



The Business Benchmark on Farm Animal Welfare 2014 Report

Nicky Amos and Dr Rory Sullivan



The Business Benchmark on Farm Animal Welfare

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, performance and disclosure in food companies and is designed to enable investors, companies, NGOs and other stakeholders to understand the relative performance of food companies in this area.

The programme is supported by founding partners, Compassion in World Farming and World Animal Protection, who provide the technical expertise, guidance, funding and practical resources. In 2014, Collier Capital joined the programme as an additional partner.

More information on the programme can be found at www.bbfa.com



Compassion in World Farming ("Compassion") is the leading farm animal welfare charity advancing the wellbeing of farm animals through advocacy, political lobbying and positive corporate engagement. The Food Business team was established in 2007, and works in partnership with major food companies to make tangible improvements to the welfare of the farm animals in their operations and supply chains. The team offers strategic advice and technical support for the development, implementation and communication of higher welfare systems.

Compassion engages directly with many of the companies benchmarked in BBFAW to highlight potential areas for improvement and provide support with policy development, welfare management and transparent reporting. The Food Business team uses the Benchmark alongside Compassion's other tools such as the Supermarket Survey, its Awards programme, and its advisory services, to help companies identify areas and mechanisms for continuous improvement, and to highlight sources of competitive advantage.

More information on the work of the Food Business team at Compassion in World Farming can be found at www.compassioninfoodbusiness.com



Compassion's involvement in the BBFAW is kindly supported by the Esmée Fairbairn Foundation.



World Animal Protection

World Animal Protection (formerly known as the World Society for the Protection of Animals) has moved the world to protect animals for the last 50 years. World Animal Protection works to give animals a better life. Its activities include working with companies to ensure high standards of welfare for the animals in their care, working with governments and other stakeholders to prevent wild animals being cruelly traded, trapped or killed, and saving the lives of animals and the livelihoods of the people who depend on them in disaster situations. World Animal Protection influences decision makers to put animals on the global agenda, and it inspires people to protect animals and to change animals' lives for the better.

More information on World Animal Protection can be found at www.worldanimalprotection.org.uk



Collier Capital

Collier Capital, founded in 1990, is a global private equity firm, and a recognised leader in private equity's secondary market. The company is headquartered in London, with additional offices in New York and Hong Kong, and has assets under management of approximately \$10 billion. Collier Capital believes farm animal welfare is an important issue, which has historically had too low a profile within the investment management industry. The firm incorporates farm animal welfare in its own Environmental, Social & Governance (ESG) policies, and is delighted to encourage greater industry engagement with the issue through its support for the Business Benchmark.

More information on Collier Capital can be found at www.colliercapital.com

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- Mike Baker, Steve McIvor, Martin Cooke, Audrey Mealia, Randall Cole (World Animal Protection)
- Jeremy Coller, Alan Briefel and Rosie Wardle (Coller Capital and Jeremy Coller Foundation)
- Dr Steve Webster (Delta-innovation)
- Dr Heleen van de Weerd (Cerebrus Associates)
- Vanessa Gardner (Footprint Communications)
- The many companies, investors and other stakeholders who participated in meetings and teleconferences, who provided input to the 2014 Benchmark consultation process, and who provided feedback on the assessment process and methodology.

COVER IMAGE

Traditional Norfolk Poultry

FOREWORD



Every year, nearly 70 billion animals are farmed for meat, milk and eggs, and are typically raised in intense confinement. The production of food at scale raises many concerns linked to the conditions in which animals, as sentient beings, are reared, transported and slaughtered.

At the Central Finance Board of the Methodist Church (CFB), we view our investments as long-term partnerships with company managements; engaging in constructive dialogue and practising active voting to encourage high and improving standards of social and environmental performance. Our views on social and environmental issues are integrated into our financial analysis of companies. The CFB seeks to improve the ethical profile of our portfolios by avoiding investments in particular businesses and encouraging better practices in others.

We believe that companies should be encouraged to treat animals in their supply chain with respect and adopt robust processes for managing and reporting on their farm animal welfare performance. We have engaged with food and retail companies over many years on a diverse range of subjects and have long recognised farm animal welfare as a key business issue, yet our ability to engage effectively has been limited by poor company disclosure and an absence of investor-relevant tools to assess meaningfully company performance in this area.

The Business Benchmark on Farm Animal Welfare (BBFAW) is beginning to change this. As the first global measure of company performance on animal welfare, the BBFAW has established itself as a catalyst for influencing change in corporate practices on animal welfare management and reporting. Its annual benchmark is a practical tool that enables us to differentiate between companies, and, importantly, drive real change in how companies manage farm animal welfare.

In 2014, the Methodist Church Joint Advisory Committee on the Ethics of Investment (JACEI) met with the BBFAW to discuss its role in driving change in the food industry. Consequently, the CFB took the decision to use the annual BBFAW Benchmark to aid our wider engagement with food companies.

We welcome the findings in this report which reveal that farm animal welfare is at last rising up the business agenda, with an increasing number of companies developing clear leadership positions in the area. Nevertheless, farm animal welfare continues to receive much less attention than other ethical issues on the corporate agenda, and reporting on key welfare issues such as the avoidance of close confinement and antibiotics use, remains immature.

Changing company practice is a long-term endeavour, requiring us as investors to play our role through our influence as shareholders. To help us deliver on this, we look to the Benchmark to provide us with information on overall performance trends, identify leaders and those that have yet to recognise farm animal welfare as a business issue, and to provide meaningful information on the performance of individual companies, thus helping to deliver higher animal welfare standards.



Bill Seddon

Chief Executive Officer
Central Finance Board of the Methodist Church

EXECUTIVE SUMMARY



Setting the Scene

This is the third Business Benchmark on Farm Animal Welfare (BBFAW) report, following previous Benchmarks in 2012 and 2013 outlining how global food companies are managing and reporting on farm animal welfare. It assesses the progress that has been made since the first Benchmark report was released in February 2013, analyses the factors that are driving performance and reflects on the obstacles to further progress on farm animal welfare.

About the Business Benchmark on Farm Animal Welfare Programme

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 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 an annual Benchmark 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. BBFAW also routinely engages with companies, investors and other stakeholders on farm animal welfare-related issues.

Governance

BBFAW was originally developed with the support, technical expertise and funding of leading farm animal welfare organisations, Compassion in World Farming and World Animal Protection. In 2014, Collier Capital joined as an additional partner. BBFAW 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, to conduct the company research and evaluations, and to manage the accompanying dialogue with companies and other stakeholders. The development of the Benchmark is overseen by a Technical Working Group (TWG) comprising technical experts, researchers and food business managers, and expert advisors on investor engagement and corporate responsibility.

Benchmark Structure

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.

Company assessments were conducted in August and September 2014. Apart from the changes to specific Benchmark questions (see Table 1), the 2014 Benchmark followed the same process as the 2012 and 2013 Benchmarks.

Table 1: Changes to the 2014 Benchmark Criteria

CHANGE	DETAIL	EFFECT ON SCORING
The addition of four performance-related questions to the Benchmark.	Three questions asked whether companies report on commonly accepted animal welfare issues (close confinement, pre-slaughter stunning and transport times), and one asked whether companies report on company-specific animal welfare performance indicators.	Given that performance reporting on farm animal welfare is in its infancy, these new questions have not been included in the overall scoring for the 2014 Benchmark.
The modification of an existing question on performance reporting.	The modified question asked whether companies explain or contextualise the factors that have influenced their farm animal welfare performance.	No change to the scoring of this question was made.
The extension of the scope of the Benchmark to cover finfish aquaculture.	We did not modify the wording of any questions but we highlighted those aspects that are relevant to finfish aquaculture in the rationale and supplementary guidance prepared for each question.	No changes to the scoring were made.
The addition of a new question on the prophylactic use of antibiotics, and the minor rewording of an existing question.	In addition to a new question on companies' commitments to reducing or avoiding the prophylactic use of antibiotics, the modified question focused explicitly on whether companies have clear positions on the avoidance of growth promoting substances.	The addition of this question had a modest impact on the relative weightings of the three sections of the Benchmark. It increased the weighting assigned to the Management Commitment questions from 36 to 38%, and reduced the weighting assigned to the Governance and Management questions from 47 to 46% and to the Leadership and Innovation questions from 17 to 16%.

Benchmark Scope

In total, 80 global food companies were included in the 2014 Benchmark. These were broadly spread across the three food industry subsectors, i.e. (a) food retailers and wholesalers, (b) restaurants and bars, and (c) food producers (see Table 2).

Table 2: Companies by Sub-sector

SUB-SECTOR (AND ICB CLASSIFICATION)	NUMBER OF COMPANIES
Food Retailers and Wholesalers (5337)	26
Restaurants and Bars (5757)	24
Food Producers (3570)	30
Total	80

Relative to the 2013 Benchmark, 10 new companies were added. In addition, we added WH Group (which acquired Smithfield Foods in 2013) in place of Smithfield Foods. The addition of these companies increased the number of US companies from 15 to 20, increased the number of companies in Germany from 7 to 8, increased the number of companies in Italy from 4 to 5, increased the number of Brazilian companies from 1 to 3 and, with the inclusion of WH Group, included the first Chinese company covered by the Benchmark (see, further, Table 3).

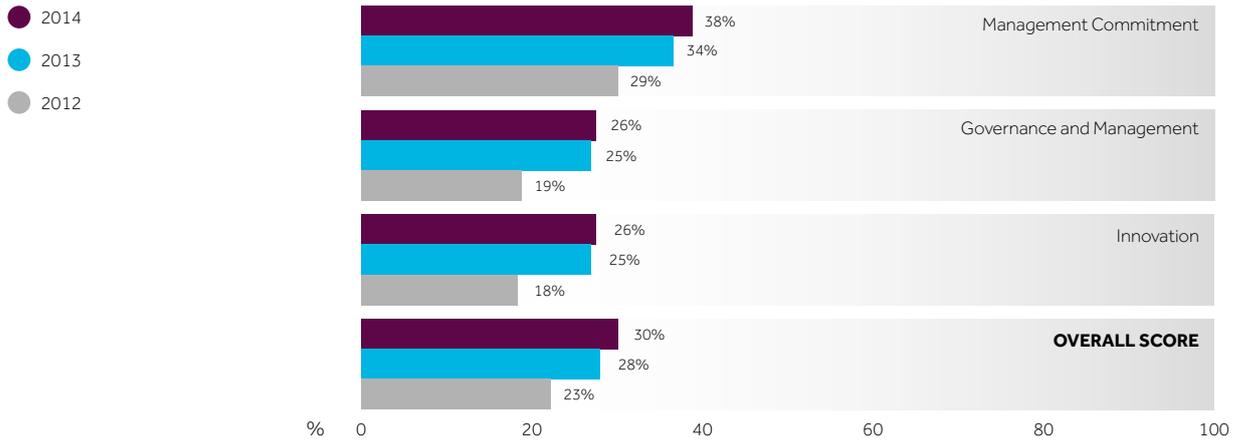
Table 3: Companies by Country of Listing or Incorporation

COUNTRY OF LISTING OR INCORPORATION	NUMBER OF COMPANIES
USA	20
UK	18
France	8
Germany	8
Italy	5
Netherlands	4
Switzerland	4
Brazil	3
Denmark	2
Norway	2
Sweden	2
Spain	2
Belgium	1
People's Republic of China	1

Key Findings

The practice and reporting of farm animal welfare remain relatively underdeveloped...

As can be seen across the three main strategic pillars – Management Commitment, Governance and Management, and Leadership and Innovation – considered in the Benchmark (see Figure 1), the practice and reporting of farm animal welfare, relative to other corporate responsibility issues, remains in its infancy. While 84% of the companies covered by our assessment acknowledge farm animal welfare as a business issue, just two-thirds (64%) have formalised their commitment in overarching policies or equivalent documents. Furthermore, some 59% of companies fail to describe management responsibilities for farm animal welfare, and only 33 companies (41%) publish farm animal welfare-related objectives and targets. These findings underline the immaturity of farm animal welfare as a business issue, with many companies having yet to establish robust systems and processes for managing, measuring and reporting on farm animal welfare.

Figure 1: Overall Scores

However, we are starting to see tangible signs that companies are increasing the attention they pay to farm animal welfare...

We have been encouraged – although we do acknowledge the relatively low base we started from – to see that the overall score across the universe of companies increased by approximately 5% from 2012 to 2013, and by a further 2% from 2013 to 2014. The proportion of companies with a published farm animal welfare policy increased from 46% in 2012, to 56% in 2013 and to 64% in 2014. This suggests that companies are starting to respond to the growing interest being paid to the food industry – by investors, by consumers, by civil society, by the media – on farm animal welfare issues, and they are becoming more willing to publish information about their approach (even though the specific detail of their farm animal welfare commitments remains mostly narrowly defined).

However, less progress has been seen in companies effectively implementing their farm animal welfare policies, with the number of companies describing board or senior management oversight of farm animal welfare remaining broadly stable at around 40% over the three iterations of the Benchmark, and the number publishing objectives and targets for farm animal welfare remaining stable at 41% from 2013 to 2014 (albeit, following an increase from 26% in 2012).

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

Table 4: Percentage Score by Tier

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%

Figure 2: Company Rankings

TIER



Table 5 illustrates how the company rankings have changed from 2012 to 2014.

Table 5: Changes in Company Rankings 2012 - 2014

TIER	NUMBER OF COMPANIES		
	2012	2013	2014
1 Leadership	0	2	3
2 Integral to Business Strategy	3	5	7
3 Established but Work to be Done	6	10	14
4 Making Progress on Implementation	18	16	16
5 On the Business Agenda but Limited Evidence of Implementation	18	14	19
6 No Evidence that on the Business Agenda	23	23	21
Total	68	70	80

...and we are seeing a growing number of leadership companies across industry sub-sectors and geographies

The 24 companies in Tiers 1, 2 and 3 have made strong commitments to farm animal welfare, have well developed management systems and processes, and have a clear focus on farm animal welfare performance measures. These companies are broadly distributed across the three food industry subsectors, come from a range of countries and include public and privately-owned companies as well as co-operatives.

Conclusions for Investors

The key conclusion to be drawn from the 2014 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. We are particularly concerned that most of the companies in Tier 6 and Tier 5 do not appear to have taken action to improve their management of farm animal welfare-related risks and opportunities, nor have they signalled that they intend to do so.

There is also much to be learned from those companies that have achieved leadership positions in the Benchmark. We encourage investors to engage with these companies so that they can better understand the characteristics of good and best practice on farm animal welfare.

What are the Implications for Companies?

From our discussions with leading companies in the Benchmark, it is clear that they see farm animal welfare both as a business risk to be managed and as a source of competitive advantage. We have also seen a significant increase in the quantity of information that companies provide on their approaches to farm animal welfare, although there is much to be done before most companies provide a comprehensive account of their approach.

We have been particularly encouraged by the number of companies willing to engage with BBFAW and in the quality of these engagements. Dialogue has centred on actions that companies plan to take in advance of the next Benchmark, indicating that companies are taking the issue of farm animal welfare management and reporting seriously, that they are increasingly aware of and understand the needs of investor and other audiences for information on their farm animal welfare approach, and that companies are increasingly regarding the Benchmark as a useful and practical framework for reporting.

Next Steps

We see the Benchmark as a long-term change programme. We recognise 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:

- **Investor Engagement:** We will continue to maintain our engagement with investors. It is critically important to us that the Benchmark remains relevant to investors' needs, that it supports investors in their engagement with companies, and that it helps investors to integrate farm animal welfare into their investment research and decision-making.
- **Strengthening Market Demand:** There is a need to create real demand in the investment system for research on farm animal welfare, demand for investors to use their influence with the companies in which they are invested, and demand for investors to consider farm animal welfare in their investment research and decision-making processes. We will discuss this issue with our NGO partners to consider how they might help create this demand through their own investment practices, through the dialogue that they have with their investment managers, and through mobilising their members and supporters to ask how their pension funds are addressing farm animal welfare in their investment practices.
- **Increasing the Focus on Farm Animal Welfare Performance:** While the 2012 and 2013 Benchmarks primarily focused on management systems and processes, it has been our longer-term intention that the Benchmark focus on company performance and the reporting of farm animal welfare indicators. The introduction of four performance-related questions into this year's Benchmark was the first step in this process.
- **Repeating the Benchmark in 2015:** We will repeat the Benchmark mid-way through 2015, with the aim of releasing the fourth Benchmark Report in early 2016. Before we commence this process, we will – as we have done for each Benchmark – formally consult on the criteria to be used, the issues to be covered and the scope of the Benchmark. To inform the consultation we will repeat our company and investor surveys in early 2015, to understand how they are using the Benchmark, to understand how the Benchmark might be made more useful to them and to gather their suggestions on potential changes to the Benchmark.

Stakeholder Remarks

"BBFAW allows us to directly compare companies with their sector peers and across multiple years which informs our engagement activities. Its prominence and effectiveness has seen year on year increases and it has become a shining example of the power of benchmarking at its best."

Abigail Herron, Head of Responsible Investment Engagement, Aviva Investors

"As an early step in ensuring good farm animal welfare along Nestlé's global supply chain, we have been working with our NGO partner, World Animal Protection, and our suppliers to trace our animal-derived ingredients. This includes farm-level assessments to make sure that our requirements on farm animal health, care, and welfare are being met. The Business Benchmark provides us with an important annual snapshot of where we have made progress; and where we can improve to meet our consumers' expectations of ensuring the highest possible levels of farm animal welfare."

Benjamin Ware, Responsible Sourcing Manager, Nestlé S.A. (Switzerland)

"For many food companies, the greatest business risks and opportunities lie in their supply chains. BBFAW provides us with great insights into how companies are managing some of the risks such as quality and health issues linked to animal welfare. This allows us to build these insights into our investment research."

Helena Viñes Fiestas, Head of Sustainability Research, BNP Paribas Investment Partners

"Greggs works hard to retain its status as a much loved and trusted brand by demonstrating that it is a responsible company. Striving to 'do the right thing' when it comes to ethical sourcing comprises one of many practices which help us to achieve this. Avoiding the exploitation of animals is consistent with not only our company values but our desire to meet consumers' rising expectations in terms of farm animal welfare - the Business Benchmark provides us with a practical and respected framework, against which we can assess the progress that we have made and identify areas for improvement, ultimately driving positive change within the business."

Malcolm Copland, Commercial Director, Greggs

"As responsible investors, we recognise the reputational and welfare risks arising from the treatment of animals as part of the food manufacturing, processing and retail supply chains. The Business Benchmark on Farm Animal Welfare has been an important catalyst in putting this issue on the agenda for both companies and investors."

Neville White, Head of SRI Policy & Research, Ecclesiastical Investment Management

CHAPTER ONE INTRODUCTION



1.1



SETTING THE SCENE

There is growing attention being paid to the issue of farm animal welfare by global food companies. This is being driven by a variety of factors: the 2013 European horsemeat scandal, tightening regulatory requirements on animal welfare and on food safety and quality, investor concerns about how food companies are managing animal welfare and other risks in their supply chains, and consumer interest in issues around food quality, safety, provenance and traceability.

This is the third Business Benchmark on Farm Animal Welfare (BBFAW) report, following previous Benchmarks in 2012¹ and 2013² outlining how global food companies are managing and reporting on farm animal welfare. It assesses the progress that has been made since the first Benchmark report was released in February 2013, analyses the factors that are driving performance and reflects on the obstacles to further progress on farm animal welfare.

1

(Business Benchmark on Farm Animal Welfare, London, UK). http://www.bbfaw.com/wp-content/uploads/2013/03/BB-FAW_Report_2012.pdf

2

(Business Benchmark on Farm Animal Welfare, London, UK). <http://www.bbfaw.com/wp-content/uploads/2013/12/BB-FAW-Report-2013.pdf>

1.2



THE BUSINESS BENCHMARK ON FARM ANIMAL WELFARE

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

- To provide investors 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 an annual Benchmark 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 policies³. BBFAW also routinely engages with companies, investors and other stakeholders on farm animal welfare-related issues.

GOVERNANCE AND OVERSIGHT

BBFAW was originally developed with the support, technical expertise and funding of leading farm animal welfare organisations, Compassion in World Farming and World Animal Protection. In 2014, Collier Capital joined as an additional partner.

BBFAW 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, to conduct the company research and evaluations, and to manage the accompanying dialogue with companies and other stakeholders.

The development of the Benchmark is overseen by a Technical Working Group (TWG) comprising technical experts, researchers and food business managers, and expert advisors on investor engagement and corporate responsibility. The members of the TWG for the 2014 benchmarking process were:

- Nicky Amos, Programme Director and Advisor on Corporate Responsibility
- Jemima Jewell, Head of Food Business (and TWG Co-ordinator), Compassion in World Farming
- Dr Tracey Jones, Director of Food Business, Compassion in World Farming
- Martin Cooke, International Head of Corporate Engagement, World Animal Protection
- Audrey Mealia, Corporate Engagement Manager, World Animal Protection
- Dr Rory Sullivan, Independent Advisor and Expert on Investor Engagement
- Rosie Wardle, Collier Capital/Jeremy Collier Foundation

1.3



REPORT STRUCTURE

The report comprises five main chapters as follows:

- Chapter 2 describes the Benchmark criteria, scope and assessment process.
- Chapter 3 presents the key findings of the 2014 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 future development of the Benchmark.

