm animal welfare activities. Although there are many good practices within the Company, we must now consolidate our messages and report on this area in a transparent way. I intend to use the Benchmark to guide our actions and structure our reporting on this increasingly important issue."*

**Marie H       Boidin Dubrule, Sustainability Development Director, Groupe Auchan**



## CHAPTER 1

## INTRODUCTION





## 1.1



## SETTING THE SCENE

In February 2013, we published the results of the first global benchmark of the farm animal welfare management and reporting practices of some of the world's leading food companies<sup>1</sup>. The publication of the report coincided with the European horsemeat scandal, which had resulted in consumers and investors becoming increasingly concerned about how food companies were managing animal welfare and other risks in their supply chains.

The first Benchmark report, which assessed the performance of 68 global food companies as of September 2012, concluded that farm animal welfare as a management issue was relatively immature. While some companies had published policies and started to report on performance, fewer than half had published a formal farm animal welfare policy, only 41% described how their board or senior management oversaw their approach to farm animal welfare in their supply chains, and just 26% had published objectives and targets for farm animal welfare.

This is the second Business Benchmark on Farm Animal Welfare (BBFAW) report. It provides an updated assessment of how global food companies are managing and reporting on farm animal welfare, assesses the progress that has been made over the period August/September 2012 to August/September 2013, and reflects on the factors that are driving performance and the obstacles to further progress on farm animal welfare.

## 1.2



## THE BUSINESS BENCHMARK ON FARM ANIMAL WELFARE

The Business Benchmark on Farm Animal Welfare (BBFAW) programme is designed to drive higher farm animal welfare standards in the world's leading food businesses. Its aims are:

- To provide investors and other stakeholders with the information they need to understand the business implications of farm animal welfare for the companies in which they are invested.
- To provide investors, governments, academics, NGOs, consumers and other stakeholders with an independent, impartial and reliable assessment of individual company efforts to adopt higher farm animal welfare standards and practices.
- To provide guidance to companies interested in improving their management and reporting on farm animal welfare issues.

The key tool for the delivery of these objectives is the annual benchmark (of which this is the second) of food companies' performance on farm animal welfare.

Beyond the Benchmark, BBFAW produces a range of guidance and other materials for companies and investors on issues such as the business case for farm animal welfare, best practices in management and reporting, and new/forthcoming farm animal welfare-related regulations and policies<sup>2</sup>. BBFAW also routinely engages with companies, investors and other stakeholders on farm animal welfare-related issues.

### 1

The first BBFAW report, which presented the results of company performance as at August/September 2012, was published in February 2013 (Nicky Amos and Rory Sullivan (2013), The Business Benchmark on Farm Animal Welfare: 2012 Report (BBFAW, London; [http://www.bbfaw.com/wp-content/uploads/2013/03/BBFAW\\_Report\\_2012.pdf](http://www.bbfaw.com/wp-content/uploads/2013/03/BBFAW_Report_2012.pdf)).

### 2

For further information see [www.bbfaw.com](http://www.bbfaw.com)

**GOVERNANCE AND OVERSIGHT**

BBFAW has been developed with the support and expertise of leading farm animal welfare organisations, Compassion in World Farming and the World Society for the Protection of Animals (WSPA).

It is governed by an independent Secretariat. In this role, Nicky Amos CSR Services Ltd is responsible for providing a Programme Director and other resources necessary to coordinate the development of the Benchmark criteria, company research and evaluation services, and the accompanying dialogue with companies and other stakeholders.

The development of the Benchmark is overseen by a Technical Working Group comprising technical experts, researchers and food business managers, and expert advisors on investor engagement and corporate responsibility. The members of the Technical Working Group for the 2013 benchmarking process were:

- Nicky Amos, Programme Director and Advisor on Corporate Responsibility
- Dr Tracey Jones, Director of Food Business, Compassion in World Farming
- Dr Lesley Lambert, Chief Policy Advisor, Humane and Sustainable Agriculture, WSPA
- Chris Gee, External Relations Manager (Corporate), WSPA
- Dr Rory Sullivan, Independent Advisor and Expert on Investor Engagement
- Martin Cooke, International Head of Corporate Engagement, WSPA

**1.3****REPORT STRUCTURE**

The report is divided into six main chapters as follows:

- Chapter 2 describes the Benchmark criteria, scope and assessment process.
- Chapter 3 presents the key findings of the 2013 Benchmark, including a ranking of the companies covered by the Benchmark.
- Chapter 4 focuses on company practice against the core elements of the Benchmark (policies, responsibilities, objectives and targets, management controls, performance, leadership and innovation), highlighting examples of good and best practice approaches to the management of farm animal welfare.
- Chapter 5 reflects on the implications of the Benchmark for companies and investors, and identifies emerging issues on farm animal welfare.
- Chapter 6 sets out our proposals for the development of the Benchmark in 2014 and beyond.



## CHAPTER 2

## METHODOLOGY AND APPROACH



## 2.1



### THE 2013 BENCHMARK

Since the launch of the 2012 Benchmark, BBFAW has had extensive dialogue with the investment community about how the Benchmark might be made more useful to investors. This has included a series of telephone calls and meetings with investors, an informal investor survey in May 2013 to understand how investors have used the Benchmark to date, and a formal consultation in June and July 2013 on the criteria to be used in the 2013 iteration of the Benchmark, on the scope of the Benchmark, and on how the Benchmark could be made more useful to investors and other stakeholders<sup>3</sup>. This engagement has resulted in us making a number of modest changes to the Benchmark itself (see further Section 2.2) and to the universe of companies covered by the Benchmark (see further Section 2.4).

#### 3

For a fuller description of BBFAW's 2013 engagement with companies and investors, see the Methodology Report which accompanies this Benchmark Report (Nicky Amos and Rory Sullivan (2013)), The Business Benchmark on Farm Animal Welfare: 2013 Methodology Report (BBFAW, London)) and the Summary of Consultation on 2013 Benchmark ([http://www.bbfa.com/wp-content/uploads/2010/08/Briefing\\_No11\\_Summary\\_of\\_Consultation\\_on\\_2013\\_Benchmark\\_Criteria.pdf](http://www.bbfa.com/wp-content/uploads/2010/08/Briefing_No11_Summary_of_Consultation_on_2013_Benchmark_Criteria.pdf)).



## 2.2

## BENCHMARK STRUCTURE

The Benchmark criteria (see Appendix 1) are set out in three core areas as indicated in Table 2.1<sup>4</sup>. As with the 2012 Benchmark, we focused on the corporate entity (or parent company) as a whole rather than subsidiaries. However, the Benchmark does consider how companies manage farm animal welfare issues in specific markets or geographic regions and gives credit for innovative practices and processes in these markets and regions.

**Table 2.1: Benchmark Elements**

PILLAR	KEY ELEMENTS	NO. OF POINTS	% OF SCORE
<b>Management Commitment</b>	<ul style="list-style-type: none"> <li>General account of why farm animal welfare is important to the business, including discussion on the risks and business opportunities.</li> <li>Overarching farm animal welfare policy that sets out core principles and beliefs on farm animal welfare and that explains how these are addressed and implemented throughout the business.</li> <li>Specific policy positions on key welfare concerns such as the close confinement of livestock, animals subjected to genetic engineering or cloning, routine mutilations, slaughter without stunning, and long-distance live transportation.</li> </ul>	<b>65</b>	<b>36%</b>
<b>Governance and Management</b>	<ul style="list-style-type: none"> <li>Defined responsibilities for the day-to-day management of animal welfare-related issues as well as strategic oversight of how the company's policy is being implemented.</li> <li>Objectives and targets including process and performance measures (with an explanation of how they are delivered and how progress is monitored).</li> <li>Outcomes in terms of performance against objectives and targets, performance against company policy and animal welfare outcomes.</li> <li>Internal controls such as employee training in farm animal welfare and the actions to be taken in the event of non-compliance with the farm animal welfare policy.</li> <li>Policy implementation through supply chains, including formalising farm animal welfare in supplier contracts, supply chain monitoring and auditing processes, and supporting suppliers in meeting the company's standards on farm animal welfare.</li> </ul>	<b>85</b>	<b>47%</b>
<b>Leadership and Innovation</b>	<ul style="list-style-type: none"> <li>Company involvement in research and development programmes to advance farm animal welfare.</li> <li>Company involvement in industry or other initiatives directed at improving farm animal welfare.</li> <li>Acknowledgement of farm animal welfare performance from notable award or accreditation schemes.</li> <li>Company initiatives to promote higher farm animal welfare amongst customers or consumers.</li> </ul>	<b>30</b>	<b>17%</b>

The one significant change to the 2013 Benchmark is the addition of a new question (see Question 13 in Appendix 1) on internal processes to the Governance and Management section. The effect of this change is to increase the total number of points from 170 to 180 and to increase the total number of points for the Governance and Management section from 75 to 85, representing an increase in the proportion of points for this section from 44 to 47% of the total score.



## 2.3



### THE BENCHMARKING PROCESS

Company assessments were conducted in August and September 2013 by Nicky Amos and Dr Rory Sullivan.

The first step in the assessment process was a desktop review of each company's published information. This involved a detailed review of the material on companies' corporate (i.e. parent company) websites, the material contained in annual reports, corporate responsibility reports and other publications, and the material on subsidiary company websites. We did not confine ourselves to formal publications, but also searched through press releases, frequently asked questions and other locations where relevant information might be found. We did not, however, provide scores for information that was not in the public domain. The reasons were: (a) encouraging better disclosure is a core BBFAW objective, (b) we wished to ensure that companies were assessed consistently, and (c) because we wished to avoid any suggestion that companies working with Compassion in World Farming and/or the World Society for the Protection of Animals were advantaged by the assessment methodology.

Following this initial review and preliminary scoring, individual company reports were reviewed by members of Compassion in World Farming's Food Business team and the World Society for the Protection of Animals' Corporate Engagement team to check the factual accuracy of the content and to ensure consistency. We also conducted a sensitivity analysis to ensure that companies with different business characteristics (for example, those with complex versus those with simple supply chains, those with multiple subsidiaries versus those with relatively few subsidiaries, and those with multiple brands versus those with fewer brands) were being treated fairly and to ensure the assessment was not penalising or favouring specific business models.

Draft assessment reports containing our interim findings and scores were emailed to companies in October 2013. During the period October to November 2013, 21 companies (30% of the companies assessed) responded with written comments or requested further dialogue on the assessment approach and scoring. As a result of feedback from companies, the scores for eight companies were revised. The number of companies that provided feedback at this point was markedly lower than in 2012. The reason appears to be greater corporate understanding of and familiarity with the Benchmark whereas, for the 2012 Benchmark, many of the questions raised by companies related to the Benchmark's aims and objectives and the assessment methodology.

The final confidential company reports, showing individual scores and comments for each question, as well as overall company scores and comparable sector scores, were sent to the companies in December 2013.

## 2.4

### COMPANIES COVERED

In total, 70 companies were included in the 2013 Benchmark (a complete list is provided in Appendix 2). These companies, which were broadly spread across the three food industry subsectors, i.e. (a) food retailers and wholesalers, (b) restaurants and bars, and (c) food producers, were intended to provide a broadly representative sample of the larger (in terms of their turnover and in terms of their farm animal footprint) companies in the food sector across a range of European countries. Our reason for focusing on Europe was that farm animal welfare regulation and public awareness are much higher in Europe relative to other regions and we wanted to maintain our focus on companies that were more likely to have developed and implemented effective farm animal welfare systems, so that we could identify examples of leadership and best practice.

Table 2.2 breaks the companies down by sub-sector and Table 2.3 breaks them down by country of listing or country of incorporation (for unlisted companies). It is relevant to note that, while primarily comprising European companies, the 2013 company scope included 15 US companies and one Brazilian company (Marfrig).

**Table 2.2: Companies by Sub-sector**

SUB-SECTOR ( and ICB Classification)	NUMBER
Food Retailers and Wholesalers (5337)	23
Restaurants and Bars (5757)	21
Food Producers (3570)	26
<b>Total</b>	<b>70</b>

**Table 2.3: Companies by Country of Listing or Incorporation**

COMPANIES BY COUNTRY	NUMBER
UK	18
USA	15
France	8
Germany	7
Italy	4
Norway	2
Sweden	2
Switzerland	4
Denmark	2
Spain	2
Belgium	1
Brazil	1
<b>Total</b>	<b>70</b>

The list of companies covered by the 2013 Benchmark was broadly the same as those covered in 2012 (as this ensured that we maintained a consistent universe of companies for benchmarking purposes)<sup>5</sup>. The only changes (which resulted in the numbers of companies covered by the Benchmark increasing from 68 in 2012 to 70 in 2013) were (a) the inclusion of both Aldi Sud and Aldi Nord in the 2013 Benchmark (in 2012, we only covered Aldi Sud), and (b) the inclusion of both Mondelēz International and Kraft Foods Group Inc in the 2013 Benchmark (in the 2012 Benchmark, we evaluated Kraft Foods Inc which split into Mondelēz International and Kraft Foods Group Inc in 2012).

## CHAPTER 3

## OVERARCHING RESULTS

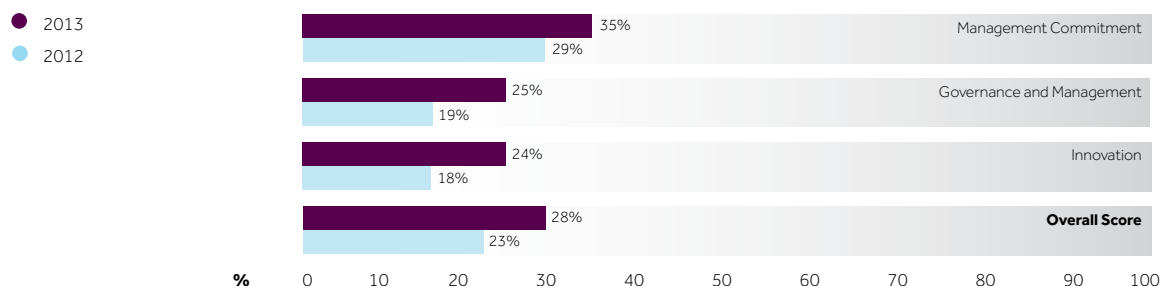


### 3.1

## OVERALL FINDINGS

There are two headline findings from the 2013 Benchmark. The first, as indicated in Figure 3.1, is that the overall average score remains low at 28% (compared to 23% in the 2012 Benchmark). While over 70% of the companies covered by our assessment acknowledge farm animal welfare as a business issue, many have yet to formalise their commitment in overarching policies or equivalent documents, and fewer have set out the specific commitments that underpin this area. More specifically, only 56% have published a formal farm animal welfare policy, just 39% describe how their board or senior management oversee their approach to farm animal welfare, and 41% have published objectives and targets for farm animal welfare.

**Figure 3.1 Overall Scores**



The 2013 Benchmark indicates that practice and reporting in the food industry are relatively underdeveloped across all three of the strategic pillars considered in the Benchmark (Management Commitment and Policy, Governance and Management, and Innovation). The slightly higher scores on Management Commitment and Policy (which are discussed further in Chapter 4) do suggest that companies' awareness of the importance of farm animal welfare is growing and that they are starting to develop the policy frameworks needed to effectively manage these issues. While this is an encouraging sign, it is also relevant to note that, even here, progress is somewhat piecemeal, with the overarching policies on farm animal welfare having significant variations in their breadth of coverage, with many policies having limitations in terms of the geographic regions, the species and/or the products covered.

The second headline finding is much more encouraging. We are starting, as indicated in Figure 3.1, to see tangible signs that companies are increasing the attention they pay to farm animal welfare. This is being seen across all three pillars of the Benchmark (i.e. in relation to Management Commitment, Governance and Management, and Leadership and Innovation), with the scores for each pillar increasing by approximately 5% from 2012 to 2013. Digging in to the data a little, we see that the number of companies that have published a formal farm animal welfare policy has increased from 46% to 56% over the past year, the number that describe how their board or senior management oversee their approach to farm animal welfare has declined slightly from 41 to 39%, and the number that have published objectives and targets for farm animal welfare has increased from 26% to 41%.

These are striking changes given that the first Benchmark was only conducted in August/September 2012 and that the first Benchmark report was released in February 2013. From our discussions with companies, we expect to see this trend continue in 2014. A number of the companies we have spoken to over the past year have acknowledged that farm animal welfare is a relatively new area for them, and that they intend to strengthen their internal systems and processes before starting to communicate publicly on their approach.



3.2

INDIVIDUAL COMPANY PERFORMANCE

Figure 3.2 presents a composite picture of company scores. We have classed the surveyed companies into one of six tiers as follows<sup>6</sup>:

TIER	PERCENTAGE SCORE
1 Leadership	>80%
2 Integral to Business Strategy	62 – 80%
3 Established but Work to be Done	44 – 61%
4 Making Progress on Implementation	27 – 43%
5 On the Business Agenda but Limited Evidence of Implementation	11 – 26%
6 No Evidence that on the Business Agenda	<11%

The results are presented in Figure 3.2 (which categorises the 70 companies by tier) and Table 3.1 which shows how the number of companies in each tier has changed from 2012 to 2013.

**6**  
We note that the addition of Question 13 (see further Section 2.2) has resulted in a modest alteration to the total number of points and the relative scores for each of the three pillars of the Benchmark. However, to enable us to compare the results with the 2012 Benchmark, we have used the same percentage scores to categorise companies by tier.

