



The Business Benchmark on Farm Animal Welfare 2015 Report

Nicky Amos and Dr Rory Sullivan



The Business Benchmark on Farm Animal Welfare

The Business Benchmark on Farm Animal Welfare (BBFAW) is designed to improve corporate reporting on farm animal welfare management, policies, practices, processes and performance and, over time, 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.

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, Collier Capital joined the programme as an additional partner.

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



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 team was established in 2007, and works in partnership with major food companies to make tangible improvements to the welfare of the farm animals in their operations and supply chains. The team offers strategic advice and technical support for the development, implementation and communication of higher welfare systems.

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

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

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

Collier Capital

Collier Capital

Collier Capital, founded in 1990, is a global private equity firm, and a recognised leader in private equity's secondary market. The company is headquartered in London, with additional offices in New York and Hong Kong, and has assets under management of approximately \$14 billion. Collier Capital believes farm animal welfare is an important issue, which has historically had too low a profile within the investment management industry. The firm incorporates farm animal welfare in its own Environmental, Social & Governance (ESG) policies, and is delighted to encourage greater industry engagement with the issue through its support for the Business Benchmark.

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

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- Jeremy Coller and Rosie Wardle (Coller Capital);
- Dr Steve Webster (Delta-innovation);
- Dr Heleen van de Weerd (Cerebrus Associates);
- Vanessa Gardner (Footprint Communications);
- The many companies, investors and other stakeholders who participated in meetings and teleconferences, who provided input to the 2015 Benchmark consultation process, and who provided feedback on the assessment process and methodology.

FOREWORD

People today want to know that the animals used to produce their food are raised and handled humanely. It's a shared responsibility among farmers and food companies to provide the transparency, candour, continuous improvement and clear measurement needed at every stage of the value chain – from farm to table.

As farm animal welfare moves up the business agenda and companies invest more resources in it, those who are serious about improvement need to ask themselves three questions:

- Are we curious – and open-minded – enough to find better ways? Whether a farmer, food company, researcher or advocate, we must open our minds to creative improvements in all aspects of farm animal welfare, including solutions for complex challenges such as housing systems, pain mitigation, and antibiotic usage;
- Can we accept that we may not have all the answers ourselves? We must be humble enough to ask for expert advice and engage in constructive, collaborative dialogue with others in the food chain, research, science and advocacy communities. Continuous improvement must be the driver, but an open mind is the facilitator;
- Are we telling our story openly, honestly and understandably? We need to share our performance in a way that is meaningful and relevant to our stakeholders, and we need to be responsive to their questions.

Farm animal welfare has become a more strategic issue for many companies, with many making strong corporate and brand commitments to higher animal welfare practices. At Tyson Foods, we focus on responsible, practical and sustainable animal well-being practices that are both scientifically defensible and measurable. We are also committed to playing a lead role in the pursuit of innovative animal welfare practices and technologies. We do this in concert with our supply chain partners and animal welfare advisors, who help challenge us with open, ongoing dialogues about continuous improvement in the raising and handling of food animals.

One important input to our processes and to our reporting on farm animal welfare is the Business Benchmark on Farm Animal Welfare, which provides very clear expectations of us as a business. The Benchmark has played an important role in creating our reporting platform and the annual benchmarking and feedback process highlights the areas of greatest opportunity in our journey to improve.

Ensuring proper animal welfare in a business environment is a top-down job that has to be woven into the company's culture. At Tyson Foods, we have a mind-set, stemming from our core company values, that we strive to be good stewards of the animals and environment necessary to not only run our business but to help feed the world. It's both the right thing to do and a moral responsibility. We owe responsible farm animal stewardship to our suppliers, customers, team members, shareholders and, most of all, the animals we depend on for our livelihood.



Donnie Smith
President & CEO
Tyson Foods, Inc

EXECUTIVE SUMMARY

SETTING THE SCENE

This is the fourth Business Benchmark on Farm Animal Welfare (BBFAW) report, following previous Benchmarks in 2012, 2013 and 2014. It describes how global food companies are managing and reporting on farm animal welfare, assesses the progress that has been made since the first Benchmark report, analyses the factors that are driving improvements in corporate practice and performance and reflects on the obstacles to further progress on farm animal welfare.

ABOUT THE BUSINESS BENCHMARK ON FARM ANIMAL WELFARE PROGRAMME

The Business Benchmark on Farm Animal Welfare (BBFAW) 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' disclosure on farm animal welfare. BBFAW also 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 policies.

BBFAW 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.

Governance

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

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

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

Benchmark Structure

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

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

In order to ensure consistency with previous iterations of the Benchmark, the questions and the associated scoring have remained relatively unchanged. However, in the 2015 Benchmark, we have assigned a weighting of 10% to the questions on performance; these questions were assessed in the 2014 Benchmark but did not form part of the company scores.

Benchmark Scope

In total, 90 global food companies were included in the 2015 Benchmark. These were broadly spread across the three food industry sub-sectors, i.e. (a) food retailers and wholesalers, (b) restaurants and bars, and (c) food producers (see Table 1).

Relative to the 2014 Benchmark, eleven new companies were added. These were Albertsons (USA), Chipotle Mexican Grill (USA), ConAgra Foods Inc (USA), Dean Foods Co (USA), Fonterra (New Zealand), Gruppo Veronesi (Italy), Loblaw Companies Ltd (Canada), Sysco (USA), Target Corporation (US), Wesfarmers Ltd (Australia), and Woolworths Limited (Australia). The geographic distribution of the companies is presented in Table 2.

