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The Business Benchmark on Farm Animal Welfare

Launch of 2021 Benchmark
16 March 2022

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BBFAW
Business Benchmark
on Farm Animal Welfare

Acknowledgments

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- The many companies, investors and other stakeholders who engaged with the BBFAW as part of the 2021 programme.



Agenda

01. Welcome and Introductions

02. BBFAW Programme Overview

03. 2021 Benchmark

04. 2021 Key Findings

05. Looking Forward

06. Q&A

07. Closing Remarks

02

BBFAW Programme Overview



About the BBFAW

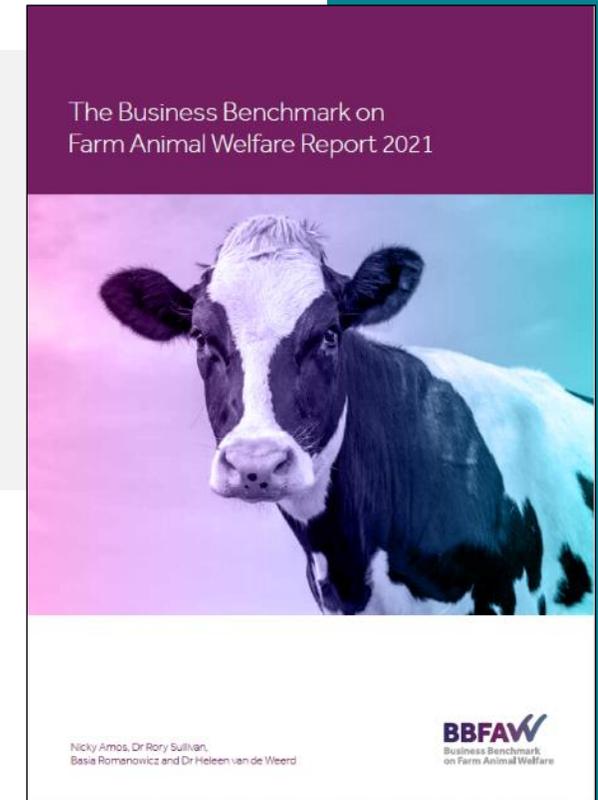
BBFAW is recognised by investors and companies as the **definitive global benchmark** on farm animal welfare management practices and disclosure



It enables stakeholders to understand corporate practice and **drive improvements** in the welfare of animals reared for food



