

The Business Benchmark on Farm Animal Welfare

2016 Report

Nicky Amos and Dr Rory Sullivan





Coller Capital



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, contribute to tangible improvements to the welfare of the animals reared for food within company supply chains. 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. In addition to the annual Benchmark, BBFAW has an extensive engagement programme with companies and investors, it provides practical tools for companies and investors, and it produces briefings on key animal welfare issues.

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

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

Coller Capital

Coller 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 \$17 billion. Coller 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.

Coller Capital has also supported the development of FAIRR (Farm Animal Investment Risk & Return), an initiative to help investors understand the short and long-term risks arising from intensive livestock production, and to support investors in assessing these issues as part of their investment processes.

More information on Coller Capital can be found at: www.collercapital.com.

More information on FAIRR can be found at www.FAIRR.org or on page 98 of this report.

Compassion in World Farming

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 programme 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 production systems and practices.

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 understand how they are performing relative to their peers, to 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. Visit: www.esmeefairbairn.org.uk



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/

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We would like to thank the following for their support of this project and their contribution to the design and development of the 2016 Benchmark:

- Philip Lymbery, Dr Tracey Jones, Jemima Jewell, Jo Cooper, Dawn Rotheram and the Food Business team (Compassion in World Farming)
- Steve McIvor, Martin Cooke, Audrey Mealia, Basia Romanowicz, Penny Sawyer, Kai Akram and Darren Vanstone (World Animal Protection)
- Jeremy Coller, Alan Briefel and Rosie Wardle (Coller Capital)
- Vanessa Gardner (Footprint Communications)
- The many companies, investors and other stakeholders who participated in meetings and teleconferences, who provided input to the 2016 Benchmark consultation process, and who provided feedback on the assessment process and methodology.

FOREWORD

With rising public awareness of the way animals are raised for food, animal health and welfare is an increasingly important area for businesses today – particularly for consumer-facing brands such as McDonald's.

Building on a solid foundation of animal health and welfare moves, and driven by what our customers expect, we're committed to bolder decision-making. This is evident in our recent commitment to sourcing cage-free eggs in the US and Canada by 2025 – a commitment that will transform the way millions of laying hens are kept in our supply chain, and one whose effects are already rippling out across the American food industry.

McDonald's doesn't raise any beef, poultry, pork, dairy animals or laying hens ourselves – so to positively influence the health and welfare of the animals in our supply chain we actively collaborate with those who do. This begins with our direct suppliers, many of whom we have been working with for several decades, and extends right back to a network of independent farmers and ranchers who produce the ingredients for our menu offerings.

Because we know how important it is to put the customer at the centre of everything that we do, we know that user-centric design is key. For farm animals, this means designing and assessing systems with the animal's welfare and behavioural needs in mind. Across a number of markets we have been involved in pioneering approaches that do just that – from planting trees in the fields of the free range laying hens in our UK supply chain, to providing them with the shade and protection enjoyed by their jungle fowl ancestors, to working with our beef supplier in France (Moy Park) to develop and pilot an easy-to-use welfare assessment tool for beef cattle based on the European Welfare Quality® project.

Our focus is on prioritizing the opportunities we know are important to our business, our customers, and those that genuinely improve the lives of farm animals in our supply chain. This prioritization is informed via our ongoing consultation with stakeholders and animal health and welfare experts. As a global enterprise doing business in more than 100 countries, we understand the challenges this can sometimes bring, given the different climates and production systems, varying regulations as well as cultural expectations and sensitivities.

Transparency and measurement are key to demonstrating a commitment to animal health and welfare, and the BBFAW plays an important role in elevating the value of both. Not surprisingly, this focus on transparency and measurement supports the shared goal of continuous improvement. This is clear to see in the 2016 BBFAW results, with 87% of companies acknowledging farm animal welfare as a business issue (vs. 84% in 2015), 72% of companies having a formal policy (vs. 69% in 2015 and 46% in 2012) and 64% of companies publishing targets and objectives (vs. 54% in 2015 and 26% in 2012). In fact, a record number of companies have improved their ranking in the BBFAW Benchmark, with 24 companies (or 29% of the 84 companies in 2015) having increased their performance by at least 1 tier (vs. 19 in 2015). What this means for major food companies like McDonald's is that we need to work with our suppliers, our industry peers, our customers and our stakeholders to support the raising of standards across the board.

It is also clear that there are many opportunities to improve, including on the practice of reporting progress, with companies achieving an average score of 34%.

As global demand for livestock products continues to increase, and the world seeks to reconcile food production with the ecological limits of the planet, it is incumbent on all of us to ensure that production systems meet both the health and behavioural needs of food animal species. Given the interrelatedness of global supply chains, the industry and key stakeholders will increasingly need to work together to create solutions that work for consumers, producers, businesses, the environment – and of course the millions of farm animals around the world.

**Keith Kenny**

Vice President Sustainability
McDonald's Corporation

EXECUTIVE SUMMARY

SETTING THE SCENE

This is the fifth Business Benchmark on Farm Animal Welfare (BBFAW) report, following previous Benchmarks in 2012, 2013, 2014 and 2015¹. It describes how global food companies are managing and reporting on farm animal welfare, and assesses the progress that has been made since the first Benchmark report. We focus, in particular, on progress over the past year, analysing the factors that are driving improvements in corporate practice and performance on farm animal welfare and identifying what we see as the major obstacles to progress.

ABOUT 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 of and reporting on farm animal welfare issues.

BBFAW's key tool for the delivery of these objectives is an annual Benchmark of food companies' management and reporting on farm animal welfare. BBFAW also has an extensive programme of structured engagement with investors and with companies; this engagement encourages investors to pay more attention to farm animal welfare in their investment processes and in their company dialogue, and encourages companies to improve their practices, performance and reporting on farm animal welfare. 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 and forthcoming farm animal welfare-related regulations and policies².

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.

The BBFAW Steering Committee, comprising senior members from each of the funding partners, oversees the BBFAW programme's strategic development and budget.

The programme is managed by an independent Secretariat. In this role, Nicky Amos CSR Services Ltd is responsible for providing an Executive Director and other resources necessary to coordinate the development of the Benchmark programme, to conduct the company research and evaluations, and to engage with investors, 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.

1
Previous Benchmark reports can be downloaded from <http://www.bbfa.com/publications>

2
These can be found at <http://www.bbfa.com/publications>

Benchmark Structure

The Benchmark assessed company approaches to farm animal welfare based on their published information in five 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, internal controls and supply chain management.
- **Leadership and Innovation** including research and development and customer and client engagement.
- **Performance Reporting** including progress reporting (against policies/objectives and targets); input-based measures (e.g. production systems, such as cage-free systems).
- **Performance Impact** including outcome-based measures (e.g. species-specific indicators of well-being).

To ensure consistency with previous iterations of the Benchmark, the questions and the associated scoring remain relatively unchanged. We have however made some minor changes to the Benchmark questions that are used to generate the company rankings:

- We have added a new question (Question 21) on whether companies report on the proportion of animals that are free from routine mutilations in the Performance Reporting section. This question – which offered a maximum score of five points – was included in the 2016 Benchmark scoring.
- We moved the question on the reporting of progress and trends in performance from the section on Governance and Management to the Performance Reporting section. We have not altered the wording or weighting of this question. However, this change means that the overall weighting of the Performance Reporting section has increased from 10% in 2015 to 17% in 2016, in line with our longer-term aim for the Benchmark to focus on performance rather than exclusively on management processes.

Benchmark Scope

In total, 99 companies were included in the 2016 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 1).

Relative to the 2015 Benchmark, twelve new companies were added. These were: Chick-fil-A (USA), Charoen Pokphand (CP) Group (Thailand), Dunkin' Brands Inc (USA), E Leclerc (France), Zhongpin Inc (PRC), Hormel Foods Corporation (USA), Les Mousquetaires (France), New Hope Liuhe Co Ltd (PRC), OSI Group (USA), Panera Bread (USA), Publix Super Markets Inc (USA) and Yonghui Superstores (PRC/USA).

In addition to the new companies, a number of other minor changes were made to the universe of companies covered by the Benchmark, in particular:

- Burger King was evaluated as part of its Canadian parent company, Restaurant Brands International.
- Kraft Heinz was evaluated for the first time, following the merger of Kraft and Heinz in 2015.
- Ahold Delhaize was evaluated for the first time, following the merger of Ahold and Delhaize in 2016.
- UK company Dairy Crest was removed from the company scope following the sale of a significant proportion of its dairy business in 2015.

Table 1: Companies by Sub-sector

| SUB-SECTOR (AND ICB CLASSIFICATION) | NUMBER OF COMPANIES |
|---------------------------------------|---------------------|
| Food Retailers and Wholesalers (5337) | 35 |
| Restaurants and Bars (5757) | 28 |
| Food Producers (3570) | 36 |
| Total | 99 |

Table 2: Companies by Country of Listing or Incorporation

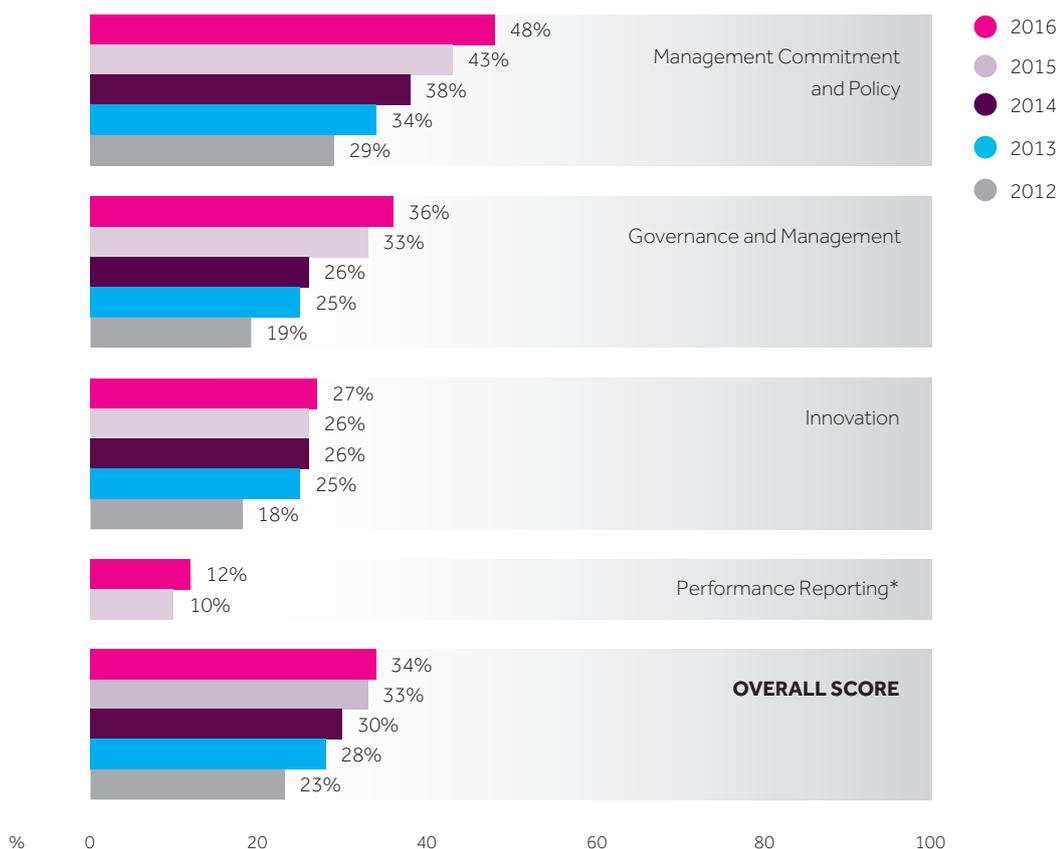
| COUNTRY OF LISTING OR INCORPORATION | NUMBER OF COMPANIES |
|-------------------------------------|---------------------|
| USA | 28 |
| UK | 18 |
| France | 10 |
| Germany | 8 |
| Italy | 6 |
| Netherlands | 4 |
| People's Republic of China | 4 |
| Switzerland | 4 |
| Brazil | 3 |
| Australia | 2 |
| Denmark | 2 |
| Norway | 2 |
| Sweden | 2 |
| Spain | 2 |
| Canada | 2 |
| New Zealand | 1 |
| Thailand | 1 |

Key Findings

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

As can be seen in Figure 1, the practice and reporting on farm animal welfare – relative to other corporate responsibility issues – remains in its infancy. While, 87% of the companies covered by our assessment acknowledge farm animal welfare as a business issue, only 73% have formalised their commitment in overarching policies or equivalent documents, 65% have set farm animal welfare-related objectives and targets, and 45% have described their management responsibilities for farm animal welfare. These findings indicate that many companies have yet to establish robust systems and processes for managing, measuring and reporting on farm animal welfare.

Figure 1: Overall Scores



*Incorporated into company scores for the first time in 2015

Note: The Governance and Management and Performance Reporting sections in 2016 are not directly comparable to previous years. This is due to (i) the repositioning of one 10-mark question on progress reporting, which now appears in the Performance Reporting section, and (ii) the addition of one new question (on routine mutilations), which appears in the Performance Reporting section.

However, companies are paying increased attention to farm animal welfare

While starting from a relative low base, companies are continuing to increase the attention they pay to farm animal welfare. Since the first Benchmark in 2012, the overall score across the universe of companies increased year-on-year by approximately 5% from 2012 to 2013, by 2% from 2013 to 2014, and by 3% from 2014 to 2015. If we were to look at the overall scores for 2016 on a like-for-like basis (i.e. excluding the 12 new companies), the average score increased by 5% between 2015 and 2016, clearly demonstrating the significant progress being made by existing companies in the Benchmark. If we include the 12 new companies, however, the overall score increases by only 1%, reflecting the fact that many of these new companies are at the early stages of developing and implementing their approaches to farm animal welfare.

Table 3: 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% |

Figure 2: Company Rankings

TIER

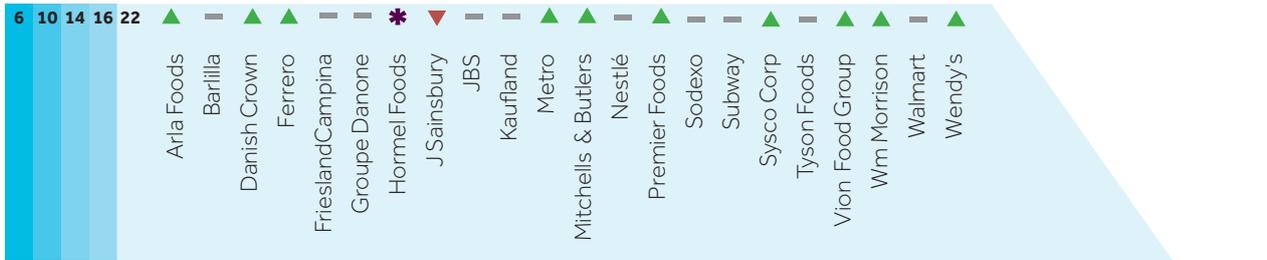
1 - Leadership



2 - Integral to Business Strategy



3 - Established But Work to be Done



4 - Making Progress on Implementation



5 - On the Business Agenda but Limited Evidence of Implementation



6 - No Evidence that on the Business Agenda



Table 4: Number of Companies by Tier

| TIER | NUMBER OF COMPANIES | | | | |
|--|---------------------|-----------|-----------|-----------|-----------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| 1. Leadership | 0 | 2 | 3 | 4 | 6 |
| 2. Integral to Business Strategy | 3 | 5 | 7 | 7 | 7 |
| 3. Established but Work to be Done | 6 | 10 | 14 | 16 | 22 |
| 4. Making Progress on Implementation | 18 | 16 | 16 | 27 | 22 |
| 5. On the Business Agenda but Limited Evidence of Implementation | 18 | 14 | 19 | 17 | 24 |
| 6. No Evidence that on the Business Agenda | 23 | 23 | 21 | 19 | 18 |
| Total | 68 | 70 | 80 | 90 | 99 |

Since the launch of the first Benchmark in 2012, we have seen significant increases in the number of companies that have published overarching policies on farm animal welfare and in the number that have published policies on specific animal welfare-related issues. Of particular note has been the rate at which companies (particularly in the US) are adopting policies on the avoidance of close confinement and the reduction or elimination of the routine use of antibiotics. In fact, 77% of companies in the 2016 Benchmark have published policies relating to the avoidance of close confinement (versus 72% in 2015) and 47% of companies (versus 39% in 2015) have published commitments to reduce or eliminate routine antibiotics use in animals.

Farm animal welfare is emerging as a source of competitive advantage

In the first years of the Benchmark, farm animal welfare was seen primarily as a source of business risk through increased costs, through media exposés of poor practices and NGO campaigns. Many companies saw the 2013 'Horsegate' scandal as further confirmation of this perspective, giving additional impetus to the emphasis on supply chain management and control, on auditing processes and on demonstrating the quality of risk management to customers and clients. Managing farm animal welfare-related risks remains important. However, over the past year, we have seen a striking change in the manner in which companies talk about farm animal welfare. Increasingly companies describe farm animal welfare in terms of the opportunities – financial and reputational – that can be delivered, and they position farm animal welfare as an integral part of their approach to corporate responsibility rather than simply as a compliance requirement.

What has driven this change? Our discussions with the companies covered by the Benchmark point to several reasons. In part, it reflects customer and client demand, as well as pressure from investors. However, the more significant drivers have come from within food businesses themselves. Companies see higher standards of farm animal welfare as enabling them to differentiate their products, to move up the food value chain, to build partnerships with their clients, to enter new markets and to create new products. They see these strategies as enabling them to respond not only to consumer demand for higher welfare products, but also wider trends in terms of healthy lifestyles, food quality and nutritional value and product authenticity. They have also recognised that accessing these opportunities is not the preserve of niche 'healthy' or 'organic' producers, nor is it limited to premium brands and food companies appealing to more affluent consumers. Instead, these are opportunities that can be accessed at scale and can make a material difference to earnings across the value chain as well as future profitability.

Interestingly, our investor surveys point to similar themes. Higher standards on farm animal welfare are not only seen as a measure of the 'quality of management' (or of risk management) but as an indication of companies' ability to innovate, deliver new products, access new markets and create long-term benefits for investors.

This is an exciting trend and one that we will explore in future iterations of the Benchmark and in our engagement with investors and with companies.

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

The 13 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. These companies cover all three of the food industry sub-sectors (i.e. food retailers and wholesalers, restaurants and bars, and food producers) are well distributed across the countries (of listing or incorporation) covered by the Benchmark and encompass a range of ownership structures (public, private and co-operatives). This 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.

Institutional investors are starting to influence farm animal welfare practice

The growing profile of the investment community is an important and noteworthy development. Our dialogue with and surveys of investors and companies in 2015 and 2016³ suggest that farm animal welfare is increasingly identified as an important corporate responsibility issue (by companies and their investors).

There are growing signs that investors are prepared to act on farm animal welfare – for example, 22 institutional investors have signed the Business Benchmark on Farm Animal Welfare's 'Global Investor Statement on Farm Animal Welfare'⁴ and, in May 2016, 18 major investors wrote to leading and lagging companies about their performance, and encouraging them respectively to maintain or improve their positions⁵. Our analysis suggests companies are responding to this pressure from investors. For example, of the 36 companies in Tiers 5 and 6 of the 2015 Benchmark, 10 improved their scores sufficiently in 2016 to move up at least one tier.

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<http://www.bbfaw.com/media/1077/how-investors-are-using-the-business-benchmark-on-farm-animal-welfare.pdf> and www.bbfaw.com/publications

4

<http://www.bbfaw.com/media/1435/investor-statement-on-farm-animal-welfare.pdf>

5

<http://www.bbfaw.com/news-and-events/press-release/two-new-investor-organisations-join-global-collaboration-on-farm-animal-welfare/>

Next steps

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 on:

- **Encouraging more investors to signal the importance they assign to farm animal welfare** through increasing the number that sign the Global Investor Statement on Farm Animal Welfare.
- **Strengthening the International Investor Collaboration on Farm Animal Welfare.**
We want to continue to encourage and support leading companies to maintain and improve their performance on farm animal welfare. We also want to challenge other companies to improve their practices, processes and performance, and to make farm animal welfare an integral part of their business strategy.
- **Continuing to improve the Benchmark.** Among the suggestions we have received are that we: provide greater information on the reasons for changes in company scores, strengthen our validation of company-published information, and broaden the coverage of the Benchmark (e.g. increasing the number of US companies, moving towards a comprehensive global index).
- **Strengthening the evidence base on the business case for action.** (e.g. impacts on share prices and other financial metrics, evidence of how higher standards of farm animal welfare improve company financial performance).
- **Raising awareness of farm animal welfare and the investment-related risks and opportunities in the investment community.** We will achieve this through:
 - Ongoing direct engagement with investors.
 - BBAFW press and communications activities.
 - Participating in investment-related seminars and events.
 - Increasing our engagement with investors in the United States and Canada⁶, particularly given the increase in the number of North American companies covered by the Benchmark.

We plan to repeat the Benchmark in August/September 2017, with the aim of releasing the sixth Benchmark Report in early 2018. 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 2017, 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.

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We have already started to engage with investors in both countries. For notes on the state of play and current challenges, see Amos, N. & Sullivan, R. (2016), *The Business and Investment Case for Farm Animal Welfare: The US Perspective* (BBAFW, London) (http://www.bbfaw.com/media/1434/notes-of-bbfaw-roundtable-9-may-2016_final2.pdf) and Vanstone, D., Sullivan, R. & Mealia, A. (2015), 'So What Do Canadian Investors Really Think About Farm Animal Welfare?', *Ethiquette*, 8 December 2015 (<http://www.ethiquette.ca/en/so-what-do-canadian-investors-really-think-about-farm-animal-welfare/>).

CHAPTER 1

INTRODUCTION



1.1

SETTING THE SCENE

Farm animal welfare is increasingly recognised as a business priority by global food companies. This is being driven by a variety of factors: food scares; tightening regulatory requirements on animal welfare and on food safety and quality; benchmarking of industry performance on farm animal welfare (notably through the Business Benchmark on Farm Animal Welfare); industry peer pressure; pressure from non-governmental organisations (NGOs) to adopt key welfare policies; investor concerns about how food companies are managing animal welfare and other risks in their supply chains; market opportunities for higher welfare products; the potential for brand and product differentiation through adopting higher welfare standards; and consumer interest in issues such as food quality, safety, provenance and traceability.

This is the fifth Business Benchmark on Farm Animal Welfare (BBFAW) report, following previous Benchmarks in 2012, 2013, 2014 and 2015⁷. In this report, we describe how global food companies are managing and reporting on farm animal welfare, and assess the progress that has been made since the first Benchmark report. We focus, in particular, on progress over the past year, analysing the factors that are driving improvements in corporate practice and performance on farm animal welfare and identifying what we see as the major obstacles to progress.