**Figure 3.2: Company Scores**

**Table 3.1: Number of Companies by Tier**

TIER	NUMBER	
	2012	2013
1: Leadership	0	2
2: Integral to Business Strategy	3	5
3: Established but Work to be Done	6	10
4: Making Progress on Implementation	18	16
5: On the Business Agenda but Limited Evidence of Implementation	18	14
6: No Evidence that on the Business Agenda	23	23
<b>Total</b>	<b>68</b>	<b>70</b>

As can be seen from Figure 3.2 and Table 3.1, the average score is low, with most companies – 37 out of the 70 companies, or 53% – appearing in Tiers 5 and 6. These are companies where there is some evidence that farm animal welfare is on the business agenda (but limited information on implementation), and companies where there is no evidence that farm animal welfare is on the business agenda. This finding mirrors the previous comments about farm animal welfare being relatively immature as a management and reporting issue in many food companies. We are aware that a number of the companies in the lower tiers have actually made significant progress in implementing farm animal welfare management systems. However, the emphasis of the Benchmark on published information has meant that some of these companies have received lower scores than would have been the case if all corporate information were taken into account. We expect that, as reporting on farm animal welfare becomes institutionalised, the gap between the quality of reporting and the quality of performance will narrow and that the scores will provide a more accurate reflection of actual performance.

Alongside the group of companies in the lower tiers, there is also a group of clear leaders. The companies in Tiers 1 and 2 have made strong commitments to farm animal welfare, have well-developed management systems and processes, and have a clear focus on farm animal welfare outcomes. The 17 companies in the top three tiers cover the three sub-sectors (i.e. food retailers and wholesalers, restaurants and bars, and food producers) and are well distributed across the countries (of listing or incorporation) covered by the Benchmark and the range of ownership types (public, private and co-operatives). This is hugely encouraging as it suggests that it is realistic for food companies, irrespective of their sub-sector, geography or ownership, to aspire to and achieve high levels of performance on this Benchmark.

It is particularly encouraging that a significant proportion of the companies covered by the assessment have made notable improvements in their farm animal welfare-related management and/or reporting over the past year. In Table 3.2 we highlight those companies (19 of the 70 assessed) whose improvements have enabled them to jump at least one tier. While the specific reasons for improvements differ between companies, most of the companies seem to fall into one of three groups.

The first group comprises those companies that are widely recognised as leaders on a range of social and environmental issues. Even though most of these companies already had robust farm animal welfare management practices in place, for a variety of reasons (lack of customer interest, lack of clarity on what should be reported, the perception that farm animal welfare is not a material issue), they had previously not done a particularly good job of reporting on their approach to farm animal welfare. For these companies, the improved scores primarily reflect the publication of information about what they were already doing, although our discussions with these companies suggest the Benchmark encouraged them to look more systematically at how they manage these issues.

The second group comprises companies who are not generally recognised as leaders on social and environmental issues, and are probably starting from a lower base in terms of their management systems and controls. These companies have started to develop the basic infrastructure for managing farm animal welfare (a public policy or position statement, clear management accountabilities, some product certification or assurance), which has lifted them into the mid-tiers. We expect these companies will continue to improve their scores in future iterations of the Benchmark as they further develop their management systems and processes.

The third group comprises companies that already have systems and processes in place but have been reluctant to start reporting until they are confident that they are doing a good job of managing farm animal welfare. As we noted above, our discussions with companies suggest that quite a few are at this point in their management of farm animal welfare, and we expect more companies to extend their reporting as they achieve greater confidence in their management systems and processes.

**Table 3.2: Companies Improving at Least One Tier**

COMPANY NAME	CHANGE FROM 2012 TO 2013
Arla	<b>Tier 4 to Tier 3</b>
Cargill	<b>Tier 5 to Tier 4</b>
Coop (Switzerland)	<b>Tier 3 to Tier 1</b>
Cremonini	<b>Tier 6 to Tier 4</b>
J Sainsbury	<b>Tier 3 to Tier 2</b>
Marfrig	<b>Tier 4 to Tier 2</b>
Marks & Spencer	<b>Tier 3 to Tier 1</b>
Mercadona	<b>Tier 6 to Tier 5</b>
Migros	<b>Tier 4 to Tier 3</b>
Nestlé	<b>Tier 5 to Tier 3</b>
Premier Foods	<b>Tier 5 to Tier 4</b>
Rewe	<b>Tier 5 to Tier 4</b>
Royal FrieslandCampina	<b>Tier 4 to Tier 3</b>
Sodexo	<b>Tier 6 to Tier 4</b>
Tyson	<b>Tier 4 to Tier 3</b>
VION Foods	<b>Tier 4 to Tier 3</b>
Waitrose	<b>Tier 4 to Tier 3</b>
Walmart	<b>Tier 6 to Tier 4</b>
Yum!	<b>Tier 5 to Tier 4</b>



While the overall trends are encouraging, five companies fell by at least one tier (see Table 3.3). A number of others (not included in Table 3.3) also saw their scores decline, albeit not by enough to cause them to slip a tier. The companies who saw their scores decline fall into two distinct groups. The first are those that have gone through a takeover, merger or other major corporate change (this group includes ICA Gruppen and, even though its ranking has not changed, Hillshire Brands which was previously part of Sara Lee). This finding points to the importance of companies ensuring that their systems and processes for managing farm animal welfare and their performance on farm animal welfare are maintained through corporate transitions. The reason for the declines in the scores of the second group seems to relate to changes in company approaches to reporting. Within this group we observed that some companies had revamped their corporate websites (which was often accompanied by the dilution or deletion of farm animal welfare-related issues), some had failed to update farm animal welfare-related material (raising questions about the level of management attention focused on farm animal welfare), and some had started to focus much more attention on financially material issues in reporting (frequently to the exclusion of issues that are not considered financially material).

**Table 3.3: Companies Falling by at Least One Tier**

COMPANY NAME	CHANGE FROM 2012 TO 2013
2 Sisters Group	<b>Tier 5 to Tier 6</b>
ICA Gruppen	<b>Tier 4 to Tier 5</b>
Mitchells & Butlers	<b>Tier 4 to Tier 5</b>
Terrena Group	<b>Tier 5 to Tier 6</b>
Whitbread	<b>Tier 4 to Tier 6</b>

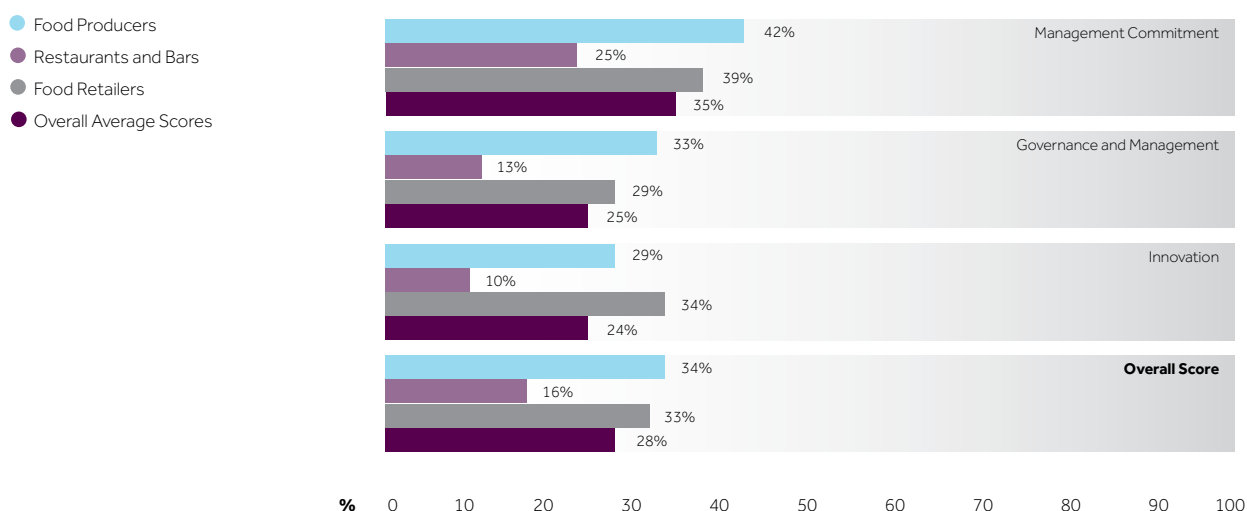
### 3.3

### PERFORMANCE BY SUB-SECTOR

Figure 3.3 presents the results of the 2013 Benchmark, broken down by sub-sector (i.e. food retailers and wholesalers, restaurants and bars, and food producers). There are two points to note here. The first, and most important, is that performance across all three of the sectors is relatively poor, mirroring the comments made in Section 3.1 (Overall Findings) above. The second is that the bars and restaurants sector continues to be a noticeably poorer performer than the other two sectors. In fact, the gap between this and the other two sectors has widened. In the 2012 benchmark, the average scores for food retailers and wholesalers and for food producers were 26% and 27% respectively, whereas for restaurants and bars, the average score was 14%. In the 2013 Benchmark, the average scores for the food retailers and wholesalers and for the food producers had increased to 33% and 34% respectively, but the average score for restaurants only increased by 2% (to 16%).

The reasons for this variation in performance are unclear, although it does, in part, appear to reflect their proximity to consumers or the public. If we look at those companies in the sample that have a strong high street presence and trade under the corporate brand name (this group includes Greggs, JD Wetherspoon, McDonald's, Quick, Starbucks and Subway), we find that the average score for these six companies is 27%. This is broadly similar to the average score for the other two sub-sectors (food retailers and wholesalers and food producers), and is clearly significantly higher than the average for the restaurants and bars sub-sector. Business to business companies that have less proximity to the public (or are relatively unknown to the public) or that trade under multiple service brands scored significantly worse. For example, if we take Compass Group, Elinor, Gategroup Holding and SSP Group Limited as representative of business to business companies, we see that the average score for these four companies is 10% (and this result is skewed by Compass which scored 37%).

**Figure 3.3: Sub-Sector Comparison**



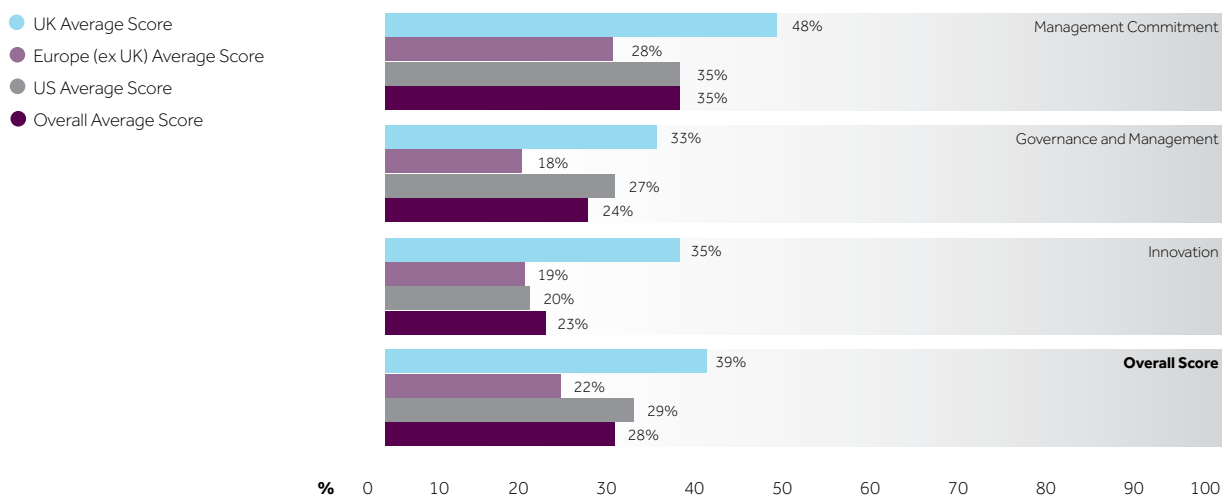
### 3.4

## PERFORMANCE BY GEOGRAPHY

As part of our research, we analysed whether there is a difference between the companies as a result of their country of origin. In Figure 3.4, we compare the average scores of the 18 UK companies, the 15 US companies, and the 36 European (excluding the UK) companies covered by the Benchmark with the average scores of the 70 companies covered by the Benchmark<sup>7</sup>. The results suggest that UK domiciled companies perform better, especially for management and commitment, and for innovation, however, we are wary of drawing strong conclusions at this point given the relatively small sample size involved and the associated potential for a small number of high performing companies to significantly skew the results. More detailed and comprehensive country studies would be required to offer more definitive conclusions on whether a company's country of origin is a significant influence on performance.

Reflecting the feedback we have received from interviews, companies have noted that regulatory requirements and consumer/customer expectations in the markets or segments within which they operate are important influences on their approach to farm animal welfare. Given the focus of this Benchmark on companies with significant footprints (by sales and/or scale of operations) in Europe, we have not been able to assess the influence of regulatory requirements on company performance.

**Figure 3.4: Geographical Comparison**



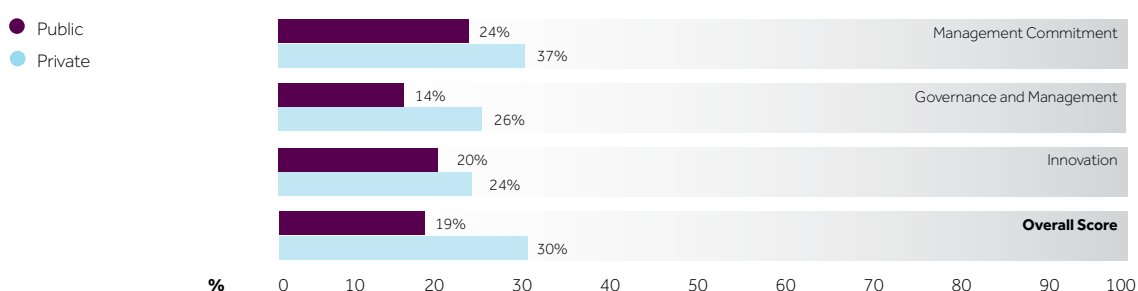
### 3.5



## PERFORMANCE BY OWNERSHIP

We analysed company performance by ownership and found some relatively modest differences in performance between listed and unlisted companies<sup>8</sup> (see Figure 3.5). These findings broadly mirror the findings in the 2012 Benchmark, with publicly listed companies having an average score of 30% in the 2013 Benchmark and 21% in 2012, and private companies having an average score of 19% in 2013 and 12% in 2012. While there is some evidence<sup>9</sup> that publicly listed companies tend to provide better disclosures than private companies (because of the formal requirements of stock exchanges and listing authorities, and because of pressure from investors for companies to report on corporate responsibility and related issues), it is not clear that we are seeing this effect here. The reality is that farm animal welfare is a relatively immature issue for investors and, to date, there has been limited systematic engagement between investors and companies on farm animal welfare issues<sup>10</sup>.

**Figure 3.5: Public Versus Private Ownership**



#### 8

We included eight co-operatives in our research. While these scored significantly better than the private or publicly listed companies (with an overall average of 44%), they have not been included in the graph because of the small number of cooperatives in the sample.

#### 9

See, for example, KPMG (2011), International Survey of Corporate Responsibility Reporting 2011 <http://www.kpmg.com/PT/pt/IssuesAndInsights/Documents/corporate-responsibility2011.pdf>.

#### 10

Rory Sullivan, My-Linh Ngo and Nicky Amos (2012), Farm Animal Welfare as an Investment Issue. BBFAW Investor Briefing No. 4 (January 2012) (BBFAW, London; [http://www.bbfa.com/wp-content/uploads/2010/08/Briefing-No4\\_FAW-As-An-Investment-Issue1.pdf](http://www.bbfa.com/wp-content/uploads/2010/08/Briefing-No4_FAW-As-An-Investment-Issue1.pdf)); Rory Sullivan and Nicky Amos (2013), How Are Investors using the 2012 Business Benchmark on Farm Animal Welfare? BBFAW Investor Briefing No. 10 (June 2013) (BBFAW, London; [http://www.bbfa.com/wp-content/uploads/2010/08/Briefing-No10\\_How\\_are\\_investors\\_using\\_the\\_2012\\_Benchmark.pdf](http://www.bbfa.com/wp-content/uploads/2010/08/Briefing-No10_How_are_investors_using_the_2012_Benchmark.pdf)).



## CHAPTER 4

## DETAILED RESULTS



**Reflecting the structure of the Benchmark, we have divided this chapter as follows:**

- **Management Commitment and Policy:**
  - Is farm animal welfare recognised as a business issue?
  - Do companies have overarching policies on farm animal welfare?
  - Do companies have specific policies on farm animal welfare?
- **Governance and Management:**
  - Do companies define responsibilities for farm animal welfare?
  - Have companies set objectives for farm animal welfare?
  - Do companies report on farm animal welfare performance?
  - Do companies describe their control systems – internally and in the supply chain – for farm animal welfare?
- **Leadership and Innovation:**
  - Are companies supporting research and development on farm animal welfare?
  - Are companies promoting higher farm animal welfare to their customers or clients?

In each section, we provide an assessment of the current state of play and highlight relevant examples of good/best practice and of interesting and innovative approaches to farm animal welfare management or reporting.

## 4.1



### MANAGEMENT COMMITMENT AND POLICY

#### Is Farm Animal Welfare Recognised as a Business Issue?

Acknowledging farm animal welfare as a business issue is an important first step towards developing and implementing an effective approach to the management of farm animal welfare. Of the 70 companies covered by the 2013 Benchmark, 71% (the same proportion as in the 2012 Benchmark) recognise farm animal welfare as a business issue. This is an encouraging finding as it suggests that farm animal welfare is at least on the business agenda. However, the fact that almost one third of the companies have yet to acknowledge farm animal welfare as a business issue and the fact that this percentage has not changed since the 2012 Benchmark suggest there is much to be done to raise food companies' awareness of the issue.