CHAPTER 2 METHODOLOGY AND APPROACH



2.1



THE 2014 BENCHMARK

Over the past two years, BBFAW has held extensive discussions with investors, companies and other stakeholders on how the Benchmark might be made more useful. In the period since the launch of the second Benchmark report in December 2013, BBFAW has: participated in a series of telephone calls and meetings with European and North American investors and companies; surveyed the companies covered by the Benchmark on how the Benchmark has influenced their approach to farm animal welfare; surveyed investors on how they are using the Benchmark; conducted a formal consultation in June and July 2014 on the scope and criteria for the 2014 iteration of the Benchmark; and participated in a number of conferences and webinars convened by UKSIF, Eurosif, oekom and Aviva Investors, among others ⁴.

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).

2.2



BENCHMARK STRUCTURE

The Benchmark criteria (see Appendix 1) are set out in three core areas as indicated in Table 2.1⁵. As with previous Benchmarks, 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.

4

For a fuller description of BBFAW's engagement with companies and investors, see the Methodology Report which accompanies this Benchmark Report (Nicky Amos and Rory Sullivan (2014)), The Business Benchmark on Farm Animal Welfare: 2014 Methodology Report (BBFAW, London) and the summary of the consultation on the 2014 Benchmark (Nicky Amos and Rory Sullivan (2014), Summary of Consultation on the 2014 Benchmark. Investor Briefing No. 18 (BBFAW, London).

5

For a more detailed discussion of the Benchmark criteria and of the changes made since the 2013 Benchmark, see the 2014 Methodology Report (Note 4).

Table 2.1: Benchmark Elements

PILLAR	KEY ELEMENTS	NO. OF POINTS	% OF SCORE
Management Commitment	<ul style="list-style-type: none"> • General account of why farm animal welfare is important to the business, including discussion of the risks and business opportunities. • 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. • Specific policy positions on key welfare concerns such as the close confinement of livestock, animals subjected to genetic engineering or cloning, routine mutilations, antibiotic usage, slaughter without stunning, and long distance live transportation. 	70	38%
Governance and Management	<ul style="list-style-type: none"> • 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. • Objectives and targets including process and performance measures, with an explanation of how these objectives and targets are to be delivered and how progress is to be monitored. • Reporting, and explaining, performance against objectives and targets, and company policy. • 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. • Policy implementation through supply chains, including the incorporation of 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. 	85	46%
Leadership and Innovation	<ul style="list-style-type: none"> • Company involvement in research and development programmes to advance farm animal welfare. • Company involvement in industry or other initiatives directed at improving farm animal welfare. • Acknowledgement of farm animal welfare performance from notable award or accreditation schemes. • Company initiatives to promote higher farm animal welfare amongst customers or consumers. 	30	16%
Performance	<ul style="list-style-type: none"> • Company reporting on prescribed performance measures (the proportion of animals in supply chains that are free from confinement, the proportion of animals in supply chains that are subject to pre-slaughter stunning, the average, typical or maximum permitted live transport times for animals in supply chains). • Company reporting on other farm animal welfare outcome measures. 	20	Not included in 2014 Benchmark scores

There are four main changes to the 2014 Benchmark⁶:

- The addition of four performance-related questions to the Benchmark, three asking whether companies report on commonly accepted animal welfare issues (close confinement, pre-slaughter stunning and transport times), and one asking whether companies report on company-specific animal welfare performance indicators. However, as indicated in Table 2.1 given that performance reporting on farm animal welfare is in its infancy, these new questions are not included in the overall scoring for the 2014 Benchmark.
- The modification of an existing question on performance reporting to ask whether companies explain or contextualise the factors that have influenced their farm animal welfare performance.
- The extension of the scope of the Benchmark to cover finfish aquaculture. We have not modified the wording of any questions but we have highlighted those aspects that are relevant to finfish aquaculture in the rationale and supplementary guidance prepared for each question⁷.
- The addition of a new question on the prophylactic use of antibiotics, and the minor rewording of an existing question to focus explicitly on whether companies have clear positions on the avoidance of growth promoting substances. The addition of this question had a modest impact on the relative weightings of the three sections of the Benchmark. It increased the weighting assigned to the Management Commitment questions from 36 to 38%, and reduced the weighting assigned to the Governance and Management questions from 47 to 46% and to the Leadership and Innovation questions from 17 to 16%.

6

For a more detailed discussion of the changes made, see the 2014 Methodology report (Note 4).

7

See the 2014 Methodology Report (Note 4).

2.3



THE BENCHMARKING PROCESS

Apart from the changes to specific Benchmark questions (discussed above), the 2014 Benchmark followed the same process as the 2012 and 2013 Benchmarks.

Company assessments were conducted in August and September 2014 by Nicky Amos and Dr Rory Sullivan (from the BBFAW Secretariat), Dr Steve Webster (Delta-innovation) and Dr Heleen van de Weerd (Cerebrus Associates).

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. The review was not confined to formal publications, but also involved reviews of company press releases, frequently asked questions and other locations where relevant information might be found. Scores were not, however, awarded for information that was not in the public domain. The reasons were: (a) encouraging better disclosure is a core objective of the BBFAW, (b) we wished to ensure that companies were assessed consistently, and (c) we wished to avoid any suggestion that companies working with Compassion in World Farming and/or World Animal Protection 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 World Animal Protection's Corporate Engagement team to check the factual accuracy of the content and to ensure consistency. The BBFAW Secretariat 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.

Preliminary assessment reports containing interim findings and scores were emailed to companies in October 2014. During the period October to November 2014, 27 companies (34% 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 five companies were revised.

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 companies in January 2015.

2.4

COMPANIES COVERED

In total, 80 companies were included in the 2014 Benchmark (see Appendix 2 for the full list, including their classification and countries of incorporation). These were broadly spread across the three food industry subsectors, i.e. (a) food retailers and wholesalers, (b) restaurants and bars, and (c) food producers (see Table 2.2).

Relative to the 2013 Benchmark, ten new companies were added. These were BRF, Costco Wholesale, Darden Restaurants, Domino's Pizza, Edeka Zentrale, Ferrero, General Mills, JBS, The Kroger Company and The Wendy's Company⁸. In addition, we added WH Group (which acquired Smithfield Foods in 2013) in place of Smithfield Foods. The addition of these companies had the effect of broadening the geographic scope of the Benchmark by increasing the number of US companies from 15 to 20, increasing the number of companies in Germany from 7 to 8, increasing the number of companies in Italy from 4 to 5, increasing the number of Brazilian companies from 1 to 3 and, with the inclusion of WH Group, including the first Chinese company covered by the Benchmark (see, further, Table 2.3).

Table 2.2: Companies by Sub-sector

SUB-SECTOR (AND ICB CLASSIFICATION)	NO. OF COMPANIES
Food Retailers and Wholesalers (5337)	26
Restaurants and Bars (5757)	24
Food Producers (3570)	30
Total	80

Table 2.3: Companies by Country of Listing or Incorporation

COUNTRY OF LISTING OR INCORPORATION	NO. OF COMPANIES
USA	20
UK	18
France	8
Germany	8
Italy	5
Netherlands	4
Switzerland	4
Brazil	3
Denmark	2
Norway	2
Sweden	2
Spain	2
Belgium	1
People's Republic of China	1

8

For a discussion of the reasons for adding these companies, see Nicky Amos and Rory Sullivan (2014), Summary of Consultation on the 2014 Benchmark. Investor Briefing No. 18 (BBFAW, London). http://www.bbfa.com/wp-content/uploads/2010/08/Investor_Briefing_18_2014_Consultation_Summary.pdf

CHAPTER 3

OVERARCHING RESULTS

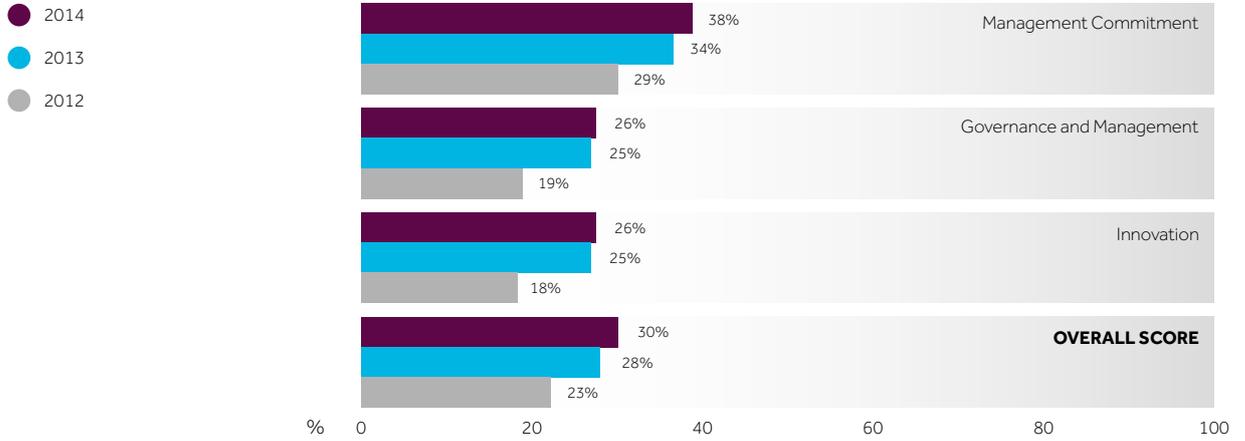


3.1

OVERALL FINDINGS

There are two headline findings from the 2014 Benchmark. The first, as indicated in Figure 3.1, is the practice and reporting on farm animal welfare remain relatively underdeveloped across all four of the strategic pillars considered in the Benchmark (Management Commitment and Policy, Governance and Management, Innovation, and Performance).

Figure 3.1: Overall Scores



The second is we are starting to see tangible signs that companies are increasing the attention they pay to farm animal welfare. This is being seen across each of the Management Commitment, Governance and Management, and Leadership and Innovation pillars of the Benchmark (noting that this is the first year we have evaluated performance). The overall score across the universe of companies increased by approximately 5% from 2012 to 2013, and by a further 2% from 2013 to 2014⁹. Digging in to the data a little, we see that the proportion of companies with a published farm animal welfare policy has increased from 46% in 2012, to 56% in 2013 and to 64% in 2014. We also see the number that describe how their board or senior management oversee their approach to farm animal welfare has remained broadly stable at around 40% over the three iterations of the Benchmark, and the number that have published objectives and targets for farm animal welfare has remained stable at 41% from 2013 to 2014 (albeit, following an increase from 26% in 2012).

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We note that the 11 new companies have an average score of 31% (i.e. the overall average is broadly the same for the full universe of 80 companies covered by the 2014 Benchmark as for the same 69 companies that were covered in the 2013 and 2014 Benchmarks).

3.2



INDIVIDUAL COMPANY PERFORMANCE

We have classed the surveyed companies into one of six tiers, based on their percentage scores, as indicated in Table 3.1¹⁰. Figure 3.2 presents a composite picture of company scores, and Table 3.2 shows how the number of companies in each tier has changed over the period 2012 to 2014.

Table 3.1: BBFAW Tiers

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%

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We note that the addition of a new question on antibiotic use (see 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 previous Benchmarks, we have used the same percentage scores to categorise companies by tier.

Table 3.2: Number of Companies by Tier

TIER	NUMBER OF COMPANIES		
	2012	2013	2014
1 Leadership	0	2	3
2 Integral to Business Strategy	3	5	7
3 Established but Work to be Done	6	10	14
4 Making Progress on Implementation	18	16	16
5 On the Business Agenda but Limited Evidence of Implementation	18	14	19
6 No Evidence that on the Business Agenda	23	23	21
Total	68	70	80

As can be seen from Figure 3.2 and Table 3.2, the average score remains low, with half of the companies – 40 out of the 80 companies – 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. In the 2012 and 2013 Benchmarks, we cautioned that at least some of the companies in Tiers 5 and 6 had made significant progress in implementing farm animal welfare management systems but that they had yet to start properly reporting on the issue. While we continue to be aware that a number of the companies in the lower tiers have made significant progress in implementing farm animal welfare management systems, we are increasingly confident that the gap between the quality of reporting and the quality of performance has narrowed, and that the company rankings provide an increasingly robust assessment of practice, not just of reporting.

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 performance measures. The 24 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 higher scoring in 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 3.3 we highlight those companies (15 of the 70 that were assessed in the 2013 Benchmark) whose improvements have enabled them to jump at least one tier. Of the 65¹¹ companies that have been assessed since the first Benchmark in 2012, 29 (or 45%) have seen their score increase by at least one tier over this period.

While there are, clearly, many company-specific factors at play, the majority of the improvements in company scores between 2013 and 2014 appear to be as a result of companies progressively implementing and reporting on their farm animal welfare management systems and processes. This contrasts somewhat with the changes between 2012 and 2013, where many of the companies that improved their scores were effectively bringing their reporting on farm animal welfare up to the same standard as their reporting on other social and environmental issues.

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This number excludes Kraft Foods Group Inc (now Mondelez International Inc and Kraft Foods Inc), Sara Lee Corporation (now part of The Hillshire Brands Company), and Smithfield Foods (now part of WH Group).

Table 3.3: Companies Improving by at Least One Tier

COMPANY NAME	CHANGE FROM 2013 TO 2014
Ahold NV (formerly Koninklijke)	From Tier 4 to Tier 3
Aramark	From Tier 6 to Tier 5
Barilla	From Tier 5 to Tier 4
Cranswick	From Tier 4 to Tier 2
Delhaize Group	From Tier 6 to Tier 5
Elior	From Tier 6 to Tier 5
Groupe Danone	From Tier 4 to Tier 3
The Hillshire Brands Company	From Tier 6 to Tier 4
HJ Heinz	From Tier 6 to Tier 4
McDonald's	From Tier 3 to Tier 2
Migros	From Tier 3 to Tier 2
Subway	From Tier 4 to Tier 3
Terrena Group	From Tier 6 to Tier 5
Tesco	From Tier 4 to Tier 3
Waitrose	From Tier 3 to Tier 1

While the overall trends are encouraging, six companies fell by at least one tier (see Table 3.4). A number of others (not included in Table 3.4) also saw their scores decline, albeit not by enough to cause them to slip a tier. Among the companies whose scores declined, there seem to be three common reasons. First, some companies had revamped their corporate websites, often deleting or reducing the information provided on farm animal welfare-related issues. Second, some had failed to update farm animal welfare-related information even though we had raised concerns in the 2013 Benchmark and had stated we would reduce the scores awarded if the information was not updated in time for the 2014 Benchmark. Third, some have started to produce integrated reports, resulting in them focusing their attention on those issues that are regarded by the companies as financially material, frequently to the exclusion of issues that are not considered financially material. Of the 65 companies that have been assessed since the first Benchmark in 2012, 6 (or 9%) have seen their score decline by one tier over this period.

Table 3.4: Companies Falling by One Tier

COMPANY NAME	CHANGE FROM 2012 TO 2013
Compass Group	From Tier 4 to Tier 5
Groupe Lactalis	From Tier 5 to Tier 6
Marfrig Group	From Tier 2 to Tier 3
Metro AG	From Tier 5 to Tier 6
Mitchells & Butlers	From Tier 5 to Tier 6
Premier Foods	From Tier 4 to Tier 5

3.3

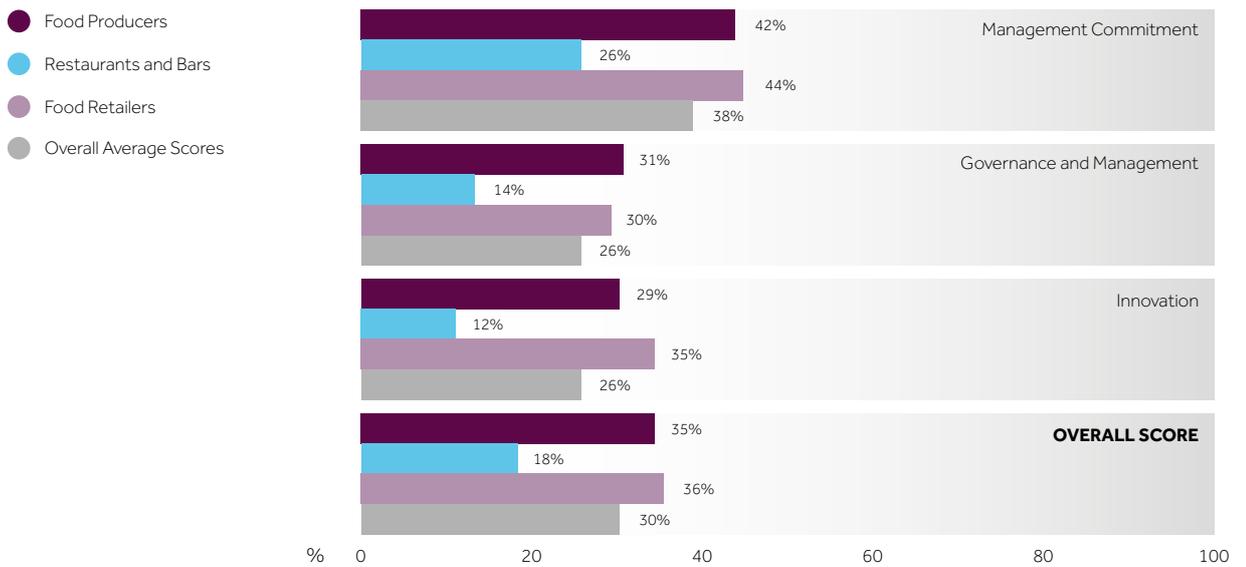


PERFORMANCE BY SUB-SECTOR

Figure 3.3 presents the results of the 2014 Benchmark, broken down by sub-sector (i.e. food retailers and wholesalers, restaurants and bars, and food producers). Performance across all three of the sectors is relatively poor, with the restaurants and bars sector continuing to be a noticeably poorer performer than the other two sectors. The gap has – notwithstanding a modest improvement in the average score for companies in the restaurants and bar sector – not changed over the period 2013 to 2014.

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 Burger King, Domino's Pizza, Greggs, JD Wetherspoon, McDonald's, Quick, Starbucks, Subway and Wendy's), we find that the average score for these nine companies is 26%. 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 (18%). Business to business companies that have less proximity (or are relatively unknown) to the public or that trade under multiple service brands scored significantly worse. For example, if we take Compass Group, Gruppo Cremonini, Elior, Gategroup Holding, Olav Thon Gruppen, SSP Group Limited, and Umoe Gruppen, as representative of business to business companies, we see that the average score for these seven companies is 11%.

Figure 3.3: Sub-sector Comparison



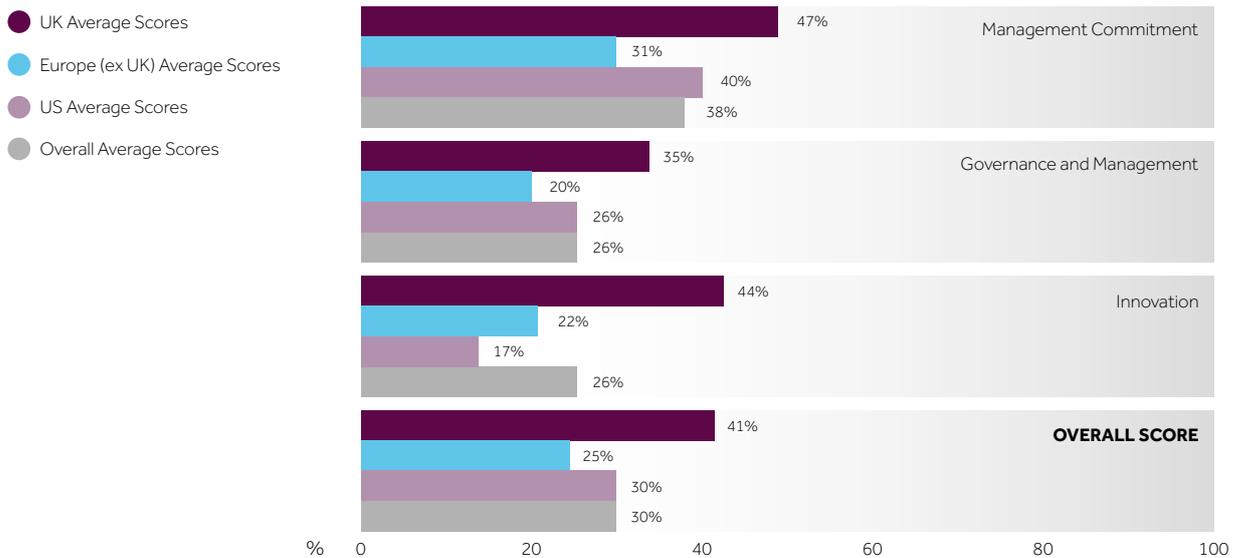
3.4



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 20 US companies, and the 38 European (excluding the UK) companies with the average scores of the 80 companies covered by the Benchmark. While the research suggests that UK domiciled companies may be slightly better performers, we are wary of drawing any 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.