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 of and reporting on farm animal welfare issues.

BBFAW's key tool for the delivery of these objectives is an annual Benchmark of food companies' performance on farm animal welfare. BBFAW also has an extensive programme of structured engagement with investors and with companies; this engagement encourages investors to pay more attention to farm animal welfare in their investment processes and in their company dialogue, and encourages companies to improve their practices, performance and reporting on farm animal welfare. 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 and forthcoming farm animal welfare-related regulations and policies⁸.

7
Previous Benchmark reports can be downloaded from <http://www.bbfa.com/publications/>

8
These can be found at <http://www.bbfa.com/publications/>

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 a partner.

The BBFAW Steering Committee, comprising senior members from each of the funding partners, oversees the BBFAW programme's strategic development and budget.

The programme is managed by an independent Secretariat. In this role, Nicky Amos CSR Services Ltd is responsible for providing an Executive Director and other resources necessary to coordinate the development of the Benchmark programme, to conduct the company research and evaluations, and to engage with investors, 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 2016 benchmarking process were:

- Nicky Amos, Executive Director, BBFAW
- 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
- Basia Romanowicz, Technical Expert, Farm Animals, World Animal Protection
- Dr Rory Sullivan, Expert Advisor, BBFAW
- Rosie Wardle, Programme Director, Jeremy Collier Foundation, nominated representative of Collier Capital

1.3

REPORT STRUCTURE

The report comprises six main chapters as follows:

- Chapter 1 (this chapter) sets the scene.
- Chapter 2 describes the Benchmark criteria, scope and assessment process.
- Chapter 3 presents the key findings of the 2016 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 in the management of farm animal welfare.
- Chapter 5 reflects on the implications of the Benchmark for companies and investors, and discusses emerging farm animal welfare-related issues for food companies.
- Chapter 6 describes the future development of the Benchmark.

CHAPTER 2

METHODOLOGY AND APPROACH



2.1

THE 2016 BENCHMARK

Investor and company engagement are integral parts of the Benchmark development and improvement process. Since the launch of the fourth Benchmark report in January 2016, the BBFAW Secretariat has:

- Participated in a series of meetings with European and North American investors and companies;
- Convened a working group comprising technical experts from Compassion in World Farming and World Animal Protection to develop the Benchmark criteria on animal welfare performance impact;
- Continued to convene a global investor engagement programme on farm animal welfare (see Section 5), now supported by 19 major institutional investors representing over £1 trillion in assets under management;⁹
- Developed the first ever Global Investor Statement on Farm Animal Welfare (see Section 5), now supported by 22 signatories representing approximately £1.83 trillion in assets under management;¹⁰
- Surveyed food companies on how the Benchmark has influenced their approach to farm animal welfare;¹¹
- Surveyed investors on how they are using the Benchmark;¹²
- Conducted a formal consultation in June and July 2016 on the scope and criteria for this iteration of the 2016 Benchmark;¹³
- Participated in a series of conferences, roundtables and webinars, in the UK, Europe and North America.¹⁴

This engagement has resulted in us making a number of changes to the Benchmark itself (see Section 2.2) and to the universe of companies covered by the Benchmark (see Section 2.4).

9

<http://www.bbfaw.com/news-and-events/press-release/bmo-global-asset-management-emea-joins-global-collaboration-on-farm-animal-welfare/>

10

<http://www.bbfaw.com/media/1443/bbfaw-investor-statement-update-21sept16.pdf>

11

<http://www.bbfaw.com/publications/>

12

<http://www.bbfaw.com/publications/>

13

http://www.bbfaw.com/media/1437/consultation-on-2016-benchmark_master.pdf and <http://www.bbfaw.com/publications/>

14

Details of many of these events are provided on the BBFAW website at <http://www.bbfaw.com/news-and-events/>

2.2



BENCHMARK STRUCTURE

The Benchmark criteria (see Appendix 1) are set out in five core areas as indicated in Table 2.1.¹⁵ 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.

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For a more detailed discussion of the Benchmark criteria, see the 2016 Methodology Report at <http://www.bbfaw.com/publications/>

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 | 33% |
| 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 of performance against objectives, targets, and company policy. • Internal controls such as employee training on farm animal welfare and responses 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. | 75 | 36% |
| 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. • Independent third-party 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 | 14% |
| Performance Reporting | <ul style="list-style-type: none"> • Company reporting on specific performance measures, namely the proportion of all relevant animals in supply chains that are free from confinement and from routine mutilations, the proportion of all relevant animals in supply chains that are subject to pre-slaughter stunning, and the average, typical or maximum permitted live transport times for all relevant animals in supply chains. • Company reporting on other farm animal welfare outcome measures. • Company reporting on factors that have affected performance against farm animal welfare policy and against objectives and targets. | 35 | 17% |
| Performance Impact | <ul style="list-style-type: none"> • The performance of the company on key welfare outcomes for specific species, as measured by: <ul style="list-style-type: none"> • The proportion of defined species (e.g. laying hens, sows, broiler chickens, dairy cattle) that are free from close confinement. • The proportion of defined species (e.g. laying hens, pigs) that are free from routine mutilations. • The proportion of all animals that are subject to pre-slaughter stunning. • The proportion of animals that are transported within specified maximum journey times. | 0 (see below) | 0 (see below) |

In order to ensure consistency with previous iterations of the Benchmark, the questions and the associated scoring remain relatively unchanged. We have however made some minor changes to the Benchmark questions that are used to generate the company rankings:

- We have added a new question (Question 21) on whether companies report on the proportion of animals that are free from routine mutilations in the Performance Reporting section. This question – which offered a maximum score of five points – was included in the 2016 Benchmark scoring.
- We moved the question on the reporting of progress and trends in performance from the section on Governance and Management to the Performance Reporting section. We have not altered the wording or weighting of this question.

The overall effect of these changes is as follows:

- The maximum overall score has increased from 205 points to 210 points.
- The number of points for Management Commitment remains unchanged but the proportion of points allocated for this section has reduced from 34% in 2015 to 33%.
- The number of points for Governance and Management has been reduced by 10 points, and the proportion of points allocated for this section has reduced from 41% in 2015 to 26%.
- The number of points for Leadership and Innovation remains unchanged but the proportion of points allocated for this section has reduced from 15% in 2015 to 14%.
- The number of points for Performance Reporting has been increased by 15 points, and the proportion of points allocated for this section has increased from 10% in 2015 to 17%, in line with the Benchmark's aim to progressively increase the emphasis on performance measurement and reporting.

While not part of the company scoring, we also introduced nine questions that assess companies' impact on the well-being of animals in their global supply chains. These questions focus on the proportion of defined species (e.g. laying hens, sows, pigs, broiler chickens, dairy cattle) that are free from the most negative welfare impacts. By applying a value judgement to the scoring approach, companies will be awarded incremental points based on the proportion of key species that meet the criteria.

In developing and introducing performance-related questions into the Benchmark, we are mindful of the fact that performance reporting presents real challenges for companies (including the multiplicity of species and complexity of production systems across different geographies; variances in management standards; the absence of universal global performance standards; the relative difficulties in reporting ingredients versus fresh produce; and commercial sensitivities associated with performance disclosure). We also accept that performance reporting will only become standard when there is a consensus on the performance data that needs to be reported and when a critical mass of companies is reporting this information.

Given that companies will need time to familiarise themselves with the questions and adapt their reporting accordingly, we did not include these questions in companies' scoring or rankings in 2016. Our expectation is that these questions will be included in the overall scoring and rankings from 2017. Our current thinking is that the performance impact questions will represent approximately 15% of each company's score in 2017 and 20-25% in 2018. This is in line with our intention to increase the weighting of performance reporting and impact questions in the Benchmark to 35% by 2018. We will, however, consult on this issue (and on the weighting to be assigned to these questions) as part of the consultation around the 2017 Benchmark.

2.3



THE BENCHMARKING PROCESS

The 2016 Benchmark followed the same process as the four previous Benchmarks.

The initial company assessments were conducted in August and September 2016 by Nicky Amos and Dr Rory Sullivan (from the BBFAW Secretariat), Dr Steve Webster (Delta-innovation) and Dr Heleen van de Weerd (Cerebrus Associates). This desktop review of each company's published information 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. These reviews also covered materials such as company press releases and frequently asked questions.

The company assessments were based on published information only. The reasons for relying on published information were: (a) to encourage better disclosure, which is a core objective of the BBFAW, (b) to ensure that companies were assessed in a consistent manner (i.e. via an unbiased, objective evaluation of published information), (c) 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 and November 2016. During November 2016, 37 companies (37% of those 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 ten 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 2017.

2.4

COMPANIES COVERED

In total, 99 companies were included in the 2016 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 2015 Benchmark, twelve new companies were added. These were: Chick-fil-A (USA), Charoen Pokphand (CP) Group (Thailand), Dunkin' Brands Inc (USA), E Leclerc (France), Zhongpin Inc (PRC), Hormel Foods Corporation (USA), Les Mousquetaires (France), New Hope Liuhe Co Ltd (PRC), OSI Group (USA), Panera Bread (USA), Publix Super Markets Inc (USA) and Yonghui Superstores (PRC/USA).

In addition to the new companies, a number of other minor changes were made to the universe of companies covered by the Benchmark, in particular:

- Burger King was evaluated as part of its Canadian parent company, Restaurant Brands International.
- Kraft Heinz was evaluated for the first time, following the merger of Kraft and Heinz in 2015.
- Ahold Delhaize was evaluated for the first time, following the merger of Ahold and Delhaize in 2016.
- UK company Dairy Crest, was removed from the company scope following the sale of a significant proportion of its dairy business in 2015.

Table 2.2: Companies by Sub-sector

| SUB-SECTOR (AND ICB CLASSIFICATION) | NO. OF COMPANIES |
|---------------------------------------|------------------|
| Food Retailers and Wholesalers (5337) | 35 |
| Restaurants and Bars (5757) | 28 |
| Food Producers (3570) | 36 |
| Total | 99 |

Table 2.3: Companies by Country of Listing or Incorporation

| COUNTRY OF LISTING OR INCORPORATION | NO. OF COMPANIES |
|-------------------------------------|------------------|
| USA | 28 |
| UK | 18 |
| France | 10 |
| Germany | 8 |
| Italy | 6 |
| Netherlands | 4 |
| People's Republic of China | 4 |
| Switzerland | 4 |
| Brazil | 3 |
| Australia | 2 |
| Denmark | 2 |
| Norway | 2 |
| Sweden | 2 |
| Spain | 2 |
| Canada | 2 |
| New Zealand | 1 |
| Thailand | 1 |

CHAPTER 3

OVERARCHING RESULTS



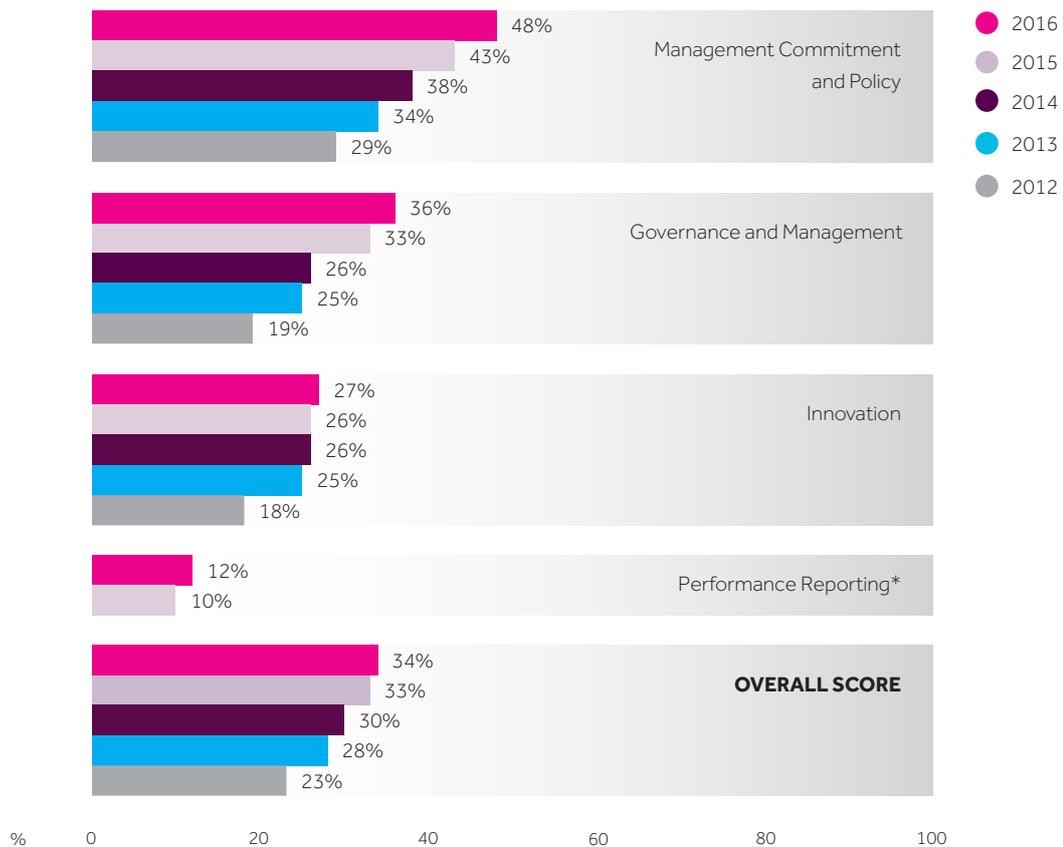
3.1

OVERALL FINDINGS

The headline findings from the 2016 Benchmark mirror the findings in the 2015 Benchmark, namely that:

- Practice and reporting on farm animal welfare remain relatively underdeveloped (see Figure 3.1).
- However, companies are continuing to increase the attention they pay to farm animal welfare, with the average score for the companies covered in the 2015 and 2016 Benchmarks increasing from 33% to 34%, or from 33% to 38% on a like-for-like basis (i.e. excluding the 12 new companies).

Figure 3.1: Overall Scores



*incorporated into company scores for the first time in 2015

Note: The Governance and Management and Performance Reporting sections in 2016 are not directly comparable to previous years. This is due to (i) the repositioning of one 10-mark question on progress reporting, which now appears in the Performance Reporting section, and (ii) the addition of one new question (on routine mutilations), which appears in the Performance Reporting section.

Since the first Benchmark in 2012, the overall score across the universe of companies increased year-on-year increasing by approximately 5% from 2012 to 2013, by 2% from 2013 to 2014, and by 3% from 2014 to 2015. If we were to look at the overall scores on a like-for-like basis (i.e. excluding the 12 new companies), the average score increased by a further 5% between 2015 and 2016, clearly demonstrating the significant progress being made by existing companies in the Benchmark. If we include the 12 new companies however, the overall score increases by only 1%, reflecting the fact that many of these new companies are at the early stages of developing and implementing their approaches to farm animal welfare. This trend of ongoing improvement is mirrored by changes in specific areas of the Benchmark. For example, the proportion of companies with a published farm animal welfare policy has increased from 46% in 2012 to 73% in 2016.

We also see the proportion of companies that have published objectives and targets for farm animal welfare has increased from 26% in 2012, to 54% in 2015 and to 65% in 2016. This is particularly encouraging as it signifies that companies are taking practical steps to put their policy commitments into practice.

3.2

INDIVIDUAL COMPANY PERFORMANCE

We have ranked the surveyed companies into one of six tiers, based on their percentage scores, as indicated in Table 3.1¹⁶. 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 2016.

Table 3.1: BFAW 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 have used the same percentage scores to categorise companies by tier since the first Benchmark in 2012.

Figure 2: Company Rankings

TIER

1 - Leadership

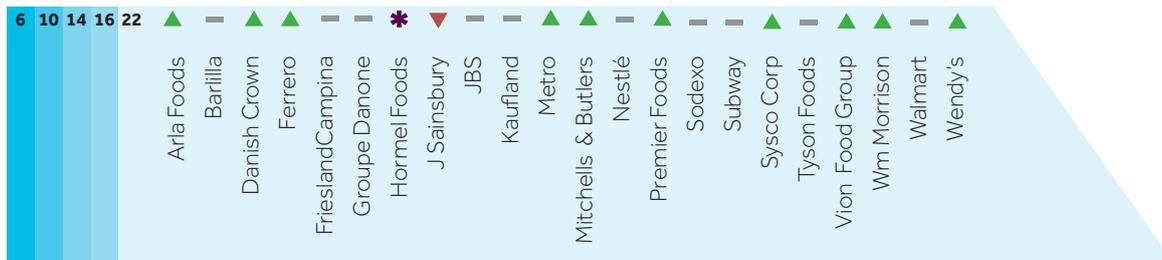


- Non-mover
- ▲ Up at least 1 tier
- ▼ Down at least 1 tier
- * New company

2 - Integral to Business Strategy



3 - Established But Work to be Done



4 - Making Progress on Implementation



5 - On the Business Agenda but Limited Evidence of Implementation



6 - No Evidence that on the Business Agenda



Table 3.2: Number of Companies by Tier

| TIER | NUMBER OF COMPANIES | | | | |
|---|---------------------|-----------|-----------|-----------|-----------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| 1 Leadership | 0 | 2 | 3 | 4 | 6 |
| 2 Integral to Business Strategy | 3 | 5 | 7 | 7 | 7 |
| 3 Established but Work to be Done | 6 | 10 | 14 | 16 | 22 |
| 4 Making Progress on Implementation | 18 | 16 | 16 | 27 | 22 |
| 5 On the Business Agenda but Limited Evidence of Implementation | 18 | 14 | 19 | 17 | 24 |
| 6 No Evidence that on the Business Agenda | 23 | 23 | 21 | 19 | 18 |
| Total | 68 | 70 | 80 | 90 | 99 |

As can be seen from Figure 3.2 and Table 3.2, the average score remains low, with 42 of the 99 companies appearing in Tiers 5 and 6, which is a broadly similar proportion to that in the 2015 Benchmark. These are companies where there is limited or no evidence that farm animal welfare is on the business agenda.

While this signals that there is much work that needs to be done to even get farm animal welfare on the business agenda of many large global food companies, a more encouraging picture emerges if we exclude the 12 new companies from the analysis, with the number of companies in Tiers 5 and 6 being 30 out of 87 (34%), compared to the 40% in the 2015 Benchmark.

There is also a group of clear leaders. The 13 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. These companies cover all three of the food industry sub-sectors (i.e. food retailers and wholesalers, restaurants and bars, and food producers), are well distributed across the countries (of listing or incorporation) covered by the Benchmark and encompass a range of ownership structures (public, private and co-operatives). This is 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 fact (see Table 3.3), 26 companies have moved up at least one tier in the Benchmark, with Cargill and Mondelēz International moving up two tiers. The fact that so many companies have significantly increased their scoring since the 2015 Benchmark suggests that companies are actively seeking to address weaknesses in their practice and/or disclosure on farm animal welfare (as identified during the annual Benchmark assessments). It might also suggest – especially given the number of previously low ranking companies that have improved – that companies are beginning to respond to increased investor interest in their Benchmark scores. In fact, 10 of the companies appearing in Tiers 5 and 6 in the 2015 Benchmark have risen at least one tier in 2016. It is noteworthy that, in May 2016, these companies received a letter co-signed by 18 institutional investors asking them to account for their poor performance in the Benchmark. (See page 74 for further information on the BBFAW's investor engagement initiative.)

Table 3.3: Companies Improving by at Least One Tier between 2015 and 2016

| COMPANY NAME | CHANGE FROM 2015 TO 2016 |
|------------------------|---------------------------------|
| ABF | Tier 6 to Tier 5 |
| Camst | Tier 6 to Tier 5 |
| Mars Inc | Tier 6 to Tier 5 |
| Mondelēz International | Tier 6 to Tier 4 |
| SSP Group | Tier 6 to Tier 5 |
| Aldi Nord | Tier 5 to Tier 4 |
| Carrefour | Tier 5 to Tier 4 |
| Costco Wholesale | Tier 5 to Tier 4 |
| Lidl | Tier 5 to Tier 4 |
| Loblaw | Tier 5 to Tier 4 |
| Arla Foods | Tier 4 to Tier 3 |
| Cargill | Tier 4 to Tier 2 |
| Danish Crown | Tier 4 to Tier 3 |
| Ferrero | Tier 4 to Tier 3 |
| Metro | Tier 4 to Tier 3 |
| Mitchells & Butlers | Tier 4 to Tier 3 |
| Premier Foods | Tier 4 to Tier 3 |
| Sysco Corp | Tier 4 to Tier 3 |
| Wm Morrison | Tier 4 to Tier 3 |
| Vion Food Group | Tier 4 to Tier 3 |
| Wendy's | Tier 4 to Tier 3 |
| BRF | Tier 3 to Tier 2 |
| Greggs | Tier 3 to Tier 2 |
| Tesco | Tier 3 to Tier 2 |
| Cranswick | Tier 2 to Tier 1 |
| Migros | Tier 2 to Tier 1 |

While the overall trends are encouraging, eight companies fell by at least one tier (see Table 3.4), with Marfrig falling by two tiers. There are different reasons for companies' scores decline: revamped corporate websites with animal welfare coverage deleted or reduced; a failure to update farm animal welfare-related information (even though concerns had previously been raised by BBFAW assessors about the currency of the data being reported); the move towards integrated reporting with a reduction in the information being provided on farm animal welfare. A further reason is corporate mergers and acquisitions, which often lead to companies significantly reducing the amount of information provided on sustainability-related issues in the years immediately following major changes in ownership. We have seen this with a number of companies this year (for example, Ahold Delhaize, Kraft Heinz and Marfrig) and in previous years (for example, Vion Food Group and Mondelēz International). In our experience, after a period of time, companies often – although not always – restore their reporting on farm animal welfare to the level they achieved prior to changes in ownership taking place.