Table 1: Companies by Sub-sector

SUB-SECTOR (AND ICB CLASSIFICATION)	NUMBER OF COMPANIES
Food Retailers and Wholesalers (5337)	32
Restaurants and Bars (5757)	25
Food Producers (3570)	33
Total	90

Table 2: Companies by Country of Listing or Incorporation

COUNTRY OF LISTING OR INCORPORATION	NUMBER OF COMPANIES
USA	23
UK	19
France	8
Germany	8
Italy	6
Netherlands	4
Switzerland	4
Brazil	3
Australia	2
Denmark	2
Norway	2

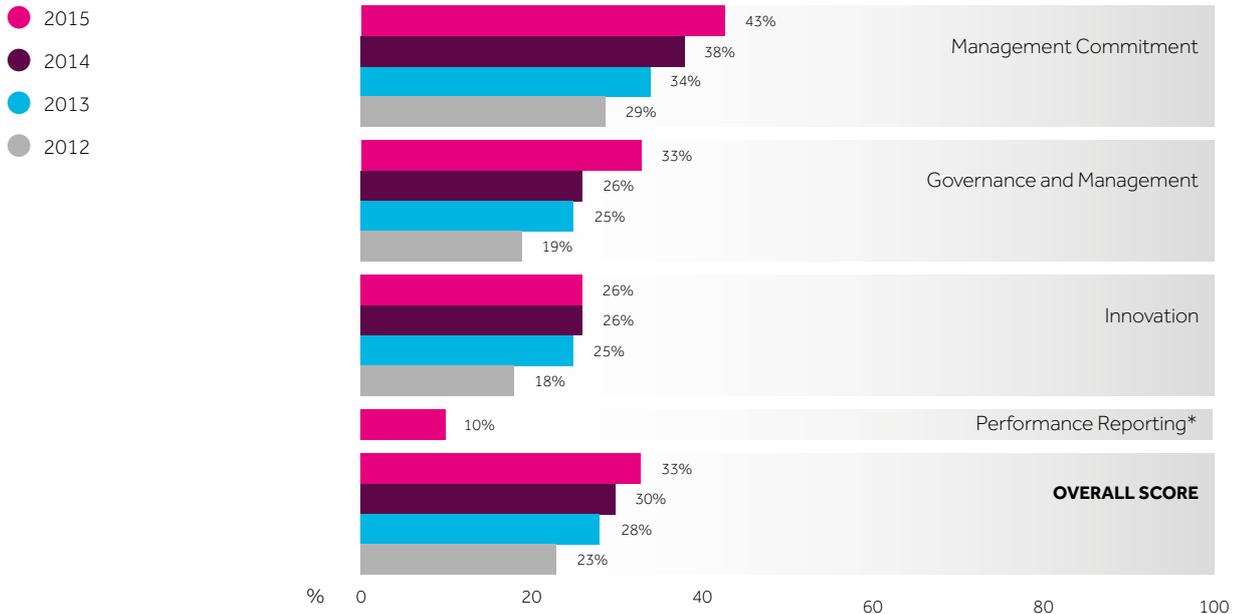
COUNTRY OF LISTING OR INCORPORATION	NUMBER OF COMPANIES
Sweden	2
Spain	2
Canada	2
Belgium	1
New Zealand	1
People's Republic of China	1

Key Findings

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

As can be seen in Figure 1, practice and reporting on farm animal welfare, relative to other corporate responsibility issues, remains in its infancy. While 84% of the companies covered by our assessment acknowledge farm animal welfare as a business issue, only 69% have formalised their commitment in overarching policies or equivalent documents, 54% have published farm animal welfare-related objectives and targets and 51% 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

...but there are clear signs that farm animal welfare is rising up the business agenda...

While starting from a relatively low base, companies are continuing to increase the attention they pay to farm animal welfare. The overall score across the universe of companies has continued to increase year-on-year since 2012, with the score increasing by approximately 5% from 2012 to 2013, by 2% from 2013 to 2014 and by a further 3% from 2014 to 2015. This trend 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 69% in 2015, and the proportion with published objectives and targets for farm animal welfare has increased from 26% in 2012 to 54% in 2015.

Figure 2 presents a composite picture of company scores. We have classed the surveyed companies into one of six tiers as indicated in Table 3, with Table 4 illustrating how company rankings have changed from 2012 to 2015.

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%

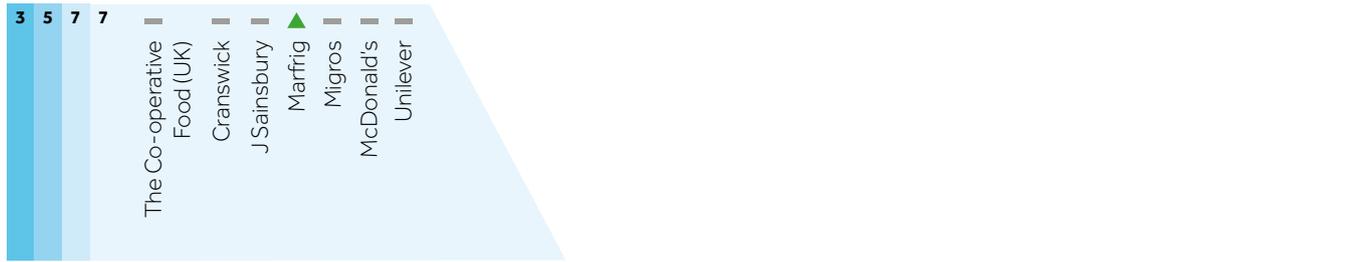
Figure 2: Company Rankings

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
1 Leadership	0	2	3	4
2 Integral to Business Strategy	3	5	7	7
3 Established but Work to be Done	6	10	14	16
4 Making Progress on Implementation	18	16	16	27
5 On the Business Agenda but Limited Evidence of Implementation	18	14	19	17
6 No Evidence that on the Business Agenda	23	23	21	19
Total	68	70	80	90

From our discussions with leading companies in the Benchmark, it is clear that they see farm animal welfare both as a business risk to be managed and as a source of competitive advantage. Within this, customer and client demand are the most important drivers for action. A number of companies have also identified the Benchmark as an influence on their approach to farm animal welfare, pointing in particular to the fact that the Benchmark enables companies to benchmark themselves against their industry peers and provides companies with a clear set of expectations for their management and reporting on farm animal welfare.

