

BRIEFING NO. 16

JULY 2014

How Are Companies Using the Business Benchmark on Farm Animal Welfare?

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Introduction

The Business Benchmark on Farm Animal Welfare (BBFAW) has so far published two Benchmarks (for 2012 and 2013), with the 2014 Benchmark scheduled to be published in early 2015. Following the launch of the second Benchmark in Paris in December 2013, we surveyed the companies covered by the Benchmark in order to understand the factors (including the Benchmark) that have influenced their approach to farm animal welfare, and to gather their views on how the Benchmark might be made more useful to them¹.

Our Survey of Company Opinion

In May 2014, we conducted an email survey (a copy of the survey questions is provided in Attachment 1) of the 70 companies covered by the 2013 Benchmark. In total, we received responses from 20 of these companies (representing 29% of the sample) across nine countries². Specifically, we received responses from: eight food retailers and wholesalers (Coop Group (Switzerland), The Cooperative Food (UK), Delhaize, El Cortes Ingles, Kaufland, Migros, Tesco and Wal-Mart), six food producers and processors (Barilla, Danone, Marfrig, Nestlé, Premier Foods and Terrena), and six restaurants and bars (Autogrill, Compass, Greggs, Sodexo, Subway and Whitbread). Interestingly, at least half of the respondents had not previously engaged with the BBFAW and we have been encouraged by the feedback from these companies.

Given that just under one-third of companies covered by the Benchmark responded to the survey, we are cautious about drawing concrete conclusions from the feedback. However, we believe that the findings provide important insights into company opinion on farm animal welfare and the role of the Business Benchmark in driving corporate practice.

¹ This is the first time we have surveyed companies. We have conducted similar surveys of investors in 2013 and 2014. See the Business Benchmark on Farm Animal Welfare website: www.bbfaw.com

² Company responses were received from the UK, USA, Switzerland, France, Italy, Germany, Brazil, Belgium and Spain

Key Findings

1. Farm Animal Welfare is Moving Up the Corporate Agenda

A key finding from the survey is that companies are paying greater attention to farm animal welfare, with 80% of the companies responding to the survey stating that they had developed their farm animal welfare approach in the past two years. For many companies, this work has formed an integral part of their evolving sustainability strategies and their ongoing commitment to continuous improvement. Examples of actions include: a UK-based food producer that has recently added animal welfare to its global supply chain standards in order to ensure greater consistency in sourcing meat and dairy products globally and in order to respond to topical issues such as halal meat and food authenticity and provenance; and a global retailer based in the UK that has established a specialist Agriculture Team to work with its farming base to drive continuous improvement, including improvement in animal welfare standards.

2. Customer and Client Demand is the Principal Driver for Farm Animal Welfare

Customer and client demand was identified by 75% of the companies as the most important influence on their approach to farm animal welfare, with a number of companies also noting that animal welfare is becoming an increasingly important topic for consumers. The second most important factor – acknowledging that this may, in part, reflect the biases in our survey – was the Business Benchmark on Farm Animal Welfare; a number of companies indicated that the Benchmark had directly influenced their approach to farm animal welfare. Interestingly, one non-UK retailer explained that they had taken the decision to publish more information about their farm animal sourcing in English, in response to growing demand from international stakeholders for information on this issue. The respondents to the survey also identified other factors as influencing their approaches to farm animal welfare, including NGO pressure, their own internal continuous improvement processes, and media interest in farm animal welfare.