Table 3.4: Companies Falling by at Least One Tier between 2015 and 2016

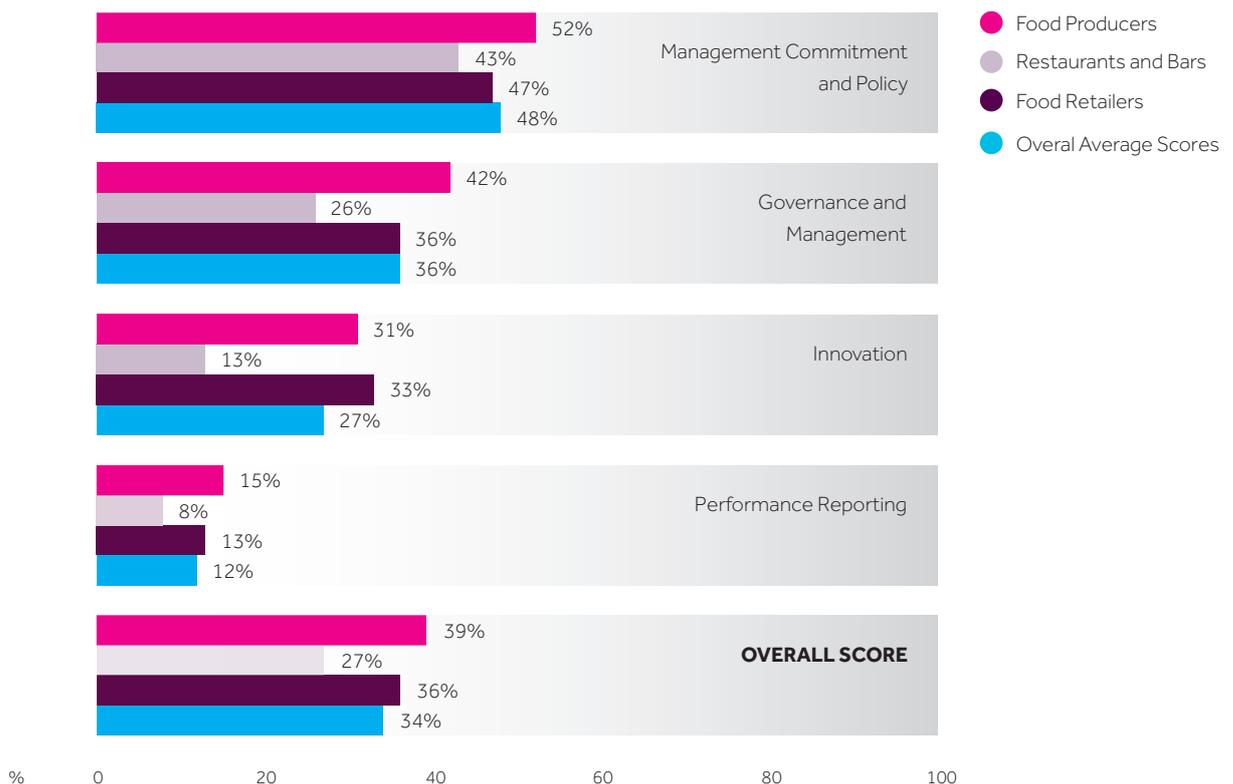
| COMPANY NAME | CHANGE FROM 2015 TO 2016 |
|--------------------|--------------------------|
| J Sainsbury | Tier 2 to Tier 3 |
| Marfrig | Tier 2 to Tier 4 |
| Compass Group | Tier 3 to Tier 4 |
| Whitbread | Tier 3 to Tier 4 |
| Darden Restaurants | Tier 4 to Tier 5 |
| Elior | Tier 4 to Tier 5 |
| Gruppo Cremonini | Tier 4 to Tier 5 |
| Mercadona | Tier 5 to Tier 6 |

3.3

PERFORMANCE BY SUB-SECTOR

Figure 3.3 presents the results of the 2016 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. In fact, it is only now that the average performance of the restaurants and bars sector (at 27%) is similar to the overall average (of 23%) for all companies in 2012. Expressed another way, the restaurants and bars sector appears to lag behind the other sectors by five years.

It is worth highlighting that food producers represent the strongest performing sector in the Benchmark, with an average score of 39% compared to 36% for retailers. This finding, combined with our dialogue with food companies, suggests that business-to-business food producers are responding to increased interest in farm animal welfare from their customers, and that business-to-consumer food producers are responding to increased consumer interest in the issue.

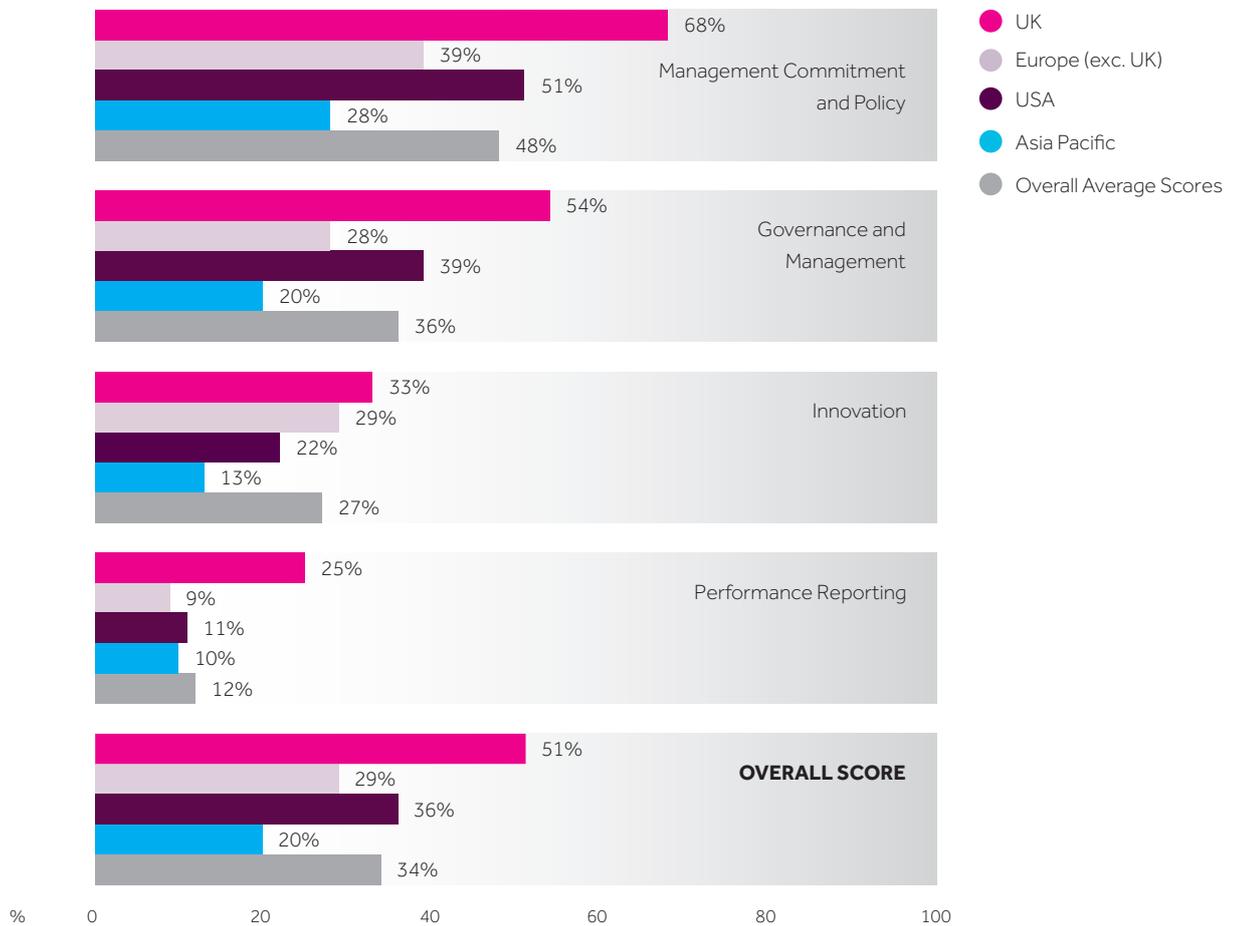
Figure 3.3: Sub-sector Comparison

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 28 US companies, the 40 European (excluding the UK) companies and the 13 companies in Asia-Pacific with the average scores of the 99 companies covered by the Benchmark. While UK companies have been relatively good performers over the five iterations of the Benchmark, this is the first time that the differences in performance have been so clear cut. Notwithstanding this, it is worth noting that US companies have shown the most improvement in their overall performance, rising from an average score of 29% in 2015 to a score of 36% in 2016. This compares to only marginal increases in the average scores for UK companies and European companies in the same period. Finally, while the average score for companies in Asia-Pacific at 20% is low, we caution against drawing very strong conclusions on this point given the relatively small sample size involved and the potential for a small number of high performing companies in other geographies to significantly skew the results. As the Benchmark expands and as the number of companies in each region increases, we will be able to conduct more detailed and more comprehensive country studies and offer more definitive conclusions on whether a company's country of origin is a significant influence on Benchmark performance.

Figure 3.4: Geographic Comparison

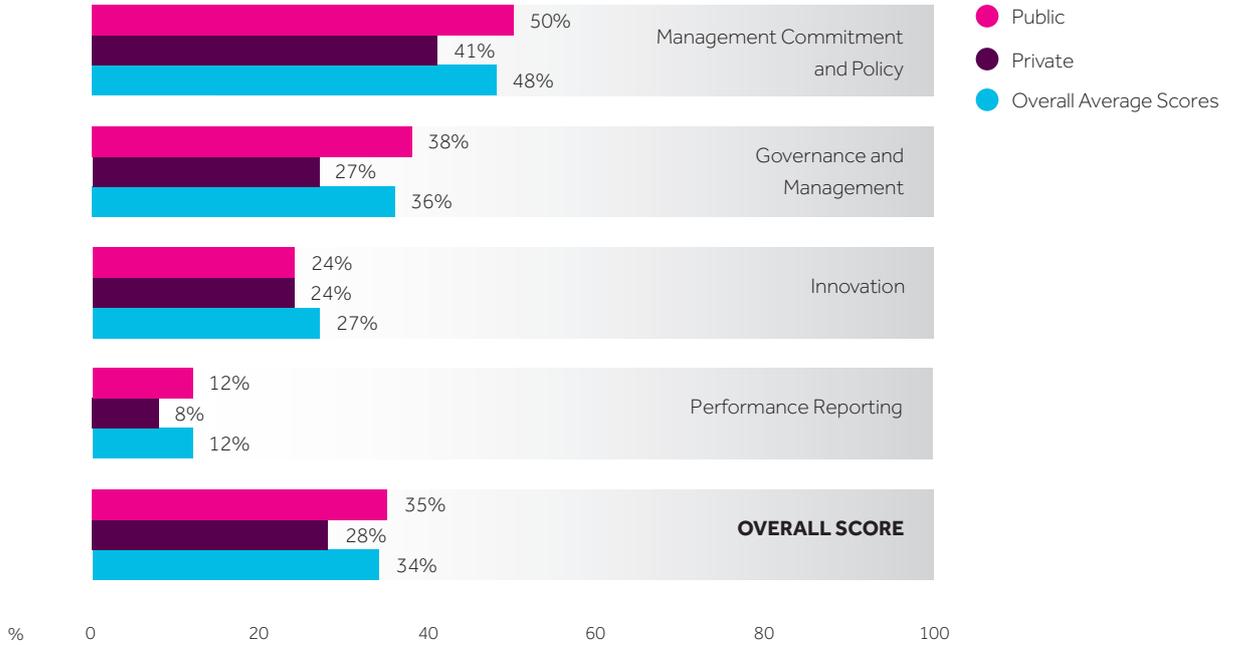


3.5

PERFORMANCE BY OWNERSHIP

We analysed company performance by ownership, comparing publicly listed companies with private companies¹⁷ (see Figure 3.5). We found that publicly listed companies continue to perform somewhat better (having an average score of 35% in the 2016 Benchmark) than private companies, (which have an average score of 28%). The difference may be partly attributable to the greater scrutiny faced by publicly listed companies and the associated pressures to provide more comprehensive disclosures on sustainability-related issues.

Figure 3.5: Publicly-Listed Versus Private Ownership



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We included ten co-operatives (Arla Foods, Camst, Coop Group (Switzerland), E Leclerc, Fonterra, Migros, Rewe Group, FrieslandCampina, Co-op (UK) and the Terrena Group) in our research. While these scored significantly better than the private or publicly listed companies (with an overall average of 48%), they have not been included in the graph because of the small sample size.

CHAPTER 4

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 99 companies covered by the 2016 Benchmark, 87% recognise farm animal welfare as a business issue, which is slightly higher than in 2015, and noticeably higher than the 71% of companies in the 2012 Benchmark. 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.

A number of companies identify animal welfare as a material issue. By way of example, we have included extracts of the materiality assessments conducted by John Lewis Partnership (of which Waitrose is a part) and General Mills in Box 4.1 and Box 4.2 respectively. What both of these examples show is that the risks and opportunities presented by farm animal welfare can, and should, be incorporated into company risk assessment processes. From an accountability perspective, food companies should explain how significant farm animal welfare-related risks and opportunities are to their business, and how these compare to the risks and opportunities presented by other business issues.

John Lewis Partnership (JLP) engaged its employees ('Partners') across the business in capturing issues of concern and quantified the relative importance of these issues. The process involved an analysis of the company's operating environment and JLP's business model combined with interviews with senior managers across the business. This was followed by a consolidation exercise to define cross-cutting key issues. The outcome was a long list of issues which were scored in divisional workshops using four lenses:

- Customers: Relevance of issue to purchasing patterns of JLP customers
- Stakeholders: Interest amongst other stakeholders and Partners in issue and impact of issue on JLP's reputation
- Commercial: Impact of management of issue on JLP's operational or commercial performance
- Future Impact: 'Horizon scanning' to identify whether issues are likely to increase in or decrease in importance and assessment of their likely impact.

The outputs were validated through stakeholder interviews (representing suppliers, NGOs, community organisations, government, industry and trade associations and partners) in order to obtain feedback on their current understanding of material issues. The resulting materiality infographic lists JLP's material issues by focus area.

Box 4.1: John Lewis Partnership's Materiality Assessment¹⁸

Our Material Sustainability Issues

Our Partners

- Pay
- Performance
- Productivity
- Progression
- Inclusive ownership
- Health and wellbeing

Our Customers

- Healthy lifestyles
- Safe products

Our Communities

- Community involvement and charity support

Sourcing Responsibly

- Human rights
- Raw materials
- Animal welfare
- Sustainable farming
- Fair trade terms
- Buying British
- Security of supply
- Responsible aquaculture and fisheries

Our Environment

- Operational emissions
- Waste

Box 4.2: General Mills' Materiality Assessment¹⁹

| ISSUE | DESCRIPTION |
|---|--|
| Access to new markets | Enter new markets responsibly, and take into account regulatory, political and infrastructural considerations |
| Animal Welfare | Ensure the ethical treatment of animals raised by suppliers |
| Biotechnology | Conserve biodiversity through sustainable sourcing practices |
| Business consolidation across the food sector | Adapt to a changing food system landscape that includes consolidation among retailers, distributors and growers |
| Climate change, deforestation and changing land use | Advance strategies to help mitigate and adapt to the effects of climate change in agricultural and food production systems |
| Commodity pricing and availability | Maintain reliable access to key commodities and inputs |
| Diverse consumer needs | Meet changing consumer needs and diversify our product offerings based on geography, culture, values and economic means |
| Energy costs | Manage energy usage and costs throughout the value chain, including agriculture, production, transportation and distribution |
| Food safety | Set and maintain high standards for food safety and quality |
| Food security | Improve access to healthy, affordable food for the world's growing population |
| Food waste | Improve access to healthy, affordable food for the world's growing population |
| Health and nutrition wellness | Improve the health profile of products and engage in public discussions on healthy and nutritious lifestyles |
| Human rights in the supply chain | Respect the human rights of all workers |
| Packaging footprint | Reduce the environmental impact of packaging |
| Responsible marketing | Adhere to internal and industry guidelines regarding consumer communications |
| Smallholder farmers | Support smallholder farmers' capability and capacity to maintain viable operations |
| Soil Fertility | Maintain and foster healthy soils through improved land management and agricultural practices |
| Supply chain relationships | Build and strengthen supplier partnerships across the value chain |

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<https://www.generalmills.com/en/Responsibility/GRR-materiality-transparency>

| | |
|-------------------|---|
| Traceability | Increase the ability to track the origin and movement of ingredients, packaging and other inputs throughout the value chain |
| Transparency | Communicate openly with key stakeholders on material issues, including through brands |
| Water stewardship | Manage water resources strategically throughout the value chain |

As part of its materiality assessment process, General Mills analysed social and environmental trends relevant to the food sector. It also involved interviews with more than a dozen external partners and experts – including suppliers, customers, non-governmental organisations and academics – plus numerous company leaders. The assessment analysed the relevance of each issue to the company's internal and external stakeholders as well as to its business. The process helped identify and frame the most material topics to General Mills' global responsibility strategy and reporting.

Do Companies Publish 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 99 companies covered by the 2016 Benchmark, 37% had published comprehensive farm animal welfare policies, and another 23% had published basic policy statements that provided limited information on commitments to key welfare issues or on how the policy statements would be implemented. These numbers show a slight increase on the 2015 Benchmark, and they represent a step change improvement from the 2012 Benchmark where just 34% of companies had comprehensive policies and 12% had basic policy statements. An example of a comprehensive policy is Marks & Spencer's Policy for Farm Animal Health and Welfare, extracts of which are presented in Box 4.3.

Box 4.3: Marks & Spencer's Policy for Farm Animal Health and Welfare²⁰ (extracts)

1.0 Purpose:

This policy is to be used by farmers and suppliers supplying livestock-derived products into the Marks & Spencer food supply chain. It is designed to provide guidance on over-arching Marks & Spencer Farm Animal Health and Welfare requirements and should be used in conjunction with the species-specific Marks & Spencer Code of Practice relating to livestock production (including farmed fish), which include animal health and welfare requirements that are relevant for that species.

2.0 Scope:

This policy is aimed as a reference point for all farmers and suppliers of livestock-derived products into the Marks & Spencer food business as well as auditors undertaking Marks & Spencer Select Farm audits. For the purpose of clarity, the term 'livestock' covers terrestrial land based livestock production and aquaculture production but does not include wild-caught fish.

5.1 General principles

- Direct suppliers are required to have effective and verifiable traceability systems in place from farm to store, both forwards and backwards.
- As a minimum all our producers must adhere to current legislative requirements and meet at least one National or Industry Farm Assurance Scheme standard (e.g. UK Red Tractor).
- Animal welfare or husbandry systems that are prohibited in UK legislation must not be used. This also applies to livestock-derived products sourced from outside of the UK.
- All the meat and poultry we sell must, without exception, come from animals that have been humanely slaughtered and animals must be pre-slaughter stunned.
- Live animal transportation must not exceed 8 hours and suppliers should target a time less than 4 hours. The vast majority of live animal transport in our supply chain is less than 2 hours.
- Suppliers must comply with our requirement to monitor animal welfare compliance through the use of Welfare Outcome Measures by providing appropriate data as required.
- All abattoirs used in our supply chain must have CCTV, with footage kept for a minimum of 90 days.
- All farmers and those involved in the handling of livestock must be appropriately trained and competent to care for them.

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<http://corporate.marksandspencer.com/documents/plan-a-our-approach/foods-2016/mns-farm-animal-health-and-welfare-policy.pdf>

5.2 Key requirements

- All livestock used for the production of our foods must be produced according to Marks & Spencer livestock specifications and species-specific Codes of Practice that detail specific animal welfare requirements. For instance:
 - All shell eggs and eggs used as ingredient must be 100% free range.
 - All fresh whole turkey and ducks must be produced to higher welfare standards as outlined in species-specific Codes of Practice.
 - All geese must be 100% free range.
 - All fresh pork must be outdoor-bred or free range. We are working towards phasing out the use of confinement farrowing crates for all pork used as an ingredient.
 - All our fresh chicken must be given increased space, natural daylight and environmental enrichment, as outlined in species-specific Codes of Practice.
- Animal and aquafeed feed must be sourced from the most sustainable sources available.
- Specific production systems and confinement systems that can never fulfil an animal's welfare needs are banned. This includes:
 - Battery cages for hens;
 - The forced feeding of geese and ducks for foie gras;
 - The rearing of calves for white veal;
 - The use of the sow stall and tether system for pork production.
- Specific breeds of animal that, due to their genetics, inherently cause welfare issues are not permitted to be supplied, including Barbary duck.
- Genetic engineering or cloning of livestock is prohibited.
- The use of growth promoters is not permitted.
- The selling of meat and by-products from certain exotic species such as crocodile, kangaroo, and frogs legs is not permitted.

Mirroring the finding of previous Benchmarks, many policies had limited scope. Of the 72 companies with published farm animal welfare policies, 56 (or 78% of those with policies) apply their policies to all geographies, 56 (78% of those with policies) apply their policies to all relevant animal species and 42 (58% of those with policies) apply their policies to all products produced, manufactured or sold. A number of themes have emerged from our discussions with companies on the question of the scope of their policies. The first is that it can be difficult to impose policies on suppliers, in particular 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. The second is that companies have different degrees of control or influence over their supply chains, depending on the product and geography; a good illustration is the fact that retailers often only apply their policies to own brand products. The third is that different species receive different levels of attention. This is particularly the case in relation to farmed finfish where many companies' animal welfare policies do not appear to apply to fish, and where many fish sourcing and sustainability policies do not refer to welfare-related issues. The fourth is that many companies are not sufficiently clear about the scope of their policies, frequently omitting to specify that the policy only applies to a particular geographic region or to particular species. An example of a policy with a very clear scope is Aldi Nord's International Animal Welfare Purchasing Policy (see Box 4.4 below).

Box 4.4: Aldi Nord's International Animal Welfare Purchasing Policy (extract)²¹

The present International Animal Welfare Purchasing Policy formulates our binding objective regarding our daily activities and our business partners. It shall apply to all ALDI Nord countries.

The validity of the present policy will end with the publication of an updated version.

The International Animal Welfare Purchasing Policy shall apply to all products from our food and non-food private labels involving animal-based raw materials. In particular, it shall apply to the following commodity groups:

Food products:

Meat products from all animal species

Eggs

Products with processed eggs

Milk and dairy products

Fish and seafood

Non-food products:

Textiles, small leather goods and shoes

Cosmetics

Other groups of goods or products may be added to the scope of application of the International Animal Welfare Purchasing Policy at any time.

Another interesting point raised by food companies was that they want to prioritise action on their key ingredients (typically those that represent the largest volume and/or the largest business spend). For example, Unilever has made strategic animal welfare commitments linked to its egg and dairy product sourcing, based on the volumes purchased by the company and on consumer interest in animal welfare linked to these ingredients. With companies developing policies for key ingredients, it is possible that for some companies, not all animals in their supply chains will be included in a formal policy statement.