Companies present different reasons for focusing on farm animal welfare. For some, it is the ethical arguments that are most important. For others, it is more conventional business arguments such as the need to comply with legislation and relevant voluntary and industry standards, the need to meet stakeholder, customer and consumer expectations, and the need to take advantage of new market opportunities (for example, for higher welfare products). What is striking is that relatively few comment on the significance of farm animal welfare to their business, either in absolute (for example, the costs likely to be incurred to comply with legislation, the benefits of offering higher welfare products) or relative (for example, compared to issues such as climate change or water) terms. There are, however, some interesting examples of companies explaining how they have assessed farm animal welfare in the context of their wider business risk assessment and risk management processes. Two examples, Danone and ICA, are presented in Box 4.1. We stress that we are not offering a view on the details of these companies' assessments or, specifically, on whether they should assign a greater or lesser importance to farm animal welfare. Rather, the point we wish to highlight is that farm animal welfare presents risks and opportunities for food companies and is of concern to the stakeholders of these companies. As such, farm animal welfare should be incorporated into these sorts of structured risk assessment processes, and companies should explain how the significance of farm animal welfare-related risks and opportunities compares to the risks and opportunities presented by other social and environmental issues.

## Box 4.1: Case-studies:

**Integrating Farm Animal Welfare into Corporate Risk Assessment Processes****Example 1: Danone**<sup>11</sup>

Danone has a structured materiality process – involving an external expert panel, opinion leaders and NGOs – which it uses to reflect on its significant environmental impacts and to identify or confirm the relative priority level of aspects that would substantively influence the assessments and decisions of key stakeholders. On its website, the Company presents the findings from this process as a materiality matrix (see below).

Level of Public & Stakeholder Interest		Food waste Biodiversity	Sustainable agriculture Water use and protection Climate change (Mitigation) Packaging Food security
	Biotechnologies	Animal welfare Climate change (adaptation) Waste water	Deforestation Land use
	Bio-fuels Environmental Labelling	Energy Transport & distribution Refrigerants and air pollution Soil health	Animal protein
Level of strategic interest for Danone			

**Example 2: ICA**<sup>12</sup>

ICA's 2012 Sustainability Report (p. 135) presents its materiality matrix. The matrix considers materiality in two dimensions; (a) expectations/concerns of ICA's stakeholders, (b) the level of present or potential business impact (for example, financial, brand, reputation) on the ICA Group. ICA notes that its stakeholders have very high expectations of ICA on farm animal welfare and that animal welfare can have a high impact on the company.

Levels of expectations for the ICA group's stakeholders	Very high	Environmental & organic labeling Presence in rural communities Fair Trade / Ethical labeled products Animal wellbeing Food waste Palm oil & GMO Sustainable fishing	Quality in stores Product safety, qualities, chemicals & traceability Social compliance in sourcing Climate: energy use, transports, ecolabelled stores, store design Locally produced & impact on local communities Healthy living Employee attraction Customer satisfaction
	High	Management systems Water usage Charitable giving Personal integrity Alcohol and tobacco Recycling	High ethics & morals when doing business Competence development and diversity Employee wellbeing and safety Food scarcity Biological diversity Community engagement
		High	Very high
Present or potential impact on the ICA group			

<sup>11</sup>

<http://www.danone.com/en/nos-politiques/positions/our-policies-positions.html>

<sup>12</sup>

<http://reports.ica.se/ar2012en>

### Do Companies have Overarching Policies on Farm Animal Welfare?

In western multinationals, while the existence of a policy may not provide a guarantee of implementation, the absence of a policy is a clear sign that farm animal welfare is not on the corporate agenda. It is through formal policies (or equivalent statements) that companies set out their formal commitments on farm animal welfare. While the specific content of these policies will inevitably vary, high quality farm animal welfare policies should include:

- a clear statement of the reasons why farm animal welfare is important to the business,
- a commitment to compliance with relevant legislation and to other relevant standards,
- a commitment to continuous farm animal welfare performance improvement,
- a description of the processes in place to ensure that the policy is effectively implemented,
- clear accountabilities for the implementation of the policy, and
- a commitment to public reporting on performance.

In Box 4.2, we describe Marks & Spencer's Animal Welfare Mission Statement (Marks & Spencer was one of the leading companies in the 2013 Benchmark).

#### Box 4.2 Case-study

#### **Marks & Spencer's Animal Welfare Mission Statement**

*Marks & Spencer states:*

*"M&S is committed to ensuring that the welfare of all animals used in the production of its own label foods is safeguarded (UK and globally). It is our policy:*

- *To base our animal welfare specifications and requirements on the content of our Animal Welfare Charter.*
- *To insist that high standards of farm animal welfare are met and maintained at all stages of the animal's life – on the farm, during transportation and at the place of slaughter, and to encourage best practice.*
- *To develop proactive farm animal health and welfare policies and livestock / aquaculture production specifications using the Farm Animal Welfare Committee's Five Freedoms as a framework and for guidance.*
- *To use the independent advice from our strategic farm animal welfare partner, Farm Animal Initiative (FAI) and animal welfare NGO's to scrutinize our policies and specifications to ensure Leading Standards are met and maintained, and that we have a clear long term strategy for continual improvement.*
- *To only work with processors and producers who share this commitment.*
- *Adherence to these policy requirements forms parts of our terms of trade with our suppliers and is reviewed as part of our annual supplier scorecard assessment.*
- *Day to day management of the animal welfare policy and its implementation is the responsibility of our Animal Welfare Manager and team of agriculture experts."*

*Marks & Spencer's Mission Statement provides additional information on these policy commitments, setting out (amongst other elements) the scope of the policy, the specific standards it works to, its expectations of farmers and other suppliers, and its approach to product labelling.*



Of the 70 companies covered by the 2013 Benchmark, 32 (46%) had published comprehensive farm animal welfare policies, and another 7 (10%) had a basic policy statement but with limited information on how the policy was to be implemented. While these results indicate that many large food companies have yet to publish policies, they also signal a step change improvement from the 2012 Benchmark where just 34% of companies had comprehensive policies and 12% had basic policy statements.

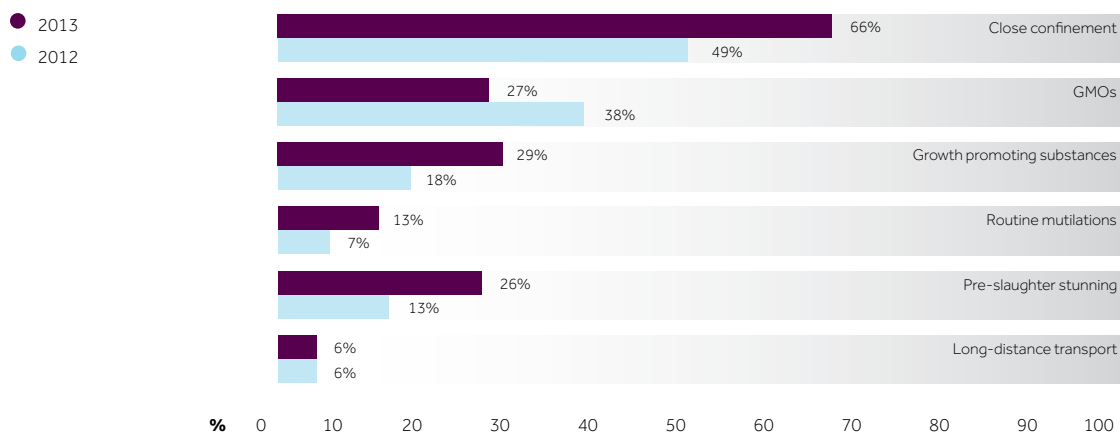
Mirroring the finding of the 2012 Benchmark, we continued to find that many policies had limited scopes. Of the 39 companies that had published comprehensive or basic farm animal welfare policies, 30 applied their policies to all geographies, 26 applied their policies to all relevant animal species and just 17 applied their policies to all products produced, manufactured or sold. In relation to products, a number of companies pointed to the difficulties they face in imposing their policies on suppliers, in particular in situations where suppliers were perceived as significantly more powerful and/or where the purchaser only accounted for a small part of the supplier's turnover.

### Do Companies have Specific Policies on Farm Animal Welfare?

Inevitably, high level corporate policies tend to be relatively light on detail; their role is usually to set the strategic direction for companies rather than to prescribe the specific actions that need to be taken. In the Benchmark, we therefore assessed whether companies had adopted policies on six key farm animal welfare-related issues, namely: (1) close confinement, (2) the use of genetically modified or cloned animals, (3) the use of growth promoting substances, (4) routine mutilations, (5) pre-slaughter stunning, (6) long-distance live transportation. In Figure 4.1 we present the trends in the total number of companies that have made at least partial commitments on these issues.

**Figure 4.1:**

#### *Percentage of Companies with Specific Policies on Farm Animal Welfare Issues*



Before moving onto considering the six subject areas in more detail, there are three points to highlight about the data presented in Figure 4.1. The first is that relatively few companies (even compared to the number of companies that have published overarching farm animal welfare policies) have established formal policies on specific farm animal welfare issues. There appear to be a number of different factors at play. In part, the results reflect the normal evolution of corporate responsibility practice: companies tend to start with high level policies and, over time (as they gain greater knowledge of the issue in question) formulate more detailed policies on specific issues. This is particularly relevant given the relative novelty of farm animal welfare as a management issue for many companies. In part, as we discuss below in the case of routine mutilations, it reflects differences of opinion on the best management approaches for ensuring the welfare of animals. In part it reflects the approach we have adopted in the assessment where we have looked for formal policy commitments (or equivalent) from companies. A number of companies have argued that they should not need to issue policies on these issues given that they are already covered by legislation. While we have some sympathy with this argument, we recognise that farm animal welfare legislation is not comprehensive across all species (either in terms of the issues covered or geographic scope), and is not necessarily completely enforced, and so companies need policies to ensure that their operations and, critically, their suppliers meet minimum standards of performance, irrespective of where they operate.

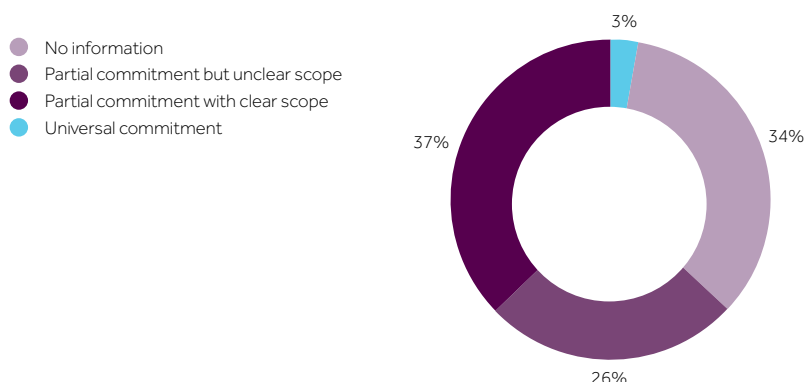
The second, and more encouraging, point is that there are clear signs that more companies are starting to adopt policies across these specific areas, although the trends for close confinement and genetically modified animals diverge from this narrative. In relation to close confinement, where there has been a significant increase in the number of companies making commitments, NGO campaigns and public concerns about specific issues or products (in particular, free-range eggs and gestation and farrowing crates for sows) have played a key role. These pressures have led to companies adopting formal policies on close confinement, although, in many cases, these commitments have been limited to those markets where NGO pressures or public concerns are the greatest.

In relation to genetically modified animals, the reduction in the number of companies making commitments reflects two factors - a change in methodology and the difficulties companies face in ensuring that animal feed is GM-free (which has led to them revising their policies on GM-related issues more generally). In relation to methodology, in the 2012 Benchmark, we assumed that companies making commitments to the avoidance of GMOs applied these commitments to all products (i.e. including animals); for companies where the scope was unclear, we encouraged them to explicitly state whether the commitment applied to animals. In the 2013 Benchmark, only companies that explicitly stated that their commitments on GMOs applied to animals subjected to genetic modification (as opposed to animals fed on GM or non-GM food which a number of companies report on) were awarded points for this question. In relation to GM-free feed, a number of companies have highlighted the increasing difficulty (and costs) they face in ensuring that animal feed is GM-free. This has led to some companies stepping back from their wider commitments to GM-free products by withdrawing or significantly loosening the wording of their policies on this issue. While it may not have been their intention, the result has been that a number of companies no longer have formal commitments on genetically modified animals.

The third is that different issues are at different levels of maturity. There appears to be a growing corporate consensus around the need to avoid close confinement (although this tends to be confined to 'iconic species' – laying hens and pregnant sows – that have been the subject of prominent NGO campaigns). At the other end, very few companies have formal positions on routine mutilations, the use of growth promoting substances, pre-slaughter stunning or long-distance transport. It is not clear what the reasons for this are although it probably reflects a mix of companies not wishing to talk publicly about these practices (in particular, routine mutilations) and the fact that these practices are increasingly regulated (with some companies commenting to us that they do not see the value of having policies on issues where regulatory standards already apply).

## Close Confinement

**Figure 4.2:**  
**Company Commitments to the Avoidance of Close Confinement**



In many countries, the majority of farm animals are kept in highly intensive production systems, with the aim of minimising costs while maximising the output of meat, milk or eggs. These facilities are often referred to as concentrated animal feeding operations (CAFOs) or factory farms. Obvious examples include large scale American beef feedlots, battery cages for laying hens, veal crates for calves, tether systems for cows, calves and sows, and sow stalls and farrowing crates for pregnant and lactating sows, respectively<sup>13</sup>. In these systems the space available to each animal is severely restricted, allowing it little more than the space to stand and lie down, its environment is barren and, as a consequence, animal well-being is compromised. Lack of space and barren environments are not limited to caged systems and can be issues in systems where animals are housed in pens and sheds; obvious examples are intensive meat chicken (broiler) and pig production.

In our research, we found (see Figure 4.2) relatively few companies have made commitments to the complete avoidance of close confinement. However, we found a significant proportion had made partial commitments (for example, within a certain geographic region or for certain species). Particular progress has been made in relation to hens (with a number of companies having made commitments to cage-free or free range hens, for example, The Co-operative Food's commitment, Box 4.3), the phasing out of sow stalls (for example, Aramark, McDonald's and Smithfield Foods) and the sourcing of some meats from organic or free range systems (for example, Kaufland, Metro and Migros).

### Box 4.3 Case Study:

#### **The Co-operative Food's Position on Close Confinement<sup>14</sup>.**

The Co-operative Food states that it does not sell any animal products that stem from inhumane animal husbandry or practices involving cruelty to animals. It also states that it does not sell any eggs from caged hens and guarantees that none of the eggs used in processed foods is sourced from caged hens.

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See, further, Appendix 3.

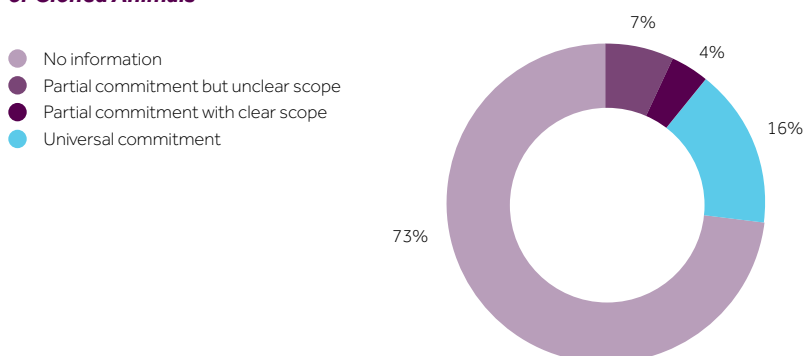
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<http://www.coop.ch/pb/site/nachhaltigkeit/node/64228173/Len/index.html>, and <http://www.coop.ch/pb/site/nachhaltigkeit/node/77494696/Len/index.html>

## The Use of Genetically Modified or Cloned Animals

**Figure 4.3:**

**Company Commitments to the Avoidance of Genetically Modified or Cloned Animals**



The cloning of farm animals (which is primarily used to produce identical copies of high yielding and fast growing breeds), and the use of genetically engineered animals is becoming more common in intensive farming systems, notwithstanding potential adverse impacts on the welfare of the animals involved and their descendants<sup>15</sup>.

Our research (see Figure 4.3) suggests that relatively few companies have made formal commitments to the avoidance of genetically modified or cloned animals or their progeny. Box 4.4 presents examples of company statements on the use of genetically modified or cloned animals. Where companies have made these commitments it has generally (as with close confinement) been in response to strong consumer pressure, often in relation to safety or potential health concerns in their key markets. It is also relevant to note that some companies had qualified their commitments by noting that, if these consumer concerns could be addressed or overcome, they would consider using genetically modified or cloned animals or their progeny.

### Box 4.4 Case Studies:

#### Company Positions on Genetically Modified or Cloned Animals

##### **Migros<sup>16</sup>**

Swiss retail company Migros has a clear position on the topic of genetic modification and cloning as part of its 'beyond-statutory' approach to animal welfare and sustainability under the banner 'Generation M'. It unequivocally states: "GMO-free is one of the requirements of the Migros label", and, in its Manufacturing and Procurement Policy, clarifies that this commitment applies to all areas of its operations, covers own-brand and non-own-brand meat, eggs and milk products, and applies to all products.

##### **Morrisons<sup>17</sup>**

In its Policy on Genetic Modification, Morrisons states: "We do not use genetically modified ingredients in any of our own brand products. We have a comprehensive and continuous product sampling programme in place to help monitor this. In addition, we do not accept products from cloned or GM animals".

##### **Waitrose<sup>18</sup>**

British food retailer Waitrose regards animal welfare as a priority and embraces the Five Freedoms as the foundation of its principles and working practices. The Company has a clear position on the avoidance of animals subject to genetic engineering or cloning, along with other key animal welfare issues. The policy applies to its own-brand products. On its consumer website, the Company says that it: "will exclude any animals that have been produced through genetic engineering or cloning from our supply chains".