Supported by **Compassion in World Farming** and **FOUR PAWS**



The Programme

Annual Benchmark



150
Companies

Global Investor Statement



34
Investor
signatories
(£2.5 tn in AUM)

Global Investor Collaboration



32
Investors
(£2.25 tn in AUM)

Investor and Company Engagement



Annual
surveys



One-on-one
engagements



Technical
briefings

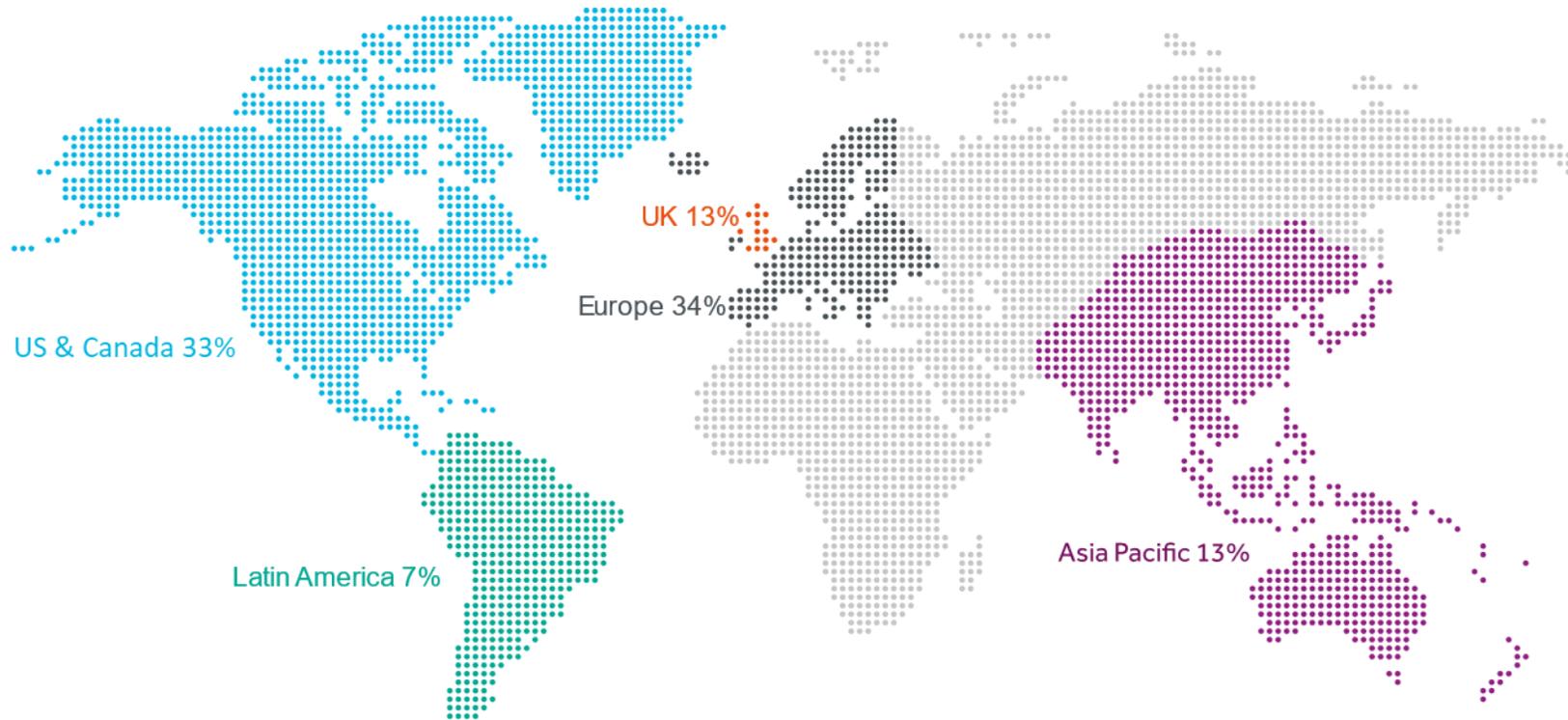
03

2021

Benchmark



2021 Coverage



 **150**
Companies

 **25**
Countries

 **54**
Food retailers and wholesalers

 **63**
Food producers and manufacturers

 **33**
Restaurants and bars

Methodology

Annual assessment based on published information

45%

Performance Reporting and Impact

9%

Innovation and Leadership



Management Commitment

22%

Governance and Management

24%

Management Commitment and Policy

Question 1. Does the company acknowledge farm animal welfare as a business issue?

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.

No evidence that farm animal welfare is regarded as a relevant business issue.	0
The company identifies farm animal welfare as a relevant business issue.	10

(Max Score 10)

Question 2. Does the company publish an overarching corporate farm animal welfare policy (or equivalent)?

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 firmly on the business agenda.

No evidence of a formal policy statement (or equivalent) on farm animal welfare.	0
The company has a broad commitment to farm animal welfare in a policy statement (or equivalent) but no description of how the policy is to be implemented.	5
The company has a 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?

Understanding the scope of a policy is important to understand the breadth of a company's commitment to action on farm animal welfare.

3a. Geographic scope

Geographic scope is not specified.	0
Scope is limited to certain specified geographies.	2
Scope is universal across all geographies.	5

3b. Species scope

Species scope is not specified.	0
Scope is limited to certain specified species.	2
Scope is universal across all relevant species.	5

3c. Product scope

Product scope is 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)

Changes to 2021 Methodology

Changed two questions to avoid potential double scoring



Management Commitment Section and Performance Reporting & Impact Section

- ✓ Q14 focused on explanations of progress against objectives and Targets
- ✓ Q27 focused on explanations of progress in performance related to Welfare Outcome Measures

Introduction of Impact Rating (A-F)



Performance Reporting & Impact Section

- ✓ Individual company Impact Ratings (A-F) published in BBFAW report and website