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:

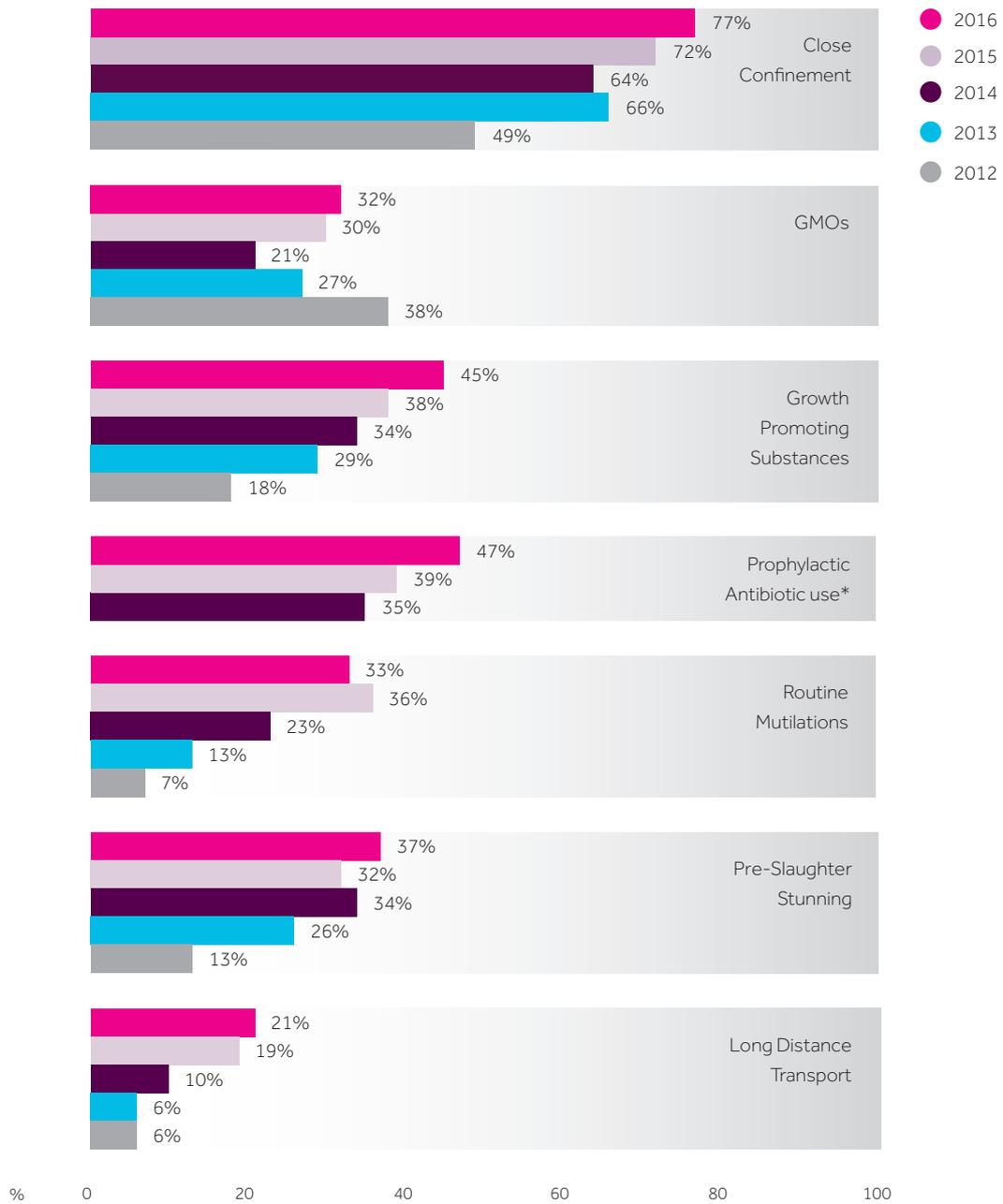
1. Close confinement
2. The use of genetically modified or cloned animals
3. The use of growth promoting substances
4. The use of antibiotics for prophylactic purposes
5. Routine mutilations
6. Pre-slaughter stunning
7. Long-distance live transportation.

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https://www.cr-aldinord.com/2015/wp-content/uploads/sites/2/2016/04/ALDI_Nord_TEPRechtlinienTIERWOHLEN-INT_en.pdf

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 first asked in 2014 – how these compare to previous Benchmarks.

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



* Reported for the first time in 2014

The data presented in Figure 4.1 suggest that companies 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 appears to reflect the significant and sustained campaigning pressure on the issue of close confinement, in particular in relation to eggs from caged hens and the use of sow stalls. These campaigns have led to many global food companies, including McDonald's, Panera Bread, Taco Bell, Starbucks, Tesco and Walmart, all publishing commitments to phase out eggs from caged hens, as well as companies including Smithfield Foods (part of WH Group) now requiring all its contractors to share its commitment to eliminating sow-stalls. While in some cases, these commitments have been limited to those markets where pressure from NGOs, consumers and regulators are the greatest, it is anticipated that the global companies making these commitments will have a significant influence in the industry, not just in terms of their own supply chains, but also amongst sector peers.

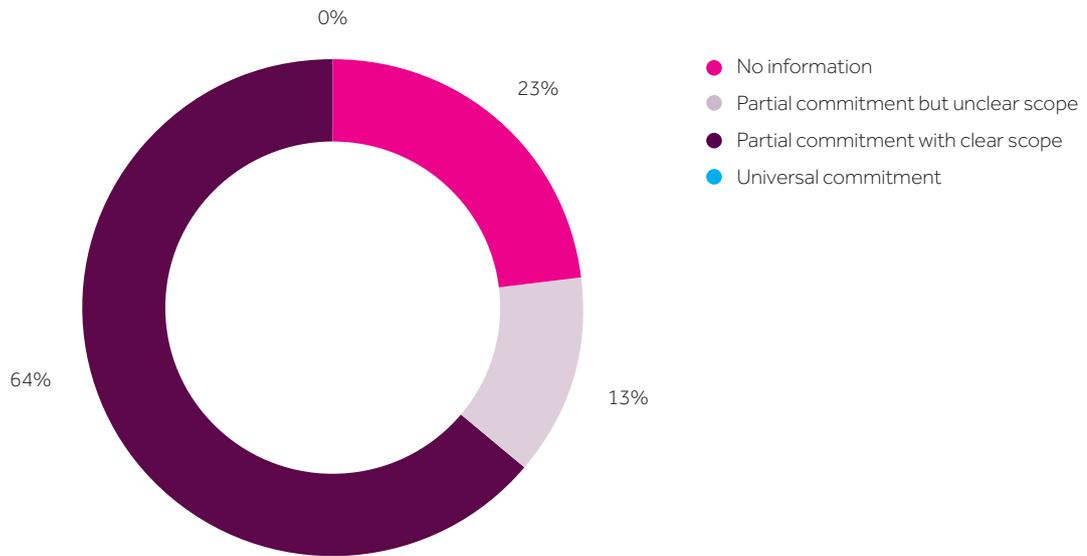
A number of companies have continued to question BFFAW's emphasis on companies adopting formal policy commitments, arguing that such policies should not be necessary for issues that are covered by legislation. While we have some sympathy with this argument, we recognise that farm animal welfare legislation is not comprehensive across all species, is not global in its outreach and where it does exist, is often not adequately enforced. For example:

- There is no EU-wide specific animal welfare legislation relating to species such as fish, dairy cows, ducks, rabbits or turkeys, although there is legislation for laying hens, pigs, broiler chickens, and calves.
- With the exception of a few States which have legislation relating to barren battery cages for laying hens, there is no US legislation establishing minimum welfare standards for farms animals.
- The EU's legislative requirement for the provision of manipulable material for pigs is not enforced or provided to most pigs in the EU.

Given that most companies source globally, they therefore need global policies to ensure 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 this area. 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.

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. While issues of confinement are most clearly seen in caged systems, they can also be seen in systems where animals are housed in sheds, pens or feedlots; examples include intensive meat chicken (broiler) and pig production facilities, and large scale feedlots for beef cattle.

A significant number of companies have now made commitments to the avoidance of close confinement for certain species. We present various examples in Box 4.5. One of the interesting features of the examples chosen is that they show that companies can make strong commitments to the avoidance of close confinement, even if they have yet to fully deliver on that commitment. These commitments are important because of the signals they send to producers. It is clear that many of the barriers to progress on close confinement relate to the supply of alternatives (i.e. even if companies are completely committed to the avoidance of close confinement, alternatives are frequently not available or much more expensive). By making these commitments and providing a clear timeline within which they are to be achieved, companies can provide suppliers with confidence that there will be a market for animals reared in more extensive systems. This will also incentivise innovation and scale, thereby helping reduce the costs of these systems.

When we look at the specific species covered by commitments to the avoidance of close confinement, we see that particular progress has been made in relation to laying hens (with a number of companies having made commitments to cage-free or free range eggs), the phasing out of sow stalls, and the sourcing of some meats from either EU organic systems (which include animal welfare specifications) or free range systems. However, our research suggests that much more effort is needed. Most of the commitments that have been made relate to single species, rather than to the avoidance of close confinement across all species. Furthermore, most of the commitments are geographically constrained, applying to certain specified geographies, usually those where NGOs have been most active. Finally, as we discuss later, while many companies have made commitments to the avoidance of close confinement in some areas of their business, most provide limited, if any, information on the progress they have made against these commitments.

Box 4.5: Examples of Company Positions on Close Confinement

Ferrero²²

"Ferrero has adopted a voluntary internal programme to source eggs more responsibly. The programme commits to sourcing eggs from cage-free hens living in barns with the following timescale, to be applied for all EU plants. With continuous commitments and collaborations with suppliers, in line with its objective, Ferrero has reached in September 2014 the goal of sourcing 100% of total supply of eggs being sourced from hens living in barns in the EU."

"In 2013, Ferrero has developed two new manufacturing plants outside Europe, in Turkey and Mexico. The eggs used in these plants make up an approximate 5% of Ferrero's global consumption. Although this represents a small quantity, Ferrero is committed to develop a cage-free egg sourcing strategy for these areas, where cage-free eggs supplies are unconventional. Ferrero continues to engage in dialogues with the national suppliers of these countries to influence the adoption of cage-free eggs and develop a plan to reach 100% of eggs sourced from cage-free hens."

General Mills²³

Egg production

Eggs are an important ingredient in many of our products, and we strive to ensure that the hens laying these eggs are treated humanely.

Free Range Eggs

We are proud that Häagen-Dazs – General Mills' largest international business – sources only 100 percent free-range eggs for all its ice cream produced in Europe, while continuing to support and source local ingredients from local farmers and suppliers.

Cage Free Eggs

We commit to working toward 100 percent cage free eggs for our U.S. and Canada operations by 2025.

Pork production

General Mills supports the development of pregnant sow housing alternatives. Though we recognize that the development and implementation of alternative systems may be a long-term process, in 2013 we announced that we will favor pork suppliers that provide actionable plans by 2017 to create traceability and end their use of gestation crates within the U.S. pork supply chain. As well, we're working to understand and address the issue of pain relief and potential elimination of castration and tail docking."

²²

<https://www.ferrero.com/planet/agricultural-practises/sustainable-raw-materials>

²³

<http://www.generalmills.com/en/News/Issues/animal-welfare-policy>

Hormel Foods²⁴

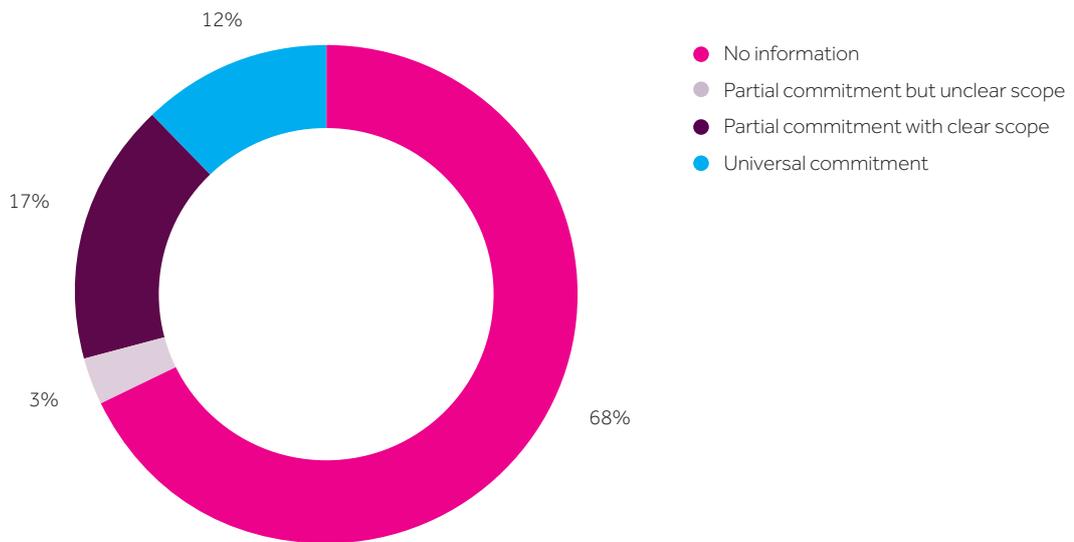
"All designated market hogs are housed in a group pen setting from birth. The breeding sows at our company-owned farms in Arizona have transitioned to group sow housing. Company-owned farms in Colorado and Wyoming will be transitioned to group sow housing by 2018. As of 2015, we have successfully converted 25 percent to group sow housing and have reviewed building and renovation plans for the remaining conversions. This will help to maintain consistent animal handling practices, employee training, personnel transfer and reporting processes."

"We raise our hogs and turkeys in climate-controlled barns. Raising animals indoors is beneficial because our housing systems keep animals healthier, protecting them from predators, diseases and extreme weather conditions. Within these facilities, 100 percent of our market hogs are housed in group pens, and 100 percent of the turkeys raised by Jennie-O Turkey Store are housed in open barns. By 2018, all company-owned hog farms will transition to group sow housing. As of October 2014, we've successfully converted 25 percent of company-owned sows to group sow housing and have reviewed building and renovation plans for the remaining conversions."

"We understand that consumers are increasingly requesting cage-free eggs and are proud of the fact that 100 percent of the eggs we purchase to manufacture our products are cage-free eggs."

The Use of Genetically Modified or Cloned Animals

Figure 4.3: Company Commitments to the Avoidance of Genetically Modified or Cloned Animals



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<http://www.hormelfoods.com/About/CorporateResponsibility/Animal-welfare.aspx>

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, despite potential adverse impacts on the welfare of the animals involved and their descendants.

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 4.6 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 would consider using genetically modified or cloned animals or their progeny.

Box 4.6: Examples of Company Positions on Genetically Modified or Cloned Animals

Greggs' Genetically Modified and Cloned Livestock/Poultry' Policy²⁵ states:

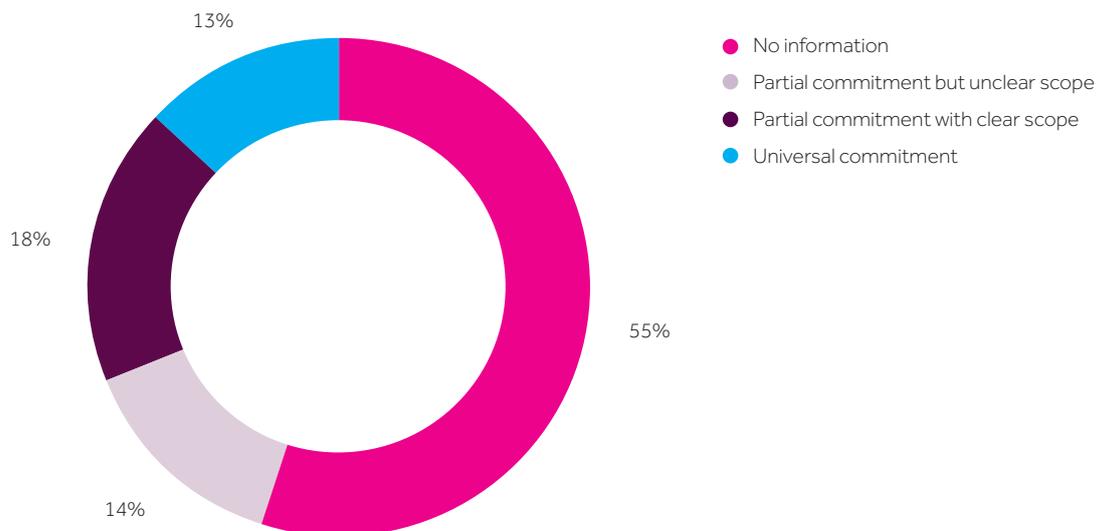
"This policy applies to all current purchases of primary source: raw pork, raw beef, raw mutton and cooked chicken meat. The laying hens providing our whole eggs, liquid egg and the egg for our omelettes. The dairy cattle providing our liquid milk and cream.

- No livestock/poultry that have been genetically modified can be supplied to us.
- No cloned livestock/poultry or their progeny can be supplied to us."

Mitchells and Butlers' Sourcing Policy²⁶ states: "M&B prohibit the use of genetically engineered or cloned animals in the supply of products to our business and do not sell products made from cloned animals" and that these requirements "...apply to all proteins, including beef, pork, lamb, chicken, turkey and duck."

The Use of Growth Promoting Substances and Antibiotics

Figure 4.4: Company Commitments to Not Using Growth Promoting Substances



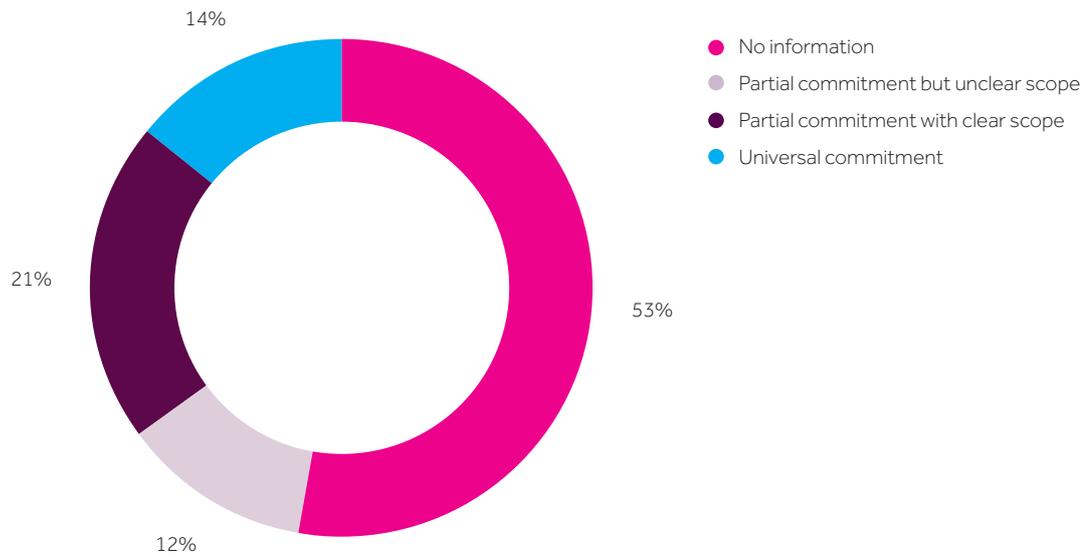
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<https://corporate.greggs.co.uk/sites/default/files/FAW%20Strategy%202016%20Final.pdf>

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<http://www.mbplc.com/responsibility/goodfood/overarchingpolicy/>

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



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

Antibiotics are medicines used to control infectious diseases in humans and animals.²⁷ 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.

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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*. BBAFW Investor Briefing No 17 (August 2014) (BBAFW, London, UK). <http://www.bbfaw.com/media/1070/briefing-17-impacts-of-antibiotic-use-in-animals-on-human-health-and-animal-welfare.pdf>

GLOBAL RECOMMENDATION ON REDUCING THE UNNECESSARY USE OF ANTIMICROBIALS IN AGRICULTURE AND THEIR DISSEMINATION INTO THE ENVIRONMENT

The use of antibiotics in agriculture formed a key focus of the Review on Antimicrobial Resistance, chaired by economist Jim O'Neill and sponsored by the UK Government and the Wellcome Trust. The report, 'Tackling Drug-Resistant Infections Globally: Final Report and Recommendations' – an extract of which appears below – was published in May 2016:

"There are circumstances where antibiotics are required in agriculture and aquaculture – to maintain animal welfare and food security. However, much of their global use is not for treating sick animals, but rather to prevent infections or simply to promote growth. The quantity of antibiotics used in livestock is vast. In the US, for example, of the antibiotics defined as medically important for humans by the US Food and Drug Administration (FDA), over 70 percent (by weight) are sold for use in animals. Many countries are also likely to use more antibiotics in agriculture than in humans but they do not even hold or publish the information. The majority of scientists see this as a threat to human health, given that wide-scale use of antibiotics encourages the development of resistance, which can spread to affect humans and animals alike. We propose three steps to improve this situation.

First, 10-year targets to reduce unnecessary antibiotic use in agriculture, introduced in 2018 with milestones to support progress consistent with countries' economic development. For this to succeed, governments must support and speed up current efforts, including those of the World Organisation for Animal Health (OIE) and others, to measure antibiotic use and farming practices.

Second, restrictions on certain types of highly critical antibiotics. Too many antibiotics that are now last-line drugs for humans are being used in agriculture; action should be taken on this urgently by an international panel.

Third, we must improve transparency from food producers on the antibiotics used to raise the meat that we eat, to enable consumers to make more informed purchase decisions."

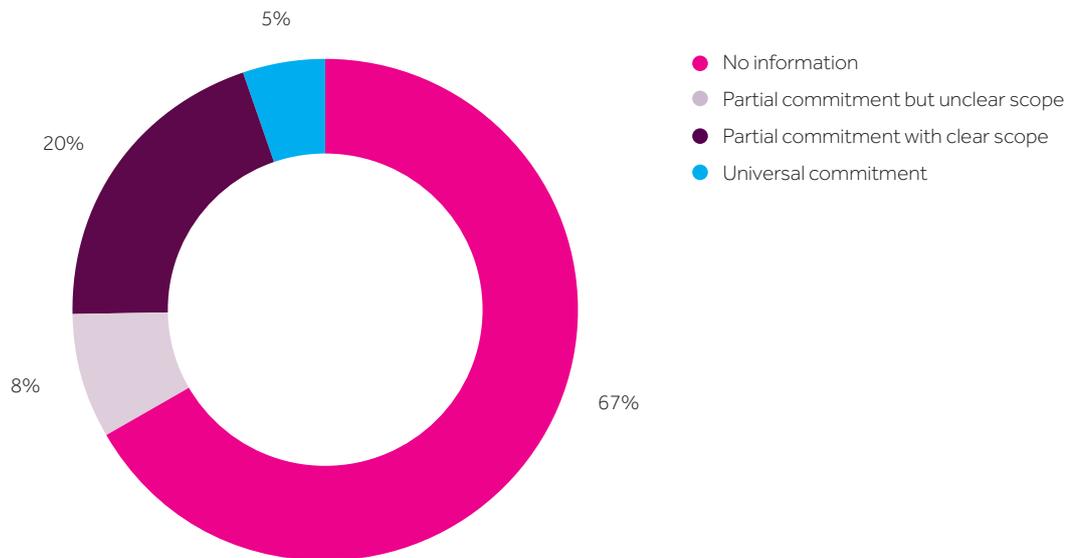
Used correctly, antibiotics are an important tool in treating sick animals. However, the confined, cramped conditions typical of many intensive farming facilities - where animals are bred to operate at their physiological limits and weaned at a young age - are stressful, and compromise the animals' immune systems, making sickness more likely. These facilities often rely on the prophylactic use of antibiotics (i.e. antibiotics are used to prevent rather than cure disease) to compensate for an inherently low-welfare environment. That is, antibiotics are used to 'prop up' environments where the welfare potential of animals is very low.