Figure 3.4: Geographic Comparison



It is also interesting to note that the four emerging market companies (i.e. BRF, JBS and Marfrig from Brazil, and WH Group from China) had an average score of 44%. The sample size is, obviously, too small to offer anything other than the most generic of comments. Nevertheless, this finding suggests that investors should be careful about drawing conclusions about a company's farm animal welfare performance simply because of its country of origin.

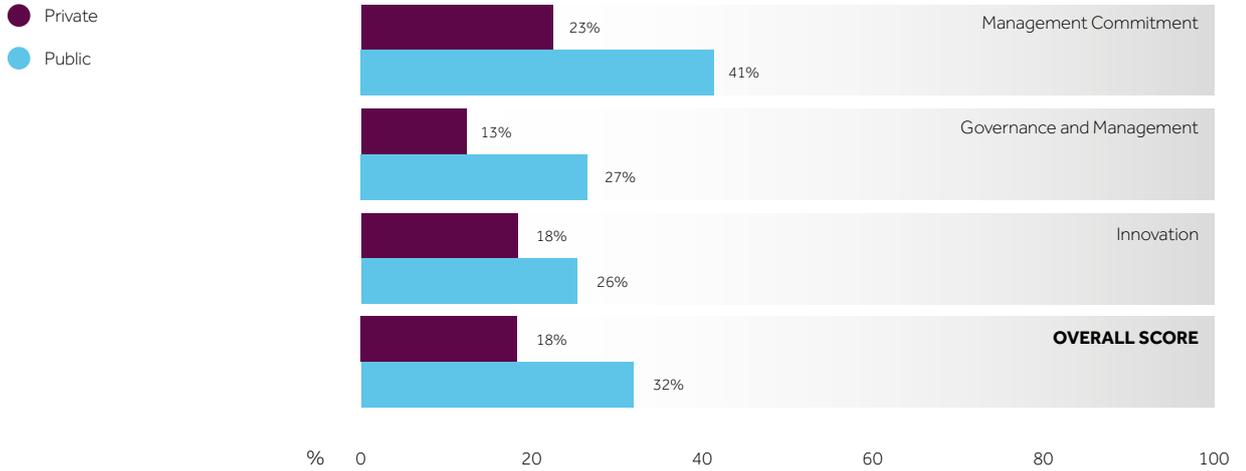
3.5



PERFORMANCE BY OWNERSHIP

We analysed company performance by ownership and found some differences in performance between listed and unlisted companies¹² (see Figure 3.5). These findings broadly mirror the findings in the 2013 Benchmark, with publicly listed companies having an average score of 32% in the 2014 Benchmark, 30% in 2013 and 21% in 2012, and private companies having an average score of 18% in the 2014 Benchmark, 19% in 2013 and 12% in 2012.

Figure 3.5: Public Versus Private Ownership



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We included seven co-operatives (Arla Foods, Camst, Coop Group (Switzerland), Migros, Rewe Group, FrieslandCampina and The Co-operative Food (UK)) in our research. While these scored significantly better than the private or publicly listed companies (with an overall average of 45%), they have not been included in the graph because of the small sample size.

CHAPTER FOUR

DETAILED RESULTS



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 80 companies covered by the 2014 Benchmark, 84% (a notable increase on the 71% in the 2012 and 2013 Benchmarks) recognise farm animal welfare as a business issue. This is hugely encouraging as the explicit acknowledgement by a company of an issue as having business relevance is the necessary first step towards taking action on 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. An extract of Nestlé's Materiality Assessment is presented in Box 4.1. We stress that we are not offering a view on the details of Nestlé's assessment 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-Study - Integrating Farm Animal Welfare into Corporate Risk Assessment Processes

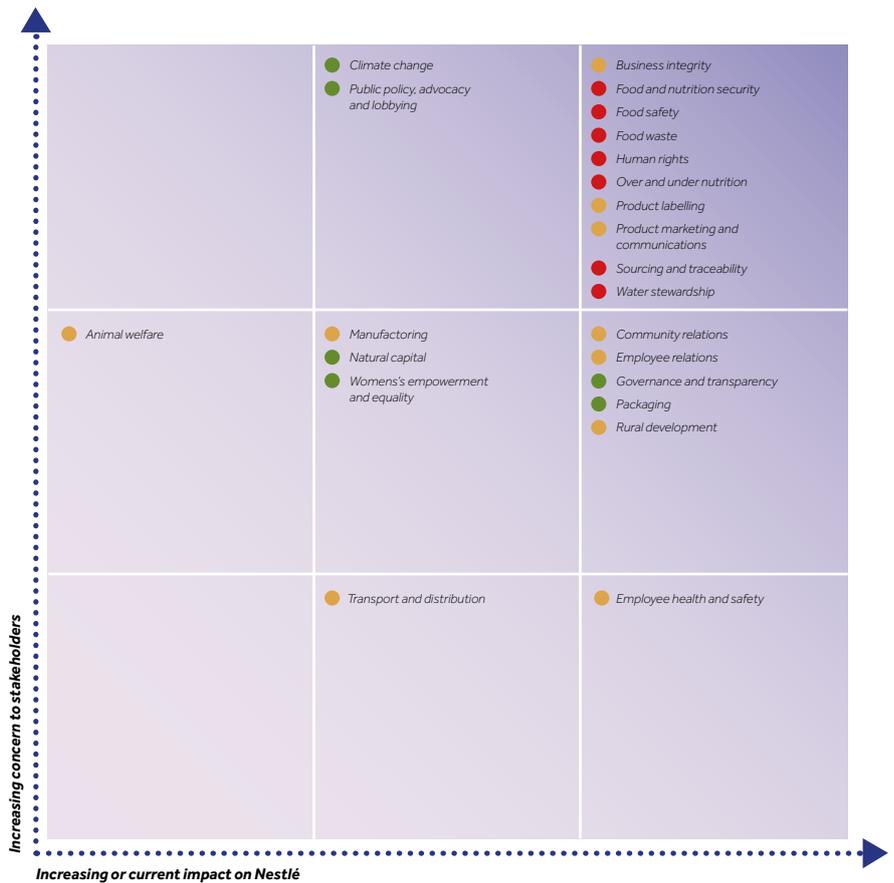
Nestlé's Materiality Assessment¹³

Since 2006, Nestlé has worked to identify and prioritise the issues deemed most important to the company and its stakeholders. Consulting stakeholders allows Nestlé to realign its priorities to match stakeholder expectations and to identify new and increasingly important societal challenges. In 2013, Nestlé published an update of its materiality assessment, with issues prioritised on the basis of their importance to stakeholders (based on stakeholder feedback) and their current or potential future impact on the business. Nestlé notes that animal welfare continues to be of concern to stakeholders. Animal welfare was also identified as one of the 11 societal issues that the company can contribute to addressing.

2013 Nestlé materiality matrix

Future directionality:

- Increasing stakeholder concern and business impact
- Steady stakeholder concern and business impact
- Increase in stakeholder concern



Content based on published material by Nestlé. See <http://www.nestle.com/csv/what-is-csv/materiality>

Do Companies have Overarching Policies on Farm Animal Welfare?

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 the policy is effectively implemented,
- Clear accountabilities for the implementation of the policy, and
- A commitment to public reporting on performance.

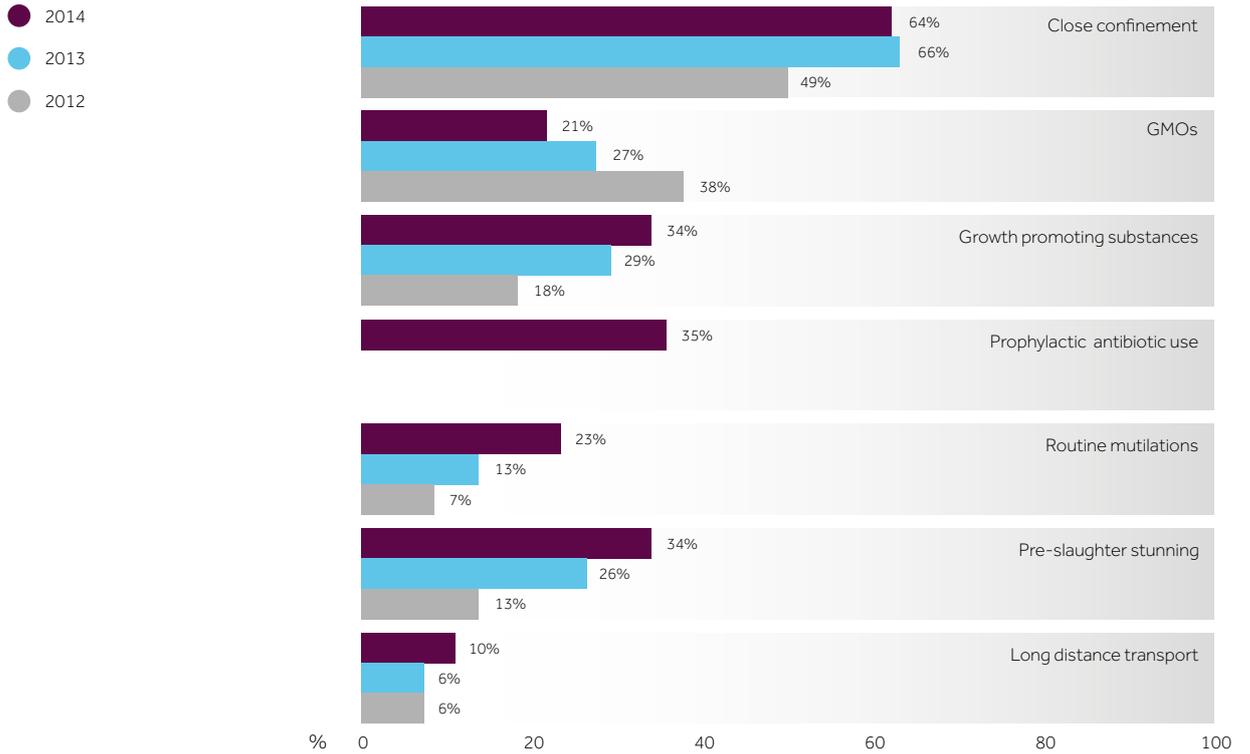
Of the 80 companies covered by the 2014 Benchmark, 44 (55%) had published comprehensive farm animal welfare policies, and another 7 (9%) had published basic policy statements that provided limited information on how the policy statements would be implemented. These numbers indicate a step change improvement from previous Benchmark reports. In the 2013 Benchmark, 46% of companies had comprehensive policies and 10% had basic policy statements. This, in turn, was an improvement on the 2012 Benchmark where just 34% of companies had comprehensive policies and 12% had basic policy statements.

Mirroring the findings of previous Benchmarks, many policies had limited scopes. Of the 51 companies publishing comprehensive or basic farm animal welfare policies, 36 applied their policies to all geographies, 28 applied their policies to all relevant animal species and just 23 applied their policies to all products produced, manufactured or sold. In discussions with BBFAW, a number of companies pointed to the difficulties they face in imposing their policies on suppliers. They noted that this is most difficult in situations where suppliers are significantly more powerful than the purchasing company and/or where the purchaser accounts for only a small part of the supplier's turnover.

Do Companies have Specific Policies on Farm Animal Welfare?

In practice, high level corporate policies set the strategic direction for companies but do not prescribe the specific actions that need to be taken. The Benchmark therefore assesses whether companies have adopted policies on seven 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) the use of antibiotics for prophylactic purposes, (5) routine mutilations, (6) pre-slaughter stunning, and (7) long-distance live transportation. In Figure 4.1 we indicate the proportion of companies that have made at least partial commitments on these issues and – with the exception of the question on the prophylactic use of antibiotics which was not previously asked – how these compare to the 2012 and 2013 Benchmarks.

Figure 4.1: Percentage of Companies with Specific Policies on Farm Animal Welfare Issues



The data presented in Figure 4.1 suggest that companies – albeit from a low base in many cases – are starting to establish formal policies on specific farm animal welfare issues. This reflects the normal evolution of corporate practice, where companies tend to start with high level policies and then, over time, supplement these with more detailed policies on specific issues.

The high proportion of companies with policies on close confinement reflects the impact of NGO campaigns and public concerns about specific issues or products (in particular, eggs from caged hens and the use of gestation and farrowing crates for sows). In many cases, however, these policy commitments have been limited to those markets where NGO pressures or public concerns are the greatest.

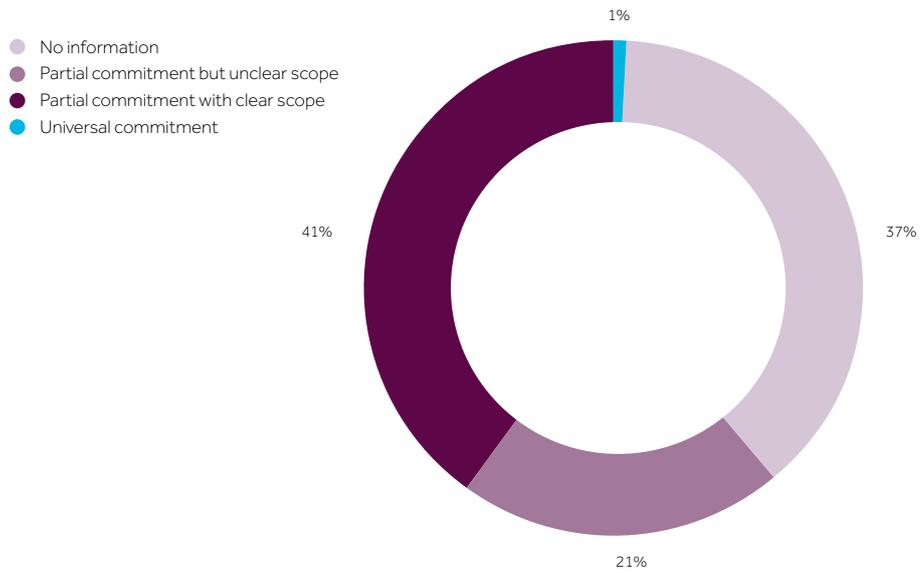
A number of companies have questioned BBFAW's emphasis on companies adopting formal policy commitments, arguing that such policies should not be necessary for issues that are covered by legislation. While we have some sympathy with this argument, we recognise that farm animal welfare legislation is not comprehensive across all species¹⁴ or geographic scope, and is not necessarily adequately enforced. Companies therefore need policies to ensure that their operations and, critically, their suppliers meet minimum standards of performance, irrespective of where they operate. We also think that companies should be willing to show leadership. In that context, formal policies are important in articulating the standards they wish to work to and in setting out the standards they expect of their suppliers and business partners.

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For example, within the EU, there is no specific legislation relating to species such as turkeys, ducks and dairy cows.

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. Examples of these systems include large-scale 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. In these systems the space available to each animal is severely restricted, allowing little more than the space to stand and lie down (or, in the case of fish, to swim), the 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; examples include intensive meat chicken (broiler) and pig production facilities.

In our research, we found (see Figure 4.2) that relatively few companies have made commitments to the complete avoidance of close confinement. However, a significant number have made partial commitments (for example, within a certain geographic region or for certain species). Particular progress has been made in relation to (a) hens (with a number of companies having made commitments to cage-free or free-range eggs, with examples including Greggs, Kaufland, HJ Heinz, JD Wetherspoon, Premier Foods and Sodexo), (b) the phasing out of sow stalls (for example, Burger King, Compass Group, General Mills and The Kroger Company), and (c) the sourcing of some meats from either EU organic systems (which include animal welfare specifications) or free-range systems (for example, Cranswick, Lidl and Rewe Group).

Box 4.2: Case Studies: Company Positions on Close Confinement

Lidl¹⁵

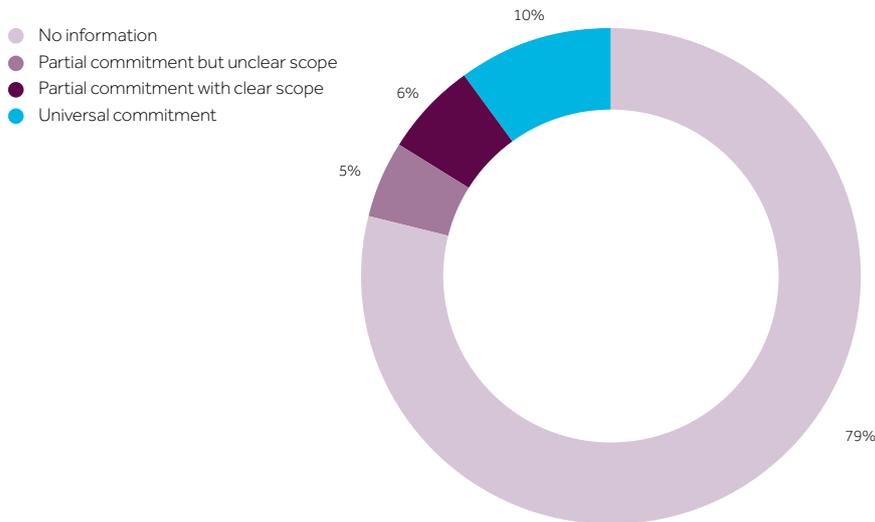
Since 2009, Lidl has been selling 'Faux Gras GAIA', an alternative to foie gras that is made without force-feeding ducks and geese. In September 2012, the company became the first retail chain in Belgium to sell only rabbit meat from animals reared in park systems. These systems provide greater space for the animals, and contain small hutches and raised platforms. Wood, straw, hay and other crops are available for nibbling, and the flooring is more suitable for protecting paws than a cage lattice.

Kaufland¹⁶

Kaufland does not supply fresh eggs from caged hens. In addition, the company's K-Classic pasta and bakery products only use free-range and barn eggs, and all breakfast eggs served in Kaufland restaurants are free-range. Kaufland has worked with its supplier, Bauer, to develop a cage-free system for rabbits, and in Germany only offers frozen and fresh meat from cage-free rabbits.

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 descendants¹⁷.

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 4.3 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 have qualified their commitments by noting that, if these consumer concerns could be addressed or overcome, they will consider using genetically modified or cloned animals or their progeny.

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<http://www.lidl.be/fr/2699.htm?rdeLocaleAttr=fr>

16

http://www.kaufland.de/Home/05_Unternehmen/002_Verantwortung/003_Sortiment/002_Tierwohl/index.jsp

17

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, UK). http://www.bbfaaw.com/wp-content/uploads/2010/08/Briefing-No.6_Cloning-and-Genetic-Engineering-of-Farm-Animals.pdf

Box 4.3: Case Studies – Company Positions on Genetically Modified or Cloned Animals

Cranswick¹⁸

Cranswick's Genetically Modified Organism Policy requires its producers and suppliers to ensure that none of the animals supplied to Cranswick has been subject to any genetic modification.

Nestlé¹⁹

In its Responsible Sourcing Guidelines Nestlé states; "There is no use of cloned animals and their derivatives in the feed/food chain".

The Use of Growth Promoting Substances and Antibiotics

In the 2012 and 2013 Benchmarks, we asked whether companies had made commitments to not using hormones or antibiotics as growth promoting substances. In the 2014 Benchmark, we retained this question but supplemented it by asking whether companies had made commitments to the reduction or avoidance of antibiotics for prophylactic use.

Figure 4.4: Company Commitments to Not Using Growth Promoting Substances

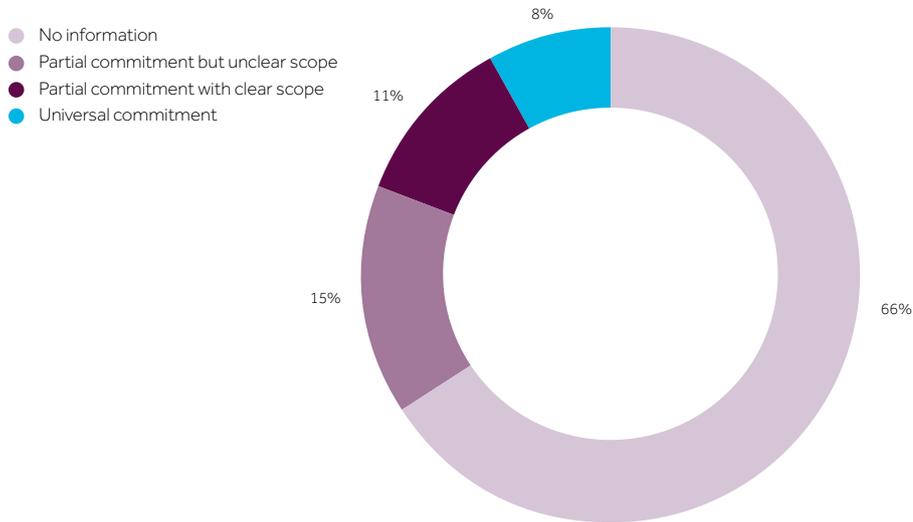
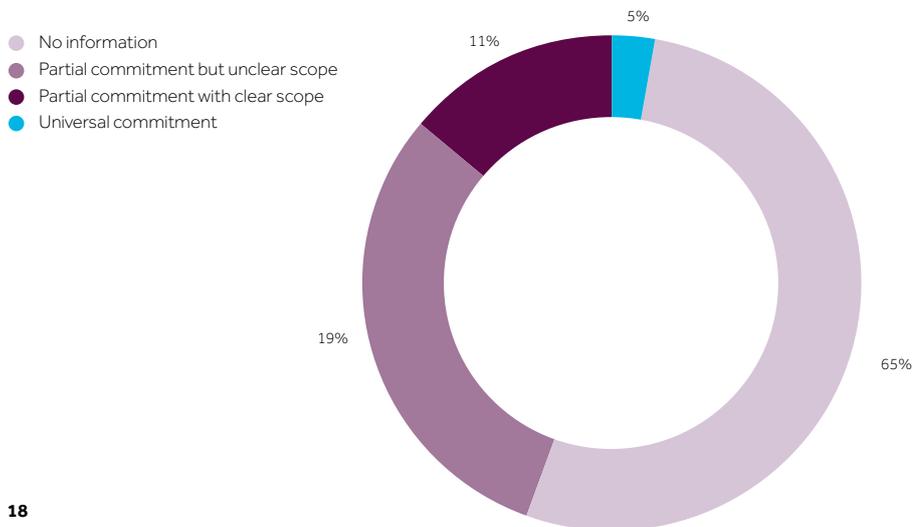


Figure 4.5: Company Commitments to the Reduction or Avoidance of Antibiotics for Prophylactic use



¹⁸ <http://cranswick.plc.uk/taking-responsibility/animal-welfare>

¹⁹ http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-responsible-sourcing-guidelines.pdf

The use of hormones and antibiotics as growth promoters

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. 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 products produced with antibiotic growth promoters. The use of growth promoting substances can undermine animal welfare by pushing animals to their physiological and metabolic limits.