**15**

For an overview of the animal welfare issues associated with cloning and with genetic modification, see Peter Stevenson (2012), Cloning and Genetic Engineering of Animals. BBFAW Investor Briefing No 6 (September 2012) (BBFAW, London; [http://www.bbfaaw.com/wp-content/uploads/2010/08/Briefing-No.6\\_Cloning-and-Genetic-Engineering-of-Farm-Animals.pdf](http://www.bbfaaw.com/wp-content/uploads/2010/08/Briefing-No.6_Cloning-and-Genetic-Engineering-of-Farm-Animals.pdf)).

**16**

<http://www.migros.ch/generation-m/de/konsum/herstellungs-beschaffung-spolitik/gentechnisch-veraenderte-organismen.html>

**17**

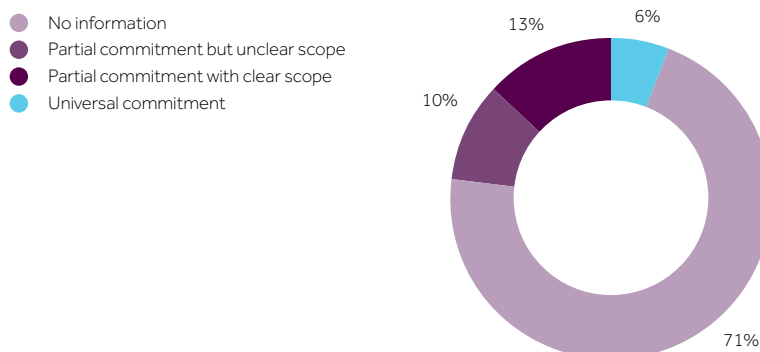
<http://www.morrisons-corporate.com/policy/Genetic-Modification-GM/>

**18**

[http://www.waitrose.com/home/inspiration/about\\_waitrose/the\\_waitrose\\_way/waitrose\\_animal\\_welfarecommitments.html](http://www.waitrose.com/home/inspiration/about_waitrose/the_waitrose_way/waitrose_animal_welfarecommitments.html)

## The Use of Growth Promoting Substances

**Figure 4.4:**  
**Company Commitments to Not Using Growth Promoting Substances**



Growth promoting substances are used to increase the muscle (meat) or milk production of animals farmed for food. Examples include the hormone BST used to increase milk yield in cows, hormone feed additives in pig production (for example, ractopamine) and low dose antibiotics. Antibiotics may also be used prophylactically to control the spread of disease within crowded poultry and pig sheds.

The use of hormone and antibiotic growth promoters is not permitted by EU legislation, and products treated with hormone growth promoters cannot be imported into the EU. The same, however, is not true of those imported products produced with antibiotic growth promoters.

The use of growth promoting substances can undermine animal welfare by further pushing animals to their physiological and metabolic limits. Antibiotics often mask the negative effects of overcrowding (close confinement) and stressful conditions on the health and welfare of animals. The overuse of antibiotics is also associated with the development of strains of bacteria resistant to antibiotics which may pose a threat to human and animal health<sup>19</sup>.

Our research for the 2013 Benchmark (see Figure 4.4) indicates relatively few companies have published formal positions on the use of growth hormones. Examples of companies with published positions on this issue are presented in Box 4.5. A number of companies pointed to EU legislation and stated they complied with this legislation. However, most of these companies were unable to explain how they addressed this issue throughout their supply chains, in particular in relation to animals produced or transported outside the EU.



*Box 4.5 Case-studies:***Companies with Commitments to Avoiding Growth Promoting Substances****Compass (USA)<sup>20</sup>**

Compass Group USA states: "The non-therapeutic use of antibiotics in animal production is a growing public health concern because it decreases the effectiveness of antibiotics to treat diseases in humans. Therefore, we only serve chicken and turkey that has been produced with restricted use of these drugs, especially as a growth additive in feed. This policy may exclude some processed products. Our contracted suppliers are required to provide products which adhere to specific criteria developed in partnership with the Environmental Defense Fund."

Compass Group USA also states: "As part of their collective commitment to health and wellness, Bon Appétit Management Company and Compass Group USA will contract to buy only yogurt from cows not treated with rBGH (also known as rBST) effective today".

**The Co-operative Food (UK)**

The Co-operative Food UK states: "In all own-brand meat and poultry products, the use of antibiotics and/or artificial substances specifically to promote abnormal muscle growth is not allowed. Antibiotics are only allowed to be used with the written approval of a vet to address a specific health threat".

**VION Food Group<sup>21</sup>**

On its Bio+ brand website, VION Food Group explains how the administration of antibiotics to animals as a preventative measure is a contributory factor in reducing the efficacy of antibiotics to treat human illness. The Company makes a clear distinction between this common practice and the avoidance of it in its organic produce and names a number of its brands where the use of growth promoting substances is prohibited.

VION Food Group goes on to detail precisely what it expects of their farmers in terms of documentation and states several measures it has taken in relation to this issue. These include: produce being downgraded from 'organic' if antibiotics have been given more than once a year; the development of a pure ('100% beef, free from additives') hamburger for the catering market, and the development of a protein-based natural alternative to reduce the use of antibiotics in its supply chain.

**Smithfield Foods<sup>22</sup>**

U.S.-based meat processor Smithfield Foods explains that adherence to its Antibiotics Policy, which has been in place since 2002, is: "...obligatory for anyone who works with the animals owned, or managed by, or under contract to our independent operating companies (IOCs). We review the policy periodically to confirm it is up-to-date with the best science of the day. The policy calls for the responsible use of antibiotics for three specific purposes: to prevent disease, control disease, and treat disease, with proper diagnostic confirmation. Sound science tells us that the healthier the animal, the safer the food. Antibiotics are given strategically when pigs are sick or injured, or when they may be exposed to illnesses. Contrary to popular perception, antibiotics are not continuously fed to our animals. We do not use antibiotics for growth promotion purposes, nor do we use hormones in pigs to promote growth".

Smithfield Foods publishes an annual Integrated Report where it presents indicators on animal welfare performance outcomes from 2008 to 2012, including a KPI on Feed-Grade Antibiotics Used.

**20**

<http://compass-usa.com/Pages/ReduceAntibiotics.aspx>, <http://compass-usa.com/Documents/2012%20CSR%20Report.pdf>, and <http://compass-usa.com/Pages/rBGH.aspx>, <http://compass-usa.com/Pages/rBGH.aspx>

**21**

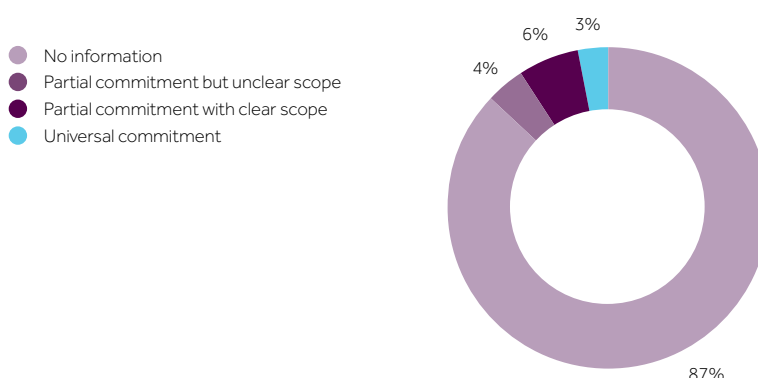
<http://www.degroeneweg.nl/home/ontdek-de-herkomst/milieu-en-diervriendelijk/>

**22**

<http://smithfieldcommitments.com/core-reporting-areas/animal-care/onour-farms/animal-cloning/>

## Routine Mutilations

**Figure 4.5:**  
**Company Commitments to the Avoidance of Routine Mutilations**



Many farm animals are subjected to procedures that alter their bodies, often with no anaesthesia, causing immediate and often long term pain and distress. Examples include beak trimming (where part of the bird's beak is removed using a hot blade, secateurs or an infra-red beam), surgical castration of beef cattle, branding with hot irons, disbudding of dairy calves with hot irons or caustic paste and dehorning adult cattle with wire or saws, and surgical castration and tail docking of pigs<sup>23</sup>. The majority of these mutilations can be avoided if animals are kept in well-managed conditions, and provided with plenty of space to move freely and a varied environment to express a range of natural behaviours that are important to them (for example foraging, pecking, rooting). Other mutilations can be avoided via the use and selection of polled breeds (so removing the need to dehorn), or the use of vaccinations to delay the onset of puberty (so removing the need to castrate).

Our research for the 2013 Benchmark, see Figure 4.5, indicates very few companies have made formal commitments to the avoidance of routine mutilations, although some examples are provided in Box 4.6. This reflects the reality that so many animals are produced in systems that are not suited to their needs and mutilations, particularly beak trimming and tail docking, are then seen as an inevitable part of the management of animals in these systems to reduce the risk of tail biting (see the case-study in Box 4.7) and feather pecking (see the case-study in Box 4.8).

### Box 4.6 Case-Studies:

#### Company Commitments to the Avoidance of Routine Mutilations

##### Coop Group (Switzerland)<sup>24</sup>

Coop Group states that, under Swiss animal protection laws, practices such as the castration of pigs without painkillers, the debeaking and wing clipping of poultry and the docking or tying of cattle tails are prohibited. While most of Coop Group's meat products are sourced from within Switzerland, it is also committed to ensuring that the animals farmed by its foreign suppliers are kept under comparable conditions to those in Switzerland.

##### Kraft Foods Group Inc<sup>25</sup>

On the topic of routine mutilations, and in line with the National Milk Producers Federation's (NMPF) guidelines and resolutions, the Company has a stated aim of phasing out tail-docking by 2022, although it says that it hopes to reach this goal sooner.

<sup>23</sup>

See further Appendix 3.

<sup>24</sup>

<http://www.coop.ch/pb/site/nachhaltigkeit/node/77494696/Len/index.html>

<sup>25</sup>

[http://www.kraftfoodsgroup.com/DeliciousWorld/sustainability/Pages/animal\\_welfare.aspx](http://www.kraftfoodsgroup.com/DeliciousWorld/sustainability/Pages/animal_welfare.aspx)

*Box 4.7 Case-study:***Welfare Implications of Tail Docking**

Pigs are an inquisitive species which naturally spend most of their time foraging, rooting and exploring. In barren, intensive farming systems these basic behavioural needs are restricted and the pigs can become frustrated. With little else to explore, they often turn to biting each others' tails (tail biting). To reduce tail biting which leads to injury and disease, farmers dock piglets' tails (tail docking). However, this is a painful procedure and does not address the root causes of tail biting.

EU legislation (Council Directive 2008/120/EC) forbids routine tail docking, yet it remains widespread. Scientific evidence and commercial practice have shown it is possible to keep pigs with their tails intact, by providing a stimulating, interesting housing environment. Legislation requires that pigs are given materials to investigate and manipulate, but current compliance is low. Pigs need materials which occupy them for at least 5 hours per day to minimise the risk of tail biting. Straw or destructive, edible materials are most effective. Objects such as metal chains, which occupy pigs for only small amounts of time are widely used and are insufficient to prevent tail biting. Where straw is unavailable or in hot climates, alternative deep bedding can be used. Further husbandry factors including space allowance, diet, ventilation, stable groupings and health management are also crucial.

Recent collaborative initiatives by companies and researchers across Europe include the development of a hazard advisory tool in the UK, a declaration committing to phasing out tail docking in the Netherlands and a project across eight countries ('FareWellDock') to increase understanding of tail biting and encourage the EU to move away from tail docking.

*Box 4.8 Case-study:***Keeping Beaks Intact with High Quality Management and a Varied Environment**

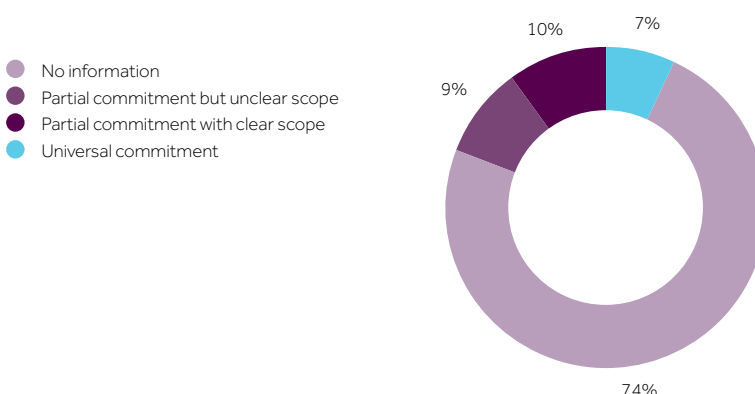
Hens are naturally driven to spend much of their time pecking – which aids foraging and acquisition of food. This motivation does not disappear in farming systems when all of their food is provided, and can become problematic if redirected towards other hens' feathers (feather pecking). To minimise the risk of feather pecking later in life, which has severe consequences such as injury and cannibalism, the tip (or up to one third) of the beak (beak trimming) is removed usually when the chick is day old. Unfortunately this is a painful procedure which causes long term changes to the way birds behave.

Increasing scientific evidence shows that hens can be allowed to keep their beaks intact – without experiencing feather pecking. Feather pecking is caused by many factors, but the overall key is to provide hens a varied environment, with stimulating outlets for foraging and pecking. Indoors, for example, hens need litter and food objects or string to peck at, with high perches to rest safely. Free range hens benefit from tree cover, shelter and being let outside from an early age, so they fully utilise outdoor space. A high quality of management is also crucial to successfully prevent outbreaks of feather pecking.

Initiatives to move away from beak trimming are slowly gathering momentum across Europe. Austria has successfully phased out beak trimming since 2000 and bans are due to come into force in the UK in 2016 and the Netherlands in 2018. Researchers are collaborating with food companies on projects such as 'FeatherWel', providing solutions to prevent feather pecking without the need for beak trimming.

## Use of Meat from Animals Not Subjected to Pre-Slaughter Stunning

**Figure 4.6:**  
**Company Commitments to Pre-slaughter Stunning**



It is essential to render an animal unconscious before it is slaughtered in order for it to be insensible to pain, discomfort and stress, until death occurs. Most developed and many developing countries have legislation that requires pre-slaughter stunning, although these often provide exceptions for authorised religious slaughter<sup>26</sup> (for example, EU law allows animals to be slaughtered without pre-stunning for Halal meat for Muslim communities and for Kosher meat for Jewish communities). It is, however, important to note that a substantial proportion of British Halal meat comes from animals which are stunned before slaughter and that a number of food companies now insist on pre-stunning for all meat including Halal (see, for example, the case of Compass in Box 4.8).

While our research (see Figure 4.6) indicates that relatively few companies have published a policy statement committing to pre-slaughter stunning, many of the companies we interviewed in the course of this research pointed to the fact that pre-slaughter stunning is a formal requirement in many countries and that they fully comply with this requirement. While we acknowledge that many companies stun their animals prior to slaughter, we are looking to them to make a formal commitment to the use of pre-slaughter stunning and to clarify, if relevant, whether their policy is inclusive or exclusive of animals subject to religious slaughter.

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The World Organisation for Animal Health (OIE) has set international guidelines on welfare at slaughter that deal with standards of pre-slaughter lairage and handling, methods of restraint, stunning and slaughter. The EU and US have standards covering the same issues and both require pre-slaughter stunning, although Muslim (halal) and Jewish (shechita) slaughter is normally exempt from this requirement and the US Act does not stipulate standards for poultry.

*Box 4.9 Case-studies:***Company Commitments to Pre-slaughter Stunning****Compass<sup>27</sup>**

Compass Group's Purchasing and Supply Chain Policy Statement states: "In respect of meat whose slaughter and preparation method is certified as Halal and/or Shechita, the slaughter provisions must accord with those appropriate codes, and must include humane stunning of the animal prior to slaughter (in some countries, this requirement may differ on religious grounds)"; and "Slaughter method and subsequent handling, processing and preparation methods, which in all cases must comply with our assurance standards for meat, including the requirement of stunning prior to slaughter".

**Mitchells & Butlers<sup>28</sup>**

UK-based food restaurant Mitchells & Butlers has a clear commitment to the avoidance of animals not subjected to pre-slaughter stunning. This includes Halal meat. The Company states, "When we source our meat, our decisions are based on animal welfare standards, food safety and quality. We use a variety of suppliers, mostly in the UK and Ireland, but some from abroad. All of our suppliers, regardless of location, operate to strict EU animal welfare standards, which require that all animals are stunned before slaughter to ensure they are killed humanely. This is the industry standard used by all the major retailers and restaurants. In the UK, Halal classified meat can be both stunned and non-stunned. A small number of our suppliers do themselves choose to achieve a level of Halal certification for their produce, but animals are always stunned before slaughter and killed humanely. To be absolutely clear, we have no requirement for any of our suppliers to supply us with Halal certified meat. Please also be aware that none of the meals on our menus are prepared or cooked to a Halal standard".

**KFC UK (Yum! Brands Inc)<sup>29</sup>**

In response to increased consumer demand for Halal certified poultry in various communities in the UK, KFC consulted with the Halal Food Authority (HFA) and animal welfare groups to understand how it could satisfy Halal requirements without compromising on its animal welfare policies, which require that relevant UK and EU legislation is met or exceeded.

The consultation has enabled the HFA to certify both products and the store environments as Halal in nearly 100 dedicated trial stores. It has done so using a 'stun-to-stun' technique prior to mechanical slaughter which the Company describes as: "a pain-free process which makes the animal insensitive to pain and suffering". In addition, a verse is recited from the Qur'an by an appropriate person, and the Company guarantees that the poultry will not come into contact with non-Halal meat at any point in the supply chain. KFC UK has also removed products containing pork from these trial stores.

This initiative is detailed in a specific section of the Company's U.K. consumer website which features clear FAQs and a list of the restaurants in which the on-going trial is taking place. Consumer communication is further supported by the display of a Halal Food Authority logo on the door of participating outlets.