The over-use of antibiotics (especially in low doses or incomplete courses) is the main reason for the increase in antibiotic resistance in farmed animals and in humans. 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 in farmed animals creates ideal conditions for antibiotic resistant strains of bacteria to develop.

Our research for the 2016 Benchmark, see Figures 4.4 and 4.5, indicates that relatively few companies have published formal positions on the use of growth promoting substances or have made commitments to the reduction or avoidance of antibiotics for prophylactic use. One noticeable feature of the 2016 Benchmark is that a number of companies – one example is 2 Sisters Food Group²⁸ - have made explicit commitments to reduce or avoid the use of antibiotics that are important to human medicine (such as Cephalosporins, Fluoroquinolones or Macrolides) rather than all antibiotics. There are various reasons, including new industry guidelines issued by the U.S. Food & Drug Administration that will restrict the use of medically-important drugs to uses "that are considered necessary for assuring animal health" and will require veterinary oversight.

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 of animals 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, provided with plenty of space to move freely and given 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 cattle breeds (so removing the need to dehorn cattle), or the use of vaccinations to delay the onset of sexual maturation (so removing the need to castrate pigs).

Our research for the 2016 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 and tail docking are widely seen as an inevitable part of the management of animals in these systems. Box 4.7 presents some examples of the commitments that have been made by companies to the avoidance of routine mutilations.

Box 4.7: Examples of Companies' Commitments to the Avoidance of Routine Mutilations

REWE Group states: "Supermarkets in the REWE Group (REWE and PENNY) have made a commitment to no longer stock conventional own-brand eggs sourced from laying hens with trimmed beaks. Poultry industry trade associations and the Federal Ministry for Food and Agriculture agreed last year to stop stocking pullets with trimmed beaks as of 1 January 2017. Based on the life expectancy of laying hens, this would mean that eggs from hens with trimmed beaks would be banned from the market by mid-2018 at the latest. The REWE Group is now one of the first trade associations in Germany to bring the date forward to the end of 2017. Organic eggs are not included in this measure, because trimming their beaks is already prohibited."²⁹

Cranswick states: "Cranswick is committed to the avoidance of routine activities such as tail docking, teeth clipping, castration on pigs and beak trimming on poultry. We work closely with our UK and Global producers and meat suppliers in these areas. 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. We fully support our European suppliers who are working towards non-castration. We are actively encouraging all our suppliers to avoid this procedure. Currently, we estimate that over 70% of European pork purchased originates from farms that do not carry out castration. We foresee that more suppliers will move towards non castration. For example, one of our main European pork suppliers has made good progress in this area over the past 3 years and in 2014 reported that 64% of their pigs were not castrated. Figures for 2015 were over 90%."³⁰

Dunkin' Brands states: "Dunkin' Brands supports the use of polled genetics into breeding programs to promote polled or naturally hornless cattle to eliminate the need for dehorning. Polled cattle breeding is successful in the beef industry and we support similar success in the dairy industry. Dunkin' Brands asks all suppliers in our supply chain to support industry-wide efforts to promote the humane treatment of cattle, including the responsible use of polled breeding.

We are working with our suppliers to develop a timeline to eliminate tail docking and adopting humane dehorning practices which includes dehorning at an early age (disbudding) with pain relief and the use of polled genetics."³¹

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<http://www.rewe-group.com/en/newsroom/pressemitteilungen/1507#>

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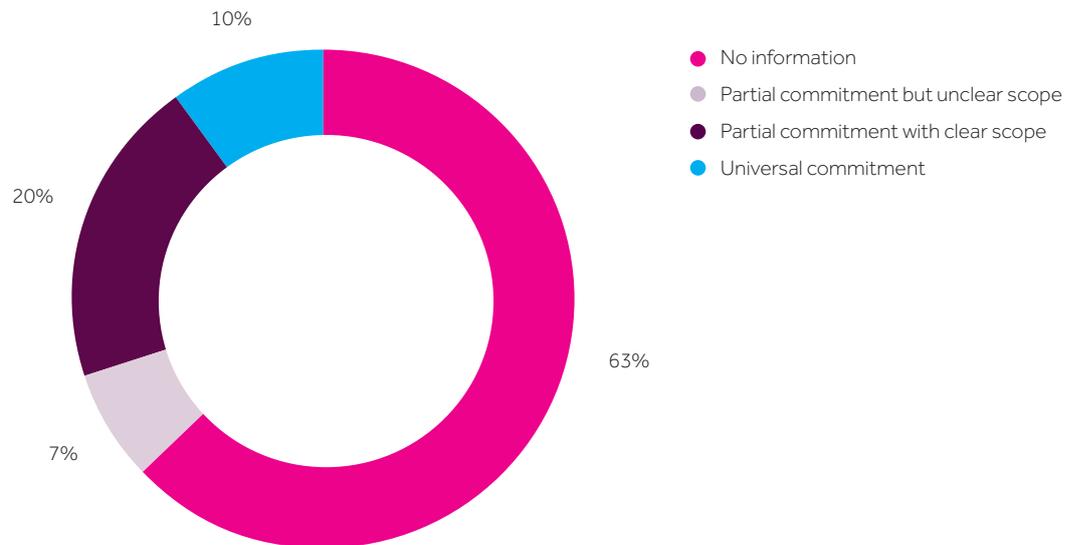
<https://cranswick.plc.uk/taking-responsibility/animal-welfare>

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http://www.dunkinbrands.com/internal_redirect/cms.ipressroom.com.s3.amazonaws.com/226/files/20150/Animal%20Welfare%20Policy%20for%20website.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 slaughter. 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.

While our research (see Figure 4.7) suggests that fewer than one third of the companies covered by the Benchmark 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 that are subject to religious slaughter.

Box 4.8: Case-study – Danish Crown’s Commitment to Pre-Slaughter Stunning

Danish Crown states: “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.”³²

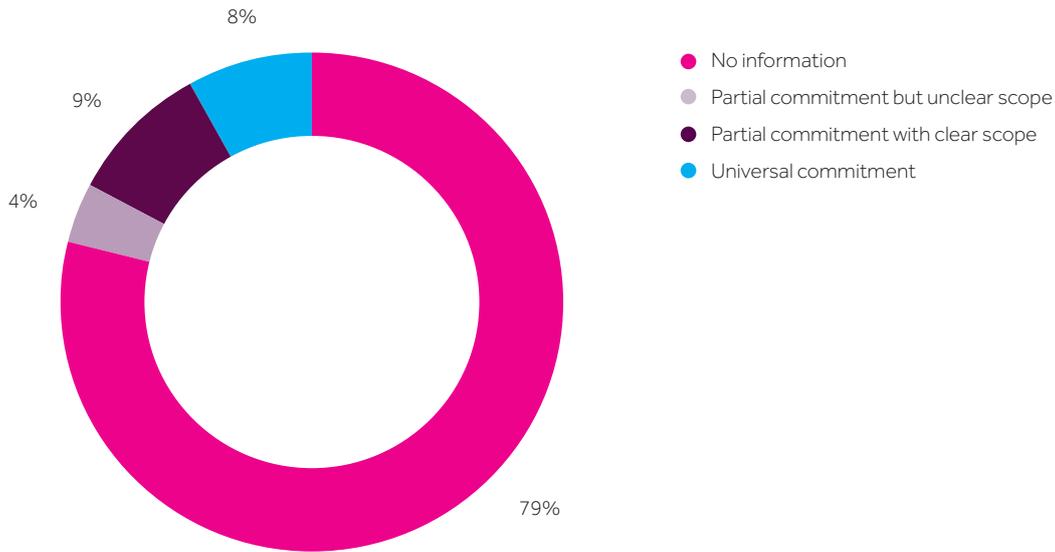
“For the past 30 years, Danish Crown has used CO₂ to stun the pigs before they are slaughtered. At six slaughterhouses in Denmark and two in the UK, we have now installed “Backloader” – the latest CO₂-based stunning system. In this system, the pigs are herded in the most gentle way possible by utilising their natural behaviour. Pigs are herd animals, and the pigs are slowly driven in groups of seven or eight animals through a succession of gates and into the stunning boxes. This has the effect of calming the pigs down and preventing stress. The low stress level is reflected in the meat quality, which is markedly better when the pigs are stunned with CO₂ in groups.”³³

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

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<http://www.tulipltd.co.uk/wp-content/uploads/2016/03/AW3-050816-AC-16-1366-TULIP-ANIMAL-WARFARE-DOC-A4-NO-BLEED-INTERNAL-P...pdf>

Long-distance Transport

Figure 4.8: Company Commitments to the Avoidance of Long-distance Live 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 that stated they were committed to the avoidance of long-distance transport but either did not specify what they meant by long distance, or they described their commitment in terms of the distances, as opposed to the time travelled by animals. While, all things being equal, shorter distances should result in shorter journey times, for the purposes of the Benchmark, and based on advice from Compassion in World Farming and World Animal Protection, we have defined long-distance transport as journey times that exceed eight hours (measured from the time of loading to 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) as well as actual travel times.

While this definition is broadly accepted by European-based companies, food companies in jurisdictions where live journeys typically exceed eight hours have challenged this definition, arguing that it is the conditions in which animals are transported (food and water provision, temperature, ventilation, and space provision) rather than journey time per se which is the key determinant of animal welfare. While it is acknowledged that for many companies outside of Europe long distance transit is an inherent part of their production system, and that a maximum transport time of eight hours will be unrealistic, the Benchmark criteria is based on the recommendations of scientific committees, such as the OIE³⁴, which stipulate that an eight-hour transport limit is necessary to safeguard the welfare of animals.

Box 4.9: Cranswick's Commitment to the Avoidance of Long-distance Transport

One of Cranswick's animal welfare KPIs is to keep typical journey times to its own processing sites to below 8 hours, which it achieved in both 2014 and 2015.

Cranswick states³⁵

"We have expanded the business and now have a number of our own pig herds. These are located close to our processing sites in Yorkshire & Norfolk, key eastern production hubs, and this reflects our commitment to avoiding long inter-site transportation times. Around 70% of our contracted pigs are sourced within Yorkshire, Lincolnshire and Norfolk, which are recognised as being some of the best pig breeding areas in the UK.

Livestock journey times from the farms to our production facilities are typically:

- Yorkshire site – 35% within 1 hour, 66% within 2 hours and 73% within 3 hours
- Norfolk site – 46% within 1 hour, 90% within 2 hours and 95% within 3 hours

All Cranswick sites, along with our UK beef, lamb and poultry suppliers, comply with UK Farm Assurance Scheme standards. Typical journey times are between 3 – 4 hours.

Furthermore, our supply base covering all species purchased outside of the UK also has typical journey times of between 3 – 4 hours. Our objective is that all livestock processed by all our suppliers must not be transported for more than 8 hours. This is being achieved by all our suppliers across all species."

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 is generally the responsibility of senior management or the board, and 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 is generally the responsibility of specific individual(s) or team(s), and 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. Companies need to have the technical and operational staff to enable them to be confident that the issues associated with farm animal welfare are being effectively managed. Companies also need to ensure that their senior management and boards are aware of the business implications of farm animal welfare and are prepared to intervene when needed, both to ensure that the policy is effectively implemented (e.g. in situations where there are tensions between the company's farm animal welfare policies and other business objectives) and when evidence emerges of failures in the company's management systems and controls.

The lack of reporting on management and board oversight of farm animal welfare has been a recurring theme since the first Benchmark, although more companies are starting to report this information. In the 2016 Benchmark, 45 out of the 99 companies (or 45%) reported some information on responsibilities, at either a senior management or operational level, for farm animal welfare. This is a slight decrease on the 51% of companies in the 2015 Benchmark but an increase on the 41% in the 2014 Benchmark. One explanation for the decline in scoring this year is due to the additional 12 companies in 2016, which were generally low-scoring, particularly in the Governance and Management section. The decline might also be explained by the stronger interpretation of the evidence in our assessment process. Despite several companies providing good descriptions of how their animal welfare policy is overseen (see the examples in Box 4.10), it is frequently difficult to tell how much, if any, senior management attention is actually focused explicitly on farm animal welfare. In the majority of cases, farm animal welfare continues to be presented as just one of a whole range of corporate responsibility-related issues that needs to be managed by these companies.

Box 4.10: Examples of Corporate Governance and Management of Farm Animal Welfare

Cargill provides the following information on its oversight of its animal welfare policy:

"Cargill has a corporate animal welfare team. The team is led by Dr. Mike Siemens, Global Lead for Animal Welfare and Husbandry. Dr. Stephanie Cottee is the Global Poultry Welfare Lead and Lacey Alexander is the North American Beef Welfare Lead. Cargill family member Meghann Harker serves as the team's corporate advisor. This team oversees the company's implementation of farm animal welfare policy, from day-to-day management of farm animal welfare throughout the supply chain, to continuous improvement of overarching policies."³⁶

Tyson Foods states:

"Our Office of Animal Well-Being, established more than 16 years ago, advises us on animal well-being practices and oversees our animal well-being programs. We have a staff of veterinarians that oversee the health of our chickens and turkeys and company-owned hogs. Specially trained nutritionists also create specific diets for them. Our FarmCheck® program is also an important part of our long-standing commitment to responsible animal care.

In January 2016, we re-convened an Internal Executive Animal Well-Being team of senior leaders from across the company. The team is tasked with determining the composition of our external animal well-being advisory panel, driving consensus on new or innovative animal well-being initiatives, and gaining alignment on animal well-being practices across the company."³⁷

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 99 companies covered by the 2016 Benchmark, 64 (or 65% of the total) have now set farm animal welfare-related objectives and targets, a markedly higher proportion than the 54% who had set objectives and targets in 2015 and the 26% in 2012. A significant proportion of these companies – 43 out of the 64 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). Some examples of these are presented in Box 4.11.

36

<http://www.cargill.com/corporate-responsibility/responsible-supply-chains/animal-welfare/animal-welfare-policy/leadership/index.jsp>

37

<http://www.tysonfoods.com/responsible-food/animal-well-being>

Many of the targets that have been set have been relatively narrowly drawn, focusing on species-specific issues (e.g. to eliminate sow stalls (gestation crates), to move towards cage-free eggs). In many cases, these are a direct consequence of 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.

There are two interesting trends in the setting of company targets. First, an increasing number of companies are making public commitments to addressing key welfare issues, typically in response to high-profile campaigns by animal welfare NGOs. These, by their nature, tend to focus on species-specific production systems and/or geographies (e.g. the elimination of close confinement systems such as cages for laying hens and sow stalls, the reduction or elimination of antibiotics in the US), and they tend to have longer lead-times (of, typically, eight to 10 years). Second, food companies, in particular producers, are starting to set sustainability-related targets for what they consider to be priority ingredients (which is generally based on volumes or sales), where these targets often include some animal welfare-related aspects. However, perhaps reflecting the relative novelty of these targets, it is often difficult to tell how much weight is being assigned to animal welfare or whether (and how) animal welfare is balanced against other sustainability issues, such as labour standards or environmental impacts.

The other point to note here is that many companies are not 'closing the loop' on their reporting against their farm animal welfare policies or their objectives and targets. Of the 72 companies with formal policy commitments on farm animal welfare, only 43 report on how they have performed against these policies. Interestingly, companies with objectives and targets seem better at reporting against them than they do at reporting against policies, with 45 of the 64 companies reporting progress against existing or previously set objectives and targets.

Box 4.11: Examples of Company Targets on Farm Animal Welfare

2 Sisters Food Group³⁸

"As a group we are targeting a reduction in antibiotic usage (defined by % houses untreated and mg/kg) of 20% per annum between 2015 and 2020, which will be reviewed, and refined annually. This must not be achieved to the detriment of animal welfare or bird quality – which will be established through outcome measure analysis."

Darden³⁹

"Darden has made a commitment to source 100% of all egg products from cage-free housing systems by 2018. We've also made a commitment to work toward a goal of having all pork products purchased by Darden be gestation-crate free by the end of 2025."

Dunkin Brands⁴⁰

"Cage-Free Eggs

Dunkin' Brands supports industry efforts to transition to cage-free eggs. We are dedicated to working with egg suppliers to evaluate the industry's capacity to provide cage-free egg systems. Five percent of the eggs purchased for Dunkin' Donuts U.S. breakfast sandwiches are from cage-free sources. We have announced our intention to target an increase in this number to 10% by December 31, 2016 and to convert 100% of the eggs for Dunkin' Donuts' U.S. menu to cage-free by December 31, 2025. In addition, we will map our international supply chain to understand the feasibility of transitioning to 100% cage-free eggs globally, and, based on the assessment, publish a global target with interim deliverables.

Gestation Crate-Free Pork

Dunkin' Brands supports industry efforts to transition to gestation crate-free pork. We have committed to eliminating gestation crates from our U.S. pork supply chain by 2022 and to making positive progress, and we will publish interim reports on our progress by December 31, 2018 and December 31, 2020."

38

<http://www.2sfg.com/globalassets/2sfg-antibiotic-policy-and-strategy-v5.pdf>

39

<https://www.darden.com/citizenship/plate/sourcing#welfare>

40

http://www.dunkinbrands.com/internal_redirect/cms.ipressroom.com.s3.amazonaws.com/226/files/20150/Animal%20Welfare%20Policy%20for%20website.pdf

Hormel⁴¹

"By 2018, all company-owned hog farms will transition to group sow housing. As of October 2014, we've successfully converted 25 percent of company-owned sows to group sow housing and have reviewed building and renovation plans for the remaining conversions."

Loblaw⁴²

"Loblaw has made several decisions over the past several years, including:

- Source fresh veal from vendors that have transitioned to loose housing by the end of 2018
- Source fresh pork from vendors that have transitioned to loose housing by the end of 2022
- Source only cage-free shell eggs by the end of 2025"

Do Companies Describe Their Control Systems for Farm Animal Welfare?

While there are many positive trends in this report, one disappointing area relates to the reporting on supply chain-related controls. Just 34 of the 99 companies covered by the 2016 Benchmark (compared to 36 of the 90 covered by the 2015 Benchmark) report that they include farm animal welfare in supplier contracts; 19 include animal welfare in all supplier contracts and 15 in some supplier contracts.

We see a similar trend in relation to auditing and traceability processes, with 50 out of the 99 companies covered by the 2016 Benchmark describing how they audit the farm animal welfare performance of their suppliers (compared to 52 out of 90 in the 2015 Benchmark) and 41 out of the 99 (compared to 42 in 2015) describing their supplier education and capacity-building initiatives.

On a closer review of the data, we have found that most of the companies that reported this information in the 2015 Benchmark continued to report in 2016. The decline in the percentages is primarily a consequence of the new companies introduced into the 2016 Benchmark. It is also relevant to note that the percentage of companies reporting this information has increased substantially since the 2012 Benchmark when just 15% reported on whether they included farm animal welfare in supplier conditions, 31% reported on how they audit the farm animal welfare performance of their suppliers and 31% described their supplier education and capacity-building initiatives.

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 4.12.

41

<http://www.hormelfoods.com/About/CorporateResponsibility/Animal-Welfare>

42

<http://www.loblaw.ca/content/dam/lclcorp/pdfs/Responsibility/LCL%20Animal%20Welfare%20Principles%20.pdf>

Box 4.12: Examples of Supplier Engagement

Marks & Spencer⁴³

Marks & Spencer requires its direct suppliers (usually the primary processor) must undertake Marks & Spencer Select Farm Assurance audits to Marks & Spencer standards to the minimum specified frequency (typically every 12 to 18 months depending on species). Supplying farmers must pass this audit in order to be part of Marks & Spencer supply chain.

The Marks & Spencer Select Farm auditor (employed or contracted to the supplier) must be trained to Marks & Spencer requirements by SAI Global and must be re-trained every three years.

Marks & Spencer suppliers must provide updated details (in the prescribed format) of farms which have passed and failed and latest audit dates to SAI Global each month. Direct suppliers must also facilitate SAI Global performing a minimum of two shadow audits and spot checks of Marks & Spencer Select Farms per primary processing site each year to ensure consistency with our standards. Farms must also pass these audits to remain part of the Marks & Spencer supply chain.

Direct suppliers to Marks & Spencer must permit SAI Global to undertake a Welfare Audit of primary processing facilities each year to ensure transport, lairage and slaughter all meet Marks & Spencer requirements. Based on the results of the audit, primary processing facilities are assigned a rating of Red, Bronze, Silver or Gold based on the number and type of non-conformances and how they are progressing with addressing non-conformances from previous audits.

Groupe Danone⁴⁴

Groupe Danone has published an extensive Dairy Animal Welfare Guide, to increase awareness of animal welfare among their dairy farmers, and to encourage them to adopt best practices. The guide includes good practice guidelines and self-assessment questionnaires.

The Benchmark also asks about internal controls, specifically whether companies provide training on farm animal welfare to their internal staff (i.e. direct employees rather than suppliers) and whether they have corrective action processes that they implement in the event of non-compliances with their farm animal welfare policies. The proportion of companies reporting on farm animal welfare-related training (27% report this information) is broadly similar to the proportion (29%) in the 2015 Benchmark, although a significant increase on the 16% that reported this information in the 2014 Benchmark. The proportion reporting on internal controls for farm animal welfare (31%) is also similar to the proportion in the 2015 Benchmark but almost double the proportion (16%) in the 2014 Benchmark.

43

<http://corporate.marksandspencer.com/documents/plan-a-our-approach/foods-2016/mns-farm-animal-health-and-welfare-policy.pdf>

44

http://www.danone.com/fileadmin/user_upload/Sustainability/Danone_Dairy_Animal_Welfare_Guide.pdf

Box 4.13: Examples of Employee Training

Micarna (a Migros subsidiary): "Micarna acting in cooperation with the Swiss Animal Protection SAP and the ABZ Spiez (Training Centre for the Swiss meat industry) provides regular training for employees working in animal transport. The stable staff will also be annually trained in handling animals for slaughter to stun. Slaughterhouse employees must before handling live animals complete a training course in animal welfare / animal ethics and pass the associated circuit test. The ABZ together with the STS is responsible for ensuring that the courses are offered and performed. Micarna leads the head of the slaughterhouse, and the training in cooperation with the ABZ itself. Refresher courses must be provided to all slaughterhouse employees every 3 years."⁴⁵

Greggs: "To raise awareness and the profile of FAW within our company it was included as a workshop at our 2015 retail conference.

Our Supplier Technologists have completed Welfare Officer training at Bristol University. A FAW training session was completed for our Central Services Technical Team in 2015 by one of our trained Supplier Technologists.