The prophylactic use of antibiotics

Antibiotics are medicines used to control infectious diseases in humans and animals²⁰. It is believed that farm animals may receive nearly half of all the antibiotics produced worldwide. Every time an animal receives a dose of antibiotics it gives any bacteria present an opportunity to develop resistance to that drug.

Used correctly, antibiotics are an important component in ensuring animals recover from illnesses. However, the routine use of antibiotics on-farm is frequently prophylactic (used to prevent disease rather than treat it): they are used to 'prop up' an environment where the welfare potential of animals is very low. The confined, cramped conditions - where animals are bred to operate at their physiological limits and weaned at a young age - are stressful, and compromise the animals' immune systems, making sickness more likely. Intensive farming, therefore, often relies on prophylactic use of antibiotics to compensate for an inherently low-welfare environment.

The over-use of antibiotics (especially in low doses or incomplete courses) is the main reason for the increase in antibiotic resistance. This resistance means that antibiotics can be ineffective when they are most needed, i.e. to treat serious disease. Furthermore, reliance on frequent, prolonged, or low-dose use of antibiotics creates ideal conditions for antibiotic resistant strains of bacteria to develop.

Our research for the 2014 Benchmark, see Figures 4.4 and 4.5, indicates that relatively few companies have published formal positions on the use of growth hormones or have made commitments to the reduction or avoidance of antibiotics for prophylactic use. Examples of companies that publish clear guidelines on this issue are presented in Box 4.4.

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A more detailed discussion is provided in Vicky Bond and Jemima Jewell (2014), *The Impacts of Antibiotic Use in Animals on Human Health and Animal Welfare*. BBAW Investor Briefing No 17 (August 2014) (BBAW, London, UK): <http://www.bbfaw.com/wp-content/uploads/2010/08/briefing-17-impacts-of-antibiotic-use-in-animals-on-human-health-and-animal-welfare.pdf>

Box 4.4: Case-studies – Company Commitments on the Prophylactic Use of Antibiotics

VION Food Group²¹

For its poultry supply chain, VION has banned the use of cephalosporins (used to kill bacteria or prevent their growth), and only allows the use of fluoroquinolones (an antimicrobial used to treat bone, joint and skin infections) in exceptional circumstances. These newer classes (referred to as 'third and fourth generation') of antibiotics are also prohibited in pig breeding programmes, with independent farm inspections to verify compliance. The online Farmingnet system provides pig farmers with data on the use of antibiotics, as well as animal health and welfare, and other aspects of animal husbandry.

Lidl²²

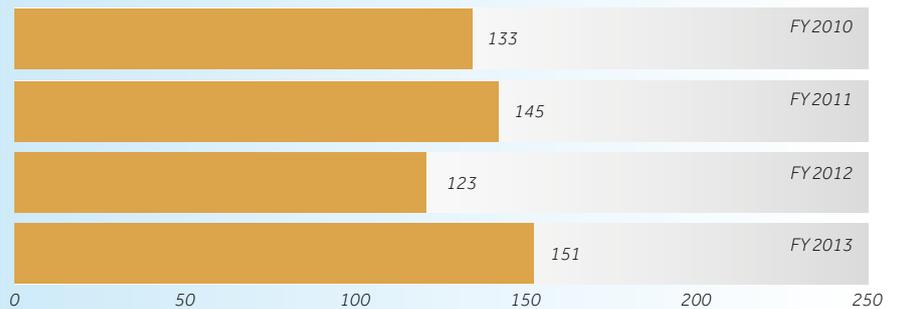
Lidl's purchasing policy for fish and shellfish states [in translation]: "Suppliers should design their breeding so that increased diseases or parasitic infestations in aquaculture or wild species in their vicinity can be avoided. You should not use chemicals and antibiotics that are preventative. Only legally permissible chemicals should be used specifically for the purposes for which they are prescribed."

Smithfield Foods (part of WH Group)²³

Smithfield Foods began reporting on antibiotic usage in 2007. Today, the company reports being the only major US hog producer to provide this information. For fiscal 2013, Smithfield refined its metrics to provide a more meaningful, accurate measurement. Prior data were based purely on quantities of feed-grade antibiotic products purchased each year. These products, which are bought pre-mixed, contain active ingredients (the antibiotic itself) and inactive ingredients (such as roughage and minerals), both of which, it states, vary widely depending on the manufacturer.

Smithfield's new metric is based on the total active ingredient given to the pigs through feed as well as via water and injections. For fiscal 2013, the total was 151 milligrams per pound, compared to 123 milligrams per pound for fiscal 2012.

Smithfield Foods - Antibiotics used (milligrams per pound)



All values reported by fiscal year. Accurate totals are not available for fiscal 2009 due to the acquisition of Premium Standard Farms during that time frame.

Content based on published material by Smithfield's Foods. See <http://www.smithfieldcommitments.com/core-reporting-areas/animal-care/antibiotics-use/antibiotics-reporting/>

²¹

<http://www.vionfoodgroup.com/en/csr/key-themes-and-commitments/agriculture/>

²²

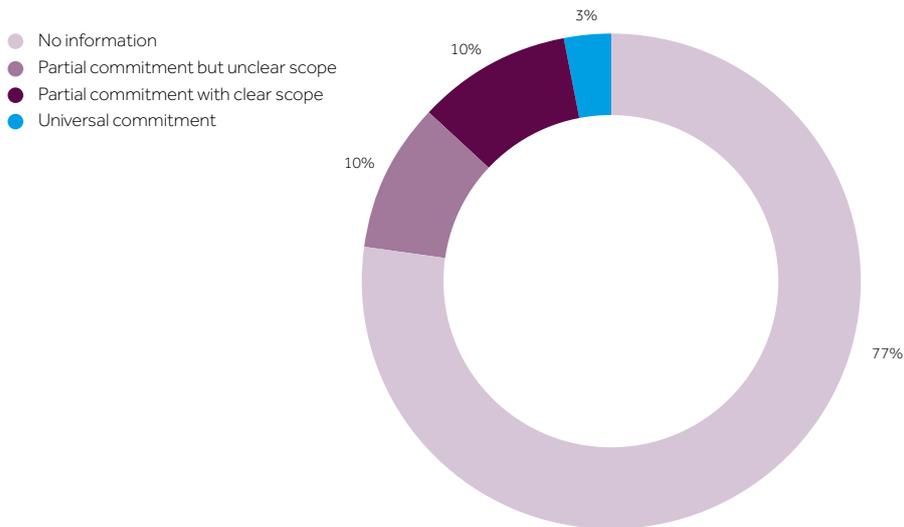
<http://www.lidl.de/de/einkaufspolitik-fuer-fisch-und-schalentiere/s898>

²³

<http://www.smithfieldcommitments.com/core-reporting-areas/animal-care/antibiotics-use/antibiotics-reporting/>

Routine Mutilations

Figure 4.6: 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, dehorning adult cattle with wire or saws, the castration and tail docking of pigs, and fin clipping which is used to mark the origin of hatcheries in farmed fish. 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 2014 Benchmark, see Figure 4.6, indicates that very few companies have made formal commitments to the avoidance of routine mutilations. This reflects the reality that many animals are produced in systems that are not suited to their needs. This, in turn, means that mutilations, particularly beak trimming, tail docking and male piglet castration are seen as an inevitable part of the management of animals in these systems. There are also wide variations in country-specific approaches to routine mutilations – see, for example, the discussion on piglet castration in Box 4.5 – which illustrates how legislation alone may not adequately address the welfare considerations.

Box 4.5: Country-specific approaches to Piglet Castration in Europe

In their first seven days, many male piglets are surgically castrated, often without anaesthetic or pain relief. In Europe, this affects around 70% of all males (equivalent to around 90 million piglets per year). Piglets are castrated primarily to prevent "boar taint", an undesirable smell or taste of pork which is caused by the sex hormones, testosterone and androstenone (although people's sensitivity to boar taint varies considerably across nationalities). Males reared without castration (entire males) may also be aggressive and show more sexual behaviour, causing injury to others when fighting or mounting other pigs, and can be dangerous to farm workers if they are aggressive during handling.

Castration without any anaesthetic or pain relief (analgesics) causes short and long-term pain, long-lasting stress and leaves piglets more prone to infection from open wounds, with limited immunity given their age. Measures to alleviate this distress are rarely adopted, other than where they are required by legislation. Castration has been banned in Norway (since 2002) and in Switzerland (since 2010). In other EU countries (such as Denmark, Germany, the Netherlands, Sweden and Lithuania) a combination of anaesthesia and/or pain relief must be administered. While the use of pain relief and non-aversive anaesthetic help minimise the pain suffered, they do not address the fact that the act of mutilation causes distress to the piglets and risks their health and welfare.

There are alternatives to castration. These include rearing entire males (as practised in countries such as the UK, Ireland, the Netherlands and parts of Spain, Portugal and Greece), and administering a vaccination such as Improvac, which stops boar taint by delaying the maturity of pigs (as practised in EU countries including Belgium and Sweden). In the future it may be possible to breed pigs which have lower levels of boar taint, by reducing the presence of the two main hormones responsible. This is a long term solution and would take five to 10 years to work, and aggression between the males would still need to be controlled.

The need to find and implement alternatives to castration is likely to grow. Public pressure has led to a voluntary declaration, already signed by Belgium, Germany, Spain, the Netherlands and Denmark, aimed at ending the surgical castration of pigs in Europe by 2018. As a first step in implementing this declaration, the signatories committed to ensuring that prolonged pain relief or anaesthetic would be used for all surgical castration of pigs from 2012.

Box 4.6: Case studies – Company Commitments to the Avoidance of Routine Mutilations

Cranswick plc²⁴

Cranswick states: "We also work with our poultry suppliers to avoid routine beak trimming. Castration is not permitted on UK farm assured pigs. Whilst castration is permitted on the Continent, this would be performed by a trained member of staff under the guidance of a veterinarian. Our supply base is also working towards non-castration."

Marks & Spencer plc²⁵

Marks & Spencer's Food Animal Welfare Policy specifies that "All livestock used for the production of our foods will be maintained in good health". In particular, it states, "We will not permit the routine mutilation of farm animals".

²⁴

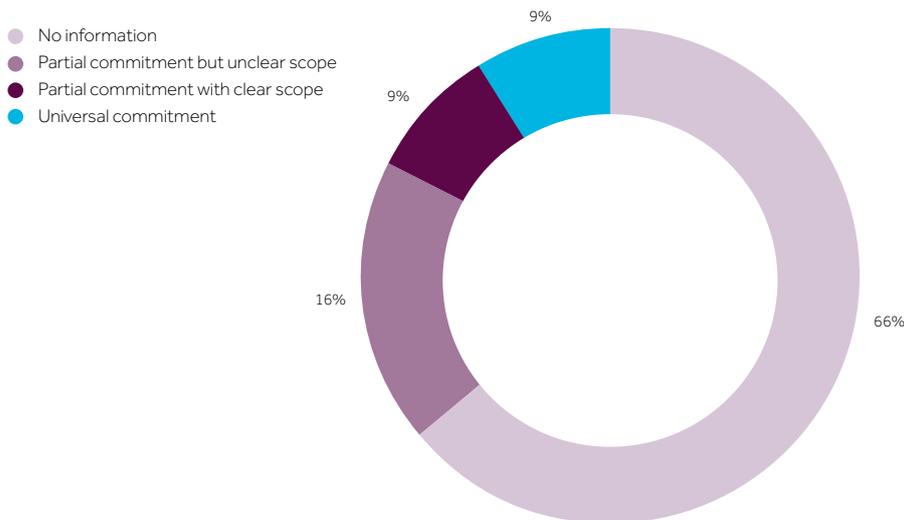
<http://cranswick.plc.uk/taking-responsibility/animal-welfare>

²⁵

<http://corporate.marksandspencer.com/documents/policy-documents/food-animal-welfare-policy.pdf>

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

Figure 4.7: 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 slaughter²⁶. 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 it is possible for animals to be stunned and to comply with the requirements for religious slaughter. For example, a substantial proportion of British Halal meat comes from animals which are stunned before slaughter. Furthermore, a number of food companies now insist on pre-stunning for all meat including Halal (see, for example, the case of Danish Crown in Box 4.7).

While our research, see Figure 4.7, suggests 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 for them to make a formal commitment to the use of pre-slaughter stunning. We are also looking for them to clarify whether or not their commitments apply in all countries, and whether or not their commitments apply to 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 does not stipulate standards for poultry.

Box 4.7: Case-studies – Company Commitments to Pre-slaughter Stunning**Cranswick²⁷**

Cranswick requires all its global suppliers to ensure all species of animals are adequately pre-stunned prior to process. The company's Agricultural and Welfare management team visits the companies in its UK and global supply base to ensure that welfare standards are being met. Cranswick's Animal Welfare Officers also inspect pigs in lairage and on arrival at slaughter facilities to ensure that all animals are being handled in a humane manner at all times.

Danish Crown²⁸

Danish Crown requires that all meat, including Halal, is subject to pre-slaughter stunning: "Danish Crown is keen to meet the slaughtering process requirements of other cultures, but animal welfare comes first. Our cattle slaughterhouses therefore also use the Halal method of slaughter, although all animals are stunned before they are slaughtered. Halal slaughtering at our slaughterhouses is approved and monitored by the Danish food and veterinary authorities. For halal slaughtering to take place, a Muslim must be present who is authorised to conduct the ritual prayer. Halal slaughtering poses no problems with respect to animal welfare, food safety and the Muslim rituals."

Migros²⁹

Migros provides information on the slaughter method used, including the use of stunning, for various species (cattle, pigs, poultry and rabbits). The company has also designed its Micarna slaughterhouse around the principles of animal welfare, with pigs placed in a calming environment on their arrival, with careful light management and the playing of classical music. The pigs are driven in their familiar groups, and water is always available for cooling. Before slaughter, the animals are anaesthetised with carbon dioxide.

Mitchells & Butlers³⁰

Mitchells & Butlers states on its website: "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."

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<http://www.cranswick.plc.uk/taking-responsibility/animal-welfare>

28

<http://www.danishcrown.com/Danish-Crown/CSR/What-we-are-doing/Animal-welfare.aspx>

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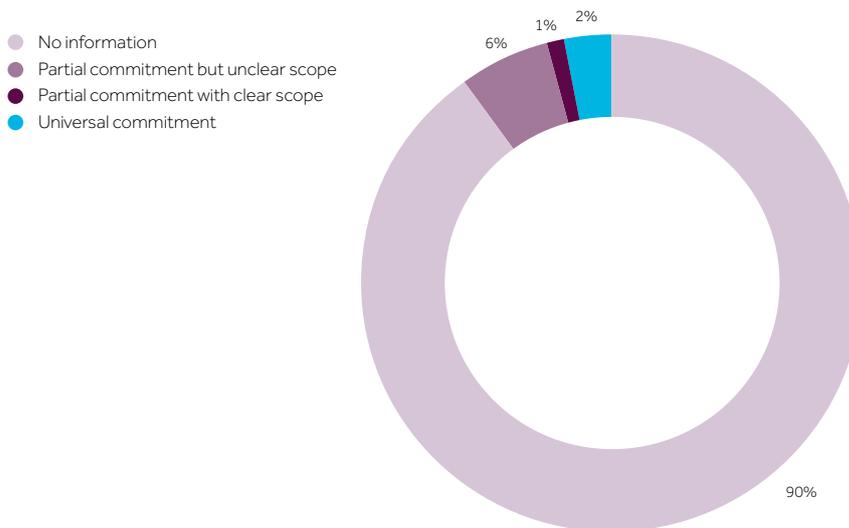
www.migros.ch/mediaObject/GenM/docs-2014/d/Fachdossier-Tierwohl-final/original/Fachdossier+Tierwohl+final.pdf

30

<http://www.cranswick.plc.uk/taking-responsibility/animal-welfare>

Long-distance Transport

Figure 4.8: 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 4.8, has shown that relatively few companies have made formal commitments to the avoidance of long-distance transport which include clearly stated maximum journey times. We found a number stated that they were committed to the avoidance of long-distance transport but either did not specify what they meant by long distance or described their commitment in terms of the distances travelled by animals. While we acknowledge that, all things being equal, shorter distances should result in shorter journey times, we note that transport time starts at the time of loading and finishes at the time that the animal is unloaded. That is, account needs to be taken of standing time (e.g. waiting to depart, waiting to unload) and of vehicle speeds on the routes being travelled.

Box 4.8: Case-study – Company Commitment to the Avoidance of Long-distance Transport

Marks & Spencer plc³¹

The corporate website states: "We ensure all the live animal transportation is kept to a minimum and avoid long distance transport, specifying a maximum transport time of 8 hours with a target of less than 4 hours. The vast majority of live animal transport in our supply chain is less than 2 hours."

4.2

GOVERNANCE AND MANAGEMENT

Do Companies Define Responsibilities for Farm Animal Welfare?

In most large companies, there is generally a clear delineation between those staff members who are responsible for the oversight of a policy and those staff members who are responsible for day-to-day implementation of the policy. 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 continues to be 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. 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 2014 Benchmark suggest that many companies have yet to formalise their management of farm animal welfare issues. In fact 47 (59%) – compared to the 54% in the 2013 Benchmark – of the companies reviewed do not publish details of who is responsible, at either a senior management or operational level, for farm animal welfare. Of the 33 that have specified responsibilities, 7 define operational responsibilities only, 11 define senior management responsibilities only and 15 defined both (some examples are presented in Box 4.9). It is important to qualify these findings by noting that it was frequently difficult to tell how much, if any, senior management attention was actually being focused explicitly on farm animal welfare. In the majority of cases, farm animal welfare was presented as just one of a whole range of corporate responsibility-related issues that needed to be managed by these companies.

Box 4.9: Case-studies: Corporate Governance and Management of Farm Animal Welfare**Groupe Danone³²**

Danone states that responsibility for implementing its animal welfare strategy lies with the Dairy Sourcing and Supplier Development department, with support from the Nature teams. Additionally, every division has a Nature Committee and there are Nature managers in every subsidiary. The Nature Committee comprises key decision-makers, including managing directors, vice presidents and others. The group's Chief Financial Officer sponsors the strategy.

Tyson Foods³³

Tyson Foods has had a corporate office of animal well-being since 2000. There is a vice president of Animal Wellbeing Programs, a position currently held by the former vice president of Food Safety & Quality Control. A senior leadership team comprising representatives of various areas of the company has been appointed to oversee progress.

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http://www.danone.com/uploads/tx_bidanonepublications/Danone_Animal_Welfare_Position_Paper_04.pdf

33

<http://www.tysonfoods.com/Ways-We-Care/Animal-Well-Being.aspx>

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. Of the 80 companies covered by the 2014 Benchmark, 33 (41%) have set farm animal welfare-related objectives and targets. This is the same proportion as in the 2013 Benchmark, although significantly higher than the 26% in 2012. A significant proportion of these companies – 24 out of the 33 that have published objectives and targets – 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).

While these are encouraging findings, it is also important to acknowledge that the majority of targets continue to focus on management processes (for example, to formalise 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). This is not unsurprising. The relative novelty of farm animal welfare as a management issue means that many companies are at the early stages of developing and implementing their management systems, processes, and reporting (and, hence, it is here that they are focusing their efforts). In many cases, those companies that have made specific commitments on specific farm animal welfare issues have faced significant consumer or non-governmental organisational pressure on these issues, and the setting of objectives and targets can be seen as a part of the corporate response to these pressures.