Adjusted Weighting



Performance Reporting & Impact Section

- ✓ Weighting of Performance Impact questions now accounts for 45% of total score available (35% in 2020)
- ✓ Scoring of Q28-37 modified to provide additional points for reporting partial but substantial performance data

04

2021 Key Findings



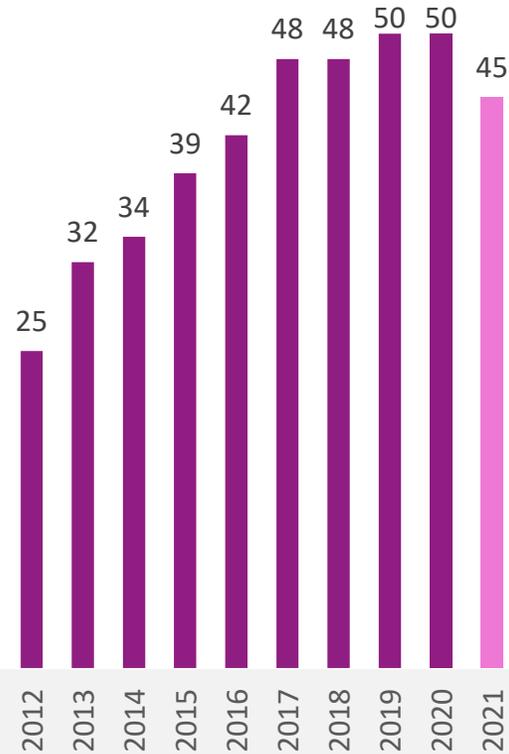
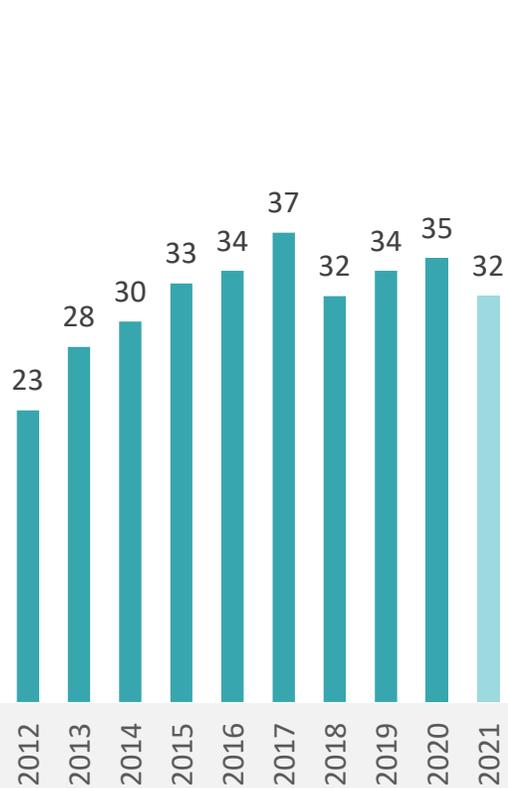
Overall Average Scores by Year (%)



All companies



Trend companies



The average effect of changes in methodology on overall average score was -4.2%

Headline Finding 1

A decade of implementation of the BBFAW has significantly advanced corporate management practice and reporting on farm animal welfare



134 companies

89% now acknowledge farm animal welfare as a business issue (vs 79% in 2012)



119 companies

79% have formal policies on farm animal welfare (vs 46% in 2012)