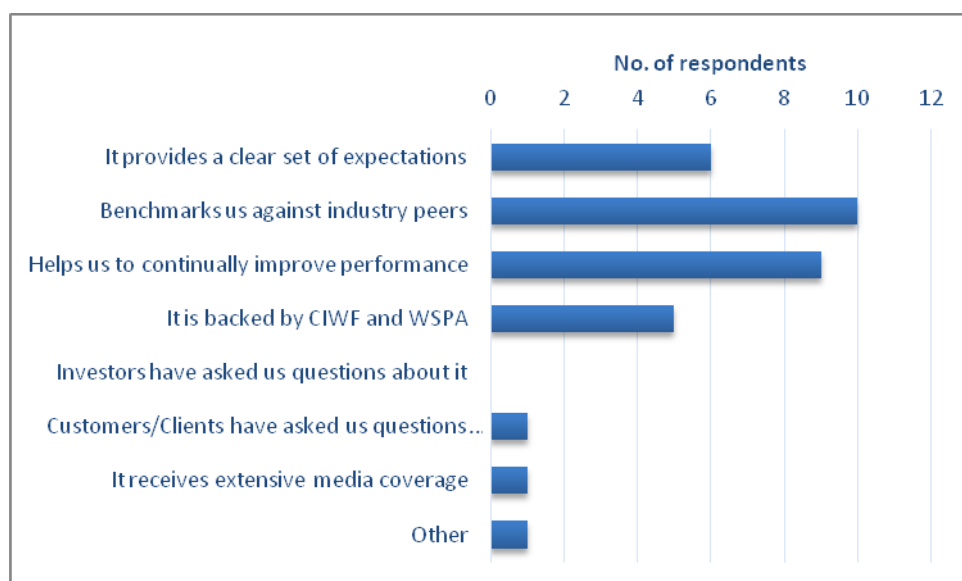
3. The Benchmark is Influencing Company Approaches to Farm Animal Welfare

As part of the survey, we asked companies to tell us how exactly the Benchmark had influenced their approach to farm animal welfare. Of the 20 companies covered by the survey, 15 (or 75%) indicated that the Benchmark had played some role. The respondents identified four main mechanisms of influence (see Figure 1):

- The Benchmark enables companies to benchmark themselves against their industry peers.
- The Benchmark helps companies to continually improve their approach to farm animal welfare.
- The Benchmark provides companies with a clear set of expectations.
- The Benchmark is backed by reputable animal welfare organisations, Compassion in World Farming and World Animal Protection (formerly known as World Society for the Protection of Animals).

It is also noteworthy that some of the commonly cited drivers for corporate action on animal welfare (or on corporate responsibility in the round) were largely absent. Relatively few of the companies surveyed identified the media, investors or client/customer use of the Benchmark as an important driver of performance. The finding about the media being relatively unimportant is somewhat surprising given that the Benchmark has received extensive coverage in the business press (with the first and second Benchmarks being reported in the *Financial Times*), the trade press and the corporate responsibility press. The investor finding reflects the conclusions of a recent survey of investor use of the Benchmark which found that the majority still do not see farm animal welfare as an investment issue, and that relatively few investors have yet to use the Benchmark in their engagement with companies³. Finally, the lack of customer and client engagement probably reflects the fact that BBFAW has not sought to proactively engage with these groups.

Figure 1: How is the Business Benchmark Influencing Company Approaches to Farm Animal Welfare?



In addition to indicating how the Benchmark had influenced their practices and processes, a number of respondents provided specific comments on the usefulness of the Benchmark to them. We present these below:

³ [Rory Sullivan and Nicky Amos \(2014\): How Investors Are Using the Business Benchmark on Farm Animal Welfare. BBFAW Investor Briefing No. 15 \(BBFAW, London\)](#)

Selected quotes from companies on the usefulness of the Benchmark:

"BBFAW helped us understand that what we were already doing towards animal welfare was a positive thing to be communicated. So, we decided to write a position paper to externally communicate our good practices and commitments."

"BBFAW has encouraged us to better document and to publicly report our efforts."

"We have benefitted from the external expertise of one of the BBFAW NGO partners. This has provided great support at both technical and strategic/policy levels. Their support has helped us move internal discussions forward in our US operating company."

"From our point of view, BBFAW is not yet sufficiently implemented in Germany to enable us benchmark ourselves against industry peers. We would like to see BBFAW develop in Germany to give German retailers the chance to benefit from benchmarking against one another."

"The Business Benchmark on Farm Animal Welfare has allowed us to have many meetings about this issue and to talk about it with many departments and colleagues. So, we are working on this issue, even if there are changes are not yet being seen externally."

"BBFAW's clear expectations on farm animal welfare are useful given the range of schemes and standards which all have differing requirements."