The other point to note here is that many companies are not 'closing the loop' on their reporting. While, as discussed in Section 4.1, 51 of the 80 companies covered by the Benchmark have established formal policy commitments on farm animal welfare, only 20 report on how they have performed against these policies. Similarly, of the 33 companies that have set formal farm animal welfare-related objectives and targets, just 22 report on their performance against these or against previous objectives and targets that they had set for themselves.

There are, however, an increasing number of companies that have set detailed objectives and targets, and that have reported on progress against these. An example is presented in Box 4.10.

Box 4.10: Case-study – FrieslandCampina's Targets on Farm Animal Welfare

FrieslandCampina³⁴

Sustainable Dairy Farming is one of FrieslandCampina's sustainability pillars. The company has overarching animal welfare goals for 2020, with related annual targets. Its progress against these targets is reported in its CSR report. The main animal welfare-related goals are:

- For 2020 - Maintain the 2012 level of meadow grazing on 75-80 percent of the member dairy farmers' farms.
 - Actions: (a) Make incentive payments to dairy farmers meeting certain criteria (the company pays each dairy farmer whose dairy cows graze outside for at least six hours a day, 120 days a year, 0.50 euro per 100 kilos of milk), and (b) provide workshops and training days on meadow grazing.
 - 2014 target: Maintain 2012 level of meadow grazing (81 percent).
- For 2020 - Continuing improvement of animal health and welfare.
 - Actions: (a) Provide an information programme on reducing the use of antibiotics and (b) use a 'cow compass' system to ensure the health of dairy cows.
 - 2014 target: Continue providing information and training on measures that will help improve the health and welfare of farm animals.
 - 2014 target: Continue to work with farmers and other relevant parties to reduce antibiotic use.

Do Companies Describe Their Control Systems for Farm Animal Welfare?

Twenty-seven (or 34%) of the 80 companies covered by the 2014 Benchmark report specify that they include farm animal welfare in supplier conditions; this compares to 34% in the 2013 Benchmark and just 15% in the 2012 Benchmark. Of these 27 companies, 18 state that they include farm animal welfare in all relevant contracts and 9 that they include farm animal welfare in some but not necessarily all contracts.

From our discussions with companies, the emphasis on supplier contracts seems to be attributable to the increased company focus on supply chain management more generally, rather than animal welfare in particular. The 2013 European horsemeat scandal appears to have been particularly important. Companies have taken a variety of actions in response, including shortening their supply chains for particular products, increasing the quantities channelled through existing producers and emphasising food provenance ("Buy British", for example).

It is important to stress that this increased focus on supply chain management may not result in companies achieving better farm animal welfare outcomes, although we do acknowledge that better auditing and traceability processes are important building blocks for improving the management and oversight of farm animal welfare. For example, we note that there has been limited change in the percentage of companies that describe how they audit the farm animal welfare performance of their suppliers (45% in the 2014 Benchmark, compared to 43% in 2013 and 35% in 2012) or in the percentage of companies that describe their supplier education and capacity-building initiatives (36% in 2014, compared to 34% in 2013 and 31% in 2012). While the overall scores remain low, we are seeing some significant efforts being made by certain companies to collaborate with their suppliers on developing innovative online tools, sharing knowledge and best practices, and improving management understanding of performance through enhanced monitoring and reporting practices. Some examples are highlighted in Box 4.11.

Box 4.11: Case-studies – Supplier Engagement

McDonald's³⁵

McDonald's implements its farm animal welfare requirements through its supply chain using a combination of contractual obligations, supplier audits and promotion of best practice. Suppliers are contractually required to implement the company's animal health and welfare standards throughout their own supply chains. All slaughter houses for beef, pork and chicken are audited annually by independent firms and/or McDonald's employees using the company's audit criteria, based on recognised standards. If a facility fails an audit, and does not make the necessary improvements, the supplier relationship is terminated immediately.

McDonald's has developed 'Flagship Farms', in partnership with the Food Animal Initiative, to help share best practice in sustainable agriculture between farmers and promote wider adoption. An online tool gives examples of farms that have excelled at one aspect or more of sustainability, including examples of farm animal welfare, such as the Stokman dairy farm in the Netherlands and the Dempsey beef farm in Ireland.

Cranswick plc³⁶

Cranswick's dedicated Agriculture and Welfare team works with the company's suppliers to ensure that required standards on farm animal welfare are maintained. Outside of the UK, Cranswick works closely with all its global suppliers, ensuring that they are kept up-to-date with the latest industry and retailer codes of practice. Farm animal welfare is incorporated into contractual obligations for Cranswick's entire global meat supply base across all species. The website states, "It is a requirement of our producers and technical conditions of supply that: No animals across the Cranswick supply base are subject to any genetic modification; Our suppliers do not use artificial or hormonal growth promoting substances when rearing animals; We are also monitoring the use of antibiotics and are working with the industry to ensure that best practice is used and they are only prescribed when absolutely necessary."

The Wendy's Company³⁷

All of Wendy's suppliers are expected to meet the company's requirements for the humane treatment of animals. The company publishes its detailed requirements in relation to the supply of beef, chicken and pork. Wendy's audits all suppliers on animal welfare and handling at least annually, including the supplier's approach to animal housing, transportation, holding and processing. Those which fail to meet the company's requirements are terminated as suppliers.

The company works with suppliers to establish best practice, and then promotes this through its supply base. One example has been its efforts to encourage all chicken producers to use a, so-called, low atmospheric pressure system (LAPS) – LAPS produces permanent unconsciousness in birds before any handling by plant workers – as a higher welfare alternative to the industry standard practice of electrical stunning of chickens. Other examples are the giving of preferential buying status to pork suppliers working to phase out single sow gestation stalls, and the requirement on suppliers to submit quarterly progress reports on the percentage of stall-free pork supplied to Wendy's.

Marks & Spencer³⁸

Marks & Spencer requires all suppliers to adhere to its animal welfare policy as part of the company's terms of trade, and reviews compliance as part of the annual supplier scorecard assessment. Welfare Outcome Measures are used to monitor animal welfare compliance in conjunction with the relevant Marks & Spencer and/or national farm assurance standards. Audits against these standards are conducted by Marks & Spencer-trained supplier staff and by independent auditors. In addition, Marks & Spencer also incentivises suppliers to adopt good animal husbandry practices. One example is its Milk Pledge Plus payment scheme which rewards dairy farmers for high animal welfare standards.

It is an aim of the Marks and Spencer 'Farming for the Future' programme to deliver "inspiration for the farming industry". Its Producer Exchange website supports this programme by sharing knowledge and driving change in the industry. The website features more than 200 Indicator Farms, which M&S is working with to study farm-level issues and implement changes to support greater sustainability. There is also an Education Programme aimed at young people beginning their careers in the industry, and an Innovation Fund supporting research and development in sustainable farming. Additionally, Marks and Spencer is partnering with Farm Animal Initiative (FAI) on research into farm animal welfare, and is currently conducting or supporting research on the following issues:

- Animal welfare outcome measures
- Indoor non-confinement farrowing systems for pigs
- Optimum space allowances for chicken production
- Environmental enrichment for chicken production
- Provision of natural daylight for turkeys
- Avoidance of beak tipping for laying hens
- Animal medicines use
- Improved foot health in dairy cattle
- Humane slaughter methods for sea bass and sea bream
- Salmon safe technology for predator management on salmon farms.

35

www.aboutmcdonalds.com/mcd/sustainability/sourcing/animal-health-and-welfare/how-we-work.html

36

<http://cranswick.plc.uk/taking-responsibility/animal-welfare>

37

<https://www.wendys.com/en-us/about-wendys/animal-welfare-program>

38

<http://corporate.marksandspencer.com/documents/policy-documents/food-animal-welfare-policy.pdf>

The Benchmark also asks about internal controls, specifically whether companies had provided training on farm animal welfare to their internal staff (i.e. direct employees rather than suppliers) and whether they described the actions they take in the event of non-compliances with their farm animal welfare policies. In both cases, very few companies report on these issues. Just 16% (compared to 14% in 2013) report on farm animal welfare-related training and only 16% (compared to 17% in 2013) reported on their internal controls for farm animal welfare. While the proportion of companies reporting on this issue remains low overall, we are encouraged to see an improvement in the quality of reporting by some companies on the training provided to employees who are directly involved in the management and handling of farm animals (see Box 4.12 for examples) and on the controls in place for managing non-compliance with animal welfare policies (see the case-study on Costco Wholesale in Box 4.15).

Box 4.12: Case-studies – Company Internal Controls for Ensuring Farm Animal Welfare Policy Compliance

Cargill³⁹

Cargill describes both the animal welfare training required for workers handling farm animals and the actions to be taken in the event of non-compliance with its animal welfare standards.

All truck drivers transporting pigs to the company's meat processing facilities must hold current Transportation Quality Assurance (TQA) policy certification relating to training and performance in the humane handling of livestock. Uncertified hauliers are refused entry to Cargill sites. There is also a Trucker Recognition Program which rewards drivers for the proper handling of pigs.

All employees handling livestock at Cargill's meat processing facilities receive over 80 hours of animal welfare training each year. Managers at Cargill facilities must be TQA certified and supervisors that work with penned animals are certified instructors in TQA. In addition, some employees are trained and certified by the Professional Animal Auditor Certification Organization (PACCO). All processes are monitored and audited by federal inspectors, Cargill staff and third-party assessors, as well as through remote video auditing.

The company has also issued press releases in cases where a supplier has been suspended for animal welfare violations, explaining the circumstances and the action Cargill is taking.

Cargill uses third party remote video auditing (RVA) to monitor animal welfare practices at ten North American beef plants, with Dr Mike Siemens, Cargill Leader – Animal Welfare and Husbandry commenting "The RVA involves third party auditors remotely observing our beef processing plants on a regular basis and transmitting their findings to plant management. RVA allows the auditors to share near real-time data and video of performance on food safety methods and constructive statistical feedback. The early results with our animal welfare program were positive and we have been able to enhance an already impressive operational performance."

Wm Morrison

Morrison's has announced that employees at the company's three slaughterhouses have been awarded the Welfare of Animals at the Time of Killing (WATOK) qualification. The company's senior animal welfare manager has become a certified WATOK assessor. In addition, the company requires that CCTV is used in slaughterhouses to monitor animal handling and welfare.

Box 4.13: Case Study – Costco Wholesale’s Internal Audit Procedure⁴⁰

Costco Wholesale provides a detailed description of its processes for managing compliance with its animal welfare criteria in its ‘Animal Welfare Audit Expectations’ document (which is available online). Within this, the company describes how the purpose of its animal welfare audits is “to gather current and accurate information concerning the overall welfare status of animals used for food, for existing and potential vendors. This information is shared with appropriate members of Costco Wholesale, namely the Food Safety & Technology Group and the buying staff. The Food Safety Group will use this audit to determine what areas, if any, are in need of improvement to meet the Costco Animal Welfare criteria. The buying staff will use the information as an aid in making sound, intelligent purchases for our members. The results of this audit will not be used in any way as a punitive measure; rather, this audit provides both the vendor and Costco Wholesale the opportunity for continued improvement and enrichment.

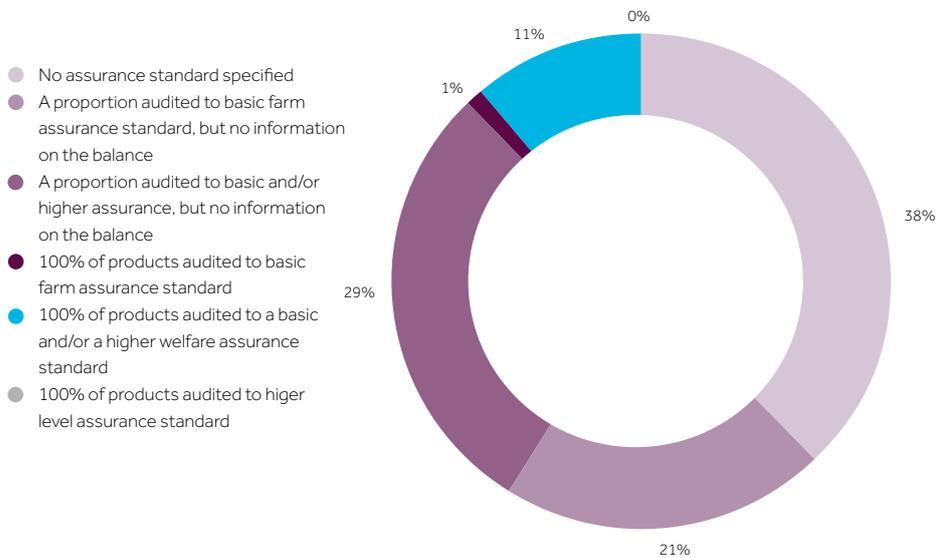
All vendors that are converting animals into product sold to Costco are required to have an annual animal welfare audit conducted by an approved audit company. Anniversary audits are to be conducted no later than two weeks after the previous annual audit date unless approved in advance by Costco.

New and existing vendors with an animal welfare audit conducted in the past year by a Costco approved audit company may submit the audit to Costco for review. Corrective actions must be included for each deficiency on the audit. Upon review, Costco will determine if the vendor’s audit is acceptable or if a new audit must be conducted.

Animal welfare audits require an overall score of 85% or more to pass. Facilities scoring less than 85% are required to have a re-audit. Re-audits must be conducted within 60 days of the original audit being posted to the database. A corrective action response must be included for each deficiency found in the audit. A corrective action report must be uploaded within 14 days of the audit being posted. Facilities with a total audit score of 98% or above will not be required to post a corrective action report. Automatic re-audit criteria for animal welfare audits will vary depending on animal species.

Are Companies Reporting Against Farm Assurance Schemes?

Figure 4.9: Farm Animal Welfare Assurance Standards



Formal farm animal welfare assurance schemes can play an important role in promoting welfare standards. Examples of schemes which offer many welfare advantages relative to standard industry practice include the Soil Association, RSPCA Freedom Food, Beter Leven, KRAV, Label Rouge, Best Aquaculture Practices (Global Aquaculture Alliance), Global GAP Aquaculture Standard and GAP5Step.

Most assurance schemes tend to have limited geographic scope (there are many national schemes) and to be species-specific. That is, companies may find that they need to sign up to a number of assurance schemes in order to ensure all their farmed animals are covered by an assurance standard. Furthermore, it is often difficult to compare schemes because of differences in the requirements of participating companies (e.g. in relation to the space requirements specified, the training requirements for those involved in animal handling, monitoring and corrective action processes, the welfare outcomes that are required) and differences in the schemes' auditing and assurance processes (e.g. the frequency of auditing, the qualifications of the auditors).

Of particular importance in this regard is the fact that many of the widely cited assurance standards (for example, British Lion) are primarily concerned with quality and safety-related issues, and have relatively little to say about farm animal welfare other than producers or suppliers should comply with relevant legal requirements. Even so, many companies 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 (and should not be presented as such), we recognise that they do 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.

Notwithstanding these issues, the reality is that there is an absence of global standards for farm animal welfare. Until globally agreed frameworks for assessing farm animal welfare are developed, assurance standards have a critical role to play in driving higher standards, in providing robust auditing and assurance processes, and in providing reassurance to consumers and stakeholders about the performance outcomes being achieved.

The results (Figure 4.9) provide a clear account of the current state of play. There is relatively little reporting on the standards to which animals are being managed. 38% of companies do not provide any information on the standards to which their animals are reared, transported, and slaughtered, although this represents a modest improvement on the 40% in the 2013 Benchmark and the 50% in the 2012 Benchmark. Most of those that report do so in a piecemeal manner. Reporting tends to be 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?

Just 19 out of the 80 companies covered by the 2014 Benchmark provide information on whether they are involved in research and development (R&D) programmes on farm animal welfare, and only 21 describe their involvement in initiatives directed at improving farm animal welfare practices across the industry. In Box 4.14 we present some examples of farm animal welfare-related R&D. We present examples of industry initiatives on farm animal welfare in Box 4.15.

Returning to an observation that we made in the 2013 Benchmark report, we were struck by the relative absence of farm animal welfare as a core theme in 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) being conducted. To take just one example, a number of Benchmark companies⁴¹ are involved in the Sustainable Agriculture Initiative (SAI) Platform, the main food and drink industry initiative focused on developing and implementing sustainable agriculture practices, which include animal health and welfare considerations. With a few notable exceptions (for example, Groupe Danone – see case study below), companies involved in the SAI do not report on the farm animal welfare dimension under the broader sustainable agriculture theme.

A similar comment applies to industry initiatives. While there are examples of farm animal welfare-specific working groups (e.g. the Beak Trimming Action Group, The Caring Dairy Program⁴²), industry initiatives tend to focus on issues such as product quality, traceability and food security, with farm animal welfare often seen of secondary concern.

Box 4.14: Case-studies – R&D**Coop Switzerland⁴³**

The Coop Sustainability Fund supports a range of projects that deal with farm animal welfare, including a project to find alternatives to pig castration, and the development of suckler beef lines from the Baltics. In 2012, Coop started a joint project with the Swiss College of Agriculture (SHL) on the usage of meat from uncastrated male pigs (young boar fattening), commissioned Swiss Animal Protection (SAP) to carry out a study on 'Animal welfare on commercial fish farms', and started a project on Naturafarm pig farms to reduce the use of antibiotics.

J Sainsbury⁴⁴

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.

Sainsbury's has also initiated a project to drive the development of best practice in sheep flock health focusing welfare. The focus is on lameness, which is estimated to affect 1.3 million ewes in the UK at any one time, and whether routine foot trimming, which is widely undertaken as a means of managing lameness, can actually increase lameness.

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Including Arla Foods, Groupe Danone, General Mills, FrieslandCampina, McDonald's, Inalca (part of Gruppo Cremonini), Mondelēz International, Nestlé, Unilever and VION Food Group

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<http://www.caringdairy.com/>

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<http://www.coop.ch/pb/site/nachhaltigkeit/node/68563450/Len/index.html>

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http://www.j-sainsbury.co.uk/media/1793948/csr_factsheet_sourcing.pdf and
<http://www.j-sainsbury.co.uk/responsibility/case-studies/2013/research-development-grant-the-effects-of-foot-trimming-lame-sheep/>

VION Food Group⁴⁵

The VION Food Group corporate website states: "VION is trying to enable the castration of male piglets in Europe to be ended in a responsible manner, and some major steps forward were taken this year. VION carried out extensive studies into controlling and avoiding boar taint from pig meat. As a result of this study, we have managed to convince major buyers in the Dutch retail sector of the possibility of ceasing castration, while at the same time guaranteeing meat that is free from boar taint. In the European Brussels Declaration the member states of the EU agreed that they will stop castration by 2018."

Waitrose

Waitrose is involved in multiple research and development projects involving commercial partners to improve the wellbeing of animals in its supply chains. This includes research in the following areas:

- Finfish aquaculture:
 - Salmon health in aquaculture systems
 - Harvesting of farmed salmon
 - Non-lethal predator deterrents on fish farms
- Dairy cows:
 - Lameness
 - Herd health and welfare production benchmarking
 - Proactive dairy herd health management (e.g. Bovine Viral Diarrhoea eradication plans and Johne's disease eradication)
- Pigs:
 - Tail biting in pigs
 - Kyphosis (humpback) reduction in piglets
 - Slaughter welfare of pigs
 - Stocking rates for pigs
- Cattle:
 - Stress levels in cattle – including when in the lairage
 - Pelvic floor measurement in heifers
 - Disbudding of cattle
 - Liver fluke monitoring in cattle
- Poultry/ducks/geese:
 - Air quality for young ducklings
 - Natural daylight in duck houses
 - Pododermatitis in turkeys
 - Water hygiene in turkeys
 - Electrical stunning in poultry
 - Range enrichment in poultry
 - Feather pecking in poultry

WH Group⁴⁶

WH Group subsidiary, Smithfield Foods, states: "We transport hogs during several phases of their lives - from sow farms to nurseries, from nurseries to finishing barns, and from finishing barns to processing plants. Because we do not want to lose any animals during transit, we're investing time and research into understanding more about hog transportation and into developing ways to predict and reduce animal stress during transit... We are partnering with a team of researchers from a global health company. Together, we have implemented a system to provide real-time feedback on transportation data that is helping employees recognize when they need to intervene on behalf of the hogs with measures such as additional fans and/or misters to keep the pigs cool... The project, which began in 2009, has led to a downward trend in transportation losses. Overall for our industry, the rate of pig mortality during transportation has dropped by 40 percent over the last decade. We're also seeing reductions in the amount of time hogs wait on trucks before they move into the stockyards at Smithfield Foods' processing plants. (Once hogs do enter the plants, they spend time in pens where they can rest under the careful observation of U.S. Department of Agriculture inspectors before being allowed into the food supply)... To address potential risk factors for transport mortality, Smithfield Foods is evaluating changes such as: scales on trucks to measure the weight load and thereby minimize overcrowding; a new logistics and scheduling program to reduce the amount of time hogs spend on trucks; and misting fans at the plants to minimize the effects of summer heat."