**27**

[http://www.compass-group.com/documents/SUPPLY\\_CHAIN\\_POLICY\\_December\\_2012.pdf](http://www.compass-group.com/documents/SUPPLY_CHAIN_POLICY_December_2012.pdf)

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<http://www.mbplc.com/aboutus/contactus/faqs/>

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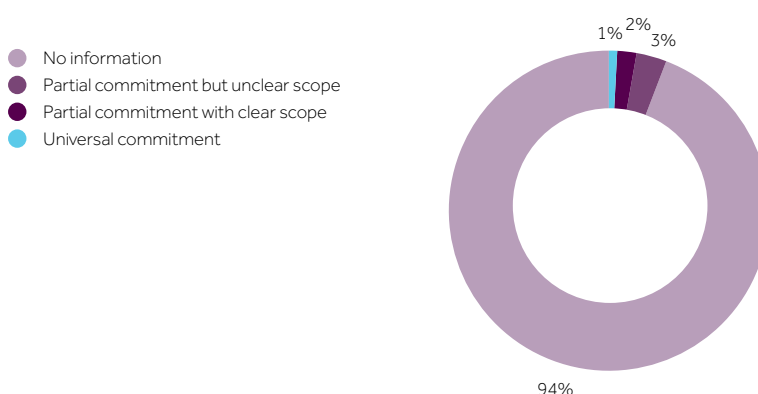
<http://www.kfc.co.uk/about-kfc/halal#sthash.RQysSfOQ.dpuf>



## Long-distance Transport

**Figure 4.7:**

***Company Commitments to the Avoidance of Long-distance Transportation***



Many animals are transported several times during their lifetime and most are transported to slaughter, often over long distances both within and between countries. Transport may be via road, rail, sea or in the case of breeding animals, by air. Transport conditions can be very poor and journeys may last many hours or, in some cases, days, weeks or months. Animals can experience hunger, thirst, discomfort, pain, frustration, fear and distress, whilst physical welfare problems include injury, disease, and, in the worst cases, death. For all these reasons, transport of live animals should be minimised wherever possible and journeys should be kept as short as possible. Specifically, any transport of a live animal that exceeds eight hours, from loading to unloading, has been shown to decrease welfare significantly.

Our research (see Figure 4.7) has shown that relatively few companies have made formal commitments to the avoidance of long-distance transport which include clearly stated maximum journey times, although notable exceptions include The Co-operative Food (UK) and Coop Group (Switzerland) (see Box 4.9). It is, however, relevant to note that a number of other companies have made commitments to the avoidance of long-distance transport but have not defined what they mean by 'long-distance' or specified maximum journey times.

*Box 4.10 Case-study:*

***Company Commitments to the Avoidance of Long-distance Transport***

**The Co-operative Food (UK)<sup>30</sup>**

The Co-operative Food (UK) states that livestock can only be transported for a maximum of six hours, and that it expects the majority of animals to be transported in less than 60 minutes."

**Coop Group (Switzerland)<sup>31</sup>**

Coop Group (Switzerland) states that the maximum transport time for live animals in Switzerland is limited to six hours, and that it expects its foreign suppliers to meet this requirement as well.

**30**

[http://www.co-operative.coop/Corporate/sustainability-report-2012/downloads/Social\\_responsibility/SR\\_Animal\\_welfare\\_section.pdf](http://www.co-operative.coop/Corporate/sustainability-report-2012/downloads/Social_responsibility/SR_Animal_welfare_section.pdf)

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<http://www.coop.ch/pb/site/nachhaltigkeit/node/77494696/Len/index.html>

## 4.2



### GOVERNANCE AND MANAGEMENT

#### Do Companies Define Responsibilities for Farm Animal Welfare?

In most large companies (such as the 70 covered by this Benchmark), there is generally a clear delineation between those staff members who are responsible for the oversight of policy and those staff members who are responsible for day-to-day implementation. Policy oversight, which is generally the responsibility of senior management or the board, encompasses tasks such as defining the overall policy goals, monitoring the implementation of the policy, acting in the event the policy is not being complied with and ensuring the policy remains relevant to the organisation. In contrast, day-to-day implementation, which is generally the responsibility of specific individual(s) or team(s), encompasses tasks such as developing and implementing management systems and processes, setting objectives and targets, measuring and monitoring performance, and reporting.

Understanding how companies structure their governance and management is particularly important in the case of farm animal welfare given that farm animal welfare is a relatively new area of management attention for many companies, that the issues are technically complex, and that farm animal welfare presents potentially significant risks and opportunities for food companies. It is therefore important that companies have the technical and operational staff to enable them to be confident the issues associated with farm animal welfare are being effectively managed. It is equally important that senior management is aware of the business implications of farm animal welfare and is prepared to intervene when needed (for example, if there are tensions between the organisation's farm animal welfare policies and other business objectives).

The results from the 2013 Benchmark suggest that many companies have yet to formalise their management of farm animal welfare issues. In fact 38 (54%), a slight improvement on the 59% in the 2012 Benchmark, of the companies reviewed have yet to publish details of who is responsible, at either a senior management or operational level, for farm animal welfare. Of those that have specified responsibilities, 18 define operational responsibilities only, 27 define senior management responsibilities and 13 define both (some examples are presented in Box 4.10). It is important to qualify these findings by noting that it is frequently difficult to tell how much, if any, senior management attention is actually being focused explicitly on farm animal welfare, given that farm animal welfare is generally treated as just one of a whole range of corporate responsibility-related issues that need to be managed by companies.

*Box 4.11 Case-studies:***Corporate Governance and Management of Farm Animal Welfare****The Co-operative Food (UK)<sup>32</sup>**

The Co-operative Food describes its oversight of farm animal welfare as follows: "The Social Responsibility Executive Committee oversees our positioning, strategy, performance and the ongoing review of our Ethical Plan. Chaired by the Group Chief Executive, it includes members of the Management Executive and meets three times a year. A Social Goals department of 38 employees is responsible for the day-to-day management of sustainability performance across the business. The Head of Social Goals reports to the Executive Director of Corporate Affairs, a member of the Group Executive. A dedicated team within The Co-operative Food oversees responsible retailing, supported by a Food Policy Group, chaired by the Chief Executive of Food Retail. Progress reports on ethics and sustainability matters are provided for the Group Executive and Banking Group Executive on a monthly basis".

**Cranswick<sup>33</sup>**

Cranswick requires all of its UK producers to be members of independently audited and certified farm assurance schemes such as British Quality Assured Pork. Cranswick's Agricultural Manager also visits producers to ensure that the required welfare standards are being maintained.

In addition, Cranswick has its own team of qualified Animal Welfare Officers (AWOs) which is responsible for inspecting the pigs as they arrive at site, whilst they are in the lairage, and also for ensuring that the process of stunning and slaughter is carried out in the most humane way possible.

**Have Companies Set Objectives for Farm Animal Welfare?**

Objectives and targets are the point where policy commitments are translated into substantive action, and where resources and responsibilities are allocated for the delivery of these objectives and targets. One of the most encouraging findings from the 2013 Benchmark is the significant increase (from 26% of the companies assessed in 2012 to 41% in 2013) in the number of companies that have set farm animal welfare-related objectives and targets. There has been also been a notable increase in the number of these companies (17 out of the 29 that set objectives and targets in 2013, compared to 7 out of 18 in 2012) that provide a reasonable amount of information on how the target is to be achieved (for example, who is responsible, what resources are allocated, what the key steps or actions towards the target are).

In most cases, the targets that have been set reflect the relative novelty of farm animal welfare as a management issue, with companies tending to focus on management processes (for example, to formalise their farm animal welfare management systems, to introduce audits) and/or on a single farm animal welfare-related issue (for example, to eliminate gestation crates, to move towards cage-free eggs). There are, however, an increasing number of companies that have set detailed objectives and targets, and that report on progress against these. Some examples are presented in Box 4.11.

**32**

[http://www.co-operative.coop/Corporate/sustainability-report-2012/downloads/Managing\\_Sustainability.pdf](http://www.co-operative.coop/Corporate/sustainability-report-2012/downloads/Managing_Sustainability.pdf), and <http://www.co-operativefood.co.uk/PageFiles/6786/Co-operative%20Food%20Welfare%20Policies.pdf>

**33**

[http://www.cranswick.plc.uk/green-thinking/greenthinking\\_animal\\_welfare\\_qa.html](http://www.cranswick.plc.uk/green-thinking/greenthinking_animal_welfare_qa.html)

*Box 4.11 Case-studies:***Corporate Targets on Farm Animal Welfare****The Co-operative Food (UK)<sup>34</sup>**

The Co-operative Food (UK) has set a variety of farm animal welfare-related objectives. It also reports on performance against previous years' objectives. The Company's 2012 and 2013 farm animal welfare-related objectives are presented below.

TARGETS 2012	PROGRESS	TARGETS 2013
<b>Animal welfare standards</b>		
Improve animal welfare standards for dairy cows, together with environmental impacts by developing a dedicated supply chain for milk that benefits contracted farmers with green electricity and energy efficiency surveys from 2012	Our dedicated supply chain for own-brand milk allows us to influence the environmental impact (and welfare of the milk-producing cattle in our supply chain)	Improve animal welfare standards for dairy cows, together with environmental impacts by developing a dedicated supply chain for milk that benefits contracted farmers with a premium, and access to green electricity and energy efficiency surveys
Measure and report the impact of Elmwood standards on animal welfare	In 2012, we introduced impact measurements for all our Elmwood chicken, turkey and pig supplier farms	Measure and report the impact of our own-brand higher welfare standards on animal welfare
<b>Product range and sales</b>		
Continue to ensure that shoppers operating on a variety of budgets have the opportunity to support higher baseline animal welfare standards, and that all shell eggs and egg ingredients in own-brand products are at least free range	Higher baseline animal welfare standards are met across a range of own-brand products and all shell eggs and egg ingredients in own-brand products are at least free range	Continue to ensure that shoppers operating on a variety of budgets have the opportunity to support higher baseline animal welfare standards, and that all shell eggs and egg ingredients in own-brand products are at least free range
Continue to pursue higher welfare standards across our meat and fish, converting our own-brand salmon to RSPCA Welfare Freedom Food standard in 2012	In March 2012, we converted all our own-brand fresh and frozen salmon products, including smoked salmon, to RSPCA Welfare Freedom Food standard	Continue to pursue higher welfare standards across our meat and fish

**J Sainsbury**<sup>35</sup>

Sainsbury's states: "By 2020, all our meat, poultry, eggs, game and dairy products will be sourced from suppliers who adhere to independent higher welfare standards". It reports on progress towards these goals, noting that (amongst others):

- All of its British farmers meet the Red Tractor Farm Assurance standard as part of supplying Sainsbury's own-brand meat, poultry, produce and dairy products.
- Sainsbury's Dairy Development Group welfare standard prohibits the shooting of dairy bull calves and live export.
- Sainsbury's is the UK's largest retailer of Freedom Food products in the UK, selling over 60 per cent of all Freedom Food certified products sold in the UK.
- Around 20 per cent of Sainsbury's fresh chicken sales are from Freedom Food birds, involving ten million birds reared to higher independent welfare standards.

**Royal FrieslandCampina**<sup>36</sup>

Dutch-based Royal FrieslandCampina has set the following animal welfare-related headline goals for 2020:

- Implementation of the Foqus Planet action plan.
- Outdoor grazing: maintain current level as a minimum.
- Animal medicines: reduce antibiotics use to the 1999 level.
- Udders and hooves: clinical mastitis and clinical lameness down to natural levels.

It provides progress updates and sets out its ambitions for the year ahead for each of these goals. For example, in relation to its goal on udders and hooves, it reported that it had held 17 workshops on udder health (7 in the Netherlands, 10 in Germany) and 60 workshops on hoof health (50 in the Netherlands, 10 in Germany). It also reported that its ambitions for 2013 were to hold 150 workshops on udder health, to hold 80 workshops on hoof health and to launch a new management system to register hoof health for each animal.

**35**

<http://www.j-sainsbury.co.uk/responsibility/20x20/animal-welfare/> and <http://www.j-sainsbury.co.uk/media/latest-stories/2010/20100501-sainsburys-entire-range-of-own-brand-duck-to-be-100perc-freedom-food-approved/>

**36**

<http://www.frieslandcampina.com/english/responsibility/csr-reports.aspx>



### Do Companies Report on Farm Animal Welfare Performance?

Unsurprisingly, given the comments about objectives and targets above, performance reporting remains relatively underdeveloped. Of the 70 companies covered by the 2013 Benchmark, only 12 (17%) report on how they have performed against their policy commitments, 21 (30%) report on performance against their objectives and targets and 19 (27%) report on performance outcomes. These, however, do represent significant increases from the 2012 Benchmark where the corresponding percentages were 7%, 19% and 19%.

Performance reporting is particularly challenging for companies given that companies generally have multiple animal species, they frequently manage animal species to different standards, and the reality of the absence of universal global performance standards for animal welfare (which means that there is no clear consensus about the specific expectations of companies). Notwithstanding these difficulties, we have been struck by the number of companies providing comprehensive accounts of their farm animal welfare performance (see the examples of corporate reporting against objectives and targets presented in Box 4.11). We have also seen a number of companies report indicators and data points (see Table 4.1) that could form the basis for standardised corporate performance reporting on farm animal welfare. While Table 4.1 is not comprehensive, it points to the potential to develop a performance reporting framework that captures scale (i.e. the number of animals affected), business relevance (for example, sales), processes (for example, antibiotic usage) and farm animal welfare outcomes (for example, by reference to recognised standards).

In early 2014, we will establish a working group including representatives of companies that already report on farm animal welfare performance or that are in the process of developing performance measures. Our intention is to introduce some performance outcome measures into the 2014 Benchmark.

INDICATOR/METRIC	REPORTED BY
Total number of animals handled or managed	Arla, Marfrig, Smithfield Foods, Tyson,
Proportion of animals sourced by country	Coop Group (Switzerland)
Proportion of animals managed/sold to higher welfare standards (where the standard(s) are specified)	The Co-operative Food (UK), Compass (USA), Coop Group (Switzerland), J Sainsbury
Proportion of time that animals are allowed outdoors	Arla
Average space available to animals	Arla
Proportion of animals produced without the routine use of antibiotics	Compass (USA)
Proportion of milk and yogurt sales free of artificial growth hormones	Compass (USA)

### Do Companies Describe Their Control Systems for Farm Animal Welfare?

We have seen a significant increase in the number of companies discussing how farm animal welfare is included in supplier contract conditions, with 24 (34%) of the companies covered by the 2013 Benchmark reporting that they include farm animal welfare in supplier conditions (compared to just 15% in the 2012 Benchmark). Of the 24 companies, 17 report that they include farm animal welfare in all relevant contracts and 7 report that they include farm animal welfare in some contracts but do not specify the proportion of contracts where farm animal welfare is included. While part of this increase may be attributable to an increased corporate focus on farm animal welfare, most of the change seems to be attributable to the increased focus on supply chain management itself, in the wake of the horsemeat scandal earlier this year. This has led to companies shortening their supply chains for particular products, by increasing the quantities channelled through existing producers and/or by bringing supply back to a provenance with a strong consumer trust ("Buy British" for example). Whilst this has seen companies increase the amount of information they provide on their supply chain management processes more generally, it still may not tell us much about the actual standards of farm animal welfare in those supply chains. This explanation (i.e. that the increases in score are only partially attributable to increased company focus on farm animal welfare) is supported by the fact that the scores for the other supply chain-related questions, namely the percentage of companies that describe how they audit their suppliers (43% in the 2013 Benchmark compared to 35% in 2012) and the percentage of companies that describe their supplier education and capacity-building initiatives (34% in 2013 and 31% in 2012), have only increased by modest amounts. While these scores have not changed significantly, companies do appear to be providing much more information on their websites, setting out their expectations of suppliers and providing case-studies, training materials and other tools that suppliers can use to strengthen their approach to farm animal welfare. Some examples are presented in Box 4.12.

#### Box 4.12 Case-studies:

##### **Supplier Engagement**

###### **Arla**<sup>37</sup>

Arla Foods' Quality Assurance Programme provides a comprehensive account of how Arla Foods monitors and audits its suppliers and the actions that are taken in the event of deviations in compliance with animal welfare requirements. Arla Foods provides a variety of materials (for example, its Quality Assurance programme) and support to farmers to ensure that they manage farm animal welfare effectively.

**37**

[http://www.arla.com/Images/arla.com/PDF/arlagarden/Kvalitetsprogrammet-Arlagarden\\_UK.pdf](http://www.arla.com/Images/arla.com/PDF/arlagarden/Kvalitetsprogrammet-Arlagarden_UK.pdf), and <http://www.arla.dk/Produkter/Brands/ArlaHarmonie/Mod-Okolandmandene/>

**J Sainsbury<sup>38</sup>**

Sainsbury's believes that developing strong, long-term partnerships with its British farmers and growers is key to achieving sustainable and secure supply chains. It approaches its commitment to doubling British food through its ten farmer and grower Development Groups, its £1 million grant for research and development in British agriculture, as well as through bringing new British products to market.

Sainsbury's Farmer and Grower Development Groups work with its suppliers and farmers, both in the UK and overseas, including over 2,500 British farmers and growers. Sainsbury's Development Groups cover beef, lamb, veal, pork, eggs, chicken, milk, cheese, wheat and produce. Farmers involved in these groups chose four areas of focus: animal health and welfare, business improvement, environment and energy, and collaborative working. They decide on the priority areas and identify major projects. To further support their work Sainsbury's announced a £1 million agricultural research and development grant to encourage them, along with associated organisations, to find projects to build towards Sainsbury's ambition to double the amount of British food it sells by 2020.