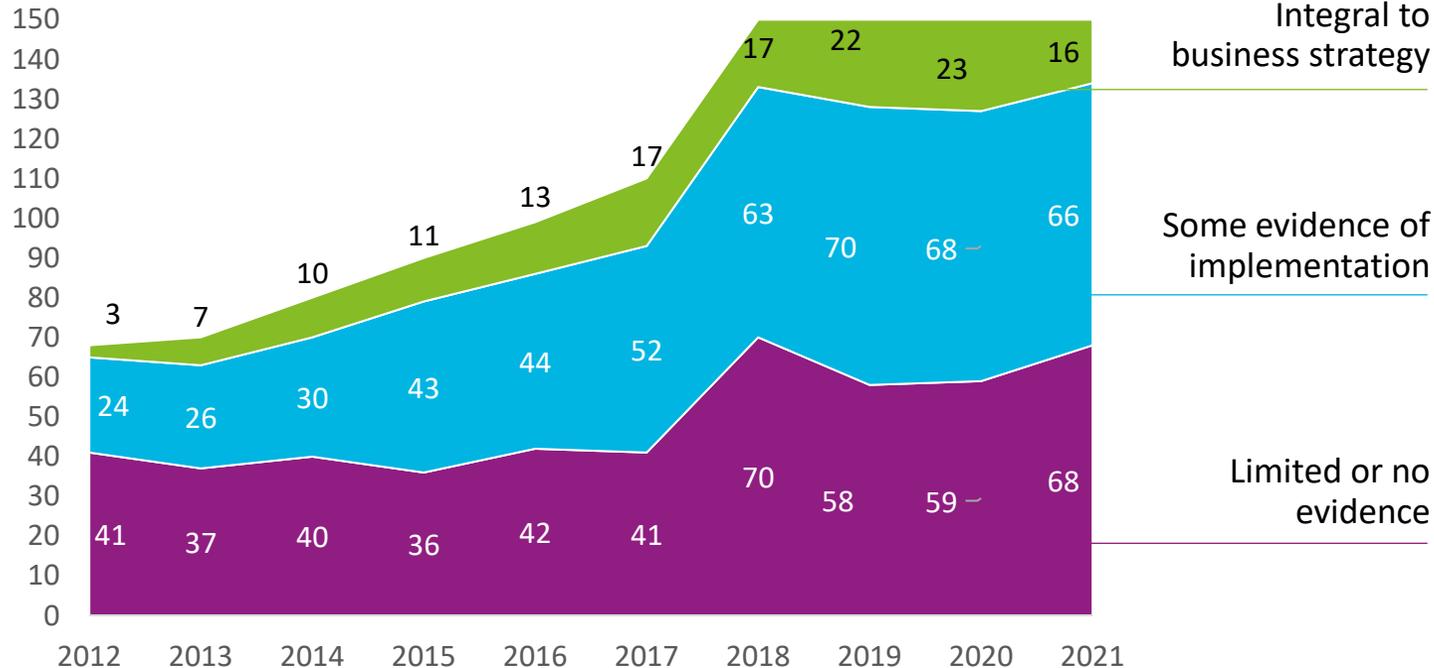


122 companies

79% have now set farm animal welfare-related objectives and targets (vs 26% in 2012)

Headline Finding 1

A decade of implementation of the BBFAW has significantly advanced corporate management practice and reporting on farm animal welfare



Even with the progress to date, almost one in five food companies (28 of the 150 companies) still have not published a formal farm animal welfare policy.

Companies improving by at least 1 Tier 2020-2021

Retailers and wholesalers

- Cencosud
- E.Leclerc

Producers and Manufacturers

- Industrias Bachoco
- Maple Leaf Foods
- Premier Foods PLC
- Terrena Group

Restaurants and Bars



Headline Finding 2

Despite the progress we are seeing, companies are too slow in delivering meaningful welfare impacts



100 companies

67% report some data on the proportion of animals free from close confinement



88 companies

62% of companies for which laying hens are a relevant species report on the proportion of hens free from cages.