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<http://www.VIONfoodgroup.com/en/responsibility/animal-welfare/>

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<http://www.smithfieldcommitments.com/core-reporting-areas/animal-care/safe-transportation/#>

Box 4.15: Industry initiatives on farm animal welfare

Company	Region	Industry Initiative
Marfrig	South America	Marfrig subsidiary, Keystone Foods, has published the results of two projects on improving animal welfare measures. The first involved using a tiered incentive programme for employees which rewarded them for reducing wing damage in poultry. This achieved a 52% reduction in out-of-cage wing damage, and a 29% improvement in pre-pick wing damage, between 2008 and 2011 ⁴⁷ . The second was a project to reduce pre-stunning vocalisation in pigs by reducing stress. This involved the use of an animal transfer system made from smooth metal rollers which enabled the pigs to travel in pairs from the pen to the stunning room, with pigs then placed in single file just before individual entry to the stunning room. Marfrig reported that this project achieved higher standards of animal welfare and a less stressful experience for animals and employees.
Groupe Danone	Europe	Danone contributes to a variety of external studies and research programmes promoting animal welfare, including the Sustainable Agriculture Initiative (SAI) Platform and ISO standards. In the case of the SAI platform, Danone has a seat on the SAI's executive committee, and has been an early adopter of several of its research outcomes, such as the Farmer Self-Assessment. Danone is also a member of various SAI working groups, including the Farmer and Supplier Partnership and the Dairy Working Group. In its sustainability report, Danone describes a project in Poland to enhance sustainable agriculture, including supporting the welfare of dairy cows through providing training for its dairy producers. The producer's children were invited to take part in a drawing competition on "how my family and I take care of our cows" to help spread best practice.
Cargill	North America	Cargill provides training sessions on how to handle animals in the event of an accident during transportation to local first responders, members of the livestock industry and government. Attendees learn how to secure an accident site, ensure human and animal safety, extract live animals from trailers and euthanise injured pigs humanely. The company has five rescue units in the United States Midwest to respond to livestock transit emergencies.
Wm Morrison	UK	Wm Morrison has published the results of a 2012 research project it supported. The project, undertaken by the University of Bristol and Moy Park, investigated how poultry behaviour is affected when birds are kept in sheds with environmental enrichment (bales, perches and pecking objects) compared to a control group without. The results indicated that birds in enriched surroundings are more active and show a wider range of behaviours, whereas those without enrichment tended to lie down more.

VION Food Group	Netherlands/ Europe	<p>VION Food Group is at the forefront of the Beter Leven programme in the Netherlands and is the German Animal Welfare Association's sole partner for its entry-level animal welfare certification programme. A total of 35 Dutch pig farmers signed up in early 2010 to a programme led by VION that saw them rear their livestock according to the Dutch Animal Welfare Association's Beter Leven initiative. In the second wave, 95 farmers were enlisted to meet demand for Beter products and today, the total number of participating farmers is 150, raising one million pigs annually in accordance with Beter Leven criteria. Thirteen of the 16 largest retailers in the Netherlands, including Albert Heijn, Jumbo and Plus, now stock products such as pork, beef and poultry with the Beter Leven label. In fact, since 2011, meat sold in case-ready packs at market leader Albert Heijn has been exclusively sourced from farmers who uphold the new animal welfare standards. As a result of the retail industry's initiative, sales of these "animal-friendly" products jumped by 47% in just one year, from 311.7 million euros in 2011 to 458.3 million euros in 2012⁴⁸. This represents 10.1 per cent of all meat sold in the country. Furthermore, the Dutch retail industry association CBL has announced its intention to ensure all meat sold via its members fulfils Beter Leven criteria by 2020.</p>
Dairy Crest	UK	<p>VION Food Group is also supporting animal welfare in Germany. In 2011, VION Food Germany began work with scientists at the German Animal Welfare Association and with representatives of the food retail industry to develop criteria to improve conditions for livestock. In 2013, the retailers Kaiser's Tengelmann, Coop and Edeka Reichelt released the meat in selected pilot regions. It is estimated that, in the first year of the programme, 15 certified farmers will rear approximately 40,000 pigs. To date, VION's farms and slaughterhouses are the only ones that have been awarded the German Animal Welfare Association's entry-level certification.</p> <p>Dairy Crest contributes to specific research initiatives on animal welfare, including the Bristol University project on lameness and the DairyCo funded mastitis initiative.</p>

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

32 of the 80 companies (40%) assessed in the 2014 Benchmark provide information to their customers or consumers on farm animal welfare. This is a broadly similar proportion to 2013. 22 of the 32 companies present multiple examples to their customers, suggesting that farm animal welfare is an important part of their customer messaging and engagement. Box 4.16 presents a number of examples, covering all three of the sub-sectors (retailers, producers, restaurants and bars), a range of geographies and a variety of topics and species. The proactive communication of farm animal welfare issues is hugely important; it raises consumer awareness, 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.

Box 4.16: Case-studies – Customer and Consumer Communications on Farm Animal Welfare

Noble Foods⁴⁹

The Noble Foods Happy Egg Company website provides a consumer guide to the eggs aisle. The website explains egg and animal welfare terms, including providing clear explanations of the difference between 'free-range' and 'cage-free' hens, and explaining the animal welfare implications of terms such as 'organic', 'natural' and 'farm fresh'.

Ahold⁵⁰

The Ahold Netherlands webpages on animal welfare provide information on how different species are farmed, and the associated welfare implications. The website describes the Beter Leven (Better Life) mark including an explanation of how choosing a product with more stars indicates a higher level of animal welfare, contains videos which show the conditions in which animals are reared on farms (e.g. pigs in a higher welfare environment), provides extensive information on sustainable aquaculture including the fish welfare implications, and provides a comprehensive FAQ for consumers on animal welfare issues.

Coop (Switzerland)⁵¹

The Umwelt Arena in Spreitenbach, Switzerland is an exhibition centre for sustainable solutions in the fields of nature and life, energy and mobility, construction and modernisation, and also renewable energy. As its main partner, Coop supports the Umwelt Arena and has an on-site presence with its exhibition entitled "Shopping = Influencing". In the exhibition, the virtual manager of a Coop store tells visitors stories about the Coop own-label sustainability brands Naturaplan, Pro Montagna and Naturaline. The aim is to help consumers appreciate the impact their personal shopping has on the environment, animals and people.

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<http://thehappyeggco.com/mission/#free>

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www.ah.nl/meerdoen/dierenwelzijn/ and www.ah.nl/assortiment/vis

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<http://www.coop.ch/pb/site/common/node/71067544/Len/index.html>

4.4



PERFORMANCE REPORTING

The 2012 and 2013 Benchmarks focused primarily on corporate policies and processes. This was a deliberate choice, as we recognised that companies would need time to develop their reporting in these areas before they would be ready to consider reporting on performance.

Box 4.17: Farm Animal Welfare Performance – Some Definitions

Animal welfare encompasses not only physical wellbeing, but mental wellbeing and the ability to express important species-specific behaviours. All three aspects must be present for an animal to have a good quality of life. Animal welfare is about the welfare of the individual animal, and should be addressed through minimising the negative and maximising the positive experiences of the individual animals reared for food. For companies, this means that they need not only to look at production systems and welfare outcomes in the round, but they also need to pay close attention to day-to-day operations and practices. For instance, good housing, feeding, health, and behaviour, underpinned by good stockmanship, are needed for good animal welfare on-farm, and good handling and effective stunning/slaughter are required for good welfare at slaughter.

Performance in farm animal welfare is the action or process of achieving an acceptable level of welfare throughout the process of breeding, rearing/finishing, transporting and slaughtering of animals in the food industry. Performance reporting of a company's practices refers to achievements based on a combination of resource/management inputs and indicators from the animals themselves (outcomes), both of which can be recorded quantitatively and objectively.

Input-based measures refer to the type of production system (e.g. caged, barn, free-range) used – this includes aspects of the housing (e.g. space allowance, provision of environmental enrichment), treatments and procedures, breed use, feeding and health management (e.g. the use of preventative antibiotics) – as well as the practices for transport and slaughter.

Outcome-based measures focus on the most important species-specific measures (e.g. lameness and mastitis in dairy cows, gait score and footpad dermatitis in broilers, tail-biting and lameness in pigs, bone breakage and feather coverage in laying hens). Outcome-based measures are not confined to physical measures of wellbeing but also include aspects of mental wellbeing (e.g. reaction to humans or novelty, fear, comfort) and behaviour (e.g. time spent lying – resting, ruminating, or being active - foraging, perching, dust-bathing, socialising).

In the 2013 Benchmark report, we indicated that we planned to include farm animal welfare-related performance questions in the 2014 Benchmark. In March 2014, we established an Expert Advisory Group on Performance Measures to advise us on potential criteria to be included in the 2014 Benchmark and beyond⁵². Based on these discussions, four new performance-related questions were added to the 2014 Benchmark⁵³. Three of these asked whether companies reported on commonly accepted animal welfare issues, namely (i) on the proportion of animals in their supply chains that are subject to close confinement, (ii) on the proportion of animals in their supply chains that are pre-slaughter stunned, and (iii) on average or maximum live animal transport times for the animals in their supply chains. The fourth asked whether companies report on their own company-specific animal welfare performance indicators. We also modified an existing question (which previously had asked whether companies report on performance) to ask whether companies report on trends in performance and explain the trends being seen.

Our central finding is that reporting on farm animal welfare performance remains in its infancy. For example, just 14 out of 80 companies (18%) provide some information on the proportion of animals that are free from close confinement, 4 (5%) report on the proportion of animals that are stunned prior to slaughter, 3 (4%) provide quantitative information on transport times, and only 2 (3%) report on farm animal welfare outcomes. In the majority of cases, the reporting is limited to selected species or to particular geographies.

These findings, while disappointing, are unsurprising given that many companies are still focusing on strengthening their internal management systems and processes, given that reporting on performance is largely internal, given that companies generally have multiple animal species and given that they frequently manage animal species to different standards. In discussions, a number of companies commented that, over time, they expect to face greater customer and NGO pressure to report on performance measures. Some also noted that such reporting will only become standard when there is a consensus on the performance data that needs to be reported and a critical mass of companies are already reporting this information.

Box 4.18: Examples of Company Reporting on Welfare Measures

Tesco PLC⁵⁴

In relation to dairy cows, Tesco PLC states: "We have clear welfare measures for cow body condition, antibiotic usage, mortality rates, calving success, record keeping and more. We set targets for improvement each year, and monitor important areas such as lameness, cleanliness and cow health in each farm. This allows The Tesco Sustainable Dairy Group farmers to compare their performance with the rest of the group and allows us to target any help and resources to the areas where farmers need it most. Examples of improvements we have driven across the group include cow mobility and reduced abrasions."

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The Expert Group's conclusions are presented in Nicky Amos and Rory Sullivan (2014), Reporting on Performance Measures for Farm Animal Welfare Investor Briefing No. 14 (Business Benchmark on Farm Animal Welfare, London, UK). http://www.bbfaw.com/wp-content/uploads/2014/07/Investor-Briefing-14_Briefing-on-Performance-Measures.pdf

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For a more detailed discussion of the changes made, see Methodology report (Note 4).

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http://www.tescopl.com/assets/files/cms/Food_news_results/Agri_content/Tesco_welfare_standards_for_dairy_cows.pdf

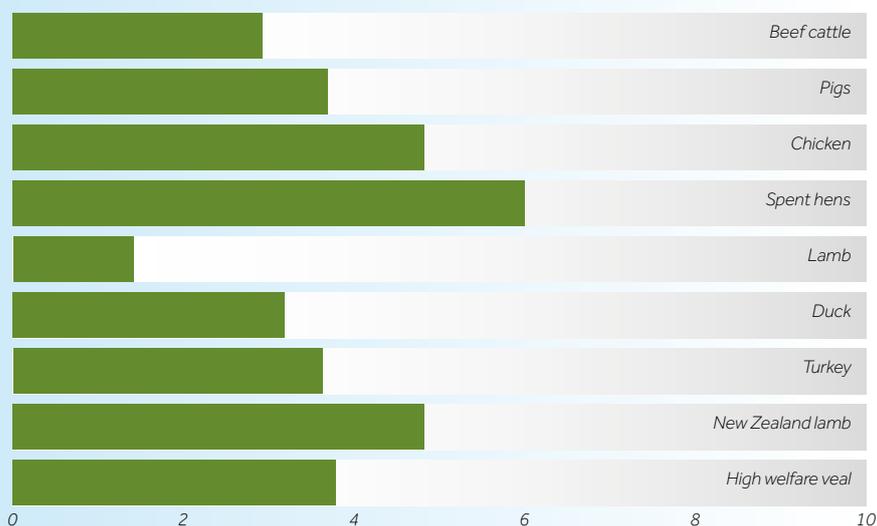
Waitrose⁵⁵

Waitrose reports on the percentage of livestock that are stunned before slaughter, across all of its major species. The Company also states: "All slaughter is conducted to the highest standard and the salmon are electrically stunned to kill." ... "All the trout are electronically stunned to kill."

The company also presents data on a range of other potential welfare indicators, such as average journey times, and accidents and deaths in transit of livestock.

Average travel time for livestock sourced by Waitrose during 2013

Average journey times (hours): Measured from start of loading until last animal has entered lairage.

**Livestock transportation - accidents/deaths in transit during 2013**

SPECIES	TOTAL NUMBER OF LOADS HAULED	NUMBER OF ACCIDENTS	LIVESTOCK FATALITIES	DEAD ON ARRIVAL
Beef cattle	4730	0	0	0
Pigs	4199	1*	0	0
Chicken	11440	0	0	1.60%
Spent hens	116	0	0	0.08%
Lamb	6500	0	0	0
Ducks	572	0	0	0.04%
Turkey	27	0	0	0.01%
New Zealand lamb	700	0	0	0
High welfare veal	52	0	0	0

* car hit lorry - no pigs injured

Content based on published material by Waitrose. See http://www.waitrose.com/home/inspiration/about_waitrose/the_waitrose_way/waitrose_animal_welfarecommitments.html

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http://www.waitrose.com/home/inspiration/about_waitrose/the_waitrose_way/waitrose_animal_welfarecommitments.html

BRF⁵⁶

BRF has reported on how farm animals are kept by habitat type, as part of its Global Reporting Initiative's G4 disclosures. In addition, the company discloses the procedures animals are subject to, the use of anaesthesia and the treatment of sick animals.

Animals by Type of Habitat (GRI G4-FP11)

SPECIES OF ANIMALS	CREATION SYSTEM	PERCENT
Poultry	Intensive, with respect to the indicator of 39kg/m ² maximum, ensuring animal wellbeing	100%
Pork	Industrial intensive, independent of genetic or place of creation	100%
Cattle	Intensive System for Backgrounder Cattle and in Semi-Confinement: Animals reared on pasture may express normal behaviour and without discomfort.	19%
Beef cattle of own production	Intensive Confinement System: Respects the gregarious habit of cattle, handles according to zone of escape of animals. Respects the spacing within the cattle pen (m ² /animal).	81%

Content based on published material by BRF. See http://www.brasilfoods.com/ri/siteri/web/arquivos/BRF_RA_EN_140228c.pdf

While we have suggested three specific farm animal welfare performance measures, we have been struck by the variety of other indicators and data points being reported by companies (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).

Table 4.1: Sample Indicators and Measures

INDICATOR/METRIC	REPORTED BY
Volume and/or proportion of animals sourced by country	Arla Foods, Coop Group (Switzerland)
Proportion of products audited to basic and/or higher welfare standards	The Co-operative Food (UK), J Sainsbury, Koninklijke, Marfrig, Premier Foods, Yum! Brands, Unilever
Volume and/or proportion of eggs sourced that are cage-free	Kraft Foods, Premier Foods, Unilever
Proportion of pregnant sows in company-owned farms in US transitioned from gestation crates to group housing systems	WH Group
Levels of antibiotics administered/feed grade antibiotics used (lbs per cwt ²)	WH Group
% products produced free of antibiotics	Compass Group (USA)
Proportion of time animals are allowed outdoors; Average space available to animals	Arla Foods
Average transportation time vs legal limit	The Co-operative Food (UK)
Volume or proportion of species involved in transportation accidents/Proportion of animal fatalities (by species) in transit	Waitrose, WH Group
Proportion of supplier meat processing plants audited and/or proportion of supplier meat processing plants passing audits	McDonald's, Compass Group (USA)
Number of dairy herds (by geography) tested for Neospora / Cost to average cow herd	Wm Morrison
Proportion of animals processed by species	Marfrig, Tyson Foods, WH Group
Proportion of revenue/sales of higher welfare products; Proportion of sales by welfare system	Coop Group (Switzerland), Migros, The Co-operative Food (UK)
KPIs for all livestock supply chains	Waitrose
Membership voting on farm animal welfare	The Co-operative Food (UK)

Compass (USA)

In its Corporate Social Responsibility Report 2013-14 Compass (USA) reports on the proportion of products by category spend that incorporate animal welfare dimensions as part of a sustainability scorecard.

2012 COMPASS SUSTAINABILITY SCORECARD WALKING THE WALK OF OBLIGATION		
	VOLUME	YTD % CATEGORY SPENT
Local produce from American family farms	\$29M = 2083 family farms	8%
Seafood from sustainable sources (SWF criteria)	7.9M Lbs	71%
Milk free of artificial growth hormones	27.4M Gals	94%
Yoghurt free of artificial growth hormones	12.2M Lbs	81%
Poultry produced without the routine use of antibiotics	84.5M Lbs	80%
Fairtrade / Eco Certified coffee	2.5M Lbs	30%
Certified humane cage-free shell eggs	64.3M Eggs = 250K chickens	19%

Our CSR report is generated each quarter to allow us to measure and report our successes and to help adjust our strategies when we are challenged by the results.

Content based on published material by Compass (USA). See <http://compass-usa.com/Documents/2012%20CSR%20Report.pdf>

The Co-operative Food (UK)

Poultry, meat and fish

The Co-operative Food (UK) publishes a summary of its meat sales by welfare standard in its Sustainability Report 2013.

Own-brand fresh poultry, meat and fish: Proportion of sales by welfare standard, 2013

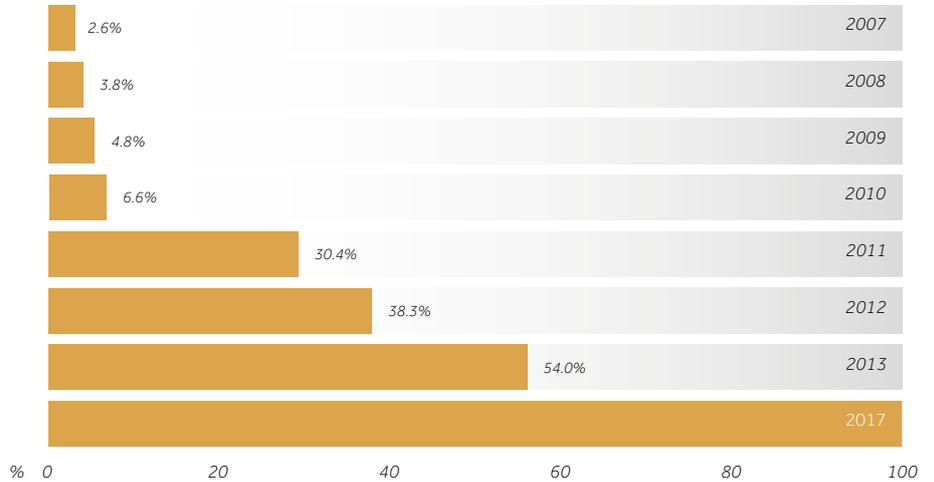
WELFARE STANDARDS						
	% of sales that are own-brand	Base-level Farm Assurance standard	Own-brand Higher Welfare standard	RSPCA Welfare Freedom Food	RSPCA Welfare Freedom Food Free-range	Wild Caught
Chicken	99%		96%	4%		
Turkey	75%		99%		1%	
Beef	100%	100%				
Bacon	88%	92%		8%		
Pork	93%		97%	3%		
Sausage	49%	32%		68%		
Lamb	100%	96%		4%		
Fish	85%			44%		56%

Content based on published material by The Co-operative Food (UK). See http://www.co-operative.coop/Corporate/CSR/sustainability-report-2013/downloads/54684%20CO-OP-2013_FULL_LINKED_v3.pdf

Smithfield Foods (part of WH Group)

On its website, Smithfield Foods publishes a year-by-year transition chart showing the proportion of sows in company-owned group housing systems. It also reports on the number of hogs involved in accidents during transportation.

Percentage of Sows in Company-Owned Group Housing
Goal 2017: 100%



MARKET HOG TRANSPORTATION ACCIDENTS	2009	2010	2011	2012	2013
Total number of loads hauled	n/a	93,973	90,916	84,633	89,351
Number of accidents	6	9	4	14	4
Market hogs involved	996	1,609	706	2,234	713
Market hog transportation fatalities	356	466	208	695	66

Smithfield states "Due to an internal data collection error, we did not include all accidents for fiscal 2012 in our previous report. We have corrected the numbers in this table. Accurate totals for loads hauled are not available for 2009 due to the acquisition of Premium Standard Farms during that time frame."