In 2015 our Supplier Technologists completed Poultry Farm Welfare Officer training. Greggs had representation at the joint conference by RUMA (Responsible Use of Medicines in Agriculture Alliance) and the VMD (Veterinary Medicines Directorate) in November 2015, on the responsible use of medicines in animals, especially antibiotics."⁴⁶

Unilever: The Unilever Sustainable Agriculture Code⁴⁷ and The Unilever Livestock Transport & Slaughter Implementation Guide⁴⁸ specify training and other requirements for all those handling live animals. For example, for those involved in the slaughter of poultry, Unilever states:

"Staff - Competence

Effective animal welfare training is essential for all staff who work in the live bird areas of the slaughterhouse. All staff should be aware of, and be sensitive to the welfare of birds. Staff must be trained to recognise signs of distress, and injury, and be competent in bird handling and, if necessary, casualty slaughter.

Shackling staff should be trained to recognise birds that are unfit, either because they are sick or injured, or if they are too small (birds that are too small may pass over the water-bath and not be stunned).

Slaughter staff should receive additional training which covers the slaughter method used by the factory, how to recognise signs of recovery, signs of an effective stun and how to carry out casualty slaughter. Ideally slaughter staff should receive a licence or certificate of competence from a veterinary surgeon or other competent authority which details the procedures the licence holder can carry out and the type of equipment they can use.

It is never acceptable for staff to kick, strike, throw or deliberately injure a bird.

There should be a designated and competent member of staff who is responsible for the welfare of the birds and they must be present when live birds are on site."

45

<http://generation-m.migros.ch/mediaObject/GenM/docs-2016/de/Fachdossier-Tierwohl-final/original/Fachdokumentation+Tierwohl+Juli16.pdf>

46

<https://corporate.greggs.co.uk/sites/default/files/FAW%20Strategy%202016%20Final.pdf>

47

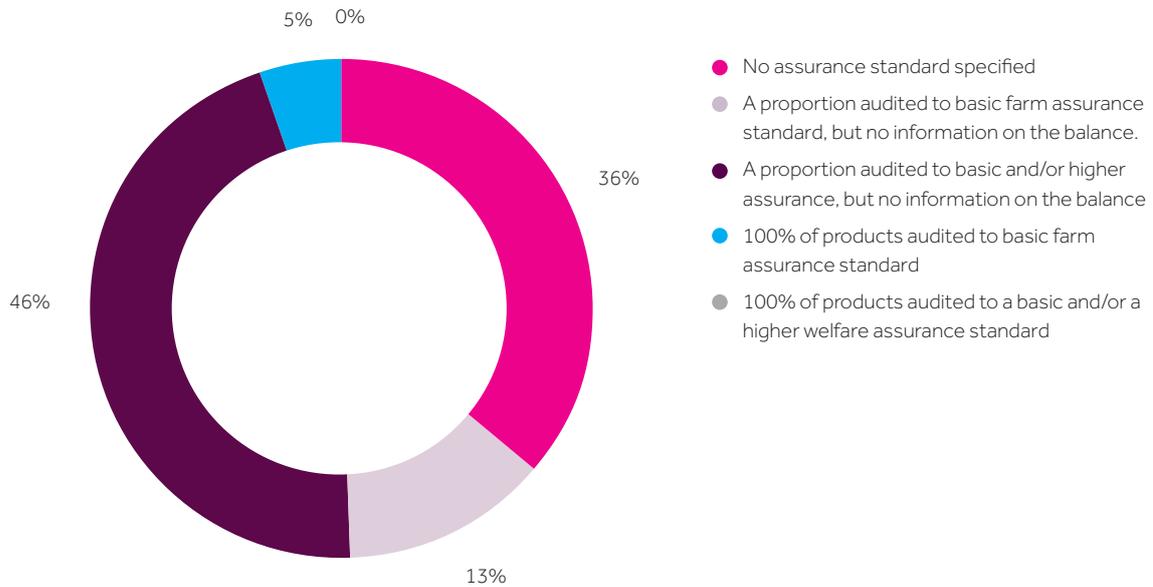
https://www.unilever.com/Images/ul-sac-v1-march-2010-spread_tcm244-464943_en.pdf

48

https://www.unilever.com/Images/unilever-livestock-transport-and-slaughter-implementation-guide_tcm244-424311_en.pdf

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 organic standards, RSPCA Assured standards, Beter Leven, KRAV, Label Rouge, Neuland and the Global Animal Partnership (GAP) 5 Step Programme[®]. Best Aquaculture Practices (Global Aquaculture Alliance) and Global GAP Aquaculture Standard[®]. Despite these, and other higher welfare assurance schemes, the reality is that there is an absence of agreed global standards for higher farm animal welfare. Until globally agreed frameworks for assessing farm animal welfare are developed, these assurance standards will 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.

Most assurance schemes tend to have limited geographic scope (there are many national schemes) and tend 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 appropriate higher welfare assurance standards. Furthermore, it is often difficult to compare schemes because of differences in the requirements of participating schemes (e.g. in relation to the space requirements specified, the training requirements for those companies 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).

One of the most important issues is that many of the widely cited assurance standards (for example, the Red Tractor Farm and Supply Chain Assurance Schemes, the British Lion Code of Practice, Viande de Porc Française, Certification de Conformité de Produits, and the American Humane Certified standards) are primarily concerned with quality and safety-related issues and certification to certain production standards, such as free range and organic. Furthermore, their published minimum standards include many of the same topics as welfare schemes – and sometimes include topics not covered by welfare schemes – but they do not meet higher welfare criteria. While these assurance standards are not farm animal welfare standards per se (and should not be presented as such), 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. That is, companies should be able to build their animal welfare implementation processes on the back of the systems and processes they have established to meet the requirements of these quality and safety assurance standards.

Box 4.14: Case-Study on Waitrose's Approach to Assuring the Welfare of Continental Meats⁴⁹**Continental Meats**

"The use of authentic ingredients is very important to our customers and this is especially true with our authentic continental meats such as Spanish chorizo, German salami, Italian Parma ham and prosciutto and Belgian Paté. These authentic products are sourced from known and approved supply chains subjected to independent inspection and verification protocols. They are produced to welfare standards that exceed European legislation.

We have developed our continental pig scheme over the past 10 years, being largely based on the Red Tractor Assurance baseline standard. We employ a rigorous and robust audit and approval programme so that only the best farms are able to supply us. A long-term partnership between Waitrose and its supplier has resulted in Compassion in World Farming awarding a Good Pig Award to a major Italian producer for the first time. Fumagalli, a 4th generation family business based near Lake Como in Northern Italy, work with Winterbotham Darby to exclusively supply Waitrose with the supermarkets' own label Italian charcuterie. This award has been given in recognition of the work Fumagalli has carried out to raise the bar for pig welfare at their farms with a five-year commitment to meeting higher welfare standards. Furthermore, following the development of these high welfare standards in Italy, Winterbotham Darby are now implementing the same standards for continental meat across Spain, France, and Belgium while their Spanish Iberico supplier has recently been awarded the Good Sow Commendation."

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. Thirty-six of the 99 companies covered by the 2016 Benchmark do not provide any information on the standards to which their animals are reared, transported, and slaughtered. While the proportion of companies is larger than the 27% in the 2015 Benchmark, it is comparable to the 38% in the 2014 Benchmark. Most reporting on assurance standards is piecemeal; being confined to specific species and specific geographies, although this can, at least in part, be explained by the fact that most of the assurance standards currently available tend to be species- and country-specific.

LEADERSHIP AND INNOVATION**4.3*****Are Companies Advancing Farm Animal Welfare in their Industry?***

Thirty-one of the 99 companies covered by the 2016 Benchmark provide information on their involvement in research and development (R&D) programmes on farm animal welfare; this is a similar proportion to the 33% of companies that reported this information in the 2015 Benchmark. In addition, 40 companies (compared to 34 companies (38%) in 2015) describe their involvement in initiatives directed at improving farm animal welfare practices across the industry. In Box 4.15 we present some examples of the farm animal welfare-related R&D projects being supported by these companies.

49

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

Box 4.15: Example of Companies' Involvement in animal welfare-related R&D projects**OSI⁵⁰****OSI Chicken Enrichment Project:**

"Improving animal welfare is a high priority for us and has prompted our team to drive a European project focused on the enrichment of chicken housing. It is generally accepted that such enrichment can make a significant contribution to improving the health and welfare of chicken. According to research, domestic fowl spend a large part of their time in perching and pecking related behavior and this behavior can be encouraged by providing suitable enrichment within chicken houses.

In early 2012, the OSI Europe team, in conjunction with some of our chicken suppliers, carried out various trials to test and evaluate different enrichment objects. Some of the integrations have included creative initiatives – testing, for instance, the use of cartons, crates filled with litter material or the placement of strings on drinker lines.

...Although it is difficult to quantify, enrichment may lead to production benefits through increased welfare, cleaner plumage and better foot and leg health.

We have received positive feedback from farm management and our own Quality Assurance Raw Material Team regarding the use of platforms. They increase the available space and improve the behavior, feet health and general wellbeing of the birds. Pecking objects such as straw bales have been shown to stimulate the birds and increase their activity level. They are also used by chicks to follow their natural instincts and hide from potential predators.

We have implemented these tests to determine the most suitable objects for enrichment at each supplier, and we will continue to determine the best solutions for each chicken integration. OSI Europe will phase in the implementation of these objects at all chicken suppliers with a target completion date of 2020. This means that we will increase and optimize animal welfare standards for the whole supply chain, along with clearly defined rollout plans, in a relatively short period of time."

Metro (through its subsidiary, Real)⁵¹**Project to avoid beak trimming**

Real actively promotes the avoidance of beak trimming and has offered in this context, since early 2015, shell eggs from laying hens, whose beaks are not trimmed. These eggs are so far being offered in some test markets, as the availability is not yet sufficient to provide business nationally. Hence Real has also invited suppliers to gain first-hand experience of stopping beak trimming, so that appropriate products can be offered in all markets. Concerning free-range shell eggs, Real aims to only sell eggs from hens without shortened beaks by mid-2017. By the beginning of 2018, Real wants to completely renounce shell eggs of laying hens with shortened beaks. For Real it is also important that the elimination of beak shortening leads to higher animal welfare overall, which is why the problems of feather pecking and cannibalism have to be prevented by raising welfare standards.

Unilever⁵²**Sourcing of Cage Free Eggs**

"We are aware of the concerns raised about global egg industry standards by which breeders of egg-laying hens eliminate male chicks, following methods that are included in EU Directives and American Veterinary Medical Association guidelines. While this is a standard practice in egg production, and although Unilever uses only a small percentage of eggs produced in the market, we take these concerns seriously.

We are engaging with the egg production industry, the animal welfare community and R&D companies to develop alternative options to current practice. We are committed to providing support to the market introduction of in-ovo gender identification (sexing) of eggs, a new technology that has the potential to eliminate the hatching and culling of male chicks in the poultry-breeding industry. We welcome the June 2015 announcement from the United Egg Producers in the US that they aim to eliminate the culling of male chicks by 2020, through the introduction of in-ovo sexing of eggs."

50

http://www.osigroup.com/wp-content/uploads/2016-2017_SustainabilityReport.pdf

51

http://shared.real.de/handeln_aus_verantwortung/einkaufsleitlinie-tierwohl.pdf

52

<https://www.unilever.com/sustainable-living/what-matters-to-you/farm-animal-welfare.html>

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

Thirty-eight (38%) of the 99 companies assessed in the 2016 Benchmark provide information to their customers or consumers on farm animal welfare; this is an increase on the 33% in the 2015 Benchmark which, in turn, was a slight reduction on the proportion (40%) in the 2014 Benchmark. Seventeen of the 38 companies present multiple examples of their engagement with their customers, suggesting that farm animal welfare is an important part of their customer messaging and engagement. 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.

4.4

PERFORMANCE REPORTING

Performance reporting questions are designed to provide a high level indicator of the scope and clarity of companies' reporting on farm animal welfare performance. They do not offer a value judgement on companies' relative performance on welfare inputs or outcome measures (this aspect is addressed using the performance impact questions, which are discussed later).

Our central finding, which mirrors that of the 2015 Benchmark report, is that reporting on farm animal welfare performance remains in its infancy. There are, however, some signs that companies are starting to report on their performance. For example:

- 33 out of the 99 companies covered by the 2016 Benchmark (which at 33% is the same proportion as in the 2015 Benchmark but significantly higher than the 18% in 2014, the first year this question was asked), provide some information on the proportion of animals that are free from close confinement.
- 5 companies report on the proportion of animals that are free from routine mutilations. (This question appeared in the Benchmark criteria for the first time in 2016.)
- 10 companies (the same number as in 2015) report on the proportion of animals that are stunned prior to slaughter.
- 8 companies (again, the same number as in 2015) provide quantitative information on transport times.
- 6 companies (compared to just 2 in 2015) report on farm animal welfare outcomes.

In the majority of cases, the reporting is limited to selected species or to particular geographies.

Our discussions with companies point to a number of reasons why the performance reporting scores are relatively low: many companies are still focusing on strengthening their internal management systems and processes; reporting on performance is largely seen as being for internal rather than external audiences; companies generally have multiple animal species and production systems; companies need to adapt their practices to reflect local regulatory requirements; companies frequently manage animal species to different standards.

In interviews, a number of companies commented that performance reporting will only become standard when there is a consensus on the performance data that needs to be reported and when a critical mass of companies is already reporting this information. They expressed concern about the need for a level playing field through the accuracy and consistency of reported data, about inappropriate benchmarking and comparisons, and the potential to undermine companies' ability to deliver competitive advantage through their approach to farm animal welfare if they are required to disclose too much information.

Box 4.16: 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.

Animal welfare provision is underpinned by good feeding, good housing (including appropriate design and environment provision), good health care, good breeding, and good management and stockmanship on farm, and of course good transport and slaughter conditions.

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 disclosure of a combination of resource/management inputs and indicators from the animals themselves (outcomes), both of which can be recorded quantitatively and objectively. **Performance impact** refers to the combination of these achievements on animal welfare.

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).

Performance Reporting by Sub-sector

Inevitably, given that relatively few companies report on performance, it is difficult to draw anything more than the most preliminary conclusions from the data. Perhaps the most striking conclusion is that it is difficult to make even a preliminary assessment of the proportion of animals that are, for example, free from close confinement or routine mutilations.

This is surprising given that a certain number of the performance questions relate to issues that are covered by legislation (e.g. many countries have requirements that all animals are pre-slaughter stunned), which should make it relatively easy to generate these data. However, returning to a point discussed above, a number of companies have argued that they should not be expected to report on 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 species, is not global in its outreach and where it does exist, it is often not adequately enforced. Furthermore, given that most companies source globally, they should ensure that their operations and suppliers meet minimum standards of performance, and they should be prepared to report this information. Reporting on performance is, as with corporate policies, an important signal to suppliers and business partners about the standards of performance that are expected.

Box 4.17: Examples of Company Reporting on Performance**BRF⁵³**

BRF reports on the percentage and total number of animals reared and processed, and breaks this down by species and by housing type.

Percentage and total number of animals reared and/or processed, by species and breed type and by housing type

| STATE | TURKEYS | | BROILERS | | PIGS | |
|-----------------------|---------|------|----------|------|--------|------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Negative pressure | 23.07% | 65% | 38% | 30% | - | - |
| Positive pressure | 76.93% | 35% | 48% | 61% | - | - |
| Dark house | - | - | 14% | 9% | - | - |
| Collective management | - | - | - | - | 15.50% | 19% |
| Individual management | - | - | - | - | 84.50% | 81% |

Woolworths⁵⁴

The Woolworths Limited Corporate Social Responsibility Report 2015 (p15) provides a breakdown of animal product sales as a percentage of total category volumes in 2015 as follows:

- "Macro free range chicken: 12.09% (-2.64% and 28.54% increase in volume in 2015 and 2014 respectively)"
- "Free range eggs: 39.97% (8.52% and 9.84% increase in volume in 2015 and 2014 respectively)"
- "Barn laid eggs: 10.68% (8.15% and 0.41% increase in volume in 2015 and 2014 respectively)"
- "Organic eggs: 2.72% (6.92% and 0.90% increase in volume in 2015 and 2014 respectively)"

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<https://www.brf-global.com/brasil/en/corporate-responsibility/our-practices-0>

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http://woolworthslimited2015.csr-report.com.au/files/Woolworths_CSR_2015.pdf 'p.15'

Cranswick⁵⁵

Cranswick reports on its performance against a variety of performance measures (relating to close confinement, pre-slaughter stunning and long distance live transportation (see below)). It also provides data on other issues. For example:

- In relation to pig castration, Cranswick states: "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. We fully support our European suppliers who are working towards non-castration. We are actively encouraging all our suppliers to avoid this procedure. Currently, we estimate that over 70% of European pork purchased originates from farms that do not carry out castration. We foresee that more suppliers will move towards non castration. For example, one of our main European pork suppliers has made good progress in this area over the past 3 years and in 2014 reported that 64% of their pigs were not castrated. Figures for 2015 were over 90%."
- In relation to pre-slaughter stunning, Cranswick states: "In Cranswick's condition of supply it is a requirement that all Global suppliers ensure all species of animals are adequately pre-stunned prior to process. We require all UK pork to be processed in accordance with the BMPA Quality Assured Pork and Welfare modules, which state that all animals must be stunned prior to slaughter. Our objective is 100% compliance and we can confirm that 100% of all species processed by our suppliers and subsequently supplied into Cranswick – from both the UK and internationally - are pre-stunned."

| KPI | TARGET DATE | 2014 | 2015 |
|---|--------------------------|------|------|
| All animals to be stunned before process | 2012 | 100% | 100% |
| All eggs to be sourced from Free Range farms | 2012 | 100% | 100% |
| Typical Transport Times to our own processing sites - below 8 hours | 2012 | 100% | 100% |
| Farm Assurance - All suppliers across all species to source from nationally recognised Farm Assurance Schemes. If no scheme is available, then a trained Animal Welfare Officer will audit and benchmark a selection of farms against a recognised scheme such as GlobalGap | EU Suppliers - Pigs 2020 | 88% | 92% |
| | Beef 2017 | 80% | 98% |
| Note: All UK pigs are Red Tractor Approved | Lamb 2014 | 100% | 100% |
| | Poultry 2020 | 85% | 94% |

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

4.5

PERFORMANCE IMPACT

The integration of impact measures into the Benchmark has been a key objective for the BBFAW since its inception, although the integration of these criteria has been deferred, to allow companies time to establish meaningful and consistent reporting on their farm animal welfare-related practices and processes. From an animal welfare perspective, the welfare of farm animals is the key test of the efficacy and effectiveness of farm animal welfare management systems and processes. From an investor perspective, the measurement of impact is similarly important; investors want to know that companies have effective management systems and processes in place, and want evidence that these are effective.

A Performance Impact Working Group⁵⁶ was established in October 2015. This Group met twice (in October 2015 and March 2016) and it invited inputs from other members of the Technical Working Group, external researchers and members of Food Business and Corporate Engagement teams within Compassion in World Farming and World Animal Protection. Recommendations from the Performance Impact Group included:

- Focusing on the most prominent welfare impacts – close confinement, routine mutilations, pre-slaughter stunning and long distance live transportation – and on the principal species – laying hens, pigs, broiler chickens, dairy cattle – in their supply chains.
- Extending the range of impacts and the range of species over time.
- Excluding performance impact questions from companies' scoring and ranking in the 2016 Benchmark to allow companies time to familiarise themselves with the questions and to adapt their reporting accordingly.
- Introducing the scoring for the performance impact questions from the 2017 Benchmark.
- Progressively increase the weighting of the performance impact questions in subsequent Benchmarks.

We will report on the findings of the performance impact questions from 2017. These findings will highlight actual company performance on the proportion of individual species that are free from key welfare issues.

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The Performance Impact Working Group comprised the following members: Dr Tracey Jones and Jemima Jewell from Compassion in World Farming; Martin Cooke, Audrey Mealia, Basia Romanowicz and Penny Sawyer from World Animal Protection; and Nicky Amos from the BBFAW Secretariat.

CHAPTER 5

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 consistent improvement in corporate performance on farm animal welfare. We have seen significant increases in the number of companies that have published overarching policies on farm animal welfare and in the number that have published policies on specific animal welfare-related issues. Of particular note has been the rate at which companies are adopting policies on close confinement, and making commitments – albeit frequently limited to specific geographies and to specific species – to the avoidance of close confinement.

Both the Benchmark results and our discussions confirm that these are not just empty promises. Many companies are strengthening their internal processes (responsibilities, accountabilities, objectives and targets, training, corrective action) to give effect to these policy commitments. Despite this progress, it is too early to say exactly how these actions will affect animal welfare outcomes. Many of the companies we have spoken to have said that, while they intend to provide greater information on performance, they are reluctant to do so until they are satisfied with the robustness of their internal controls and with the effectiveness of their farm animal welfare management systems.

So what has driven these changes? A consistent message from earlier iterations of the Benchmark was that customer and client demand had been the most important influences on companies' approach to farm animal welfare. The Business Benchmark on Farm Animal Welfare is also playing an increasingly important role, in particular, for those companies that have been covered by the Benchmark for more than one or two years.

As companies have sought to respond to customer and client expectations, they have looked for frameworks and tools to help them understand these expectations and to help them structure their management processes and reporting. In interviews, many of the companies covered by the Benchmark have pointed to the quality and integrity of the Business Benchmark on Farm Animal Welfare and its influence on driving their approach to farm animal welfare. In particular, they report that the Benchmark provides companies with a clear and reliable set of expectations on farm animal welfare; it helps companies by identifying weaknesses and providing tangible guidance on where and how they can strengthen their management and reporting on farm animal welfare; it helps companies to understand their performance relative to their industry peers; it enables companies to bring farm animal welfare to the attention of senior management; and it helps companies to respond to investor interest in farm animal welfare. They have also highlighted the fact that the Benchmark is backed by leading animal welfare organisations, Compassion in World Farming and World Animal Protection, and that it clearly has strong relationships with the investment industry.

Companies are using their performance in the Benchmark as tangible evidence of their commitment to farm animal welfare. Of the 90 companies covered by the 2015 Benchmark, 19 companies reported on their performance in the Business Benchmark on Farm Animal Welfare in their corporate communications – either on their websites, in their annual reports and sustainability reports, or in media releases.

Companies are also looking to deepen their engagement in the Business Benchmark, recognising it as the key global benchmark for the assessment of corporate farm animal welfare practice, not least because of the strong support being given by investors. Just one indication of this is the growth in the number of companies responding to their preliminary reports as part of the 2016 Benchmark assessment. Thirty-seven of the 99 companies provided comments on their preliminary reports in 2016, compared to 32 of the 90 companies in 2015. A growing number of companies have already requested meetings with the BBFAW Secretariat ahead of the 2017 Benchmark to discuss the BBFAW's recommendations and to prioritise areas for improvement.