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

The 11 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.

... with institutional investors starting to pay much more attention to farm animal welfare.

Investors are paying more attention to farm animal welfare in their investment research and in their engagement. In relation to investment research, the Benchmark has been used by investors to provide insights into how well companies are identifying and managing risks in their supply chains and to compare and rank companies on their approach to farm animal welfare. With the Benchmark about to enter its fifth iteration, we expect more investors to start using the Benchmark to compare company performance and to track performance over time.

In relation to engagement, we have seen a striking increase in the willingness of investors to engage with companies to encourage them to improve their practices and reporting on farm animal welfare. In mid-2015, the BBFAW initiated the first ever international collaborative initiative aimed at encouraging major global food companies to strengthen their management systems and processes on farm animal welfare.

At December 2015, the collaborative initiative was supported by 18 institutional investors from the UK, the Netherlands, France, Canada, the USA and Australia: ACTIAM, Australian Ethical Investment, Aviva Investors, BNP Paribas Investment Partners, the Central Finance Board of the Methodist Church, Collier Capital, EdenTree Investment Management, Epworth Investment Management, The Sustainability Group (part of Loring, Wolcott & Coolidge Trust), NEI Investments, Nelson Capital Management, Rathbone Greenbank Investments, Robeco, Royal London Asset Management (RLAM), Schroders, Trillium Asset Management, Triodos Bank and Walden Asset Management.

A number of the investor participants in the collaboration have indicated that they are interested in following up the original 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 2014 and 2015 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.

Next Steps

We are hugely encouraged by the progress that we have seen in company and investor practice. Over the next year, we intend to focus our efforts on:

1. Investor Engagement - Within this, we will:

- Continue to engage with investors to ensure that the Benchmark, the universe of companies covered by the Benchmark and the other materials and reports produced by the Benchmark are relevant and useful to investors;
- Continue to raise the profile of farm animal welfare and the investment-related risks and opportunities in the investment community;
- Develop the investor collaboration that we established in 2015, with a particular focus on encouraging greater investor engagement with the companies in the Benchmark.

2. Strengthening Market Demand - There is a need to create real demand in the investment system for research on farm animal welfare, demand for investors to use their influence with the companies in which they are invested, and demand for investors to consider farm animal welfare in their investment research and decision-making processes. We will discuss this issue with our NGO partners to consider how they might help create this demand through their own investment practices, through the dialogue that they have with their investment managers, and through mobilising their members and supporters to ask how their pension funds are addressing farm animal welfare in their investment practices.

3. Strengthen the Benchmark's focus on farm animal welfare performance - In the 2016 Benchmark, we expect to both increase the weighting on performance-related questions in the Benchmark and to reward companies performing at a significantly high level on a particular issue. We will discuss these issues with investors and companies in early 2016 and we will present concrete proposals when we consult on the scope and criteria for the 2016 Benchmark;

4. Repeat the Benchmark - We will repeat the Benchmark in August/September 2016, with the aim of releasing the fifth Benchmark report in early 2017. 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.

CHAPTER 1 INTRODUCTION



1.1



SETTING THE SCENE

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

This is the fourth Business Benchmark on Farm Animal Welfare (BBFAW) report, following previous Benchmarks in 2012, 2013 and 2014¹. 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' practice and reporting on farm animal welfare. Beyond the Benchmark, BBFAW produces a range of guidance and other materials for companies and investors on issues such as the business case for farm animal welfare, best practices in management and reporting, and new and forthcoming farm animal welfare-related regulations and policies². 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.

¹
<http://www.bbfa.com/publications>

²
See, further, www.bbfa.com

Governance and Oversight

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

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 2015 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;
- Dr Rory Sullivan, Expert Advisor, BBFAW;
- Rosie Wardle, Collier Capital.