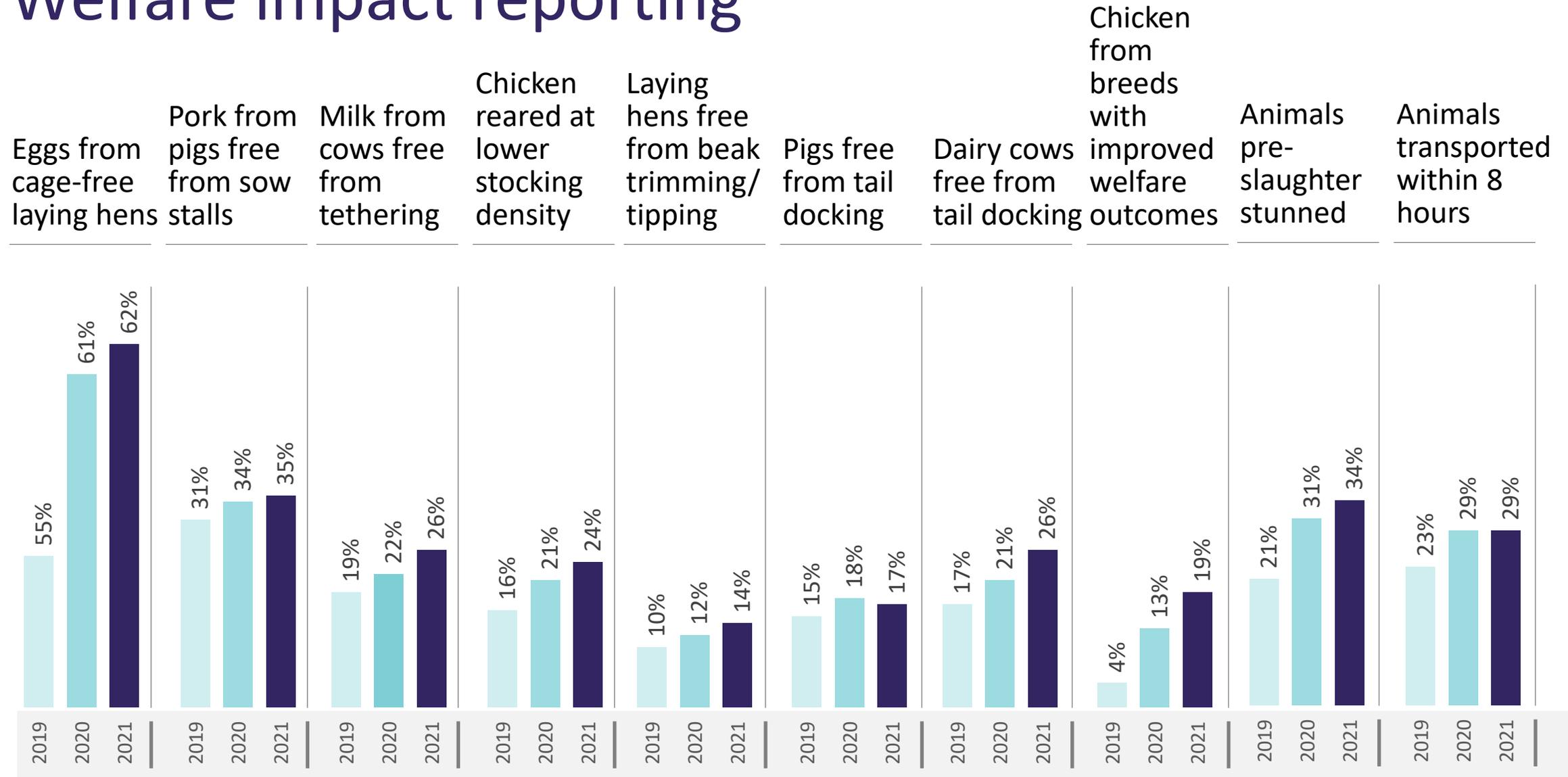


23 companies

15% report that 60% or more of the laying hens in their global supply chains are cage-free.

The overall average score for the 10 Performance Impact questions is just 12% (8% in 2020)

Welfare impact reporting



The graph shows the proportion of companies scoring points on questions 28-37.

Headline Finding 3

The BBFAW is placing continuing emphasis on performance impact in line with the programme's long-term objective to drive up farm animal welfare standards in global supply chains

Impact Rating		Number of companies 2020	Number of companies 2021
A >80%	These companies are declaring improved welfare impacts for a reasonable proportion of farm animals in their operations and/or supply chains.	0	0
B 62 – 80%		4	5
C 44 – 61%	These companies are declaring improved welfare impacts for at least some farm animals in their operations and/or supply chains.	3	6
D 27 – 43%		10	12
E 11 – 26%	These companies have yet to demonstrate that they are delivering improved welfare impacts for farm animals in their operations and/or supply chains.	12	25
F <11%		121	102

Impact Ratings are based on companies' scores for the Performance Impact questions, namely Q28-37.