Sainsbury's Dairy Development Group (SDDG) was set up in 2006 to help its dairy farmers reduce their costs by improving efficiency, and animal health and welfare, and by reducing their impact on the environment. Sainsbury's has invested over £30 million in developing these relationships since 2006, and in January 2010 pledged a further £40 million over the subsequent three years, money that will go towards further improving herd health and welfare, raising management standards and reducing the impact on the environment. For example, for herd health and husbandry Sainsbury's has used an 'outcome based' system to ensure a focus on the cow's health.

On 1 January 2012 Sainsbury's stopped selling own brand products containing egg from caged hens (including those from enriched cages). This was at the same time as the EU Legislation banned the use of conventional cages and the industry moved to enriched colony cages. Through its Egg Development Group, Sainsbury's was able to ensure no disruption in supply of eggs in store for customers.

**Unilever<sup>39</sup>**

Unilever has a dedicated Supplier Portal which provides guidance to suppliers on compliance with its Sustainable Agriculture Code. This includes detailed implementation guides on Unilever's Sustainable Livestock<sup>40</sup>, Transport and Slaughter<sup>41</sup>, Sustainable Agriculture Code and Dairy<sup>42</sup> requirements, as well as case-studies and other materials.

**VION<sup>43</sup>**

VION supports its suppliers in the farming industry with its dedicated information system FarmingNet. This information system is addressed in the first instance to producers who supply their animals to a VION slaughterhouse. The system offers the simple and speedy feedback of slaughterhouse findings to the producer, allowing the farmer to see what has been successful in his production operations and what has been less successful. The findings give useful information about the pigs' state of health, and form an important basis for consultations with the veterinary practitioner or with the advisory body for promotion of the health of stock and optimisation of biological and economic performance.

**38**

[http://www.j-sainsbury.co.uk/media/1375865/csr\\_factsheet\\_sourcing\\_integrity.pdf](http://www.j-sainsbury.co.uk/media/1375865/csr_factsheet_sourcing_integrity.pdf)

**39**

<http://www.unilever.com/aboutus/supplier/>

**40**

[http://www.unilever.com/images/Uni2565LiveG-sustainable\\_3\\_tcm13-366003.pdf](http://www.unilever.com/images/Uni2565LiveG-sustainable_3_tcm13-366003.pdf)

**41**

[http://www.unilever.com/images/Uni2565LiveG-transport\\_4\\_tcm13-366001.pdf](http://www.unilever.com/images/Uni2565LiveG-transport_4_tcm13-366001.pdf)

**42**

[http://www.unilever.com/images/Unilever-sustainable-Agriculture-Code-Implementation-Guides-V1-May-2010\\_tcm13-374922.pdf](http://www.unilever.com/images/Unilever-sustainable-Agriculture-Code-Implementation-Guides-V1-May-2010_tcm13-374922.pdf)

**43**

<http://www.vionfood.de/en/farming/farming-net/>

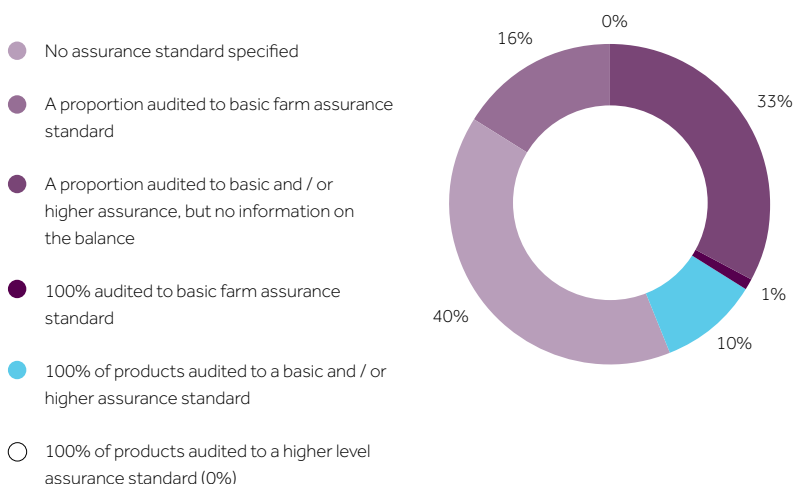
*Box 4.13 Case-study***Training****Cargill<sup>44</sup>**

Cargill provides training sessions on animal welfare to emergency responders who may be called to act should there be an accident while hauling livestock. The training teaches Cargill personnel and local first responders how to humanely handle live hogs at the site of a transportation accident. Around the central part of the United States, more than 150 individuals have been trained by Cargill, including local and state law enforcement officers, local fire fighters and area transporters.

*Box 4.14 Case-study***Internal Audit****Arla Foods<sup>45</sup>**

Arla Foods' Quality Assurance Programme (Arlagården) discusses the outcomes of Arla Foods' Farm Visits (inspections):

- Farmers are approved if there are no deviations from Arlagården.
- Farmers are temporarily approved if there are less than 6 minor deviations from Arlagården, and so long as the farmer corrects these within deadlines specified by Arla.
- Farmers will receive a follow-up visit if they have one or more serious deviations, if deviations also existed at previous visits, if they have more than 5 less serious deviations, or if they did not submit confirmation that less serious deviations had been corrected within the specified deadlines.
- Farmers will not be approved if there are one or more serious deviations in compliance with animal welfare requirements and/or food safety, it is considered that conditions on the farm are in a state of emergency or at high risk of non-compliance, or there are other serious deviations that make the collection of milk from the farm high risk to Arla Foods' milk supply.

**Are Companies Reporting Against Farm Assurance Schemes?****Figure 4.8: Farm Animal Welfare Assurance Standards****44**

<http://www.cargill.com/connections/animal-handling-emergencies/index.jsp>

**45**

[http://www.arla.com/Images/arla.com/PDF/arlagarden/Kvalitetsprogrammet-Arlagarden\\_UK.pdf](http://www.arla.com/Images/arla.com/PDF/arlagarden/Kvalitetsprogrammet-Arlagarden_UK.pdf)

Assurance schemes can play an important role in promoting welfare standards. Where species-specific legislation exists, schemes should ensure that minimum legislative standards are met and ideally raise the standards above the minimum. Where there is no species-specific legislation, assurance standards can be critically important for protecting welfare, although the exact contribution will depend on the specific standards in the assurance system (for example, the space requirements, the training requirements for those involved in animal handling, monitoring and corrective action processes). Whilst it is essential to set high input standards to ensure livestock production systems have high welfare potential, it is also important to monitor welfare outcomes (such as mortality, disease, lameness, injuries and the occurrence of normal and abnormal behaviours) to assess the overall performance of the system.

Farming systems that provide for behavioural freedom without compromising health can be described as having a high welfare potential. Examples of higher welfare schemes (which offer many welfare advantages relative to standard industry practice for all species) include the Soil Association, RSPCA Freedom Food, Beter Leven, KRAV and Label Rouge, GAP5Step.

Discussions about assurance standards are complicated by the fact that most schemes tend to have limited geographic scope (there are many national schemes and relatively few apply outside one or two countries) and tend to be species specific (i.e. companies may need to sign up to a number of assurance schemes to ensure that all are covered by an assurance standard). Yet, in the absence of global standards for farm animal welfare (or global frameworks for assessing farm animal welfare), assurance standards have a critical role to play in terms of their ability to drive standards, in terms of their auditing and assurance processes (these schemes generally require independent third-party auditing), and in terms of their ability to provide reassurance to consumers and stakeholders about the performance outcomes being achieved. The other complication is that many of the widely cited assurance standards (for example, British Lion) are primarily concerned about quality and safety-related issues, and have relatively little to say about farm animal welfare other than that producers or suppliers should comply with relevant legal requirements. Yet, it was not uncommon for companies to point to these as evidence of their commitment to higher standards of farm animal welfare. While these assurance standards are not farm animal welfare standards per se, they provide many of the core process elements (e.g. on auditing, on traceability) that companies need if they are to implement effective farm animal welfare management processes in their supply chains.

The results (Figure 4.8) provide a clear account of the current state of play. 40% of companies do not provide any information on the standards to which their animals are reared, transported, and slaughtered, although this represents an improvement on the 50% in the 2012 Benchmark. Most of those that report do so in a piecemeal manner, with reporting confined to specific species and specific geographies (for example, the proportion of eggs sold in the UK that are certified to the RSPCA Freedom Food scheme in the UK).



## 4.3



### LEADERSHIP AND INNOVATION

#### **Are Companies Advancing Farm Animal Welfare in their Industry?**

At present, relatively few companies provide information on whether they are involved in research and development (R&D) programmes on farm animal welfare (with just 17 out of the 70 companies covered by the 2013 Benchmark providing information on this) or industry initiatives (including public policy engagement) directed at improving farm animal welfare practices across the industry (just 15 companies provide some information on this).

In relation to R&D, there are many interesting and important projects (see the examples in Box 4.15) currently being carried out. A number of the companies that talk about R&D also point to their relationships with universities or other research bodies, and how they use these relationships to ensure that the research produced is relevant and with practical application (see, again, the examples in Box 4.15). While these are encouraging signs, it is concerning that much of the large scale research (in particular, 'big picture research' on issues such as food sustainability, food security and the structure of the food system) does not appear to have any focus on farm animal welfare. To take just one example, Barilla's Centre for Food and Nutrition (which has published a series of research papers on food sustainability and security) has not produced any publications on farm animal welfare or even presented farm animal welfare as a core issue within these wider research themes.

In relation to industry initiatives, we acknowledge that companies are involved in a whole variety of industry initiatives, and that companies do regularly work together on issues of mutual concern. However, with notable exceptions such as the Beak Trimming Action Group and The Caring Dairy Program<sup>46</sup>, the emphasis of industry initiatives tends to be on issues such as product quality, traceability and food security, with farm animal welfare often seen as a secondary concern. Box 4.16 provides an overview of the industry initiatives on farm animal welfare that companies in the Benchmark are involved in.

*Box 4.15: Case-studies***R&D****J Sainsbury<sup>47</sup>**

Sainsbury's pig concept farm is a partnership with a family-run, intensive commercial business in East Yorkshire, which has bred and finished indoor pigs since 2009. Funded by Sainsbury's, the initiative is a long term project to test breeding, feeding and husbandry techniques and new and alternative ways of working, to continually improve the welfare of pigs. The initiative is currently testing alternative indoor farrowing systems to improve animal welfare and to find a realistic solution to farrowing crates in commercial pig farming, thereby allowing breeding sows to give birth without confinement so they can behave as they would when giving birth naturally. If this is successful, Sainsbury's will introduce it to other producers across the UK, improving the lives of millions of pigs.

**Morrisons<sup>48</sup>**

Morrisons has sponsored a number of research papers and publications including:

- A study on environmental enrichment by the University of Bristol which established that the use of enrichment such as natural daylight, perches and pecking objects improves bird well-being.
- An illustrated guide on hen management, in conjunction with the University of Bristol, which provided information on best practice techniques to improve the health of hens raised in free range systems.
- A best practice guide, in conjunction with Arla and DairyCo, for farmers considering building new or upgrading existing dairy cow housing.
- A study, in collaboration with experts at the Moredun Research Institute, revealing Neospora (a parasite-driven disease that affects dairy cows and cattle) is affecting more farms than previously thought, with the cost to the British dairy industry alone being around £45m a year. Morrisons shared the findings with stakeholder organisations including Defra and the National Farmers Union, called for investment to develop an effective vaccine that can help eradicate the disease, and distributed a copy of the guide to over 10,000 British farmers.

**Noble Foods<sup>49</sup>**

Noble Foods is involved in a research project with the School of Veterinary Sciences at Bristol University investigating ways to enhance the well-being of laying hens on farm.

Noble Foods also carried out a free range enrichment project with the Farm Animal Institute at Oxford to look into the welfare benefits of providing range canopy cover. Noble Foods has commented that there is an increasing body of scientific evidence which shows that free range flocks which range well have better welfare indicators, and that it already provides extensive range enrichment by planting trees which encourage birds to range by providing shade and protection which hens prefer.

**47**

[http://www.j-sainsbury.co.uk/media/1375865/csr\\_factsheet\\_sourcing\\_integrity.pdf](http://www.j-sainsbury.co.uk/media/1375865/csr_factsheet_sourcing_integrity.pdf)

**48**

<http://www.morrisons-corporate.com/Documents/Corporate%20documents/CR-Review2013-FinalWebVersion-13Jun.pdf>

**49**

<http://www.noblefoods.co.uk/corporate-social-responsibility/animal-welfare/>, and <http://www.noblefoods.co.uk/news/who-are-you-calling-a-bird-brain/>

## Box 4.16:

**Industry initiatives on farm animal welfare**

	REGION	INDUSTRY INITIATIVE
Carrefour	Europe	PMAF (Protection Mondiale des Animaux de Ferme – Global Protection for Farm Animals): Promotes livestock farming methods that respect animal wellbeing.
The Co-operative Foods	Europe	Farm Animal Welfare Forum: Encourages greater collaboration between voluntary organisations, business and academic institutions working on farm animal welfare.
Coop Group (Switzerland)	Global	GlobalGAP/FQH/IGAS: Seeks to advance farm animal welfare through research, the development of standards and public policy engagement.
Koninklijke Ahold	Europe	Dierenbescherming/Beter Leven: Agreement between Dutch supermarkets to balance sustainability, people, animals and the environment.
Koninklijke Ahold (USA)	North America	United Egg Producers (UEP) standard.
Marks & Spencer	Global	Farming for the Future: Farm animal welfare as an inherent part of the ethics pillar in Plan A. Farm Animal Initiative (FAI) is a strategic partner for the retailer's farm animal welfare innovation, research and development.
McDonald's	Global	Global Roundtable for Sustainable Beef.
Yum! Group	North America	American Association of Avian Pathologists (AAAP).
Cargill	North America	Coalition for Sustainable Egg Supply (CSES): U.S.-based group of universities, food companies, government agencies and other stakeholders that are concerned with raising safe, affordable food.
Dairy Crest	Europe	Beyond Calf Exports Stakeholders Forum.
Danish Crown	UK/Europe	BPEX (British Pig Executive), NPA (National Pig Association), BPHS (British Pig Health Scheme), FAWC (Farm Animal Welfare Council) and PVS (Pig Veterinary Society).
Marfrig	South America	GTPS - Grupo de Trabalho da Pecuária Sustentável (Sustainable Beef Working Group): A World Bank initiative implemented by International Finance Corporation to promote the sustainability of beef and veal commodities in supply chains.
Nestlé	Global/Americas	Sustainable Agriculture Initiative (SAI) platform: Founded by Nestlé, Danone and Unilever in 2002. Dairy Partners Americas: A joint venture in South America with dairy company Fonterra. Has teamed up with Brazil Foods and Itambé, two leading Brazilian food producers, to share best practices. Together, the three companies have worked with the State Secretariat of Science, Technology and Higher Education for Minas Gerais - a major dairy farming region - to define a set of common standards.
Noble Foods	UK/Europe	Farm Animal Initiative (FAI) (Oxford) looking further into the welfare benefits of providing range canopy cover. RSPCA's Freedom Food Laying Hen and Pullet working group which advises on Freedom Food standard.
Royal FrieslandCampina	Netherlands/Europe	Stichting Weidegang (Outdoor Grazing Foundation, Dutch website): Promotes the visibility of cows in the Dutch countryside. The foundation provides member dairy farmers with advice on outdoor grazing. To encourage outdoor grazing, farmers who meet certain conditions receive a premium. FrieslandCampina is one of the initiators of Stichting Weidegang.
Unilever	Europe/Global	"SAI Platform - worked with Nestlé and Danone to establish the Sustainable Agriculture Initiative Platform (SAI Platform) in 2002. The initiative is now in more than 40 companies from the food and beverage industry. It aims to develop knowledge about sustainable agriculture and communicate widely with a range of stakeholders. The SAI Platform also played a key role in establishing a Global Dairy Agenda for Action on Climate Change. Better Dairy Campaign - In December 2012, Ben & Jerry's joined forces with leading animal welfare charities for the Supporting Better Dairy campaign, which aims to improve living standards for dairy cows across Europe.

### Are Companies Promoting Higher Farm Animal Welfare to their Customers or Clients?

There has been a significant increase in the number of companies that provide information to their customers or consumers on farm animal welfare with 30 of the 70 companies (43%) assessed in the 2013 Benchmark providing this information compared to just 25% in the 2012 Benchmark. Encouragingly, 16 of the 30 presented multiple examples, suggesting farm animal welfare is an integral part of their customer messaging and engagement, rather than a one-off. As indicated in Box 4.15, companies have covered a whole variety of topics and species, and have communicated through a variety of media (online and site visits). This proactive communication on farm animal welfare is hugely important; it raises consumer awareness of farm animal welfare issues, it directs consumers to higher welfare choices, and it establishes consumer expectations that farm animal welfare should be an integral part of companies' approaches to corporate sustainability.

It is also relevant to note that one of the items of feedback we have received from companies is that they are concerned about the risks (for example, reputational damage, being the subject of NGO campaigns) of publicly discussing issues such as routine mutilations or slaughter practices. Yet, the feedback we have received from companies that have chosen to publicly communicate on these issues has been that these disclosures can actually improve the quality of the dialogue they have with key stakeholders.