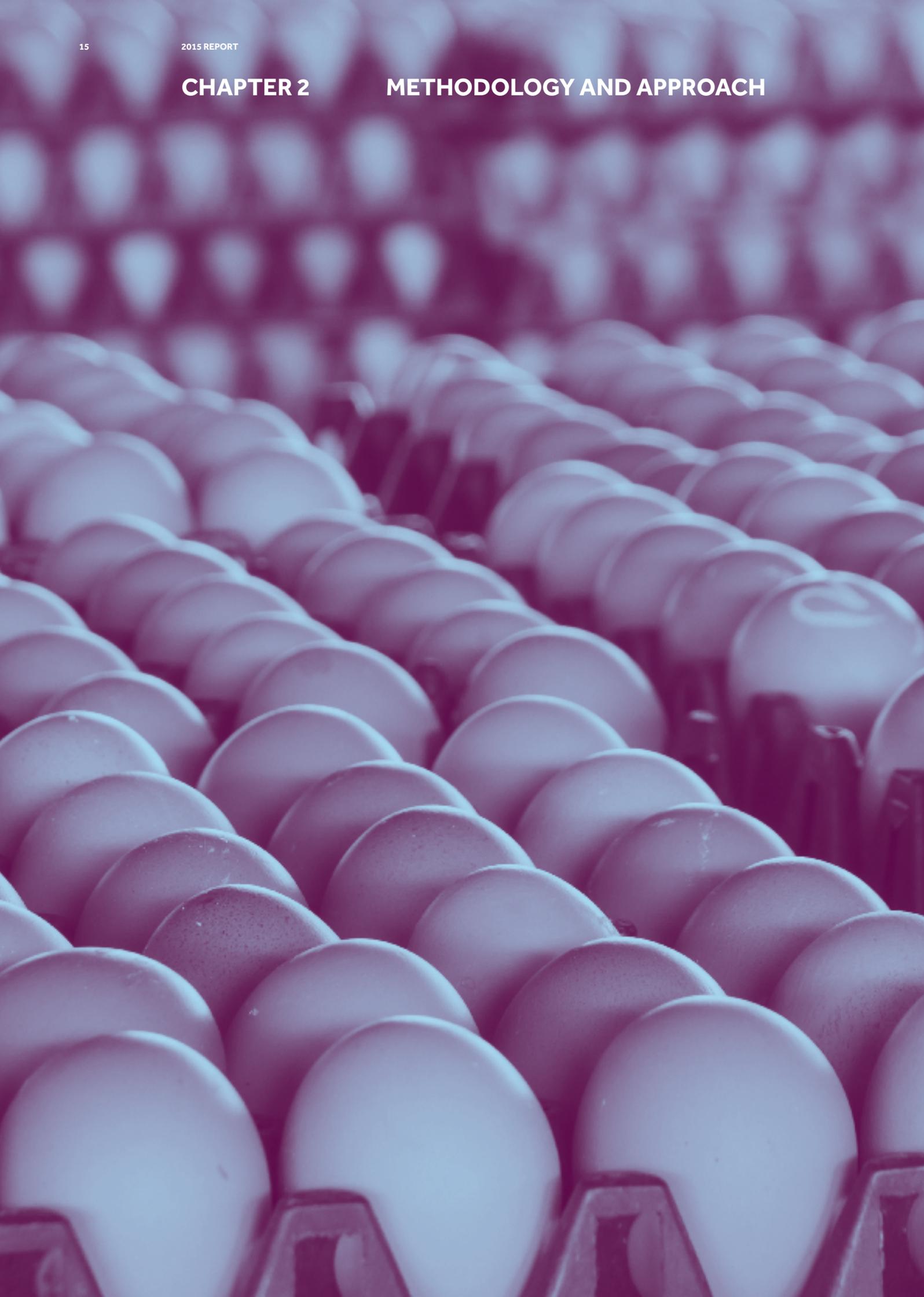
1.3**REPORT STRUCTURE**

The report comprises five main chapters as follows:

- Chapter 2 describes the Benchmark criteria, scope and assessment process;
- Chapter 3 presents the key findings of the 2015 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 2015 BENCHMARK

Investor and company engagement are integral parts of the Benchmark development and improvement process. Since the launch of the third Benchmark report in February 2014, the BBFAW Secretariat has:

- Participated in a series of telephone calls and meetings with European and North American investors and companies;
- Surveyed food companies on how the Benchmark has influenced their approach to farm animal welfare;
- Surveyed investors on how they are using the Benchmark;
- Conducted a formal consultation in June and July 2015 on the scope and criteria for the 2015 iteration of the Benchmark;
- Participated in a series of conferences, roundtables and webinars, including events convened by Morgan Stanley, NEI Investments, Canadian Business for Social Responsibility (Canadian BSR), Responsible Investor, South by Southwest (SXSW) Inc, Standard Life Investments Limited and UKSIF³.

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).

2.2

BENCHMARK STRUCTURE

The Benchmark criteria (see Appendix 1) are set out in four core areas as indicated in Table 2.1⁴. 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.

3

For a fuller description of BBFAW's engagement with companies and investors, see:

- The 2015 BBFAW Methodology Report which accompanies this Benchmark Report (Nicky Amos and Rory Sullivan (2015) (BBFAW, London). <http://www.bbfa.com/media/1318/bbfa-methodology-report-2015.pdf>
- The Summary of the Consultation on the 2015 Benchmark (Nicky Amos and Rory Sullivan) (2015). Summary of Consultation on the 2015 Benchmark. Investor Briefing No. 22. (BBFAW, London) <http://www.bbfa.com/media/1319/summary-of-consultation-on-the-2015-benchmark.pdf>
- The 2015 surveys of how investors and companies are using the Benchmark (Rory Sullivan and Nicky Amos) (2015). How are Investors Using the Business Benchmark on Farm Animal Welfare? Investor Briefing No. 20 (BBFAW, London) <http://www.bbfa.com/media/1077/how-investors-are-using-the-business-benchmark-on-farm-animal-welfare.pdf>
- How Are Companies Using the Business Benchmark on Farm Animal Welfare? Investor Briefing No. 16 (BBFAW, London) <http://www.bbfa.com/media/1071/investor-briefing-no-16-how-are-companies-using-the-benchmark.pdf>

4

For a more detailed discussion of the Benchmark criteria, see the 2015 Methodology Report (Note 3).

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, prophylactic antibiotic usage, slaughter without stunning, and long distance live transportation. 	70	34%
Governance and Management	<ul style="list-style-type: none"> • Defined responsibilities for the day-to-day management of animal welfare-related issues as well as strategic oversight of how the company's policy is being implemented. • Objectives and targets including process and performance measures, with an explanation of how these objectives and targets are to be delivered and how progress is to be monitored. • Reporting, and explaining, performance against objectives and targets, and company policy. • Internal controls such as employee training in farm animal welfare and the actions to be taken in the event of non-compliance with the farm animal welfare policy. • Policy implementation through supply chains, including the incorporation of farm animal welfare in supplier contracts, supply chain monitoring and auditing processes, and supporting suppliers in meeting the company's standards on farm animal welfare. 	85	41%
Leadership and Innovation	<ul style="list-style-type: none"> • Company involvement in research and development programmes to advance farm animal welfare. • Company involvement in industry or other initiatives directed at improving farm animal welfare. • Acknowledgement of farm animal welfare performance from notable award or accreditation schemes. • Company initiatives to promote higher farm animal welfare amongst customers or consumers. 	30	15%
Performance Reporting	<ul style="list-style-type: none"> • Company reporting on prescribed performance measures (the proportion of animals in supply chains that are free from confinement, the proportion of animals in supply chains that are subject to pre-slaughter stunning, the average, typical or maximum permitted live transport times for animals in supply chains). • Company reporting on other farm animal welfare outcome measures. 	20	10%

In order to ensure consistency with previous iterations of the Benchmark, the questions and the associated scoring have remained relatively unchanged. However, in the 2015 Benchmark, we have assigned a weighting of 10% to the questions on performance; these questions were assessed in the 2014 Benchmark but did not form part of the company scores. Our expectation is that the weighting assigned to performance-based questions will rise to 35% by 2018 in line with our longer-term aim for the Benchmark to focus on performance rather than exclusively on management processes.