"The Benchmark is a desktop study which only focuses on information in the public domain. It does not necessarily reflect company policies and practices."

"The initial exercise of completing the Benchmark helped us in reviewing our animal welfare policies and practices. The results of the Benchmark have given us a useful insight into our performance within the sector. As a private company, we have not been approached by any external stakeholders. Our management and implementation of good animal welfare practices has been achieved by working closely with our suppliers and responding to the needs of our customers."

"We have improved our Benchmark ranking against our industry peer group within the BBFAW over the last two years."

Suggestions for Strengthening the Benchmark

We received a number of suggestions on how the Benchmark might be strengthened or made more useful to companies. These included:

- More regular and focused briefings on farm animal welfare issues and the Benchmark approach.
- More direct engagement between BBFAW and the companies covered by the Benchmark, for example, through face-to-face briefings and debriefs.
- Developing the Benchmark methodology to provide a greater emphasis on company performance versus stated actions and policy commitments.
- Refining the Benchmark methodology to better distinguish between different sectors within the food industry, given that, for example, food service has very different dynamics to retail.
- Ensuring that the Benchmark is mindful of the limitations on retailers and food service companies to enforce policies on non-own branded goods which they sell or serve.
- Allowing the Benchmark to take account not only of externally communicated information but also of concrete action plans made by companies (even if these are not communicated externally).

Some Comments from BBFAW

We are encouraged – as we saw in the 2013 Benchmark – that companies appear to be paying greater attention to farm animal welfare as a distinct part of their evolving sustainability strategies. We are also pleased to see the Benchmark being recognised by companies as an important driver for change.

Our Engagement with Companies

We recognise the importance of continuing to work with companies. We will continue to actively engage with companies, both around the Benchmark itself (e.g. we will continue to provide feedback by phone or face-to-face on company performance) and more generally (e.g. through webinars and conferences, through the publication of briefings and reports on specific farm animal welfare-related issues). We are particularly keen to support greater dialogue between companies and investors on the issue of farm animal welfare and to build investor understanding of this issue.

Refining the Benchmark

We acknowledge the suggestions that have been made about the Benchmark methodology.

While we note the concerns of some companies that the evaluations are based on published information only, our aim is to encourage companies to provide a better account of their approach to farm animal welfare. Until now, companies have been reluctant to report given the absence of universal standards and frameworks on farm animal welfare management and disclosure. However, as investor awareness of the financial implications of farm animal welfare grows, companies will increasingly be expected to report on performance in a way that provides reassurance that farm animal welfare-related issues are being effectively managed.

In the 2014 Benchmark, we will place greater emphasis on performance versus stated policy commitments (see the 2014 Consultation Paper⁴). We acknowledge the other issues that have been raised (e.g. around the need to differentiate between the different food industry subsectors, around the difficulties with non-own branded products). To date, we have not seen any evidence that companies with complex supply chains, with operations in multiple regions or in specific sub-sectors have been particularly advantaged or disadvantaged by the Benchmark methodology. However, we are very aware that this may change as companies improve their practices and reporting. If we see evidence of this, we will consider how we might revise the Benchmark methodology.

Following the 2014 Benchmark we will again consult with the companies covered by the Benchmark to understand the factors that are influencing their approach to farm animal welfare and to canvass their opinions on whether and how the Benchmark might be further strengthened.

The Importance of Market Demand

The survey has highlighted the important role that customer and client demand is playing in driving corporate action on farm animal welfare. Interestingly, this does not appear to be limited to Europe, but is universally relevant, with some companies citing animal welfare in the top five issues for customers, and a number of other companies noting increased interest in the responsible sourcing of meat as part of a wider societal concern around food provenance and authenticity. In response to this, companies are starting to put more effort into improving their disclosure on farm animal welfare, in particular in relation to farm animal welfare outcomes, and we expect to see greater innovation in this area as company reporting on farm animal welfare becomes more sophisticated. In this context, one of the priorities for BBFAW is to move from a primarily management system and process oriented approach, to one that pays much greater attention to the animal welfare outcomes that are achieved. In the 2014 Benchmark, we are proposing the addition of four new performance-related questions, where we encourage companies to provide data on the proportion of animals in their supply chain that are free from confinement, on their practices for transport and slaughter, and on the welfare outcome measures (i.e. measures linked to the physical, emotional and/or behavioural wellbeing of animals) that they are using⁵. Through the addition of these questions, we are hoping that we encourage companies to think about farm animal welfare performance on-farm, in transport and at slaughter, and to think about how they can better communicate with their customers and clients on these issues.