The fact that companies recognise the value of the Benchmark as a management tool and as a tool to engage stakeholders – particularly suppliers and investors, is of particular significance given the BBFAW's objective to provide guidance to companies interested in improving their management of and reporting on farm animal welfare issues.

5.2

THE INVESTMENT PERSPECTIVE

The growing profile of the investment community is an important and noteworthy development. In previous Benchmark reports, we noted that despite an increase in the number of investors using the Benchmark to assess the business risks and opportunities of farm animal welfare for companies and to provide insights into how companies are identifying and managing risks in their supply chains, relatively few companies identified investors as an important influence on their approach to farm animal welfare. This change in perception reflects various factors: the growing investor awareness of farm animal welfare as a business issue; the increased disclosures by companies on the subject which means that investors are more likely to ask questions in routine meetings⁵⁷; the potential to generate useful investment insights through analysis of companies' approaches to farm animal welfare (e.g. as an indicator of wider risk management processes); a generally high level of media and consumer focus on farm animal welfare, over recent years. Our sense – confirmed by our dialogue with and surveys of investors in 2015 and 2016⁵⁸ – is that this trend is likely to continue. Farm animal welfare is increasingly identified as an important corporate responsibility issue (by companies and their investors), the argument that farm animal welfare can be a financially material investment risk is widely acknowledged, and the annually repeated Benchmark provides investors with a practical tool to both assess and track company performance on farm animal welfare. Furthermore, the links between farm animal welfare and related material issues and investment risks is starting to be acknowledged, with initiatives such as FAIRR (see page 98) highlighting a spectrum of issues connected to intensive livestock farming, including animal welfare, that may have material impacts.

The Business Benchmark on Farm Animal Welfare has played an important role in catalysing this change. Two initiatives are of note: the first ever Global Investor Statement on Farm Animal Welfare (see Box 5.1) and the first international investor collaboration (see Box 5.2), convened by the BBFAW Secretariat. The Investor Statement is important because it sends a clear signal to the investment community and to food companies that farm animal welfare is an important investment issue, and one that companies need to manage effectively. The investor collaboration is important because it is the first time that investors have collaborated in such a coordinated, structured manner on the farm animal welfare practices of global food companies. As such it signals a step change in the manner in which investors engage with the issue of farm animal welfare, and is likely to be the precursor to further investor activity on specific farm animal welfare-related issues.

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In 2015, BBFAW produced a short guide on how investors could use the Benchmark in their engagement with companies (Rory Sullivan, Nicky Amos and Abigail Herron (2015), *Engagement on Farm Animal Welfare: A User's Guide*. Investor Briefing No. 19 (BBFAW, London). <http://www.bbfa.com/media/1076/investor-briefing-no-19-engagement-on-farm-animal-welfare-a-users-guide.pdf>)

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<http://www.bbfa.com/media/1077/how-investors-are-using-the-business-benchmark-on-farm-animal-welfare.pdf> and <http://www.bbfa.com/publications/>

In May 2016, the Business Benchmark on Farm Animal Welfare launched the first ever Global Investor Statement on Farm Animal Welfare. The aim was to send a clear signal to companies, to investors and to other stakeholders that farm animal welfare is an important business issue and one that needs to be effectively managed by companies.

The signatories to the Statement identify farm animal welfare as potentially material to long-term investment value creation in the food sector, and they commit to taking account of farm animal welfare in their analysis of food companies and when engaging with these companies.

At launch on 23 May 2016, 18 institutional investors had signed the Statement. By December 2016, this had grown to 22 investors⁵⁹, representing £1.83 trillion in assets under management.

Box 5.1: Investor Statement on Farm Animal Welfare

The Global Investor Statement on Farm Animal Welfare

Long-term value creation requires companies to fully consider the range of business risks and opportunities that they face, and to take appropriate action to manage these. We recognise that, alongside traditional financial risks and opportunities, environmental, social and governance (ESG) issues are potentially material to the financial performance of companies. We therefore expect companies to demonstrate that they are effectively managing these issues.

Farm animal welfare is an important issue for companies and suppliers across the food sector, including those in the retail, food processing, food service and hospitality sectors. Regulation, labelling requirements, consumer concerns, media coverage and new business opportunities are all important drivers for action. In recent years, food scares, high profile cases of animal mistreatment, and concerns about human health risks linked to food safety have forced companies to look more closely at issues such as food provenance, traceability and quality, and to be more transparent on the management of their supply chains.

As investors, we seek assurances that the companies in which we invest have fully considered the risks and opportunities associated with farm animal welfare, and have effective policies and processes for dealing with the challenges. Analysis of a company's practices and performance on farm animal welfare can provide valuable insights into these companies' quality of management and the quality of their risk management processes.

Through our inclusion in this statement, we are agreed on the following:

- We believe the issue of farm animal welfare is potentially material to long-term investment value creation in the food sector, and is a relevant consideration when forming views on the strategic positioning of companies in the food sector.
- We believe that food companies have an important role to play in raising farm animal welfare standards within their own operations and in their supply chains.
- We welcome the development of the Business Benchmark on Farm Animal Welfare. We see it as a credible, transparent and independent tool that we can use to assess the quality of companies' policies, practices and performance on the issue of farm animal welfare. We also see it as an important tool for encouraging better reporting on farm animal welfare across the food sector.
- We believe that the Business Benchmark on Farm Animal Welfare will contribute towards creating greater awareness within the food industry of this important issue, and act as a tool for highlighting leadership and good practice, as well as gaps and challenges.

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The signatories to the Statement are at December 2016: ACTIAM, ASR Netherlands. Australian Ethical Investment, Aviva Asset Management, BNP Paribas Investment Partners, Central Finance Board of the Methodist Church, Collier Capital, EdenTree Investment Management, Epworth Investment Management, Henderson Global Investors, Hermes EOS, NEI Investments, Rathbone Greenbank Investments, Robeco, Schroders Sonen Capital, Standard Life, The Sustainability Group of Loring, Wolcott & Coolidge Trillium Asset Management, Triodos Investment Management, USS, and Walden Asset Management (Boston Trust)

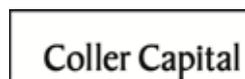
- We will, as appropriate, take account of the information provided by the Business Benchmark on Farm Animal Welfare in our analysis of the food companies in which we invest.
- We will encourage food companies to use the Business Benchmark on Farm Animal Welfare as a practical tool to help them manage their farm animal welfare issues and as a framework to guide their reporting on farm animal welfare.
- We will provide investor input into the evolution of the Business Benchmark on Farm Animal Welfare to ensure that it remains relevant to the needs and interests of longterm responsible investors.

We encourage other investors to join us in signing this statement.
























Box 5.2: International Investor Collaboration on Farm Animal Welfare

In mid-2015, the BBFAW initiated an international collaborative initiative aimed at encouraging major global food companies to strengthen their management systems and processes on farm animal welfare. The initiative, which acknowledges leading practice in this area whilst encouraging major global food companies to strengthen their farm animal welfare approaches, is – at December 2016 - supported by 19 institutional investors from the UK, the Netherlands, France, Canada, the US and Australia: ACTIAM, Australian Ethical Investment, ASR Netherlands, Aviva Investors, BNP Paribas Investment Partners, the Central Finance Board of the Methodist Church, Collier Capital, EdenTree Investment Management, Epworth Investment Management, Henderson Global Investors, The Sustainability Group of Loring, Wolcott & Coolidge, NEI Investments, Nelson Capital Management, Rathbone Greenbank Investments, Robeco, Royal London Asset Management (RLAM), Schroders, Standard Life, Trillium Asset Management, Triodos Investment Management and Walden Asset Management.

In May 2016, the collaboration focused on the high (i.e. the 11 companies that were ranked in Tiers 1 and 2 of the 2015 Benchmark), the low (i.e. the 36 companies that were ranked in Tiers 5 and 6 of the 2015 Benchmark) performing companies in the Benchmark, as well as those companies in Tiers 3 and 4 that had not shown any substantial progress in the first four years of the Benchmark.

The participating investors wrote to the leading companies to commend them for their performance in the Benchmark and to encourage them to maintain their high level of performance.

The letters to the non-performing and low performing companies explained that investors see farm animal welfare as a business risk that needs to be managed effectively and as a potential future source of business opportunity and growth. These letters expressed concern about these companies' lack of or poor performance in the Benchmark, and asked these companies to explain whether they will be taking action to improve their performance and to respond to the recommendations on potential areas for improvement made by the BBFAW Secretariat. These letters also stated that the participating investors would use the annual Benchmark report to monitor their progress.

While it is too early to offer a definitive view on the effectiveness of this engagement, the signs are encouraging. A number of companies have already improved their performance, and some sent written responses to investors indicating that they intended to take substantive actions ahead of the 2016 benchmarking process.

A number of the investor participants in the collaboration have indicated that they are interested in following up the letters with meetings and/or raising farm animal welfare as part of their routine company meetings, in particular for those companies whose scores have not changed between the 2015 and 2016 Benchmarks. They see this lack of progress as suggesting that these companies are not paying attention to the issues and concerns being raised by investors. The BBFAW sees this engagement as hugely important in encouraging change and will continue to support investors in these efforts.

5.3



REPORTING PRACTICE

One of the most encouraging findings from both the 2015 and 2016 Benchmarks has been the significant improvement we have seen in the quality of corporate reporting. An increasing number of companies now provide a consolidated and organised account of their approach to farm animal welfare. Notable examples include Coop Group (Switzerland), Cargill, Cranswick, Marks & Spencer, McDonald's (Europe), Migros, Nestlé, Noble Foods, Co-op (UK), Tesco, Unilever, Waitrose and Walmart. In the best cases, this reporting not only facilitates our work when evaluating company approaches and performance, but it allows stakeholders to understand the business, to understand the relevance of farm animal welfare to the business, to understand how the company is currently managing farm animal welfare, and to understand how the company will manage farm animal welfare in the future. This, in turn, allows for a better informed dialogue between companies and their stakeholders.

Despite the progress, companies could do much more to ensure their reporting is useful to investors and other stakeholders. First, they should consolidate their information in a single location on their website. At present, many companies scatter information through their CSR reports, their press releases and other publications. 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 often overlooked and 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 should provide 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.

Third, companies need to ensure that the information they provide is actually useful to investors and stakeholders. Specifically, companies need to avoid providing 'boiler plate' or standard text that provides no meaningful insight into practice or performance. Perhaps the most common issue we see at the moment is that companies fail to explain how they interpret or implement their farm animal welfare policies. For example, some companies have made high level commitments on specific issues (e.g. on the avoidance of long distance live transport) but have not specified what these mean in practice (e.g. not specifying maximum journey times). Similarly, some companies make commitments to action but do not specify how these are to be achieved, how they are to be measured or when they will be delivered. Furthermore, some companies, while being transparent can also provide misleading statements. For example, we have seen companies report on poor practices in ways that can be misconstrued as acceptable practices to the uninitiated reader. Where we have identified these sorts of issues, we have provided detailed feedback to companies and, when companies have not responded to this feedback, we have awarded lower scores in subsequent iterations of the Benchmark.

CHAPTER 6

NEXT STEPS



6.1

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 on:

- a) Ensuring that the Benchmark (i.e. criteria, scoring, company-specific information), the universe of companies covered by the Benchmark and the other materials and reports produced by the Benchmark remain relevant and useful to investors. We will do this through regular one-to-one meetings with investors, through participating in investment-related seminars and events, and through our annual survey of how investors are using the Benchmark.
- b) Continuing to raise the profile of farm animal welfare and the investment-related risks and opportunities in the investment community, through direct engagement with investors, through our press and communications activities and through participating in investment-related seminars and events. We intend to increase our engagement with investors in the United States and Canada⁶⁰. As we have increased the number of North American companies covered by the Benchmark, we want to encourage these investors to increase the attention they pay to farm animal welfare in their engagement with these companies.
- c) Encouraging more investors to signal the importance they assign to farm animal welfare through increasing the number that sign the Global Investor Statement on Farm Animal Welfare.
- d) Strengthening the International Investor Collaboration on Farm Animal Welfare. We want to continue to encourage and support leading companies to maintain and improve their performance on farm animal welfare. We also want to challenge other companies to improve their practices, processes and performance, and to make farm animal welfare an integral part of their business strategy.
- e) Continuing to improve the Benchmark. Among the suggestions we have received are that we: provide greater information on the reasons for changes in company scores, strengthen our validation of company-published information, broaden the coverage of the Benchmark (e.g. increasing the number of US companies, moving towards a comprehensive global index).
- f) Strengthening the evidence base on the business case for action (e.g. impacts on share prices and other financial metrics, evidence of how higher standards of farm animal welfare improve company financial performance).

We plan to repeat the Benchmark in August/September 2017, with the aim of releasing the sixth Benchmark Report in early 2018. 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 2017, to understand how these key audiences 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.

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We have already started to engage with investors in both countries. For notes on the state of play and current challenges, see Amos, N. & Sullivan, R. (2016), *The Business and Investment Case for Farm Animal Welfare: The US Perspective* (BBFAW, London) (http://www.bbfaw.com/media/1434/notes-of-bbfaw-roundtable-9-may-2016_final2.pdf) and Vanstone, D., Sullivan, R. & Mealia, A. (2015), 'So What Do Canadian Investors Really Think About Farm Animal Welfare?', *Ethiquette*, 8 December 2015 (<http://www.ethiquette.ca/en/so-what-do-canadian-investors-really-think-about-farm-animal-welfare/>).

CHAPTER 7

APPENDICES



APPENDIX 1: BUSINESS BENCHMARK ON FARM ANIMAL WELFARE 2016 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? | |
| Rationale | Understanding the scope of a policy is important to understand the breadth of a company's commitment to action on farm animal welfare. | |
| 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 and intensive systems for livestock (e.g. sow stalls, concentrated animal feeding operations (CAFOs), feedlots, farrowing crates, single penning, battery cages, tethering, veal crates, force feeding 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 makes a partial commitment to the avoidance of confinement but the scope (in terms of geography, species, products) is not clearly defined. | 1 |
| | The company makes a partial commitment to the avoidance of confinement and the scope of the commitment (in terms of geography, species and 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 ¹ . In farmed fish species this includes heat treatment of eggs to induce triploidy, which renders fish sterile. | |
| Scoring | No stated position. | 0 |
| | The company makes 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 makes a partial commitment to the avoidance of animals subject to genetic engineering or cloning and the scope (in terms of geography, species and 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 the use of hormonal growth promoters and the use of antibiotics for growth promotion are banned in the EU, their use is widely practised outside of Europe. | |
| Scoring | No stated position. | 0 |
| | The company makes a partial commitment to the avoidance of growth promoting substances, but the scope (in terms of geography, species or products) is not clearly defined. | 1 |
| | The company makes a partial commitment to the avoidance of growth promoting substances, but the scope (in terms of geography, species and products) is clearly defined. | 3 |
| | Universal commitment to the avoidance of growth promoting substances. | 5 |
| | (Max Score 5) | |

1
For a detailed discussion of the animal welfare implications of cloning and genetic engineering, see Peter Stevenson (2012), Cloning and Genetic Engineering of Farm Animals. BBFAW Investor Briefing No. 6 (September 2012) (BBFAW, London), http://www.bbfaaw.com/media/1083/briefing-no6_cloning-and-genetic-engineering-of-farm-animals.pdf

| | | |
|-------------------|--|---|
| 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 ² . 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 makes 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 makes a partial commitment to the reduction or avoidance of the routine use of antibiotics, and the scope (in terms of geography, species and 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 (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 makes 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 makes a partial commitment to the avoidance of routine mutilations and the scope (in terms of geography, species and 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 makes 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 makes 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 and 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) | | |

2

See, further, Vicky Bond and Jemima Jewell (2014), The Impacts of Antibiotic Use in Animals on Human Health and Animal Welfare. BBFAW Investor Briefing No. 17 (BBFAW, London). <http://www.bbfa.com/media/1070/briefing-17-impacts-of-antibiotic-use-in-animals-on-human-health-and-animal-welfare.pdf>

| | | |
|--------------------|--|---|
| 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 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 makes a partial commitment to avoid the use of long distance transport but the scope (in terms of geography, species or products) is not 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) | |

APPENDIX 1 2016 BENCHMARK QUESTIONS AND SCORING

| | | |
|--------------------|---|---|
| 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, and against their objectives and targets. | |
| Scoring | 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 |
| | 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 |
| | (Max Score 10) | |
| 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 | No information provided on employee training in farm animal welfare. | 0 |
| | Specific training provided to employees in farm animal welfare. | 5 |
| | 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 | No description of processes for implementing farm animal welfare policy through supply chain. | 0 |
| | 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 |
| | No information provided on how supplier compliance with contract conditions is monitored | 0 |
| | Farm animal welfare specified as part of supplier auditing programme. | 5 |
| | Specific support and/or education provided to suppliers on farm animal welfare policy/issues. | 5 |
| | (Max Score 15) | |

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| 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 | No information provided on employee training in farm animal welfare. | 0 |
| | Specific training provided to employees in farm animal welfare. | 5 |
| | 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 | No description of processes for implementing farm animal welfare policy through supply chain. | 0 |
| | 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 |
| | No information provided on how supplier compliance with contract conditions is monitored. | 0 |
| | Farm animal welfare specified as part of supplier auditing programme. | 5 |
| | 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

| | |
|---|----|
| 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 |
| 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 |
| | Evidence of current involvement in research and development programmes to improve farm animal welfare. | 5 |
| | 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 fresh or frozen animal products and ingredients) for own-brand products in its global supply chain that are free from confinement (i.e. those in barn, free range, indoor group housed, 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 |
| | 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 |
| | The company reports fully on the proportion of animals free from 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 global supply chain that are free from routine mutilations (i.e. castration, teeth clipping, tail docking, toe clipping, dehorning, desnooding, de-winging, disbudding, mulesing, beak trimming, fin clipping)? | |
| 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 routine mutilation of animals in their supply chains. | |
| Scoring | No reporting on the proportion of animals that are free from routine mutilations | 0 |
| | The company reports on the proportion of animals that are free from routine mutilations, but this reporting is limited to certain geographies, species or own-brand products. | 3 |
| | The company reports fully on the proportion of animals that are free from routine mutilations, covering all relevant geographies, species and own-brand products. | 5 |
| | (Max Score 5) | |
| Question 22 | Does the company report on the proportion of animals in its global supply chain that are subject to pre-slaughter stunning? | |
| 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 23 **Does the company report on the average, typical or maximum permitted live transport times for the animals in its global 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.

| | | |
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| 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 geographies, species and own-brand products. | 5 |
| | (Max Score 5) | |

Question 24 **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, of physical wellbeing, mental wellbeing and behaviour. WOMs might include for example:

- For all species: mortality rates
- For laying hens: end of lay feather coverage, keel bone fractures, bone breakages at slaughter
- For dairy cows: lameness, mastitis, body condition, involuntary culling rate
- For pigs: lameness, tail bites and other lesions
- For broiler chickens: gait score, footpad dermatitis, hockburn, breast blisters
- For beef: body condition, lameness
- For rabbits: foot lesions, fur coverage, eye condition
- For fish: fin and body damage
- For mental wellbeing: reaction to humans or novelty, fear, comfort
- For behaviour: time spent lying/resting, ruminating or being active – foraging, perching, dustbathing, socialising
- For transportation: injuries, fatigue, road traffic incidents, mortality (dead-on-arrival/DOA)
- For slaughter: effectiveness of stunning

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| 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) | |

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| Question 25 | Does the company provide an explanation of progress and trends in performance (either in terms of input measures or welfare outcome measures)? | |
| Rationale | Companies should provide an explanation of progress and trends in performance and clearly define the scope of reporting (i.e. by geography, by species, by production system, by welfare outcome). | |
| Scoring | 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 10)

PERFORMANCE IMPACT

| | | |
|--------------------|---|----|
| Question 26 | What proportion of laying hens (for shell eggs and fresh/frozen products and ingredients) in the company's global supply chain is cage-free? | |
| Rationale | Companies making public commitments to source cage-free eggs should report on the proportion of own brand shell eggs and eggs used as ingredients that are from cage-free hens. NB. Companies that report on the proportion of eggs that are cage-free but do not specify the scope will be awarded 1 point. For retailers and wholesalers, this question applies to all own-brand products. | |
| Scoring | 0% of laying hens are cage-free, or no reported information | 0 |
| | 1 – 25% of laying hens are cage-free | 1 |
| | 26 – 50% of laying hens are cage-free | 3 |
| | 51 – 75% of laying hens are cage-free | 5 |
| | 76 – 99% of laying hens are cage-free | 7 |
| | 100% of laying hens are cage-free | 10 |
| | (Max Score 10) | |
| Question 27 | What proportion of fresh/frozen pork products and ingredients in the company's global supply chain is sourced from pigs that are free from sow stalls? | |
| Rationale | Companies making public commitments to source sow-stall-free pork should report on the proportion of sows that are free from sow stalls. NB. Companies that report on the proportion of pork that is sow stall-free but do not specify the scope will be awarded 1 point. For retailers and wholesalers, this question applies to all own-brand products. | |
| Scoring | 0% of sows are free from sow stalls, or no reported information | 0 |
| | 1 – 25% of sows are free from sow stalls | 1 |
| | 26 – 50% of sows are free from sow stalls | 3 |
| | 51 – 75% of sows are free from sow stalls | 5 |
| | 76 – 99% of sows are free from sow stalls | 7 |
| | 100% of sows are free from sow stalls | 10 |
| | (Max Score 10) | |
| Question 28 | What proportion of fresh/frozen milk or milk products and ingredients in the company's global supply chain is sourced from cows that are free from tethering? | |
| Rationale | Companies making public commitments to source milk from dairy cows that are not tethered should report on the proportion of own brand milk and milk products (including ingredients) that are from dairy cows that are not tethered. NB. Companies that report on the proportion of milk or milk products and ingredients that are sourced from cows that are free from tethering but do not specify the scope will be awarded 1 point. For retailers and wholesalers, this question applies to all own-brand products. | |
| Scoring | 0% of dairy cows are free from tethering, or no reported information | 0 |
| | 1 – 25% of dairy cows are free from tethering | 1 |
| | 26 – 50% of dairy cows are free from tethering | 3 |
| | 51 – 75% of dairy cows are free from tethering | 5 |
| | 76 – 99% of dairy cows are free from tethering | 7 |
| | 100% of dairy cows are free from tethering | 10 |
| | (Max Score 10) | |

| | | |
|--------------------|---|----|
| Question 29 | What proportion of broiler chickens for own-brand fresh/frozen products and ingredients in the company's global supply chain is reared at lower stocking densities (specifically, 33 kg/m² or less)? | |
| Rationale | Companies making public commitments to source broiler chickens to higher welfare standards should report on the stocking densities of own brand fresh and frozen chicken meat and ingredients. NB. Companies that report on the proportion of broiler chickens reared at lower stocking densities but do not specify the scope will be awarded 1 point. Companies will not be scored for reporting on the proportion of broiler chickens that are cage-free. (That is, the actual stocking density or higher welfare/free range systems must be specified). For retailers and wholesalers, this question applies to all own-brand products. | |
| Scoring | 0% of broiler chickens reared at lower stocking densities, or no reported information | 0 |
| | 1 – 25% of broiler chickens are reared at lower stocking densities | 1 |
| | 26 – 50% of broiler chickens are reared at lower stocking densities | 3 |
| | 51 – 75% of broiler chickens are reared at lower stocking densities | 5 |
| | 76 – 99% of broiler chickens are reared at lower stocking densities | 7 |
| | 100% of broiler chickens are reared at lower stocking densities | 10 |
| | (Max Score 10) | |
| Question 30 | What proportion of laying hens in the company's global supply chain is free from beak trimming or tipping? | |
| Rationale | Companies should report on the proportion of laying hens that are free from beak trimming or tipping. NB. Companies that report of the proportion of shell eggs or eggs as ingredients that are sourced from laying hens that are free from beak trimming or tipping but do not specify the scope will be awarded 1 point. For retailers and wholesalers, this question applies to all own-brand products. | |
| Scoring | 0% of laying hens are free from beak trimming or tipping | 0 |
| | 1 – 25% of laying hens are free from beak trimming or tipping | 1 |
| | 26 – 50% of laying hens are free from beak trimming or tipping | 3 |
| | 51 – 75% of laying hens are free from beak trimming or tipping | 5 |
| | 76 – 99% of laying hens are free from beak trimming or tipping | 7 |
| | 100% of laying hens are free from beak trimming or tipping | 10 |
| | (Max Score 10) | |
| Question 31 | What proportion of pigs in the company's global supply chain is free from tail docking? | |
| Rationale | Companies should report on the proportion of pigs that are free from tail docking. NB. Companies that report on the proportion of fresh/frozen pork products and ingredients that are sourced from pigs that are free from tail docking but do not specify the scope will be awarded 1 point. For retailers and wholesalers, this question applies to all own-brand products. | |
| Scoring | 0% of pigs are free from tail docking, or no reported information | 0 |
| | 1 – 25% of pigs are free from tail docking | 1 |
| | 26 – 50% of pigs are free from tail docking | 3 |
| | 51 – 75% of pigs are free from tail docking | 5 |
| | 76 – 99% of pigs are free from tail docking | 7 |
| | 100% of pigs are free from tail docking | 10 |
| | (Max Score 10) | |