2.3



THE BENCHMARKING PROCESS

The 2015 Benchmark followed the same process as the three previous Benchmarks.

The initial company assessments were conducted in August and September 2015 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 early November 2015. During November 2015, 32 companies (35% of the companies assessed) responded with written comments or requested further dialogue on the assessment approach and scoring. As a result of feedback from companies, the scores for five companies were revised and one company moved up one tier.

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 2016.

2.4

COMPANIES COVERED

In total, 90 companies were included in the 2015 Benchmark (see Appendix 2 for the full list, including their classification and countries of incorporation). These were broadly spread across the three food industry sub-sectors, i.e. (a) food retailers and wholesalers, (b) restaurants and bars, and (c) food producers (see Table 2.2).

Relative to the 2014 Benchmark, eleven new companies were added. These were Albertsons (USA), Chipotle Mexican Grill (USA), ConAgra Foods Inc (USA), Dean Foods Co (USA), Fonterra (New Zealand), Gruppo Veronesi (Italy), Loblaw Companies Ltd (Canada), Sysco (USA), Target Corporation (USA), Wesfarmers Ltd (Australia), and Woolworths Limited (Australia). 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:

- Clarification that Domino's Pizza Group plc (a UK domiciled company with operations in Europe and Asia) rather than Domino's Pizza LLC (which operates exclusively in the USA) is the entity covered by the Benchmark;
- Hillshire Brands (which was included in the 2014 Benchmark) is now part of Tyson Foods, with information on Hillshire Brands now being included in the assessment of Tyson Foods;
- Burger King Corporation has changed its country of incorporation from the USA to Canada.

The geographic distribution of the companies covered in the 2015 Benchmark is presented in Table 2.3.

Table 2.2: Companies by Sub-sector

SUB-SECTOR (AND ICB CLASSIFICATION)	NO. OF COMPANIES
Food Retailers and Wholesalers (5337)	32
Restaurants and Bars (5757)	25
Food Producers (3570)	33
Total	90

Table 2.3: Companies by Country of Listing or Incorporation

COUNTRY OF LISTING OR INCORPORATION	NO. OF COMPANIES
USA	23
UK	19
France	8
Germany	8
Italy	6
Netherlands	4
Switzerland	4
Brazil	3
Australia	2
Denmark	2
Norway	2
Sweden	2
Spain	2
Canada	2
Belgium	1
New Zealand	1
People's Republic of China	1

CHAPTER 3

OVERARCHING RESULTS



3.1

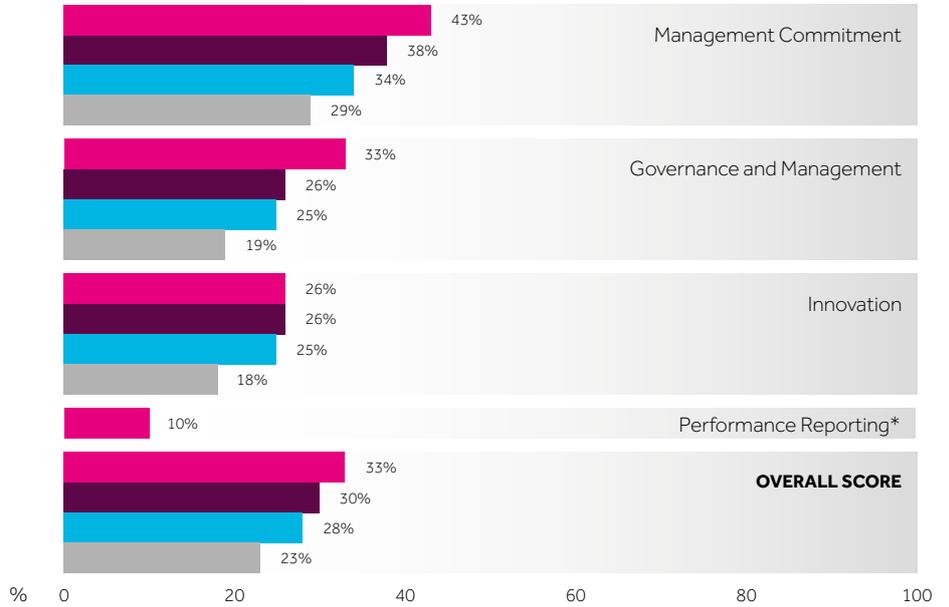


OVERALL FINDINGS

There are two headline findings from the 2015 Benchmark. The first, as indicated in Figure 3.1, is that practice and reporting on farm animal welfare remain relatively underdeveloped across all four of the strategic pillars considered in the Benchmark (Management Commitment and Policy, Governance and Management, Innovation, and Performance Reporting).

Figure 3.1: Overall Scores

- 2015
- 2014
- 2013
- 2012



*Incorporated into company scores for the first time in 2015

The second is that companies continue to increase the attention they pay to farm animal welfare, in particular in the Management Commitment and Governance and Management pillars of the Benchmark. The overall score across the universe of companies has continued to increase year-on-year since 2012, with the score increasing by approximately 5% from 2012 to 2013, by 2% from 2013 to 2014 and by a further 3% from 2014 to 2015. In fact, the overall score would have increased by 6% between 2014 and 2015 were it not for (a) the inclusion of the scoring for Performance Reporting questions for the first time, which reduced the overall score for 2015 by approximately 2%, and (b) the addition of the 11 new companies who, with an average total score of 26%, reduced the overall average by a further 1%.

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 69% in 2015.