Content based on published material by Smithfield Foods. See <http://www.smithfieldcommitments.com/core-reporting-areas/animal-care/on-our-farms/housing-of-pregnant-sows/>

and

<http://www.smithfieldcommitments.com/core-reporting-areas/animal-care/safe-transportation/>

CHAPTER FIVE

WIDER ISSUES AND REFLECTIONS



5.1



WHAT HAS DRIVEN THE CHANGES IN BENCHMARK SCORES?

Since the launch of the first Benchmark in 2012, we have seen a significant, albeit from a low base, improvement in corporate performance on farm animal welfare. We have had extensive discussions with many of the companies covered by the Benchmark and, in May 2014, we conducted an email survey of the 70 companies covered by the 2013 Benchmark⁵⁷. These discussions and the survey have provided important insights into the factors that are influencing companies' farm animal welfare practices and reporting, and in turn contributing to improvements in their Benchmark scores.

The key message is that customer and client demand are the most important influences on companies' approach to farm animal welfare. In fact, a number of companies have commented that animal welfare is becoming an increasingly important topic for consumers. The 2013 European horsemeat scandal has also been important. Not only did it force companies to look much more closely at issues such as food provenance, traceability and quality, but it also led to companies taking steps to reassure customers by publishing more information on the management of their supply chains, covering issues such as monitoring, testing, supplier training and auditing.

The Business Benchmark has also played a role. Companies have identified four main mechanisms of influence, namely that:

- The Benchmark enables them to benchmark themselves against their industry peers.
- The Benchmark helps them to continually improve their approach to farm animal welfare.
- The Benchmark provides companies with a clear set of expectations, on management practice and on reporting. It is interesting that a number of companies – see, for example, Cranswick, Greggs, Marfrig, Marks & Spencer, Migros, Nestlé, Noble Foods, The Co-operative Food, Unilever and Waitrose – have used the Benchmark to structure their reporting on farm animal welfare.
- The Benchmark is backed by reputable animal welfare organisations, Compassion in World Farming and World Animal Protection.

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Nicky Amos and Rory Sullivan (2014), How Are Companies Using the Business Benchmark on Farm Animal Welfare? Investor Briefing No. 15 (Business Benchmark on Farm Animal Welfare, London, UK). <http://www.bbfaw.com/wp-content/uploads/2010/08/Investor-Briefing-No-16-How-are-Companies-using-the-Benchmark.pdf>

It is also noteworthy that relatively few companies identified investors as an important driver of performance. This reflects the findings of a BBFAW investor survey in February-April 2014 which suggested that many investors have yet to take significant account of farm animal welfare in their investment processes or in their engagement with companies⁵⁸. There are, however, signs of change. Investors are using the Benchmark in a variety of ways, including to assess the business risks and opportunities implications of farm animal welfare for companies, to provide insights into how effectively companies are identifying and managing risks in their supply chains, to prioritise companies for engagement, and to inform the questions asked in meetings with companies. One point of intersection between companies and their investors is at Annual General Meetings (AGMs). In 2014, ShareAction, a charity which promotes responsible investment, raised questions at the Dairy Crest, Greggs and Whitbread AGMs about their performance in the 2013 Benchmark.

In this third Benchmark, we have detected a distinct uplift both in the number of companies willing to engage with BBFAW and in the quality of these engagements. A number of companies provided positive feedback on their 2014 preliminary reports, commenting on the usefulness of the annual Benchmark in evaluating the quality of their management and reporting approach – both on its own merit and in the context of peer companies – and in signalling areas for continuous improvement. Interestingly, the dialogue between many companies and the BBFAW appears less focused on the methodology (suggesting that companies are becoming more familiar with the criteria and our assessment and scoring approach) and is increasingly centred on actions that companies plan to take in advance of the next Benchmark. In fact, a number of companies have scheduled meetings with the BBFAW in the early part of 2015 to help with their planning for the next Benchmark cycle. This is hugely encouraging, as it indicates an acknowledgement by companies that they are taking the issue of farm animal welfare management and reporting seriously, that they are increasingly aware of and understand the needs of investor and other audiences for information on their farm animal welfare approach, and an endorsement by companies that the Benchmark offers a useful and practical framework for reporting.

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Rory Sullivan and Nicky Amos (2014),
How Are Investors Using the Business
Benchmark on Farm Animal Welfare?
Investor Briefing No. 15 (Business
Benchmark on Farm Animal Welfare,
London, UK). [http://www.bbfaq.com/
wp-content/uploads/2014/07/Investor-
Briefing-15_How-Are-Investors-Using-
the-Business-Benchmark_Jul2014.pdf](http://www.bbfaq.com/wp-content/uploads/2014/07/Investor-Briefing-15_How-Are-Investors-Using-the-Business-Benchmark_Jul2014.pdf)

5.2



IMPLICATIONS FOR INVESTORS

Reflecting the core message from the 2012 and 2013 Benchmarks, the key conclusion to be drawn from the 2014 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.

In the 2012 and 2013 Benchmarks, we cautioned that it was premature to draw strong conclusions on individual company performance given the novelty of farm animal welfare as a reporting issue. However, in this, the third Benchmark, we are increasingly confident that the company rankings provide an increasingly robust assessment of practice, not just of reporting. We are particularly concerned that most of the companies in Tier 6 and Tier 5 do not appear to have taken action to improve their management of farm animal welfare-related risks and opportunities, nor have they signalled that they intend to do so. In fact, a number have not responded to any of our efforts to engage with them. Having said this, we are encouraged to see that a number of companies previously ranked in Tier 6 (notably Aramark, Delhaize Group, Eloor, HJ Heinz, Terrena Group and The Hillshire Brands Company) improved their scores sufficiently in the 2014 Benchmark to move up one or two tiers.

Our view is that investors should prioritise the companies in Tiers 5 and 6 for engagement. In the first instance they should seek to ensure that these companies are aware of the Benchmark and associated guidance material (e.g. on reporting) produced by the Business Benchmark on Farm Animal Welfare. They should then encourage these companies to explain how they plan to manage the risks and opportunities presented by farm animal welfare, and how they plan to track and report on their progress in this regard.

We also think there is much to be learned from those companies that have achieved leadership positions in the Benchmark, in relation to the actions that they have taken and the business benefits that have resulted. We encourage investors to engage with these companies so that they can better understand the characteristics of good and best practice on farm animal welfare. It would be extremely useful if, as part of this engagement, investors could encourage these companies to talk publicly about their experiences. The reason is that many of the companies not in the top tiers of the Benchmark continue to see farm animal welfare primarily in terms of downside risk management, rather than seeing the potential for higher standards of farm animal welfare to provide business benefits and opportunities (e.g. access to new markets, access to new clients, better product quality, lower losses).

BBFAW supports investor engagement with companies by providing two page summaries of individual company performance (copies are available from the BBFAW Secretariat). These two-page reports provide an analysis of how companies perform against their sector peers, assess trends in company performance, identify areas of strength and weakness, provide suggestions for improvement, and indicate whether or not 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. We have already started to address a number of these – e.g. antibiotics – in the Benchmark.

Box 5.1: New and Emerging Farm Animal Welfare Issues

- Selective breeding
- By-catch/Fishing methods (for finfish aquaculture)
- Farming of exotic species (e.g. frogs, bison, crocodile, kangaroo)
- Higher welfare food labelling
- Standards on game farming
- Animal health and nutrition
- Traceability / Remote monitoring of supply chains

5.4



REPORTING PRACTICE

There are three issues that we wish to raise about corporate reporting on farm animal welfare. The first is that most companies still do not provide a coherent, consolidated account of their approach to farm animal welfare. In practice, information tends to be scattered through CSR reports, press releases and wider discussions about issues such as food and sustainability. This creates the impression that the company itself does not have a clear understanding of its approach or of the outcomes that it is trying to achieve. It also means that important information is simply not reported. For example, we found a number of companies that had received notable awards from organisations such as Compassion in World Farming and the Humane Society but that did not even mention these awards on their websites or in their communications.

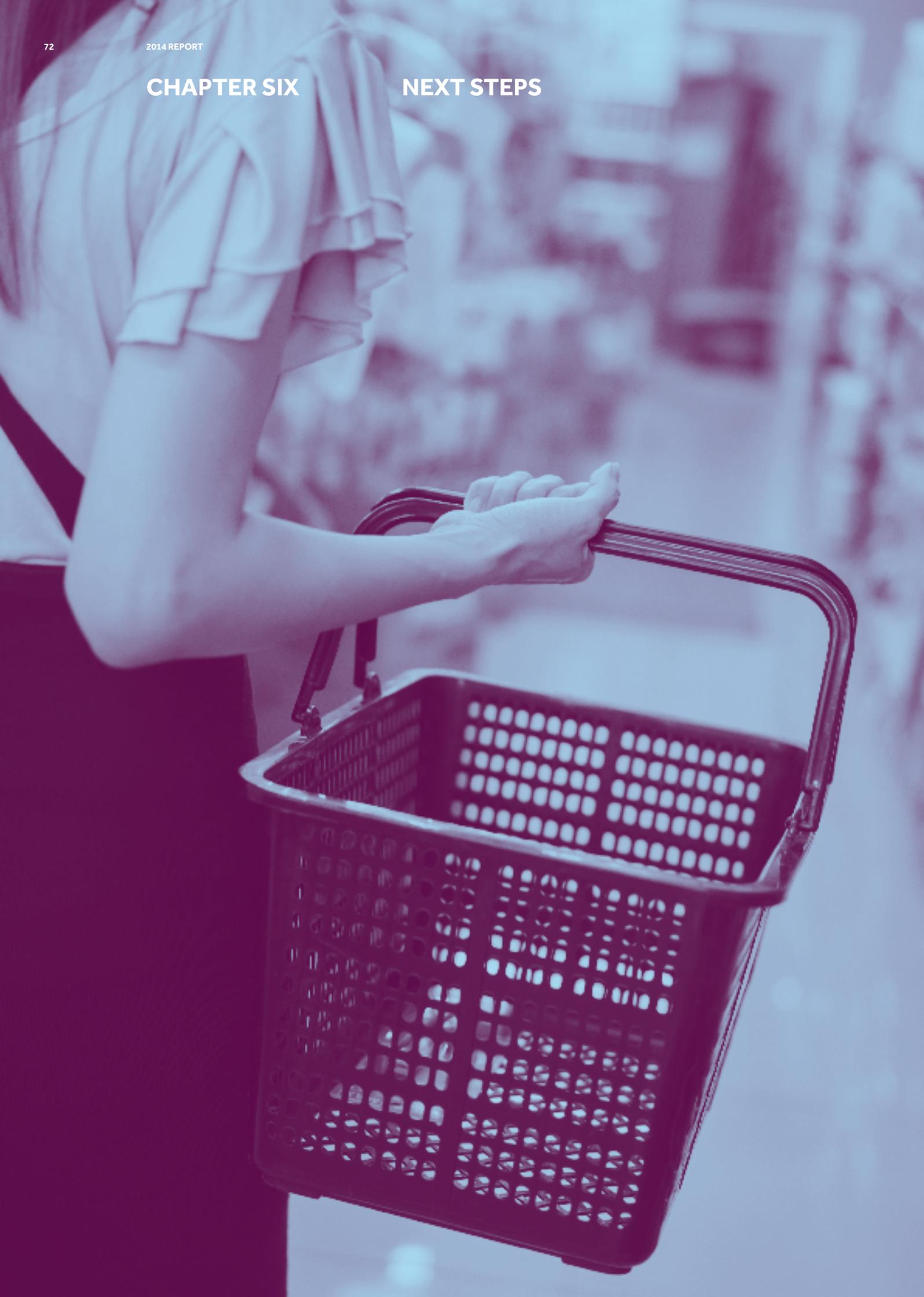
Second, companies are not providing regular and timely updates on practice and performance. While companies often provide a good account of their activities and actions for well-established issues such as climate change and health and safety, farm animal welfare is more selectively reported and is often not reported year-on-year in the way that these other, more entrenched, sustainability issues are.

Corporate websites have the potential to address both of these problems. They allow companies to collate their policies and their performance data in a single location, and to provide regular updates on performance. 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 Coop Group (Switzerland), Cranswick, Marks & Spencer, McDonald's (Europe), Nestlé, The Co-operative Food (UK), The Hillshire Brands Company, The Wendy's Company, HJ Heinz, Tesco, Unilever, Waitrose and Yum! Brands (KFC).

The third, which is a new issue for the Benchmark, relates to the quality of the information being provided by companies. A number of companies have significantly increased the quantity of information that they provide on their approaches to farm animal welfare. While some of this information is of high quality, in a number of cases we have been disappointed by the clarity of the information provided. For example, we are seeing companies making high level statements on specific issues (e.g. on the avoidance of long distance transport) but not specifying what these mean in practice (e.g. not specifying maximum journey times). We are seeing companies make commitments to action but not specifying how these are to be achieved, how they are to be measured or when they will be delivered. We are seeing companies talking about issues such as 'food sustainability' but not being clear about whether or how farm animal welfare fits into this. This tendency towards corporate 'greenwash' meant that some companies received lower scores than they expected. We are clear that the Benchmark is looking for clear statements, specific commitments and meaningful explanations about farm animal welfare. We have provided detailed feedback to companies where we feel their information falls short of what we think is appropriate. We will continue to press companies on this issue, as we do not consider it helpful if they fail to provide robust accounts of their approach to farm animal welfare. Similarly, we are committed to using this report to highlight examples of best practice, in the expectation that companies who are serious about advancing their reporting on farm animal welfare can learn from such cases.

CHAPTER SIX

NEXT STEPS



We see the Benchmark as a long-term change programme. We recognise 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. Apart from the specific technical details of the Benchmark, investors have consistently emphasised that benchmarks such as this will only be used by investors if:

- They are aligned with the manner in which investors analyse companies.
- They have a credible, robust and transparent methodology.
- They provide information (data, company assessments, etc) that are in a form that is useful to and usable by investors.
- They cover the universe of companies that is relevant to investors.
- They are repeated on a regular (at least annual) basis.
- They have future longevity, i.e. investors are confident that the benchmark will not suddenly 'disappear' or fail to be conducted.

These principles have underpinned our work on the Benchmark. We have consulted extensively with investors both in the initial design stages of the Benchmark and prior to each iteration of the benchmarking process. We have also sought feedback on how investors are using the Benchmark and on how the Benchmark could be made more useful to them (see Box 6.1).

We will maintain this engagement with investors. It is critically important to us that the Benchmark remains relevant to investors' needs, that it supports investors in their engagement with companies, and that it helps investors to integrate farm animal welfare into their investment research and decision-making.

Box 6.1: Investor Suggestions for Strengthening the Benchmark

We have received a number of suggestions on how the Benchmark might be strengthened or made more useful to investors, specifically that:

- **BBFAW provides a more detailed account of each company's performance**
– BBFAW Response: We have asked investors for feedback on the two-page summary notes we prepare for each company and on how these might be made more useful to investors.
- **BBFAW links companies' Benchmark scores with measures of overall financial performance**
– BBFAW Response: We are not convinced that this is a useful exercise. Farm animal welfare is just one of many value drivers for the food sector. For the majority of companies – with the possible exception of companies that find themselves involved in a media controversy – farm animal welfare is difficult to disentangle from wider corporate responsibility performance. Thus it is not easy to detect a causal link between farm animal welfare and financial performance.
- **BBFAW provides more evidence of the business case for higher farm animal welfare and/or should quantify potential investment risks and opportunities**
– BBFAW Response: We have produced a number of briefing papers mapping out the broad drivers of the business and investment case (regulation, consumer demand, etc). However, we recognise that this is an area where much more work is needed. One of our priorities for 2015 is to encourage organisations on the sell-side (i.e. investment banks) and other relevant organisations (e.g. SRI research houses) to start producing research on the financial relevance of farm animal welfare.
- **BBFAW provides a list of 'key engagement questions' for each company**
– BBFAW Response: We are considering adding a section 'Key Engagement Questions' to the two-page company notes that investors can use as a starting point for their engagement with the specific company in question. We are also considering developing a more general guide to engagement on farm animal welfare that sets out some of the generic questions that investors might ask, and provides some generic guidance on the sort of responses that might be expected.
- **BBFAW extends the scope of the Benchmark to cover the Asia-Pacific region and emerging markets more generally**
– BBFAW Response: We intend increasing the number of companies covered by the Benchmark to 90 in 2015 and to 100 in 2016. While we have not made a decision on the geographical priorities, our intention is that a significant proportion of these new companies will be from the emerging markets.

2 Strengthening Market Demand

One of the most important messages from this year's discussions with investors is that encouraging investors to take action on farm animal welfare is not just a matter of providing data and information, and assuming that investors will then automatically use this information. Given that many investors do not see farm animal welfare as a financially material issue, they are unlikely to focus explicit attention on farm animal welfare unless there is demand from their clients. That is, there is a need to create real demand in the investment system for research on farm animal welfare, demand for investors to use their influence with the companies in which they are invested, and demand for investors to consider farm animal welfare in their investment research and decision-making processes. We will discuss this issue with our NGO partners to consider how they might help create this demand through their own investment practices, through the dialogue that they have with their investment managers, and through mobilising their members and supporters to ask how their pension funds are addressing farm animal welfare in their investment practices.

3 Increasing the Focus on Farm Animal Welfare Performance

While the 2012 and 2013 Benchmarks primarily focused on management systems and processes, it has been our longer-term intention that the Benchmark focus on company performance and the reporting of farm animal welfare indicators. The introduction of four performance-related questions into this year's Benchmark was the first step in this process. As we discussed in Section 4.4 above, the reality is that performance reporting is lagging significantly behind reporting on management systems and processes. We have not made any decisions about how we will assess farm animal welfare performance in the 2015 Benchmark but we see that we have three distinct questions we need to address:

- Whether we retain the same questions or add new performance related questions. Our current thinking is that, given that performance reporting is in its infancy, it is likely that we will keep broadly the same questions in the 2015 iteration of the Benchmark.
- Whether we integrate performance scores into the overall company ranking process. Our analysis using the 2014 data suggests this would have had limited impact on the overall rankings (i.e. the top ranked companies would have continued to be the top ranked companies, and bottom ranked companies would have continued to be bottom ranked). However, it would have affected the number of companies in each tier. We estimate that, assuming that 30 points were allocated for the performance scores (i.e. approximately 15% of the total), 15 companies would have been ranked in a lower tier and one in a higher tier.
- (If we do decide to integrate performance scores into the overall ranking scores) What weighting would we give to these performance scores relative to the other three pillars (Management Commitment, Governance, Leadership and Innovation) in the Benchmark?

We will discuss these issues further in the BBFAW Technical Working Group and in our engagements with investors and companies in early 2015 and we will present concrete proposals when we consult on the scope and criteria for the 2015 Benchmark.

4 The Next Iteration of the Benchmark

We plan to repeat the Benchmark in August/September 2015, with the aim of releasing the second Benchmark Report in early 2016. Before we commence this process, we will – as we have done for each Benchmark – formally consult on the criteria to be used, the issues to be covered and the scope of the Benchmark.

To inform the consultation we will repeat our company and investor surveys in early 2015, to understand how they are using the Benchmark, to understand how the Benchmark might be made more useful to them and to gather their suggestions on potential changes to the Benchmark.