APPENDIX 1 2016 BENCHMARK QUESTIONS AND SCORING

| | | |
|--------------------|---|----|
| Question 32 | What proportion of dairy cows in the company's global supply chain is free from tail docking? | |
| Rationale | Companies should report on the proportion of dairy cattle that are free from tail docking. NB. Companies that report on the proportion of fresh/frozen milk products and ingredients that are sourced from cows that are free from tail docking but do not specify the scope will be awarded 1 point. For retailers and wholesalers, this question applies to all own-brand products. | |
| Scoring | 0% of dairy cows are free from tail docking, or no reported information | 0 |
| | 1 – 25% of dairy cows are free from tail docking | 1 |
| | 26 – 50% of dairy cows are free from tail docking | 3 |
| | 51 – 75% of dairy cows are free from tail docking | 5 |
| | 76 – 99% of dairy cows are free from tail docking | 7 |
| | 100% of dairy cows are free from tail docking | 10 |
| | (Max Score 10) | |
| Question 33 | What proportion of animals (excluding fin fish) in the company's global supply chain is pre-slaughter stunned? | |
| Rationale | This question is looking specifically at measures linked to the slaughter of animals in their supply chains. It is essential to render an animal unconscious (through for example captive bolt and stun to kill methods including electrical stunning, gas stunning, gas stun to kill) before it is slaughtered in order for it to be insensible to pain, discomfort and stress, until death occurs. NB. Companies that report on the proportion of animals that have been pre-slaughter stunned but do not specify the scope will be awarded 1 point. This question currently excludes finfish because finfish are slaughtered in commercial aquaculture systems using a variety of methods, which, depending on the species and husbandry system, may or may not involve pre-slaughter stunning. | |
| Scoring | 0% of products are from animals that have been pre-slaughter stunned, or no reported information | 0 |
| | 1 – 25% of products are from animals that have been pre-slaughter stunned | 1 |
| | 26 – 50% of products are from animals that have been pre-slaughter stunned | 3 |
| | 51 – 75% of products are from animals that have been pre-slaughter stunned | 5 |
| | 76 – 99% of products are from animals that have been pre-slaughter stunned | 7 |
| | 100% of products are from animals that have been pre-slaughter stunned | 10 |
| | (Max Score 10) | |
| Question 34 | What proportion of animals (excluding fin fish) in the company's global supply chain is transported within specified maximum journey times? | |
| Rationale | 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. NB. Companies that report on the proportion of animals that have been transported in 8 hours or less but do not specify the scope will be awarded 1 point. | |
| | This question currently excludes finfish because the key welfare issues concern the pumping, crowing and poor handling of finfish, as well the deterioration of water quality, especially the depletion of oxygen or accumulation of carbon dioxide and ammonia. | |
| Scoring | 0% of animals are transported in 8 hours or less, or no reported information | 0 |
| | 1 – 25% of animals are transported in 8 hours or less | 1 |
| | 26 – 50% of animals are transported in 8 hours or less | 3 |
| | 51 – 75% of animals are transported in 8 hours or less | 5 |
| | 76 – 99% of animals are transported in 8 hours or less | 7 |
| | 100% of animals are transported in 8 hours or less | 10 |
| | (Max Score 10) | |

| | COMPANY | OWNERSHIP | ICB CLASSIFICATION | COUNTRY OF INCORPORATION |
|----|--|--------------------|--------------------------------------|--------------------------|
| 1 | Ahold Delhaize | Public | 5337: Food Retailers and Wholesalers | Netherlands |
| 2 | Albertsons | Private | 5337: Food Retailers and Wholesalers | USA |
| 3 | Aldi Nord (Aldi Markt) | Private | 5337: Food Retailers and Wholesalers | Germany |
| 4 | Aldi Süd/Aldi Einkauf GmbH & Co | Private | 5337: Food Retailers and Wholesalers | Germany |
| 5 | Carrefour SA | Public | 5337: Food Retailers and Wholesalers | France |
| 6 | Casino Guichard-Perrachon SA | Public | 5337: Food Retailers and Wholesalers | France |
| 7 | Co-op (UK) | Cooperative | 5337: Food Retailers and Wholesalers | UK |
| 8 | Coop Group (Switzerland)/Coop Genossenschaft | Cooperative | 5337: Food Retailers and Wholesalers | Switzerland |
| 9 | Costco Wholesale Corp | Public | 5337: Food Retailers and Wholesalers | USA |
| 10 | E Leclerc | Cooperative | 5337: Food Retailers and Wholesalers | France |
| 11 | Edeke Zentrale | Private | 5337: Food Retailers and Wholesalers | Germany |
| 12 | El Corte Inglés SA | Private | 5337: Food Retailers and Wholesalers | Spain |
| 13 | Groupe Auchan | Private | 5337: Food Retailers and Wholesalers | France |
| 14 | ICA Gruppen/ICA Eiendom Norge AS | Public | 5337: Food Retailers and Wholesalers | Sweden |
| 15 | J Sainsbury PLC | Public | 5337: Food Retailers and Wholesalers | UK |
| 16 | (The) Kroger Company | Public | 5337: Food Retailers and Wholesalers | USA |
| 17 | Les Mousquetaires | Private | 5337: Food Retailers and Wholesalers | France |
| 18 | Lidl Stiftung & Co KG | Private | 5337: Food Retailers and Wholesalers | Germany |
| 19 | Loblaw | Public | 5337: Food Retailers and Wholesalers | Canada |
| 20 | Marks & Spencer PLC | Public | 5337: Food Retailers and Wholesalers | UK |
| 21 | Mercadona SA | Private | 5337: Food Retailers and Wholesalers | Spain |
| 22 | Metro AG | Public | 5337: Food Retailers and Wholesalers | Germany |
| 23 | Migros-Genossenschafts-Bund | Cooperative | 5337: Food Retailers and Wholesalers | Switzerland |
| 24 | Publix Super Markets Inc | Private | 5337: Food Retailers and Wholesalers | USA |
| 25 | Rewe Group | Cooperative | 5337: Food Retailers and Wholesalers | Germany |
| 26 | Schwarz Unternehmens Treuhand KG/Kaufland | Private | 5337: Food Retailers and Wholesalers | Germany |
| 27 | Sysco Corporation | Public | 5337: Food Retailers and Wholesalers | USA |
| 28 | Target Corporation | Public | 5337: Food Retailers and Wholesalers | USA |
| 29 | Tesco PLC | Public | 5337: Food Retailers and Wholesalers | UK |
| 30 | Waitrose | Partnership | 5337: Food Retailers and Wholesalers | UK |
| 31 | Walmart Stores/Asda | Public | 5337: Food Retailers and Wholesalers | USA |
| 32 | Wesfarmers | Public | 5337: Food Retailers and Wholesalers | Australia |
| 33 | Wm Morrison Supermarkets PLC | Public | 5337: Food Retailers and Wholesalers | UK |
| 34 | Woolworths Limited | Public | 5337: Food Retailers and Wholesalers | Australia |
| 35 | Yonghui Superstores | Public | 5337: Food Retailers and Wholesalers | PRC |
| 36 | Aramark Corporation | Public | 5757: Restaurants and Bars | USA |
| 37 | Autogrill SpA | Joint Stock | 5757: Restaurants and Bars | Italy |
| 38 | Camst – La Ristorazione Italiana Soc. Coop. ARL | Cooperative | 5757: Restaurants and Bars | Italy |
| 39 | Chick-Fil-A | Private | 5757: Restaurants and Bars | USA |
| 40 | Chipotle Mexican Grill | Public | 5757: Restaurants and Bars | USA |
| 41 | Compass Group PLC | Public | 5757: Restaurants and Bars | UK |
| 42 | Cremonini SpA | Private | 5757: Restaurants and Bars | Italy |

| | COMPANY | OWNERSHIP | ICB CLASSIFICATION | COUNTRY OF INCORPORATION |
|----|--|--------------------|----------------------------|--------------------------|
| 43 | Darden Restaurants PLC | Public | 5757: Restaurants and Bars | USA |
| 44 | Domino's Pizza Group PLC | Public | 5757: Restaurants and Bars | UK |
| 45 | Dunkin' Brands Inc | Public | 5757: Restaurants and Bars | USA |
| 46 | Elior | Public | 5757: Restaurants and Bars | UK |
| 47 | Gategroup Holding AG | Public | 5757: Restaurants and Bars | Switzerland |
| 48 | Greggs PLC | Public | 5757: Restaurants and Bars | UK |
| 49 | JD Wetherspoon PLC | Public | 5757: Restaurants and Bars | UK |
| 50 | McDonald's Corporation | Public | 5757: Restaurants and Bars | USA |
| 51 | Mitchells & Butlers PLC | Public | 5757: Restaurants and Bars | UK |
| 52 | Olav Thon Gruppen AS | Public | 5757: Restaurants and Bars | Norway |
| 53 | Panera Bread | Public | 5757: Restaurants and Bars | USA |
| 54 | Restaurant Brands International/Burger King | Public | 5757: Restaurants and Bars | Canada |
| 55 | Quick Restaurants | Public | 5757: Restaurants and Bars | France |
| 56 | Sodexo | Public | 5757: Restaurants and Bars | France |
| 57 | SSP Group Limited | Public | 5757: Restaurants and Bars | Sweden |
| 58 | Starbucks Corporation | Public | 5757: Restaurants and Bars | USA |
| 59 | Subway/Doctor's Associates Inc | Private | 5757: Restaurants and Bars | USA |
| 60 | Umoe Gruppen AS | Public | 5757: Restaurants and Bars | Norway |
| 61 | Wendy's Company (The) | Private | 5757: Restaurants and Bars | USA |
| 62 | Whitbread PLC | Public | 5757: Restaurants and Bars | UK |
| 63 | Yum! Brands Inc | Public | 5757: Restaurants and Bars | USA |
| 64 | 2 Sisters Food Group (Boparan Holdings Ltd) | Private | 3570: Food Producer | UK |
| 65 | Arla Foods Ltd | Cooperative | 3570: Food Producer | Denmark |
| 66 | Associated British Foods PLC | Public | 3570: Food Producer | UK |
| 67 | Barilla SpA | Private | 3570: Food Producer | Italy |
| 68 | BRF SA | Public | 3570: Food Producer | Brazil |
| 69 | Cargill | Private | 3570: Food Producer | USA |
| 70 | Charoen Pokphand (CP) Group | Private | 3570: Food Producer | Thailand |
| 71 | ConAgra | Public | 3570: Food Producer | USA |
| 72 | Cranswick PLC | Public | 3570: Food Producer | UK |
| 73 | Danish Crown Amba/Tulip | Joint Stock | 3570: Food Producer | Denmark |
| 74 | Dean Foods | Public | 3570: Food Producer | USA |
| 75 | Ferrero SpA | Joint Stock | 3570: Food Producer | Italy |
| 76 | Fonterra | Cooperative | 3570: Food Producer | New Zealand |
| 77 | General Mills Inc | Public | 3570: Food Producer | USA |
| 78 | Groupe Danone SA | Public | 3570: Food Producer | France |
| 79 | Gruppo Lactalis | Private | 3570: Food Producer | Italy |
| 80 | Gruppo Veronesi | Private | 3570: Food Producer | Italy |
| 81 | Henan Zhongpin Inc | Public | 3570: Food Producer | PRC/USA |
| 82 | Hormel Foods Corporation | Public | 3570: Food Producer | USA |
| 83 | JBS SA | Public | 3570: Food Producer | Brazil |

| | COMPANY | OWNERSHIP | ICB CLASSIFICATION | COUNTRY OF INCORPORATION |
|----|-------------------------------|--------------------|---------------------|--------------------------|
| 84 | KraftHeinz | Public | 3570: Food Producer | USA |
| 85 | Mondelēz International | Public | 3570: Food Producer | USA |
| 86 | Marfrig Alimentos SA | Public | 3570: Food Producer | Brazil |
| 87 | Mars Inc | Private | 3570: Food Producer | USA |
| 88 | Müller Group AG | Private | 3570: Food Producer | Germany |
| 89 | Nestlé SA | Public | 3570: Food Producer | Switzerland |
| 90 | New Hope Liuhe Co Ltd | Public | 3570: Food Producer | PRC |
| 91 | Noble Foods | Private | 3570: Food Producer | UK |
| 92 | OSI Group | Private | 3570: Food Producer | USA |
| 93 | Premier Foods PLC | Public | 3570: Food Producer | UK |
| 94 | Royal FrieslandCampina | Cooperative | 3570: Food Producer | Netherlands |
| 95 | Terrena Group | Cooperative | 3570: Food Producer | France |
| 96 | Tyson Foods Inc | Public | 3570: Food Producer | USA |
| 97 | Unilever NV | Public | 3570: Food Producer | Netherlands |
| 98 | VION Food Group | Private | 3570: Food Producer | Netherlands |
| 99 | WH Group Ltd | Public | 3570: Food Producer | PRC |

Androsterone - an endogenous steroid hormone and pheromone formed in testes from the breakdown of progesterone excreted in the urine and plasma of entire (non-castrated) males, and responsible for boar taint and unpleasant odour/taste to meat.

Animal welfare – the physical and mental wellbeing of animals and the freedom to express behaviours that are important to them; 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 – 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.

Coccidiostat – a pharmaceutical agent that acts upon *Coccidia* parasites commonly found in animal intestines.

Concentrated animal feeding operations (CAFOs)

- 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 – specifically relates to 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.

The Five Freedoms outline an acceptable state (outcomes) for welfare (e.g. freedom from thirst, hunger and malnutrition, from discomfort, from pain and disease, from fear and distress, and to express normal behaviour), on-farm, in transit and slaughter, and includes elements of health, emotional state, and physical and behavioural functioning. The provisions, added later, are aimed at practical measures required to secure the freedoms, and to provide a logical framework for assessing the strengths and weaknesses of husbandry systems to minimise negative welfare states:

1. **Freedom from Hunger and Thirst** - by ready access to fresh water and a diet to maintain full health and vigour.
2. **Freedom from Discomfort** - by providing an appropriate environment including shelter and a comfortable resting area.
3. **Freedom from Pain, Injury or Disease** - by prevention or rapid diagnosis and treatment.
4. **Freedom to Express Normal Behaviour** - by providing sufficient space, proper facilities and company of the animal's own kind.
5. **Freedom from Fear and Distress** - by ensuring conditions and treatment which avoid mental suffering.

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 sows and their litters in pens as opposed to farrowing crates, in larger pens than the sow stall, enabling the sow to move more freely, build and 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 have yet to be pregnant or have their first litter.

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.

In-Ovo Gender Identification (Sexing) – a method for identifying the sex of laying hens via analysis of the allantoic fluid, aimed at avoiding the routine culling of day-old male chicks.

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

Long distance live 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)

Ractopamine – a feed additive used to promote growth promotion and leanness in animals raised for their meat. Ractopamine use has been banned in many countries, including European Union countries, mainland China and Russia.

Neospora caninum – a microscopic protozoan parasite that causes the disease neosporosis, a major cause of abortion in cattle.

Phytotherapy – the study of the use of extracts of natural origin as medicines or health-promoting agents.

Polled breeds – typically refers to breeds or strains of ruminants that are naturally polled (without horns) through selective breeding (as opposed to being dehorned).

Pithing – a technique used to immobilise or kill an animal by inserting a needle or metal rod into its brain. Current USA and European Union regulations prohibit importation of beef from cows pithed due to risk of bovine spongiform encephalopathy (BSE, or "mad cow") disease.

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

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

Stockmanship – the knowledgeable and skillful handling of livestock in a safe, efficient, effective, and low-stress manner.

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

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

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

Toe clipping – the removal of the ends of toes, including the whole toenail, in 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 – performance measures directly linked to the physical, emotional and/or behavioural wellbeing of animals.



FAIRR

Over 70% of the world's animal products come from animals reared in intensive 'factory farms'. The FAIRR (Farm Animal Investment Risk & Return) initiative was established in 2015 to help investors understand the short and long-term risks arising from intensive livestock production, and to support the assessment and incorporation of these material risk factors in their investment processes.

FAIRR believes that the factory farming model presents an iceberg of risks to investors. Above the surface, scandals such as swine flu, avian flu and horsemeat have shown how poor animal welfare and industrial production methods can lead to value destruction. Below the surface, there are more substantial risks linked to intensive livestock production, which have the potential to damage long-term performance for investors. FAIRR publishes research and case studies on these issues, and coordinates collaborative investor engagements. Key focus areas for FAIRR include the routine use of antibiotics in agricultural supply chains, sustainable protein, and climate risk.

By fostering a culture of collaboration and knowledge sharing, FAIRR aims to help its members to better understand the impact of factory farming, and to effectively manage risks and opportunities associated with investments in the food sector.

See more at www.FAIRR.org

FAIRR is an initiative established by the Jeremy Collier Foundation and Collier Capital and is independent from the Business Benchmark on Farm Animal Welfare.



Compassion in World Farming: Food Business Programme

Since 2007, Compassion's corporate engagement team has pioneered a unique partnership approach to working with the world's leading food businesses to raise the baseline standards of welfare for farm animals, and so effect change at scale.

We work with supermarket chains, food manufacturers and producers, and food service companies at every stage of their journey to improve farm animal welfare. Our approach is collaborative and solutions-led, built on trust and mutual respect, and is described by our partners as 'challenging, but supportive and practically relevant'.

Our team of specialist staff have extensive farm animal welfare knowledge, with backgrounds in scientific research, veterinary medicine, supply chain management, corporate social responsibility, and marketing communications. Our resources are evidence-based and include scientific review, rationale and best practice case studies, designed to help companies achieve their goals.

We work with companies at the start of their journey to develop and strengthen full and transparent welfare policies and strategies. At a deeper level, we can help map out specific welfare issues in their supply chain and plot a course for continuous improvement. To date, more than 377 million animals have the potential to benefit from our project work with partners.

Our Good Farm Animal Welfare Awards programme recognises market-leading companies for delivering higher welfare criteria for key species: laying hens, broiler chickens, dairy cows and calves, sows and meat pigs, and breeding and meat rabbits. As of June 2016, more than 342 million animals are set to benefit each year as a result of our awards winners' policies and practices.

Through our marketing activities with food industry partners we are reaching a growing number of consumers, promoting the benefits of higher welfare products and bringing them on the journey towards more humane, sustainable food.

Compassion is a founding partner of the Business Benchmark on Farm Animal Welfare (BBFAW). Our team works with many of the benchmarked companies to strengthen the policy, management and governance associated with farm animal welfare, helping them improve their Benchmark ranking and welfare achievements year on year.

We are passionate about ensuring farm animals can lead better lives, experiencing positive mental and physical wellbeing whilst being free to express natural behaviours. Working together with our food industry partners we benefit of the lives of millions of farm animals each year and represent a community which is actively leading the movement towards more ethical and sustainable food.

www.compassioninfoodbusiness.com



Global Ghost Gear Initiative

The Global Ghost Gear Initiative (GGGI) is a cross-sectoral alliance committed to driving solutions to the problem of lost and abandoned fishing gear worldwide. It aims to improve the health of marine ecosystems, protect marine animals, and safeguard human health and livelihoods.

Ghost gear poses a very real threat to marine animals. Abandoned, lost and discarded nets, lines and traps are one of the biggest threats to our sea life. This gear traps, injures, mutilates and kills hundreds of thousands of whales, seals, turtles and birds annually.

- At least 136,000 seals, sea lions and large whales are killed each year
- 640,000 tonnes of gear per year = 90,000 double decker buses
- 125 tonnes of fish caught = about 1 tonne of gear lost or discarded

To find solutions to this problem the GGGI operates across three working groups: building evidence and gathering data to create a global picture of the problem; defining the best practice guidelines of exactly how to deal with fishing gear, at all stages of its life, within the supply chain; creating solutions projects, which can be scaled and replicated across the globe.

Our strength lies in the diversity of the GGGI's participants including the fishing industry, the private sector, academia, governments, intergovernmental and non-governmental organisations. The GGGI's engagement with the UN and involvement in on the ground solutions means that we are mitigating the risk posed by ghost gear locally, regionally and globally.

Join us, and together we can drive economically viable, sustainable solutions towards safer, cleaner oceans. Find out more at www.ghostgear.org.

The GGGI is an initiative of World Animal Protection.

For further information please
contact the BBFAW Executive Director,
Nicky Amos, at secretariat@bbfaw.com

www.bbfaw.com



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