We also see the proportion of companies that have published objectives and targets for farm animal welfare has increased from 26% in 2012, to 41% in 2013 and 2014, to 54% in 2015. 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 3.1⁵. 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 2015.

Table 3.1: Number of Companies by Tier

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

5

We have used the same percentage scores to categorise companies by tier.

Figure 3.2: Company Rankings

TIER

1 - Leadership



2 - Integral to Business Strategy



3 - Established But Work to be Done



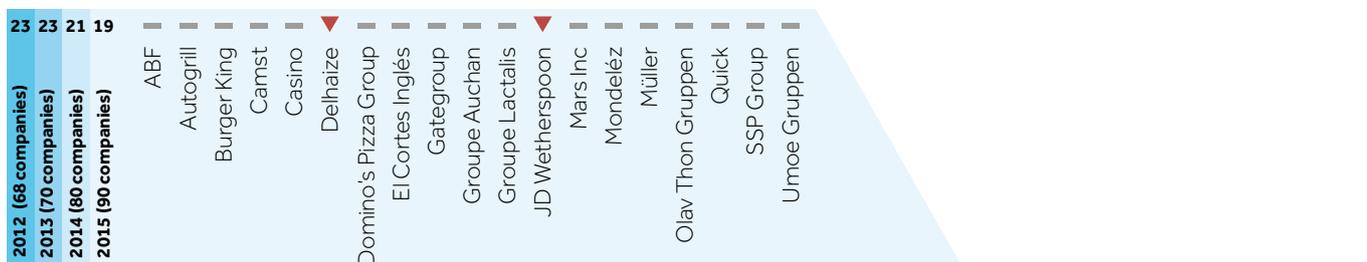
4 - Making Progress on Implementation



5 - On the Business Agenda but Limited Evidence of Implementation



6 - No Evidence that on the Business Agenda



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

Table 3.2: Company Rankings

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

As can be seen from Figure 3.2 and Table 3.2, the average score remains low. Forty per cent (40%), or 36 out of the 90 companies, appear in Tiers 5 and 6. 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 to be done to even get farm animal welfare on the business agenda of many large global food companies, a more encouraging conclusion is that the proportion of companies in these tiers has been declining consistently, from 60% in the 2012 Benchmark, to 53% in 2013, 50% in 2014 and 40% in 2015. Furthermore, 13 of the 40 companies that were in Tiers 5 and 6 in the 2014 Benchmark have started to make substantive progress, improving their performance enough to move up at least one tier. In fact, six companies (2 Sisters Food Group, Compass Group, Greggs, Kaufland, Metro and Mitchells & Butlers) moved up two tiers, and Whitbread moved up three tiers.

There is also a group of clear leaders. The 11 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 Table 3.3 we highlight those companies (19 of the 79 that were assessed in the 2014 Benchmark) whose improvements have enabled them to jump at least one tier. Of the 64⁶ companies assessed since the first Benchmark in 2012, 34 (or 53%) have seen their ranking increase by at least one tier over this period. While there are, clearly, many company-specific factors at play, the majority of the improvements in company scores between 2014 and 2015 appear to be as a result of companies progressively implementing and reporting on their farm animal welfare management systems and processes. This contrasts somewhat with the changes between 2012 and 2013, where many of the companies that improved their scores were effectively bringing their reporting on farm animal welfare up to the same standard as their reporting on other social and environmental issues.

6

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

Table 3.3: Companies Improving by at Least One Tier between 2014 and 2015

COMPANY NAME	CHANGE FROM 2014 TO 2015
2 Sisters Food Group	Tier 6 to Tier 4
Aldi Nord	Tier 6 to Tier 5
Metro	Tier 6 to Tier 4
Mitchells & Butlers	Tier 6 to Tier 4
Whitbread	Tier 6 to Tier 3
Aldi Süd	Tier 5 to Tier 4
Aramark	Tier 5 to Tier 4
Compass Group	Tier 5 to Tier 3
Kaufland	Tier 5 to Tier 3
Greggs	Tier 5 to Tier 3
Darden Restaurants	Tier 5 to Tier 4
Elior	Tier 5 to Tier 4
Premier Foods	Tier 5 to Tier 4
Barilla	Tier 4 to Tier 3
BRF	Tier 4 to Tier 3
Sodexo	Tier 4 to Tier 3
Walmart	Tier 4 to Tier 3
Marfrig	Tier 3 to Tier 2
Noble Foods	Tier 2 to Tier 1

While the overall trends are encouraging, nine companies fell by at least one tier (see Table 3.4). A number of others (not included in Table 3.4) also saw their scores decline, albeit not enough to cause them to slip a tier. Among the companies whose scores declined, there seem to be four common reasons:

- First, some companies had revamped their corporate websites, often deleting or reducing the information provided on farm animal welfare-related issues;
- Second, some had failed to update farm animal welfare-related information even though we had raised concerns in the 2014 Benchmark and had stated we would reduce the scores awarded if the information was not updated in time for the 2015 Benchmark;
- Third, some had started to produce integrated reports, resulting in them focusing their attention on those issues regarded by the companies as obviously financially material, frequently to the exclusion of issues that are considered less financially material;
- Fourth, although this is a more speculative point, takeovers do appear to affect the level of attention focused on farm animal welfare. It is not uncommon for the companies that have been taken over to have their sustainability-related reporting subsumed into that of the acquiring company, often with the loss of much of the detail on practices and processes on issues such as farm animal welfare. What is not clear is whether this reflects a permanent loss of capacity and expertise or whether, over time, the acquiring company will strengthen its farm animal welfare-related reporting and build on the capacity and expertise of the acquired company. This is a point we will monitor in future years and will discuss with the companies covered by the Benchmark.

The other notable point – which we have seen for the first time in this year's Benchmark – is that four companies that were in Tier 3 in 2014 are now in Tier 4. While there are likely to be company-specific factors at play in each case, these changes point to the importance of companies maintaining a consistent focus on farm animal welfare, and of ensuring that they institutionalise and continue to improve their practices, reporting and performance on farm animal welfare.