#### Box 4.17 Case-studies:

##### Customer and Consumer Communications on Farm Animal Welfare

- 50**  
<http://www.arla.com/Sustainability/closer-to-nature/Activities/>
- 51**  
<http://www.danishcrown.com/Danish-Crown/FAQ/Visit-Danish-Crown-Horsens.aspx>
- 52**  
<http://www.danishcrown.com/Danish-Crown/Welcome-to-the-virtual-slaughterhouse.aspx>
- 53**  
<http://www.danishcrown.com/Danish-Crown/Welcome-to-the-virtual-slaughterhouse.aspx>
- 54**  
<http://ir.marfrig.com.br/eng/grupomarfirg/videos.asp?video=institucional>
- 55**  
[http://corporate.marksandspencer.com/documents/how\\_we\\_do\\_business/food\\_animal\\_welfare\\_2013.pdf](http://corporate.marksandspencer.com/documents/how_we_do_business/food_animal_welfare_2013.pdf)
- 56**  
<http://www.mcdonalds.co.uk/ukhome/whatmakesmcdonalds/feature-index.html>
- 57**  
[http://www.aboutmcdonalds.com/mcd/sustainability/signature\\_programs/farm\\_to\\_front\\_counter.html](http://www.aboutmcdonalds.com/mcd/sustainability/signature_programs/farm_to_front_counter.html)
- 58**  
[http://www.migros.ch/mediaObject/GenM/docs/de/MGB\\_Nachhaltigkeit2013\\_DE\\_17062013\\_low/original/MGB\\_Nachhaltigkeit2013\\_DE\\_17062013\\_low.pdf](http://www.migros.ch/mediaObject/GenM/docs/de/MGB_Nachhaltigkeit2013_DE_17062013_low/original/MGB_Nachhaltigkeit2013_DE_17062013_low.pdf)

- Arla has programmes directed at encouraging children and adults to visit its farms, to learn about milk production practices and processes<sup>50</sup>. Every year, more than 100,000 people visit Arla farms in Denmark and 40-50,000 visit Arla farms in Sweden.
- Danish Crown's Horsens slaughterhouse is open to visitors, and receives approximately 150 visitors a day<sup>51</sup>. Danish Crown also offers a video tour of the slaughterhouse<sup>52</sup>.
- Marfrig Group has a corporate video ('video instructional 2012') which highlights sustainability and animal welfare to customers<sup>53</sup>.
- Marks & Spencer provides a comprehensive account on its website of its approach to sourcing, with farm animal welfare presented as an integral part of its sourcing practices<sup>54</sup>.
- McDonald's UK has responded to increased consumer curiosity about where our food comes from by launching a search for 'Quality Scouts' - independent members of the public who are invited to find out exactly what goes into McDonald's products and post their reports online. Allowing consumers to see the supply chain for themselves is a significant step towards greater transparency and traceability in the food industry<sup>55</sup>.
- McDonald's' Farm to Front Counter provides a description of the main steps its products go through, from farms through to its restaurants. The section on beef includes an overview of how the welfare of these animals is assured<sup>56</sup>.
- Migros publishes an annual sustainability magazine which profiles its higher animal welfare brands and discusses aspects of its Generation M programme<sup>57</sup>. Migros TV provides short videos online on various issues, including one on farm animal welfare which features a young boy, a farmer and a cow<sup>58</sup>.

- Noble Foods uses entertaining PR tactics to bring topics to life for the consumer. For example, a research project with the School of Veterinary Sciences at Bristol University on ways to enhance the well-being of laying hens on farm, resulted in a press release revealing: "A new academic review out today has dispelled one of history's oldest myths by revealing that chickens are far higher up the intellectual pecking order than previously thought – and in fact possess mental skills that are superior to human toddlers. The review, commissioned by free range egg producer the happy egg co. to highlight the many hidden depths of hens, found that chickens have the capacity to outperform young children when it comes to numeracy and logic. They are also able to exercise greater self-control – a recognised sign of higher intelligence – choosing to delay a reward for a better one. The happy egg co. is now using the findings to inform the designs for new outdoor play areas which will be rolled out across all its farms to ensure their flocks are mentally and physically stimulated".<sup>59</sup>
- Sainsbury's supported the 2013 Farm Animal Week by donating 5p to the RSPCA from selected Freedom Food products sold during the week<sup>60</sup>. The Company has produced a video describing its pig concept farm, and putting pig welfare in the context of good and bad systems<sup>61</sup>.
- Waitrose has introduced a section on its website dedicated to 'About our Food'<sup>62</sup>. This features video stories of the farmers and production processes involved in the Waitrose supply chain and provides detailed information on the production systems used for each of its relevant species. In addition, Waitrose regularly promotes higher welfare meats in its Waitrose Weekend magazine and recipes.
- Yum! Group subsidiary, KFC, launched its 'C is for Chicken' website in early 2013 to engage consumers on its approach to farm animal welfare. The site includes FAQs and a series of videos and case-studies involving customers and other third parties visiting production facilities and experiencing the Company's welfare systems first hand<sup>63</sup>.

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<http://www.noblefoods.co.uk/news/who-are-you-calling-a-bird-brain/>

60

<http://www.j-sainsbury.co.uk/media/latest-stories/2012/20120618-sainsburys-to-donate-to-rspca-from-freedom-food-sales/>

61

<http://www.j-sainsbury.co.uk/media/latest-stories/2011/20110712-sainsburys-concept-farm-leads-the-way-for-healthier-happier-pigs/>

62

[http://www.waitrose.com/content/waitrose/en/home/inspiration/about\\_waitrose/about\\_our\\_food.html?wtrint=1-Content-\\_-2-inspiration-\\_-3-nav-\\_-6-Produce.html](http://www.waitrose.com/content/waitrose/en/home/inspiration/about_waitrose/about_our_food.html?wtrint=1-Content-_-2-inspiration-_-3-nav-_-6-Produce.html)

63

<https://www.kfc.co.uk/dontworryeahappy/c-is-for-chicken>



## CHAPTER 5

## WIDER ISSUES AND REFLECTIONS





## 5.1



### WHAT HAS DRIVEN THE CHANGES IN BENCHMARK SCORES?

While we acknowledge we have started from a low base (and that many companies have still to even acknowledge farm animal welfare as a business issue), there has been a step change in corporate performance on farm animal welfare in the period August/September 2012 to August/September 2013 (i.e. the periods when we conducted the 2012 and 2013 Benchmarks). There are a number of distinct factors at play.

The first is that the general pressures identified in the 2012 Benchmark report (consumer demand for higher welfare products, NGO expectations, regulatory pressures in particular within the EU) remain relevant. Indeed it is interesting that, notwithstanding an extremely challenging economic backdrop, there appears to have been no discernible reduction in consumer interest in farm animal welfare. The broad pressures on companies to take a proactive approach on farm animal welfare remain as relevant in 2013 as they did in 2012.

The second is that the horsemeat scandal forced companies to look much more closely at issues such as food provenance, traceability and quality. Companies have sought to reassure customers by publishing more information on their management of their supply chains, covering issues such as monitoring, testing, supplier training and auditing. As we note in Chapter 4, at least some of the improvements in scores can be attributed to the fact that companies are providing more information about their approach to supply chain management in general. For some, this has also led to them providing more information about their approach to farm animal welfare.

The third is that the Benchmark – despite the first Benchmark report only being released in February 2013 – has had an influence, although it is difficult to disentangle its effects from the wider pressures for companies to take action. Four companies, The Co-operative Food (UK), Marks & Spencer, Noble Foods and Unilever, have explicitly referenced the Benchmark in their corporate responsibility reports or sections of their websites. A number of the companies we met in relation to the 2012 and 2013 Benchmarks have indicated that the Benchmark (and its supporting materials, such as the guides to reporting<sup>63</sup> and management systems<sup>64</sup>) sets out very clear expectations of companies in terms of reporting and management practices. The fact that the Benchmark provides a ranking and the fact that BBFAW is clearly working closely with investors on the issue of farm animal welfare have both been noted by companies as being hugely important drivers for change.

In relation to how investors use, or are likely to use, the Benchmark, we conducted an informal investor survey in May 2013 to understand how investors have used the Benchmark to date, and to inform our thinking on how we might make the Benchmark more useful for investors<sup>65</sup>. This research concluded that investor awareness of the Benchmark is relatively low (reflecting the common perception that farm animal welfare is not a financially material issue for the food industry), but that awareness is growing and that investors have started to use or intend to use the results of the Benchmark in their engagement with companies and in their investment research and decision-making processes. In meetings and discussions with investors, a number commented that while they do not see farm animal welfare as a material issue, they are interested in the Benchmark as it provides an objective assessment of company performance on a specific issue and thereby provides important insights into company practices and risk anagement more generally. These investors also offered some practical suggestions on how the Benchmark could be made more useful to them (we return to these in Chapter 6).

#### 64

Rory Sullivan and Nicky Amos (2012), Farm Animal Welfare Disclosure Framework. BBFAW Investor Briefing No 5 (June 2012) (BBFAW, London; [http://www.bbfaw.com/wp-content/uploads/2010/08/3.-BBFAW-Investor-Briefing-No.5\\_Farm-Animal-Welfare-Disclosure-Framework.pdf](http://www.bbfaw.com/wp-content/uploads/2010/08/3.-BBFAW-Investor-Briefing-No.5_Farm-Animal-Welfare-Disclosure-Framework.pdf)).

#### 65

Katy Read (2011), Farm Animal Welfare: The Business Case for Action. BBFAW Investor Briefing No 2 (October 2011) (BBFAW, London; [http://www.bbfaw.com/wp-content/uploads/2010/08/Briefing-No2\\_FAW-The-Business-Case-for-Action1.pdf](http://www.bbfaw.com/wp-content/uploads/2010/08/Briefing-No2_FAW-The-Business-Case-for-Action1.pdf)).

#### 66

Rory Sullivan and Nicky Amos (2013), How Are Investors using the 2012 Business Benchmark on Farm Animal Welfare? BBFAW Investor Briefing No 10 (June 2013) (BBFAW, London; [http://www.bbfaw.com/wp-content/uploads/2010/08/Briefing\\_No10\\_How\\_are\\_investors\\_using\\_the\\_2012\\_Benchmark.pdf](http://www.bbfaw.com/wp-content/uploads/2010/08/Briefing_No10_How_are_investors_using_the_2012_Benchmark.pdf)).

## 5.2

### IMPLICATIONS FOR INVESTORS

Reflecting the core message from the 2012 Benchmark, the key conclusion to be drawn from the 2013 Benchmark is that farm animal welfare continues to be a systemic risk that many companies in the food industry are either not effectively managing or not properly reporting.

While we have produced a broad ranking of companies (see Figure 3.2), we think that it is premature to draw strong conclusions on individual company performance given the novelty of farm animal welfare as a reporting issue and the short period between the first Benchmark report being issued in February 2013 and the second cycle of evaluations six months later. Our expectation, however, is that the 2014 Benchmark will allow for a robust assessment of company performance. At that point, it will be reasonable to conclude that companies which have not taken action or signalled their intention to take action are in fact failing to effectively manage farm animal welfare-related risks and opportunities.

In the short term, we think the most important contributions that investors can make are to: (a) ensure all companies in the sector are aware of the Benchmark and associated guidance material (e.g. on reporting) produced by the Business Benchmark on Farm Animal Welfare, (b) encourage companies to develop their management systems and processes to ensure that the risks and opportunities presented by farm animal welfare are effectively managed, and (c) encourage companies to improve their reporting on farm animal welfare.

We will support investor engagement with companies by making summaries of individual company performance available to them. These two-page reports will include an analysis of how companies perform against their sector peers, trends in company performance, areas of strength and weakness, suggestions for improvement, and commentary on whether the company has engaged with BBFAW.

## 5.3

### NEW AND EMERGING ISSUES

In the course of our engagement with investors and other stakeholders, we have received a number of suggestions on how the Benchmark might be strengthened and on the issues that should be covered by the Benchmark. We have also seen companies starting to report on farm animal welfare-related issues that are not covered by the Benchmark. In Box 5.1, we list the issues we see as gaining increased profile in the area of farm animal welfare. In Chapter 6, we explain how we intend taking these into account in the 2014 iteration of the Benchmark.

#### *Box 5.1*

#### ***New and Emerging Farm Animal Welfare Issues***

- Farmed fish
- Continued selective breeding
- Antibiotics (both in terms of their role in intensive agriculture systems and their impacts on human health)
- The relationship between farm animal welfare and food security and ecological sustainability

## 5.4



### REPORTING ON FARM ANIMAL WELFARE

In the course of reviewing companies' farm animal welfare-related disclosures, we have been struck by the poor quality of companies' reporting in this area. In fact, it is probably fair to say that those companies that do report fail to provide a coherent, consolidated account of their approach to farm animal welfare, with the information tending to be scattered through CSR reports, press releases and wider discussions about issues such as food and sustainability. Indeed, we found a number of companies that had received notable awards from organisations such as Compassion in World Farming and the Humane Society did not even mention these awards on their websites or in their communications.

We have also seen that annual CSR reports struggle to provide a full account of companies' approaches on all the social and environmental issues relevant to the business. For well-established issues such as climate change and health and safety, companies often provide a good account of their activities and actions within the reporting period and also provide information on their performance over time. In contrast, farm animal welfare appears to be more selectively reported and is often not reported year-on-year in the way that other, more entrenched, sustainability issues are.

Corporate websites have the potential to be a key tool for the communication of information, as they allow companies to collate their policies and their performance data in a single location. In fact, a number of companies have established dedicated areas of their websites to provide accessible information about their food policies and sourcing approaches. Notable examples include The Co-operative Food (UK), Coop Group (Switzerland), Marks & Spencer, McDonald's (Europe), Nestlé, Smithfield Foods, Unilever, Waitrose and Yum! Food Group (KFC).

## CHAPTER 6

## CLOSING REMARKS





## 6.1



### SUMMARY OF FINDINGS

We see the Benchmark as a long-term change programme. We recognise that there is much that needs to be done, but we are hugely encouraged by the progress made to date in defining core expectations for companies, in building consensus around these expectations and in catalysing change within companies and in the investment community.

Over the next year, we intend to focus our efforts on:

#### **1. Investor Engagement**

From the very beginning, the investor community has been the key audience for BBFAW, and the Benchmark has been designed with investors' interests in mind. We intend to maintain our engagement with investors, to ensure that the Benchmark remains relevant to their needs, to support investors in their engagement with companies, and to develop tools and information that enable them to integrate farm animal welfare into their investment research and decision-making. Based on the feedback we have received from the investment community, we will provide them with summaries on individual company performance (i.e. overall Benchmark scores), as well as updates on regulatory and consumer drivers, and more robust information on the business case for action.

More generally, we will continue to develop investors' understanding of farm animal welfare, work to develop consensus on the performance expectations of companies, and continue to press companies to improve their reporting on farm animal welfare.

#### **2. Farm Animal Welfare Performance**

The emphasis of the 2012 and 2013 Benchmarks has been heavily weighted towards management practices and processes. We intend placing a stronger emphasis on performance (i.e. farm animal welfare outcomes) in future iterations of the Benchmark. To that end, in early 2014 we will establish a working group of companies, investors, and other stakeholders on performance measurement. Our plan is to develop a series of indicators that we will consult on in May or June 2014, with the aim of introducing these measures into the 2014 Benchmark.

#### **3. The Next Iteration of the Benchmark**

We plan to repeat the Benchmark in August 2014, with the aim of releasing the second Benchmark Report in late 2014. Before we commence this process, we will – as we did for the 2012 and 2013 Benchmarks – formally consult on the criteria to be used, the issues to be covered and the scope of the Benchmark.

While we have not made final decisions, there are a number of areas where we have a reasonably clear sense (based on the feedback we have received from investors, companies and other stakeholders, and based on the priorities of our sponsors) of how the Benchmark is likely to evolve:

- We expect to increase the number of companies covered by the Benchmark by adding significant and comparable global food companies in each of the sub-sectors. Our plan is to add approximately 10 companies per year over the next 3-4 years (i.e. we expect the Benchmark to eventually cover some 100-120 companies). We have considered developing regional benchmarks but we see that (in order to have sufficiently large sample sizes for comparative purposes) this could result in us focusing attention on companies with relatively small farm animal footprints.

- A number of companies have suggested the wording of Questions 3 to 9 (i.e. those that relate to specific policy positions) be revised to remove reference to other brand products as this wording unfairly penalises food retailers, compared to wholesalers, restaurants and bars, and food producers. At this point, we do not intend changing this wording as we have not seen evidence that food retailers perform worse on these questions compared to other sub-sectors but we will continue to monitor this issue.
- We intend to work towards the inclusion of farmed fish in the 2015 Benchmark and will consult on potential question(s) throughout 2014.
- We plan on publishing investor briefings on selective breeding and on antibiotics in 2014 and will use these to canvass investor, food company and other stakeholder opinion on whether we should include questions on these topics in the Benchmark.