⁴ [BBFAW 2014 Consultation Paper](#)

⁵ For more detail, see the [BBFAW 2014 Consultation Paper](#)

Future Surveys and Engagement with Companies

The company survey has been hugely valuable and we are grateful to all of companies that have taken the time to provide us with such useful and honest feedback. It has provided important insights into how the Benchmark is being used to influence company approaches to farm animal welfare, and into how the Benchmark might be made more useful to companies in the future. We intend to repeat this survey again in 2015 following the publication of the third Benchmark report. This will enable us to track company use of the Benchmark, and will provide companies with a further opportunity to advise us on how the Benchmark can be made more relevant to their needs and interests.

Authors' Details

Nicky Amos is a corporate responsibility professional with 20 years' experience in managing and directing corporate responsibility in global companies, including The Body Shop International. She is recognised for her pioneering work around supply chain development, responsible sourcing and sustainability reporting, and for her work in developing global sustainability strategies, campaigns and communications for leading international businesses

Dr Rory Sullivan is an internationally recognised expert on responsible investment. He is Strategic Advisor, Ethix SRI Advisers and a Senior Research Fellow at the University of Leeds. He has written/edited seven books on finance, environmental and development issues, including Valuing Corporate Responsibility (2011) and Responsible Investment (2006).

The **Business Benchmark on Farm Animal Welfare** is designed to help drive higher farm animal welfare standards in the world's leading food businesses. It is the first global measure of animal welfare standards in food companies and is designed for use by investors, companies, NGOs and other interested stakeholders.

For more information, go to www.bbfaw.com or contact the Programme Director, Nicky Amos: nicky@nicky-amos.co.uk.

ATTACHMENT 1

The Business Benchmark on Farm Animal Welfare

2014 Company Survey

Company Use of the Business Benchmark on Farm Animal Welfare

Please take a moment to help us improve The Business Benchmark on Farm Animal Welfare. When you have completed the questionnaire, please email it to Nicky Amos, Programme Director: nicky@nicky-amos.co.uk by Friday 30 May 2014.

1. Over the past two years, have you changed your approach to farm animal welfare?

- ☐ Yes
- ☐ No

2. What have been the main factors that have influenced these changes? (Please tick all that apply)

- ☐ Regulatory pressures
- ☐ Cost pressures
- ☐ Media coverage
- ☐ Consumer/Client demand
- ☐ Investor pressure
- ☐ NGO pressure
- ☐ The Business Benchmark on Farm Animal Welfare
- ☐ Other (please specify)

Of these, please state the most important factor in driving your approach to farm animal welfare in the last two years

3. Has the Business Benchmark on Farm Animal Welfare influenced your approach to farm animal welfare?

- ☐ Yes
- ☐ No

4. If you answered Yes to Question 3, in what ways has the Business Benchmark on Farm Animal Welfare influenced your approach? (Please tick all that apply)

- ☐ It provides a clear set of expectations
- ☐ It benchmarks us against our industry peers
- ☐ It helps us to continually improve our performance on farm animal welfare management and reporting
- ☐ It is backed by Compassion in World Farming and World Animal Protection
- ☐ Investors have asked us questions about it
- ☐ Customers/Clients have asked us questions about it
- ☐ It receives extensive media coverage
- ☐ Other (please specify)

Additional Comments

5. Are there areas where the Business Benchmark on Farm Animal Welfare could be made more useful to you?

- ☐ Yes
- ☐ No

If yes, please explain how the Business Benchmark on Farm Animal Welfare could be made more useful

About You

Name	<hr/>	Email	<hr/>
Company	<hr/>	Job Title	<hr/>