Table 3.4: Companies Falling by at Least One Tier

COMPANY NAME	CHANGE FROM 2014 TO 2015
Arla Foods	Tier 3 to Tier 4
Wm Morrisons	Tier 3 to Tier 4
Vion Foods	Tier 3 to Tier 4
Wendy's	Tier 3 to Tier 4
General Mills	Tier 3 to Tier 4
Dairy Crest	Tier 4 to Tier 5
Yum! Brands	Tier 4 to Tier 5
Delhaize Group	Tier 5 to Tier 6
JD Wetherspoon	Tier 5 to Tier 6

3.3



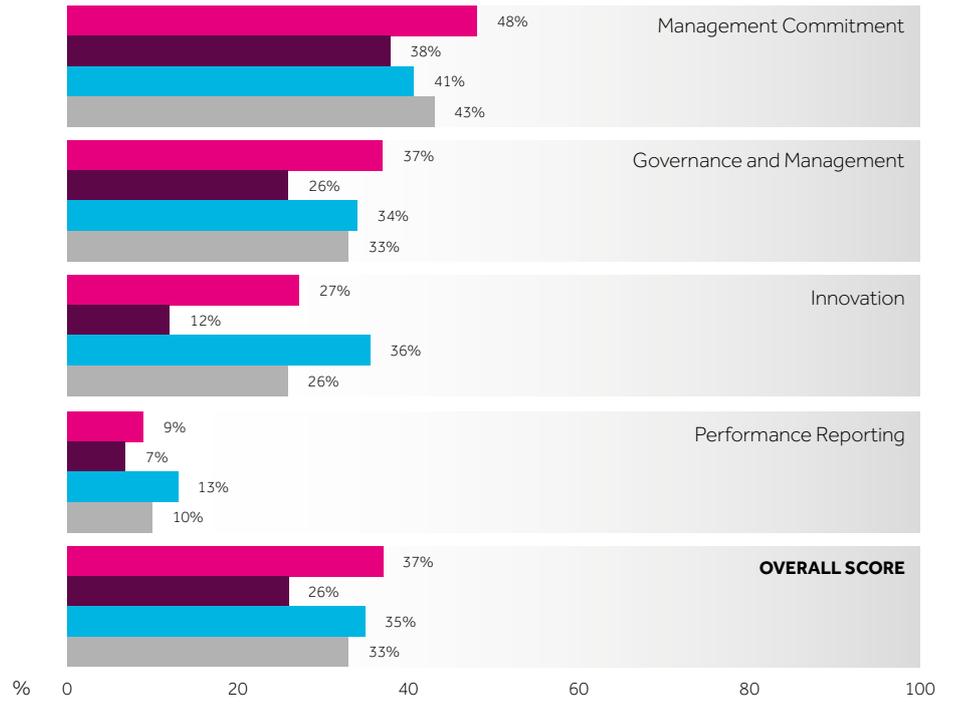
PERFORMANCE BY SUB-SECTOR

Figure 3.3 presents the results of the 2015 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. Notwithstanding a notable improvement in the average score for companies in the restaurants and bar sector between 2014 (18%) and 2015 (26%), the gap between this and the other food sub-sectors has not changed much since the first Benchmark in 2012.

The relatively poor performance of restaurants and bars appears, at least in part, to reflect companies' proximity to consumers or the public. If we look at those restaurants and bars in the sample that have a strong high street presence and trade under the corporate brand name (this group includes Burger King, Domino's Pizza Group, Greggs, JD Wetherspoon, McDonald's, Quick, Starbucks, Subway and Wendy's), we find that the average score for these ten companies is 29%. In contrast, business-to-business companies that have less (or relatively unknown) proximity to the public or that trade under multiple service brands scored significantly worse. For example, if we take Compass Group, Cremonini, Elixor, Gategroup, Olav Thon Gruppen, SSP Group, and Umoe Gruppen, as representative of business-to-business companies, we see that the average score for these seven companies is just 17%.

Figure 3.3: Sub-sector Comparison

- Food Producers
- Restaurants and Bars
- Food Retailers
- Overall Average Scores