Companies falling by 1 Tier (2020-2021)

Retailers and wholesalers

- Casino Guichard-Perrachon SA
- Coop Group (Switzerland)/Coop Genossenschaft
- Costco Wholesale Corporation
- Kroger Company (The)
- Lidl Stiftung & Co KG
- METRO AG
- REWE Group
- Schwarz Unternehmens Treuhand KG/Kaufland
- Sysco Corporation
- Walmart Inc
- Woolworths Group

Producers and Manufacturers

- Arla Foods Ltd
- Cooperativa Centrale Aurora Alimentos
- Cranswick PLC
- Danish Crown AmbA
- Ferrero SpA
- Fonterra
- Gruppo Veronesi
- Hilton Food Group
- Hormel Foods Corporation
- KraftHeinz
- LDC Groupe
- Meiji Holdings
- Nestlé SA
- Royal FrieslandCampina
- Tyson Foods Inc

Restaurants and Bars

- Camst – La Ristorazione Italiana Soc. Coop. ARL
- Darden Restaurants PLC
- Elior Group
- JD Wetherspoon PLC
- McDonald's Corporation
- Mitchells & Butlers PLC
- Sodexo
- Umoe Gruppen AS
- Wendy's Company (The)
- Whitbread PLC



Headline Finding 4

Investors have played a major role in influencing corporate practice and disclosure on farm animal welfare



BBFAW investor programme

Supported by over 30 institutional investors with over £2.3 trillion in assets under management



Risks and opportunities

BBFAW has engaged to encourage investors to take appropriate action to manage farm animal welfare



Company engagement

Investors are increasingly likely to engage with companies on farm animal welfare issues

Key conclusions



The BBFAW has successfully met its objectives to put animal welfare on the business and investor agenda, to formalize the management of farm animal welfare and to drive corporate disclosure on the issue.



116 companies (79%) are focused on improving farm animal welfare through published objectives and targets, but few companies can show how these are being translated into welfare improvements.



Alongside the tier ranking, the BBFAW Impact Rating provides an additional accountability mechanism. Progress on delivering welfare improvements falls below expectations, with 85% of companies receiving an 'E' or 'F' Impact Rating.



Farm animal welfare remains a central business issue for companies and for their investors. Investors will continue to play an important role in driving standards and performance in food companies.

05

Looking Forward: 2022 BBFAW cycle

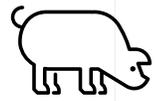


BBFAW Partners' Aims

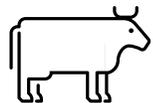


”More needs to be done to drive up welfare standards for the 80 billion animals farmed for food every year and to end factory farming.”

We are seeking:



A significant reduction in the number of animals farmed for food (at least a 50% reduction by 2040).



A good quality of life and positive welfare states for all animals reared for food.



Increase plant-based alternatives to animal-sourced foods.

Substantial changes to BBFAW Benchmark will include:

Focus on good quality of life and positive welfare states for animals farmed for food



Management Commitments

- ✓ Focus on eliminating most cruel practices and improving conditions in which animals are farmed, transported and slaughtered

Introduction of new focus area



Protein diversification

- ✓ Company commitments to reduce reliance on animals farmed for meat and dairy
- ✓ Company commitments to replace proportion of animal-sourced foods with plant-based products

Strengthening emphasis on performance impact



Performance Reporting & Impact Section

- ✓ Reassessment of performance reporting questions
- ✓ Continuation of Impact Rating
- ✓ Additional species covered by Performance Impact questions
- ✓ Increased weighting of Performance Reporting % Impact section

BBFAW Timeline

- Developing a new benchmark is expected to take 9-12 months.
- This means that there will be **no company assessments in the 2022 calendar year.**
- We will be engaging with companies, investors and other stakeholders during 2022.
- We anticipate that companies will be assessed against the new methodology in Q1 2023 when a new baseline will be established.



06

Q&A



Thank you for
participating.

For more information visit
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