CHAPTER SEVEN

APPENDICES



APPENDIX 1

BUSINESS BENCHMARK ON FARM ANIMAL WELFARE

2014 BENCHMARK QUESTIONS AND SCORING

MANAGEMENT COMMITMENT AND POLICY		
Question 1	Does the company acknowledge farm animal welfare as a business issue?	
Rationale	Acknowledging farm animal welfare as a business issue is an important first step towards implementing a comprehensive approach to farm animal welfare management. It is good practice for food companies to identify whether and why farm animal welfare is a relevant issue for the business.	
Scoring	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	Does the company publish an overarching corporate farm animal welfare policy (or equivalent)?	
Rationale	It is good practice for companies to formalise their approach to animal welfare in a policy (or equivalent document such as a statement of guiding principles, a code of practice or a sourcing charter). 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 business agenda.	
Scoring	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	Does the policy statement provide a clear explanation of scope?	
Scoring	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	Does the company have a clear position on the avoidance of close confinement or intensive systems for livestock (e.g. no sow stalls, concentrated animal feeding operations (CAFOs), feedlots, farrowing crates, single penning, battery cages, tethering, veal crates, force-feeding systems, and, for finfish, high stocking densities and close confinement of solitary finfish species)?	
Rationale	Many of the most significant farm animal welfare concerns result from close confinement practices (such as those listed above) or from high stocking densities in the case of finfish. It is good practice for companies to commit to no close confinement of farm animals and to avoid excessively high stocking densities.	
Scoring	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	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?	
Rationale	Both cloning and genetic engineering raise serious animal welfare concerns . In farmed fish species this includes heat treatment of eggs to induce triploidy, which renders fish sterile.	
Scoring	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	Does the company have a clear position on the avoidance of growth promoting substances?	
Rationale	Antibiotics given at low doses improve food conversion rates, most likely by changing the composition of gut microbiota in a way that enables animals to grow faster using less feed. Hormonal growth promoters are used to specifically promote abnormal muscle growth or milk production in animals farmed for food. The use of growth promoting substances can undermine animal welfare, as they may enable animals to grow or produce milk in a way that puts excessive strain on their physiological capabilities. While both hormonal growth promoters and antibiotics used as growth promoters are banned in the EU, their use is widely practised outside of Europe.	
Scoring	No stated position	0
	The company has made a partial commitment to the avoidance of all 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 all growth promoting substances, and the scope (in terms of geography, species or products) is clearly defined	3
	Universal commitment to the avoidance of all growth promoting substances	5
	(Max Score 5)	
Question 7	Does the company have a clear position on the reduction or avoidance of antibiotics for prophylactic use?	
Rationale	The over-use of antibiotics in humans and in animals is directly linked to the increase in antibiotic resistance. The use of antibiotics on-farm (typically through feed or water) is frequently prophylactic; effectively 'propping up' intensive farming systems where animals are kept in confined and stressful conditions and where their immune systems are compromised and disease outbreaks can spread rapidly. Companies are expected to commit to reducing the levels of antibiotics they administer routinely and to develop animal production systems that are not reliant on the routine use of antibiotics for disease prevention.	
Scoring	No stated position.	0
	The company has made a partial commitment to the reduction or avoidance of the routine use of antibiotics, but the scope (in terms of geography, species or products) is not clearly defined.	1
	The company has made a partial commitment to the reduction or avoidance of the routine use of antibiotics, and the scope (in terms of geography, species or products) is clearly defined.	3
	Universal commitment to the reduction or avoidance of the routine use of antibiotics across all geographies, species and products.	5
	(Max Score 5)	

Question 8	Does the company have a clear position on the avoidance of routine mutilations (e.g. castration, teeth clipping, tail docking, toe clipping, dehorning, desnooding, de-winging, disbudding, mulesing, beak trimming, fin clipping)?	
Rationale	Many farm animals are subjected to procedures that alter their bodies, often with no anaesthesia, causing pain and distress. Examples include beak trimming, castration of beef cattle with knives, branding with hot irons, dehorning of dairy cattle with hot irons, castration and tail docking of pigs and fin clipping in finfish aquaculture.	
Scoring	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 9	Does the company have a clear position on the avoidance of meat from animals that have not been subjected to pre-slaughter stunning, or (in the case of finfish) meat from animals that have not been rendered insensible?	
Rationale	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.	
Scoring	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 or from finfish that have not been rendered insensible 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 or from finfish that have not been rendered insensible, 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 or from finfish that have not been rendered insensible across all species, own-brand and other branded products and geographies.	5
(Max Score 5)		
Question 10	Does the company have a clear position on the avoidance of long distance live transportation?	
Rationale	When being transported, animals can experience hunger, thirst, discomfort, pain, frustration, fear and distress, as well as physical welfare problems including injury, disease, and, in the worst cases, death. For 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 terrestrial animal that exceeds 8 hours, from loading to unloading, has been shown to decrease welfare significantly. In the case of farmed fish, handling practices and water quality conditions, particularly oxygenation, can have a significant impact on welfare.	
Scoring	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 live transportation across all species, own-brand and other branded products and geographies	5
(Max Score 5)		

GOVERNANCE AND MANAGEMENT

Question 11	Has the company assigned management responsibility for farm animal welfare to an individual or specified committee?	
Rationale	When looking at the management of farm animal welfare, both oversight and implementation responsibilities are important. Oversight is necessary to ensure that senior management is aware of the business implications of farm animal welfare and is prepared to intervene when needed (e.g. if there are tensions between the organisation's farm animal welfare policy and other business objectives). However, it is often the case that those charged with oversight know relatively little about the specific details of how to effectively manage farm animal welfare. It is, therefore, important that there are individual(s) responsible for ensuring that the farm animal welfare policy is implemented and that farm animal welfare is effectively managed.	
Scoring	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 12	Has the company set objectives and targets for the management of farm animal welfare?	
Rationale	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.	
Scoring	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 13	Does the company report on its performance against its animal welfare policy and objectives?	
Rationale	Companies should explain how they have performed against their policy commitments, against the objectives and targets, and provide an explanation of progress and trends in performance.	
Scoring		
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
Explanation of progress and trends in performance	The company does not report on progress on animal welfare performance (either in terms of input measures or welfare outcome measures)	0
	The company reports on progress on at least one animal welfare performance measure (either an input measure or a welfare outcome measure), but this is limited to certain species, products or geographies and there is no explanation of trends in performance.	4
	The company reports on progress on at least one animal welfare performance measure (either an input measure or a welfare outcome measure) in its supply chain, but this is limited to certain species, products or geographies, although it does provide an explanation of progress and trends in performance.	6
	The company reports on at least one performance measure (either an input measure or a welfare outcome measure) per relevant species across all geographies but there is no explanation of progress or trend in performance.	8
	The company reports on at least one performance measure (either an input measure or a welfare outcome measure) per relevant species across all geographies, and it provides an explanation of progress or trend in performance.	10
	(Max Score 20)	

Question 14	Does the company describe its internal processes for ensuring that its farm animal welfare policy is effectively implemented?	
Rationale	The effective implementation of a farm animal welfare policy relies on employees who are competent to oversee the implementation of the policy, and on controls that allow the company to respond quickly and effectively in the event of non-compliance with the policy.	
Scoring		
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 15	Does the company describe how it implements its farm animal welfare policy (or equivalent) through its supply chain?	
Rationale	Many of the business risks and opportunities associated with farm animal welfare relate to companies' supply chains. Companies have the ability to influence their suppliers' performance both formally (e.g. through contracts, auditing processes) and informally (e.g. through capacity building and education)	
Scoring		
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	No information provided on what support and/or education is provided to suppliers on farm animal welfare policy/issues	0
	Specific support and/or education provided to suppliers on farm animal welfare policy/issues	5
(Max Score 15)		
Question 16	Does the company assure its welfare scheme to a prescribed standard?	
Rationale	Farm assurance schemes provide frameworks for managing farm animals, including their health and welfare, provenance and the legal compliance of the systems used. They can also play an important role in promoting higher welfare standards. Where species-specific legislation exists, schemes should ensure that minimum legislative standards are met and preferably schemes should lift the standards above the minimum. Where there is no species-specific legislation, assurance standards are increasingly important for protecting welfare.	
Scoring		
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
	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
Assurance standards completely specified	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)		

INNOVATION

Question 17	Is the company currently investing in projects dedicated to advancing farm animal welfare practices within the industry?	
Rationale	Farm animal welfare is a collective issue for the food industry as well as being an individual issue for each company in the industry. Making progress and raising standards across the industry requires individual companies to support research and development programmes to improve farm animal welfare, to share their knowledge and expertise with their suppliers and with their industry peers, to play a supportive role in public policy debates around farm animal welfare, and to support industry and stakeholder initiatives directed at improving farm animal welfare.	
Scoring	No evidence of involvement in advancing farm animal welfare beyond company practices.	0
Research and development	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 18	Has the company received any notable awards or accreditations for its farm animal welfare performance in the last two years?	
Rationale	Awards from credible animal welfare organisations, consumer associations and industry and farming bodies provide tangible evidence that companies are achieving good/best practices in those areas of their operations covered by the awards. Awards can also play an important role within companies through motivating employees and signalling to senior management that farm animal welfare is an area where the organisation is achieving good/best practice.	
Scoring	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 19	Does the company promote higher farm animal welfare to consumers through education and/or awareness-raising activities?	
Rationale	Companies have an important role to play in raising awareness of farm animal welfare among their customers and clients. This, in turn, should contribute to increases in demand for higher welfare products.	
Scoring	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)	

PERFORMANCE REPORTING

Question 20	Does the company report on the proportion of animals (or volume of animal products) in its supply chain that are free from confinement (i.e. those in barn, free-range, indoor group housed, indoor free-farrowing, outdoor bred/reared)?	
Rationale	In addition to having clear policy commitments and management practices, companies are expected to maintain strict reporting criteria for animals in their supply chain. This question is looking specifically at measures linked to the housing systems and environmental enrichment of animals in their supply chains. This is because many of the most significant farm animal welfare concerns result from close confinement practices and barren living conditions (such as barren battery cages, sow stalls, farrowing crates, veal crates, concentrated animal feeding operations (CAFOs), feedlots, tethered systems, close confinement of solitary finfish species).	
Scoring	No reporting on the proportion of animals free from confinement	0
Research and development	The company reports on the proportion of animals free from confinement, but this reporting is limited to certain geographies, species or own-brand products.	3
Lobbying and industry engagement	The company reports fully on the proportion of animals subject to confinement, covering all relevant geographies, species and own-brand products.	5
	(Max Score 5)	
Question 21	Does the company report on the proportion of animals in its supply chain that are subject to pre-slaughter stunning or (in the case of finfish) are rendered insensible?	
Rationale	In addition to having clear policy commitments and management practices, companies are expected to maintain strict measurement criteria for animals in their supply chain. This question is looking specifically at measures linked to the slaughter of animals (or the rendering of fish insensible) in their supply chains. 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.	
Scoring	No reporting on the proportion of animals subject to pre-slaughter stunning.	0
	The company reports on the proportion of animals subject to pre-slaughter stunning, but this reporting is limited to certain geographies, species or own-brand products.	3
	The company reports fully on the proportion of animals subject to pre-slaughter stunning, covering all relevant geographies, species and own-brand products.	5
	(Max Score 5)	
Question 22	Does the company report on the average, typical or maximum permitted live transport times for the animals in its supply chain?	
Rationale	In addition to having clear policy commitments and management practices, companies are expected to maintain strict measurement criteria for animals in their supply chain. This question is looking specifically at measures linked to the live transportation of animals in their supply chains. When being transported, animals can experience hunger, thirst, discomfort, pain, frustration, fear and distress, as well as physical welfare problems including injury, disease, and, in the worst cases, death. For these reasons, transport of live terrestrial animals should be minimised wherever possible and journeys should be kept as short as possible. Specifically, any transport of a live terrestrial animal that exceeds 8 hours, from loading to unloading, has been shown to decrease welfare significantly. In the case of farmed fish, handling practices and water quality conditions (particularly oxygenation) can have a significant impact on welfare. Conditions for transportation of fish must therefore be suitable and a maximum time limit may be required as determined from species-specific welfare risk assessments.	
Scoring	No reporting on live transport times.	0
	The company partially reports on the live transport times for animals, but reporting is limited to certain geographies, species or products.	3
	The company reports fully on the live transport times for animals, covering all relevant species and geographies.	5
	(Max Score 5)	

Question 23**Does the company report on welfare outcome measures (i.e. measures linked to the physical, emotional and/or behavioural wellbeing of animals)?**

Rationale

In addition to having clear policy commitments and management practices, companies are expected to maintain strict measurement criteria for animals in their supply chain. This question is looking specifically at welfare outcome measures (WOMs) relating to the physical, emotional and/or behavioural wellbeing of animals. WOMs may be quantitative, or qualitative. They should focus on the most important species-specific measures (e.g. lameness and mastitis in dairy cows, gait score and footpad dermatitis in broilers, tail-biting and lameness in pigs, bone breakage and feather coverage in laying hens), and include aspects of mental wellbeing (e.g. reaction to humans or novelty, fear, comfort); and behaviour (e.g. time spent lying – resting, ruminating; or being active – foraging, perching, dustbathing, socialising).

Scoring

No reporting on welfare outcome measures.

0

Partial reporting on welfare outcome measure but reporting is limited to certain species or geographies.

3

Company fully reports on at least one welfare outcome measure per relevant species and/or per relevant geography.

5

(Max Score 5)

APPENDIX 2 - 2014 BENCHMARK COMPANIES

	COMPANY	OWNERSHIP	ICB CLASSIFICATION	COUNTRY OF INCORPORATION
1	Ahold Kon / Koninklijke Ahold N.V.	Public	5337: Food Retailers and Wholesalers	Netherlands
2	Aldi Nord	Private	5337: Food Retailers and Wholesalers	Germany
3	Aldi Süd	Private	5337: Food Retailers and Wholesalers	Germany
4	Carrefour	Public	5337: Food Retailers and Wholesalers	France
5	Casino Guichard	Public	5337: Food Retailers and Wholesalers	France
6	(The) Co-operative Food (UK)	Cooperative	5337: Food Retailers and Wholesalers	UK
7	Coop (Switzerland)/Coop Genossenschaft	Cooperative	5337: Food Retailers and Wholesalers	Switzerland
8	Costco Wholesale Corporation	Public	5337: Food Retailers and Wholesalers	USA
9	Delhaize Group	Public	5337: Food Retailers and Wholesalers	Belgium
10	Edeka Zentrale AG	Private	5337: Food Retailers and Wholesalers	Germany
11	El Corte Inglés SA	Public	5337: Food Retailers and Wholesalers	Spain
12	Groupe Auchan SA	Private	5337: Food Retailers and Wholesalers	France
13	ICA AB	Private	5337: Food Retailers and Wholesalers	Sweden
14	Sainsbury (J) PLC	Public	5337: Food Retailers and Wholesalers	UK
15	Kaufland (Schwarz Gruppe GmbH)	Private	5337: Food Retailers and Wholesalers	Germany
16	Kroger Company (The)	Public	5337: Food Retailers and Wholesalers	USA
17	Lidl Stiftung & Co KG (Schwarz Gruppe GmbH)	Private	5337: Food Retailers and Wholesalers	Germany
18	Marks and Spencer Group PLC	Public	5337: Food Retailers and Wholesalers	UK
19	Mercadona SA	Public	5337: Food Retailers and Wholesalers	Spain
20	Metro AG	Public	5337: Food Retailers and Wholesalers	Germany
21	Migros	Cooperative	5337: Food Retailers and Wholesalers	Switzerland
22	Rewe Group	Cooperative	5337: Food Retailers and Wholesalers	Germany
23	Tesco PLC	Public	5337: Food Retailers and Wholesalers	UK
24	Waitrose	Partnership	5337: Food Retailers and Wholesalers	UK
25	Wal-Mart Stores Inc	Public	5337: Food Retailers and Wholesalers	USA
26	Morrison (Wm) Supermarkets PLC	Public	5337: Food Retailers and Wholesalers	UK
27	Aramark	Public	5757: Restaurants and Bars	USA
28	Autogrill	Joint Stock	5757: Restaurants and Bars	Italy
29	Burger King Worldwide Inc	Public	5757: Restaurants and Bars	USA
30	Camst Soc. Coop ARL - La Ristorazione Italiana	Coooperative	5757: Restaurants and Bars	Italy
31	Compass Group PLC	Public	5757: Restaurants and Bars	UK
32	Gruppo Cremonini	Private	5757: Restaurants and Bars	Italy
33	Darden Restaurants Inc	Public	5757: Restaurants and Bars	USA
34	Domino's Pizza Inc	Public	5757: Restaurants and Bars	USA
35	Elior	Public	5757: Restaurants and Bars	UK
36	SSP Group	Public	5757: Restaurants and Bars	Sweden
37	Gategroup Holding AG	Public	5757: Restaurants and Bars	Switzerland
38	Greggs PLC	Public	5757: Restaurants and Bars	UK
39	Wetherspoon (JD) PLC	Public	5757: Restaurants and Bars	UK
40	McDonald's Corporation	Public	5757: Restaurants and Bars	USA

	COMPANY	OWNERSHIP	ICB CLASSIFICATION	COUNTRY OF INCORPORATION
41	Mitchells & Butlers PLC	Public	5757: Restaurants and Bars	UK
42	Olav Thon Gruppen	Public	5757: Restaurants and Bars	Norway
43	Quick Restaurants	Public	5757: Restaurants and Bars	France
44	Sodexo	Public	5757: Restaurants and Bars	France
45	Starbucks Corp	Public	5757: Restaurants and Bars	USA
46	Subway	Private	5757: Restaurants and Bars	USA
47	Umoe Gruppen AS	Public	5757: Restaurants and Bars	Norway
48	Wendy's Company (The)	Private	5757: Restaurants and Bars	USA
49	Whitbread PLC	Public	5757: Restaurants and Bars	UK
50	Yum! Brands INC	Public	5757: Restaurants and Bars	USA
51	2 Sisters Food Group (Boparan Holdings Ltd)	Private	3570: Food Producer	UK
52	Arla Foods	Cooperative	3570: Food Producer	Denmark
53	Associated British Foods PLC	Public	3570: Food Producer	UK
54	Barilla	Private	3570: Food Producer	Italy
55	BRF SA	Public	3570: Food Producer	Brazil
56	Cargill Inc	Private	3570: Food Producer	USA
57	Cranswick PLC	Public	3570: Food Producer	UK
58	Dairy Crest Group PLC	Public	3570: Food Producer	UK
59	Danish Crown Amba	Public	3570: Food Producer	Denmark
60	Terrena Group	Cooperative	3570: Food Producer	France
61	Ferrero SpA	Joint Stock	3570: Food Producer	Italy
62	General Mills Inc	Public	3570: Food Producer	USA
63	Danone	Public	3570: Food Producer	France
64	Groupe Lactalis	Private	3570: Food Producer	France
65	H.J. Heinz Company	Private	3570: Food Producer	USA
66	Hillshire Brands Company (The)	Public	3570: Food Producer	USA
67	JBS SA	Public	3570: Food Producer	Brazil
68	Kraft Foods Group INC	Public	5757: Restaurants and Bars	USA
69	Mondelēz International Inc	Public	3570: Food Producer	USA
70	Marfrig Alimentos SA (Marfrig Group)	Public	3570: Food Producer	Brazil
71	Mars INC	Private	3570: Food Producer	USA
72	Müller Group AG	Private	3570: Food Producer	Germany
73	Nestlé SA	Public	3570: Food Producer	Switzerland
74	Noble Foods Ltd	Private	3570: Food Producer	UK
75	Premier Foods PLC	Public	3570: Food Producer	UK
76	FrieslandCampina	Cooperative	3570: Food Producer	Netherlands
77	WH Group Ltd	Public	3570: Food Producer	PRC
78	Tyson Foods Inc	Public	3570: Food Producer	USA
79	Unilever NV ADR	Public	3570: Food Producer	Netherlands
80	VION NV	Public	3570: Food Producer	Netherlands

APPENDIX 3 - 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.

Cephalosporins – medicines that kill bacteria or prevent their growth. Cephalosporins are a newer class of antibiotics and often are seen as an alternative to penicillin.

Cloning – cloning is the process of producing genetically identical individuals using donor DNA and a surrogate mother. In farm animals, cloning may be used to create copies of high-yielding animals for breeding whose progeny may then be used in food production. The majority of cloning is performed with cattle, but pigs, goats and sheep have also been subject to the procedure. Animal welfare concerns associated with cloning include risks associated with the surgical procedures undergone by the donor and surrogate animals, high rates of pregnancy loss and juvenile deaths, birth complications, and potential loss of genetic diversity.

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

CAFOs (Concentrated Animal Feeding Operations) – also known as a factory farm, a CAFO is a production process for meat that squeezes many animals into a small and confined space (for at least 45 days in a 12 month period under the US Environmental Protection Agency's definition). The animals have very little room to move and the land is bare of vegetation so, instead of grazing, feed is brought to the animals.

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.

Desnooding – removal of the snood of a turkey, the fleshy part hanging from the forehead and over the beak.

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.

Feedlot – an intensive animal feeding operation used to fatten livestock prior to slaughter. Animals such as pigs, sheep or cattle are confined in small areas and supplied with a high protein feed.

Finfish – so-called 'true fish', this term is used to distinguish fish with gills, fins and a backbone from other aquatic animals such as shellfish and jellyfish.

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

Freedom from thirst, hunger and malnutrition
Freedom from discomfort
Freedom from pain and disease
Freedom from fear and distress
Freedom to express normal behaviour

Fluoroquinolones - antimicrobials, used typically to treat bone, joint and skin infections caused by microorganisms.

Food companies - food businesses including producers, processors, manufacturers, food retail and service companies.

Free-farrowing – these systems house pregnant sows, and those with new litters, in larger pens than the sow stall, enabling the sow to move more freely, build a nest, and exhibit other natural behaviours.

Free-range – free-range livestock have access to the outdoors for at least part of the day, allowing greater freedom of movement.

Gait score – a method for assessing lameness in poultry using indicators such as balance, stride length, and the position of the feet.

Gilts - young female pigs that are yet to be 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.

Lairage – holding pens/areas for livestock following transport to a slaughter house.

Long distance transportation – any transport of a live animal that exceeds 8 hours, from loading to unloading; welfare has been shown to decrease significantly in journeys lasting more than 8 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 mutilations 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/grinding – reduction (cutting or grinding) of a piglet's 8 sharp needle teeth shortly after birth using sharp clippers, pliers or a grinder; 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.

Toe clipping – the removal of the ends of toes, including the whole toenail, from poultry.

Triploidy – triploid fish have one extra set of chromosomes than the natural diploid state, rendering them sterile. Aquaculture using artificially induced triploidy avoids problems such as early sexual maturation and interbreeding between wild and cultured fish. However, triploids may be more susceptible to eye cataracts, temperature stress, deformities, and suffer slower growth and lower survival rates.

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.

Welfare outcome measures – indicators directly linked to the physical, emotional and/or behavioural wellbeing of animals.

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