## CHAPTER 7 APPENDICES





## APPENDIX 1

## 2013 BENCHMARK CRITERIA

## MANAGEMENT COMMITMENT AND POLICY

Question 1	<b>Does the company acknowledge farm animal welfare as a business issue?</b>	
	No evidence that farm animal welfare is regarded as a relevant business issue	0
	Farm animal welfare is identified as a relevant business issue	10
	(Max Score 10)	
Question 2	<b>Does the company publish an overarching corporate farm animal welfare policy (or equivalent)?</b>	
	No evidence of a formal policy statement (or equivalent) on farm animal welfare	0
	Broad commitment to farm animal welfare in a policy statement (or equivalent) but no description of how the policy is to be implemented	5
	Broad commitment to farm animal welfare within a policy statement (or equivalent) and a description of the processes in place to ensure that the policy is effectively implemented	10
	(Max Score 10)	
Question 3	<b>Does the policy statement provide a clear explanation of scope?</b>	
	Scope not specified	0
	Geographic scope	
	Not specified	0
	Scope is limited to certain specified geographies	2
	Scope is universal across all geographies	5
	Species covered	
	Not specified	0
	Scope is limited to certain specified species	2
	Scope is universal across all relevant species	5
	Products covered	
	Not specified	0
	Scope is limited to own-brand products or ingredients (i.e. the policy does not apply to imported or other brand products)	2
	Scope is universal across own brand, imported and other brand products	5
	(Max Score 15)	
Question 4	<b>Does the company have a clear position on the avoidance of close confinement or intensive systems for livestock (i.e. no sow stalls, concentrated animal feeding operations (CAFOs), feedlots, farrowing crates, single penning, battery cages, tethering, veal crates, force-feeding systems)?</b>	
	No stated position	0
	The company has made a partial commitment to the avoidance of confinement but the scope (in terms of geography, species, products) is not clearly defined	1
	The company has made a partial commitment to the avoidance of confinement and the scope of the commitment (in terms of geography, species, products) is clearly defined	3
	Universal commitment to avoid confinement across all relevant species, own-brand and other brand products and geographies	5
	(Max Score 5)	
Question 5	<b>Does the company have a clear position on the avoidance of products from farm animals subject to genetic engineering or cloning and/or their progeny or descendants throughout its products?</b>	
	No stated position	0
	The company has made a partial commitment to the avoidance of animals subject to genetic engineering or cloning but the scope (in terms of geography, species or products) is not clearly defined	1
	The company has made a partial commitment to the avoidance of animals subject to genetic engineering or cloning and the scope (in terms of geography, species or products) is clearly defined	3
	Universal commitment to avoidance of animals subject to genetic engineering or cloning across all relevant species, own-brand and other brand products and geographies	5
	(Max Score 5)	
Question 6	<b>Does the company have a clear position on the avoidance of growth promoting substances?</b>	
	No stated position	0
	The company has made a partial commitment to the avoidance of growth promoting substances, but the scope (in terms of geography, species or products) is not clearly defined	1
	The company has made a partial commitment to the avoidance of growth promoting substances, but the scope (in terms of geography, species or products) is clearly defined	3
	Universal commitment to the avoidance of growth promoting substances	5
	(Max Score 5)	

## Question 7

**Does the company have a clear position on the avoidance of routine mutilations (castration, teeth clipping, tail docking, toe clipping, dehorning, desnooding, de-winging, disbudding, mulesing, beak trimming)?**

No stated position	0
The company has made a partial commitment to the avoidance of routine mutilations but the scope (in terms of geography, species or products) is not clearly defined	1
The company has made a partial commitment to the avoidance of routine mutilations and the scope (in terms of geography, species or products) is clearly defined	3
Universal commitment to avoidance of routine mutilations across all relevant species, own-brand and other branded products and geographies	5

(Max Score 5)

## Question 8

**Does the company have a clear position on the avoidance of meat from animals that have not been subjected to pre-slaughter stunning?**

No stated position	0
The company has made a partial commitment to avoid the use of meat from animals that have not been subjected to pre-slaughter stunning but the scope (in terms of geography, species or products) is not clearly defined	1
The company has made a partial commitment to avoid the use of meat from animals that have not been subjected to pre-slaughter stunning and the scope (in terms of geography, species, products) is clearly defined	3
Universal commitment to avoid the use of meat from animals that have not been subjected to pre-slaughter stunning across all species, own-brand and other branded products and geographies	5

(Max Score 5)

## Question 9

**Does the company have a clear position on the avoidance of long-distance live transportation?**

No stated position	0
The company has made a partial commitment to avoid the use of long-distance transport but the scope (in terms of geography, species, products) is not clearly defined	1
The company has made a partial commitment to avoid the use of long-distance transport and the scope (in terms of geography, species or products) is clearly defined	3
Universal commitment to avoidance of long-distance transportation across all species, own-brand and other branded products and geographies	5

(Max Score 5)

## GOVERNANCE AND MANAGEMENT

## Question 10

**Has the company assigned management responsibility for farm animal welfare to an individual or specified committee?**

No clearly defined management responsibility	0
Published details of the management position with responsibility for farm animal welfare on a day to day basis	5
Published details of how the board or senior management oversees the implementation of the company's farm animal welfare policy	5

(Max score 10)

## Question 11

**Has the company set objectives and targets for the management of farm animal welfare?**

No published objectives and targets	0
Published objectives and targets but with no information on how these are to be achieved	5
Published objectives and targets together with information on the actions to be taken to achieve these the resources allocated and the schedule for the delivery of these objectives and targets	10

(Max score 10)

**Question 12****Does the company report on its animal welfare performance?**

Policy	The company does not report on how it has performed against the commitments set out in its overarching policy	0
	The company reports on how it has performed against the commitments set out in its overarching policy	5
Objectives and targets	The company does not report on how it has performed against its objectives and targets	0
	The company reports on how it has performed against its objectives and targets	5
Performance	No reporting on farm animal welfare performance	0
	Partial reporting on farm animal welfare performance but limited to certain species, own-brand products or geographies	4
	Reporting on farm animal welfare performance across all species, own-brand and branded products and geographies	10
(Max score 20)		

**Question 13****Does the company describe its internal processes for ensuring that its farm animal welfare policy is effectively implemented?**

Training of internal staff	No information provided on employee training in farm animal welfare	0
	Specific training provided to employees in farm animal welfare	5
Internal controls	No information provided on the actions to be taken in the event of non-compliance with the farm animal welfare policy	0
	The company describes the actions it takes in the event of non-compliance with its farm animal welfare policy	5
(Max Score 10)		

**Question 14****Does the company describe how it implements its farm animal welfare policy (or equivalent) through its supply chain?**

Supplier Contracts	No information on how farm animal welfare is included in supplier contracts	0
	Farm animal welfare incorporated into contractual obligations for suppliers but limited by geography and/or certain products or species	3
	Farm animal welfare incorporated into contractual obligations for suppliers across all species, products and geographies	5
Monitoring and Auditing	No information provided on how supplier compliance with contract conditions is monitored	0
	Farm animal welfare specified as part of supplier auditing programme	5
Education and Support	Specific support and/or education provided to suppliers on farm animal welfare policy/issues	5
(Max Score 15)		

**INNOVATION****Question 15****Does the company assure its welfare scheme to a prescribed standard?**

Assurance standards partially specified	No assurance standard specified	0
	A proportion of products audited to basic farm assurance (or equivalent company) standard, but no information on the balance	3
Assurance standards completely specified	A proportion of products audited to a combination of basic and higher farm assurance (or equivalent company) standard, but no information on the balance	6
	100% of products audited to basic farm assurance (or equivalent company) standard	10
	100% of products audited to a combination of a basic farm assurance (or equivalent company) standard and a higher welfare assurance (or company equivalent standard)	15
	100% of products audited to higher level (or company equivalent) assurance standard	20
(Max Score 20)		

**Question 16****Is the company currently investing in projects dedicated to advancing farm animal welfare practices within the industry?**

Research and development	No evidence of involvement in advancing farm animal welfare beyond company practices	0
	Evidence of current involvement in research and development programmes to improve farm animal welfare	5
Lobbying and industry engagement	Evidence of active involvement in industry or other initiatives (e.g. working groups, supporting NGO lobbying, responding to government consultations) directed at improving farm animal welfare	5
(Max Score 10)		

**Question 17****Has the company received any notable awards or accreditations for its farm animal welfare performance in the last two years?**

No evidence of notable awards or accreditations in the last two years	0
The company has received a notable award or accreditation for a single category or species	5
The company has received a significant award relating to its efforts across a number of species, or the company has received awards for its efforts on different species	10

(Max Score 10)

**Question 18****Does the company promote higher farm animal welfare to consumers through education and/or awareness-raising activities?**

No evidence of promoting higher farm animal welfare	0
At least one example of promoting higher farm animal welfare to consumers	5
Multiple examples of promoting higher farm animal welfare to consumers	10

(Max Score 10)

## APPENDIX 2

## CORE COMPANY LIST FOR THE 2013 BENCHMARK

	COMPANY	ICB CLASSIFICATION	COUNTRY OF INCORPORATION
1	<b>Ahold/ICA Eiendom Norge AS</b>	5337: Food Retailers and Wholesalers	Sweden
2	<b>Aldi Nord (Aldi Markt)</b>	5337: Food Retailers and Wholesalers	Germany
3	<b>Aldi Süd/Aldi Einkauf GmbH &amp; Co</b>	5337: Food Retailers and Wholesalers	Germany
4	<b>Carrefour SA</b>	5337: Food Retailers and Wholesalers	France
5	<b>Casino Guichard-Perrachon SA</b>	5337: Food Retailers and Wholesalers	France
6	<b>(The) Co-operative Food (UK)</b>	5337: Food Retailers and Wholesalers	UK
7	<b>Coop Group (Switzerland)/Coop Genossenschaft</b>	5337: Food Retailers and Wholesalers	Switzerland
8	<b>Delhaize Group SA</b>	5337: Food Retailers and Wholesalers	Belgium
9	<b>El Corte Inglés SA</b>	5337: Food Retailers and Wholesalers	Spain
10	<b>Groupe Auchan SA</b>	5337: Food Retailers and Wholesalers	France
11	<b>J Sainsbury Plc</b>	5337: Food Retailers and Wholesalers	UK
12	<b>Koninklijke Ahold NV</b>	5337: Food Retailers and Wholesalers	Netherlands
13	<b>Lidl Stiftung &amp; Co KG</b>	5337: Food Retailers and Wholesalers	Germany
14	<b>Marks &amp; Spencer Plc</b>	5337: Food Retailers and Wholesalers	UK
15	<b>Mercadona SA</b>	5337: Food Retailers and Wholesalers	Spain
16	<b>Metro AG</b>	5337: Food Retailers and Wholesalers	Germany
17	<b>Migros-Genossenschafts-Bund</b>	5337: Food Retailers and Wholesalers	Switzerland
18	<b>Rewe Group</b>	5337: Food Retailers and Wholesalers	Germany
19	<b>Schwarz Unternehmens Treuhand KG/Kaufland</b>	5337: Food Retailers and Wholesalers	Germany
20	<b>Tesco Plc</b>	5337: Food Retailers and Wholesalers	UK
21	<b>Waitrose</b>	5337: Food Retailers and Wholesalers	UK
22	<b>Walmart Stores Inc/Asda</b>	5337: Food Retailers and Wholesalers	USA
23	<b>Wm Morrison Supermarkets Plc</b>	5337: Food Retailers and Wholesalers	UK
24	<b>Aramark Corporation</b>	5757: Restaurants and Bars	USA
25	<b>Autogrill SPA</b>	5757: Restaurants and Bars	Italy
26	<b>Burger King Corporation</b>	5757: Restaurants and Bars	USA
27	<b>Camst - La Ristorazione Italiana Soc. Coop. ARL</b>	5757: Restaurants and Bars	Italy
28	<b>Compass Group Plc</b>	5757: Restaurants and Bars	UK
29	<b>Cremonini SPA</b>	5757: Restaurants and Bars	Italy
30	<b>Elior</b>	5757: Restaurants and Bars	UK
31	<b>SSP Group Limited</b>	5757: Restaurants and Bars	Sweden
32	<b>Gategroup Holding AG</b>	5757: Restaurants and Bars	Switzerland
33	<b>Greggs Plc</b>	5757: Restaurants and Bars	UK
34	<b>JD Wetherspoon Plc</b>	5757: Restaurants and Bars	UK
35	<b>McDonald's Corporation</b>	5757: Restaurants and Bars	USA
36	<b>Mitchells &amp; Butlers Plc</b>	5757: Restaurants and Bars	UK
37	<b>Olav Thon Gruppen AS</b>	5757: Restaurants and Bars	Norway
38	<b>Quick</b>	5757: Restaurants and Bars	France
39	<b>Sodexo</b>	5757: Restaurants and Bars	France
40	<b>Starbucks Corporation</b>	5757: Restaurants and Bars	USA
41	<b>Subway</b>	5757: Restaurants and Bars	USA
42	<b>Umoe Gruppen AS</b>	5757: Restaurants and Bars	Norway
43	<b>Whitbread Plc</b>	5757: Restaurants and Bars	UK



## APPENDIX 2

	COMPANY	ICB CLASSIFICATION	COUNTRY OF INCORPORATION
44	<b>Yum! Brands, Inc</b>	5757: Restaurants and Bars	USA
45	<b>Associated British Foods Plc</b>	3570: Food Producer	UK
46	<b>2 Sisters Food Group</b>	3570: Food Producer	UK
47	<b>Arla Foods Ltd</b>	3570: Food Producer	Denmark
48	<b>Barilla SPA</b>	3570: Food Producer	Italy
49	<b>Cargill</b>	3570: Food Producer	USA
50	<b>Cranswick Plc</b>	3570: Food Producer	UK
51	<b>Dairy Crest Plc</b>	3570: Food Producer	UK
52	<b>Danish Crown AmbA/Tulip</b>	3570: Food Producer	Denmark
53	<b>Terrena Group/Gastronome</b>	3570: Food Producer	France
54	<b>Hillshire Brands Co/Sara Lee Corporation</b>	3570: Food Producer	USA
55	<b>Groupe Danone SA</b>	3570: Food Producer	France
56	<b>Groupe Lactalis</b>	3570: Food Producer	France
57	<b>H.J. Heinz</b>	3570: Food Producer	USA
58	<b>Kraft Foods Group Inc</b>	3570: Food Producer	USA
59	<b>Mondelēz International</b>	3570: Food Producer	USA
60	<b>Marfrig Alimentos SA/Moy Park</b>	3570: Food Producer	Brazil
61	<b>Mars Inc</b>	3570: Food Producer	USA
62	<b>Müller Group AG</b>	3570: Food Producer	Germany
63	<b>Nestlé SA</b>	3570: Food Producer	Switzerland
64	<b>Noble Foods Ltd</b>	3570: Food Producer	UK
65	<b>Premier Foods Plc</b>	3570: Food Producer	UK
66	<b>Royal FrieslandCampina NV</b>	3570: Food Producer	Netherlands
67	<b>Smithfield Foods Inc</b>	3570: Food Producer	USA
68	<b>Tyson Foods Inc</b>	3570: Food Producer	USA
69	<b>Unilever NV</b>	3570: Food Producer	Netherlands
70	<b>VION Food Group</b>	3570: Food Producer	Netherlands

## GLOSSARY

**Animal welfare** – the physical and mental wellbeing of animals; the Farm Animal Welfare Council adopted the Five Freedoms (see below) to demonstrate the attributes of good animal welfare

**Basic farm assurance** – certification schemes that ensure certain standards of safety and quality are met, often including some animal welfare standards similar to the legislative requirements of the market(s) in which they operate

**Barren battery cage** – a cage used to house several laying hens, usually providing space equivalent to less than an A4 sheet of paper per hen; provision is limited to food and water; barren battery cages are prohibited by EU legislation although they are common in other parts of the world

**Battery caged hens** – hens housed in barren battery cages

**Beak trimming** – removal of part of the beak (laying hens, parent broilers and turkeys) using a hot blade, secateurs or an infra-red beam. Infra-red is the only method permitted in England; in the EU no more than a third of the beak may be removed

**Broiler chickens** – chickens reared for meat production

**Close confinement** – provision of very limited space, representing inadequate space to allow an animal to move around or express normal patterns of behaviour

**Disbudding** – removal of the horn buds in young animals (calves, kids) using a hot iron or chemical cauterisation

**Dehorning** – removal of the horns of adult animals by cutting or sawing

**Dry sows** – pregnant female pigs

**Farm animal welfare** – the physical and mental wellbeing of animals reared for food, fibres and other commodities. In 2012, the BBFAW defined farm animal welfare as it relates to egg laying hens, broiler chickens, pigs, dairy cows and calves, ducks, guinea fowl, rabbits, turkeys, geese, beef cattle, sheep and game.

**Farrowing crate** – a metal cage used to confine a single sow during farrowing (birth) and lactation; the crate is designed to obstruct transition between lying and standing and does not allow the sow to turn around or engage properly with her piglets

**Five Freedoms** – a framework for analysis of animal welfare within any system which includes the following requirements for good welfare:

1. Freedom from thirst, hunger and malnutrition
2. Freedom from discomfort
3. Freedom from pain and disease
4. Freedom from fear and distress
5. Freedom to express normal behaviour

**Food companies** – food businesses including producers, processors, manufacturers, food retail and service companies

**Gilts** – young female pigs that have never been pregnant

**Growth promoting substances** – used to increase the muscle (meat) or milk production of animals farmed for food. Examples include the hormone BST used to increase milk production, hormone feed additives in pig production (ractopamine) and low dose antibiotics. Antibiotic and hormonal growth promoters are not permitted by EU legislation

**Long-distance transportation** – any transport of a live animal that exceeds eight hours, from loading to unloading; welfare has been shown to decrease significantly in journeys lasting more than eight hours

**Mulesing** – removal of skin from the hind-quarters of sheep breeds with excess folds of skin on their rumps, often without adequate pain relief

**Mutilation** – a procedure that interferes with the bone structure or sensitive tissues of an animal, usually to prevent an abnormal behaviour such as tail biting (pigs) and injurious pecking (laying hens)

**Routine Mutilations** – the mutilation of all animals at a certain stage within a certain system to help prevent problems associated with abnormal behaviours. Usually occurs instead of addressing the underlying issues with the system that may lead to the abnormal behaviours

**Sow stall** – a narrow metal crate used to confine individual sows for their 16 week pregnancy, without sufficient room for sows to turn around; also called gestation crates

**Tail docking** – removal of part of the tail (usually up to two-thirds) using a hot docking iron, sharp blade (pigs) or tight rubber ring (lambs, cattle); routine tail docking of pigs is not permitted by EU legislation

**Teeth clipping** – reduction (cutting) of a piglet's 8 sharp needle teeth shortly after birth using sharp clippers or pliers; routine teeth clipping is not permitted by EU legislation

**Tethering** – tying of an animal (usually grazing animals such as cattle and goats, but also sows) to a fixed point; tethering prevents an animal from carrying out its normal behaviour, not permitted in the EU for calves (certain exceptions) and pigs

**Veal crate** – a pen or box to confine a single dairy calf; calves are often tethered in these systems and do not have adequate space to turn around; the use of veal crates is prohibited in the EU and some US states.

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