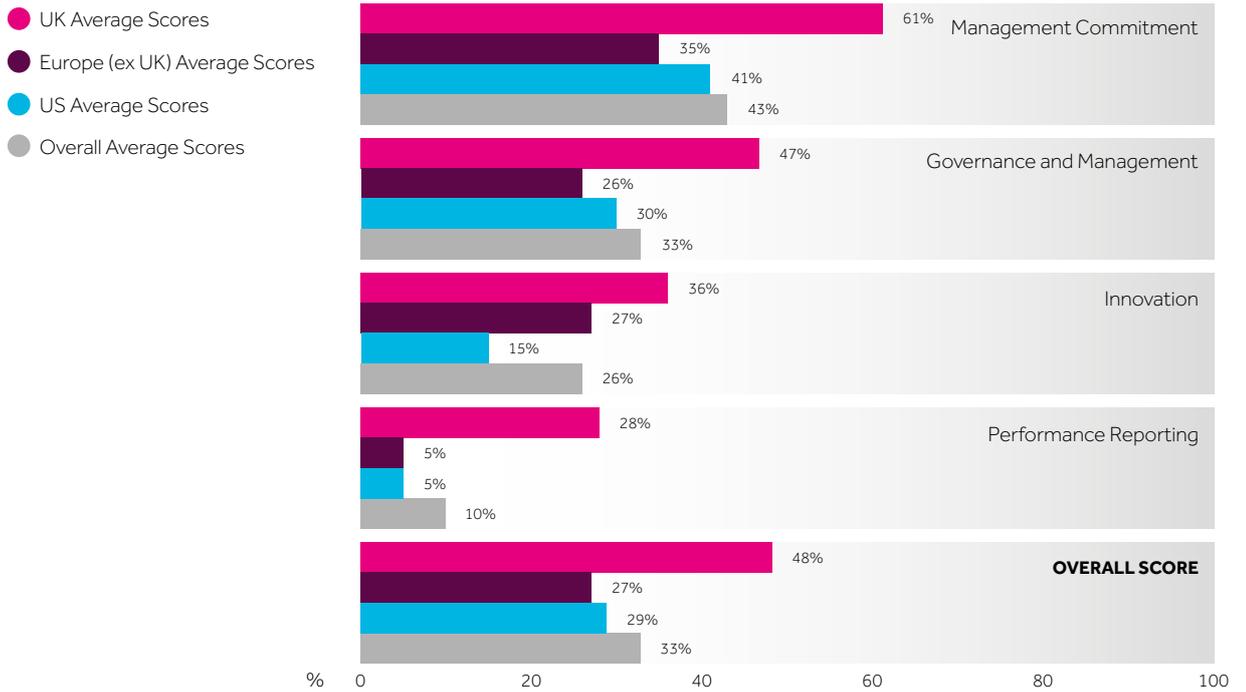


3.4

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 19 UK companies, the 23 US companies, and the 39 European (excluding the UK) companies with the average scores of the 90 companies covered by the Benchmark. While the research suggests that UK domiciled companies may be slightly better performers, we are wary of drawing any strong conclusions at this point given the relatively small sample size involved and the potential for a small number of high performing companies to significantly skew the results. More detailed and comprehensive country studies would be required to offer more definitive conclusions on whether a company's country of origin is a significant influence on performance.

Figure 3.4: Geographic Comparison



It is also interesting to note that the four emerging market companies (i.e. BRF, JBS and Marfrig in Brazil, and WH Group in China) had an average score of 48% (up from 41% in 2014). While this sample is too small to offer anything other than the most generic of comments, it does suggest that investors should be careful about drawing conclusions about a company's farm animal welfare performance simply because of its country of origin.

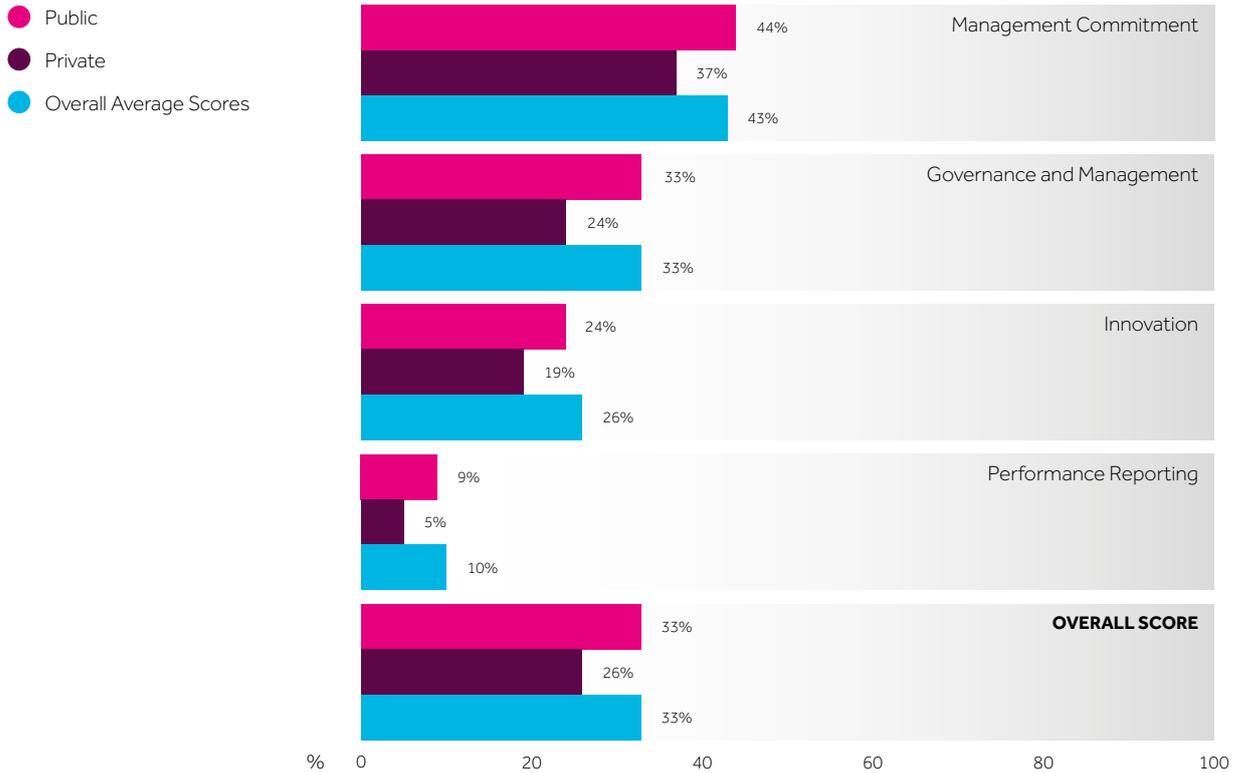
3.5



PERFORMANCE BY OWNERSHIP

We analysed company performance by ownership and found some differences in performance between listed and unlisted companies⁷ (see Figure 3.5). These findings broadly mirror the findings in the 2014 Benchmark, with publicly listed companies continuing to perform better (with an average score of 33% in the 2015 Benchmark) than private companies (with an average score of 26% in the 2015 Benchmark). 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: Public Versus Private Ownership



7

We included nine co-operatives (Arla, Camst, Coop Group (Switzerland), Fonterra, Migros, Rewe Group, FrieslandCampina, The Cooperative Food (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 47%), they have not been included in the graph because of the small sample size.

CHAPTER 4

DETAILED RESULTS



4.1

MANAGEMENT COMMITMENT AND POLICY

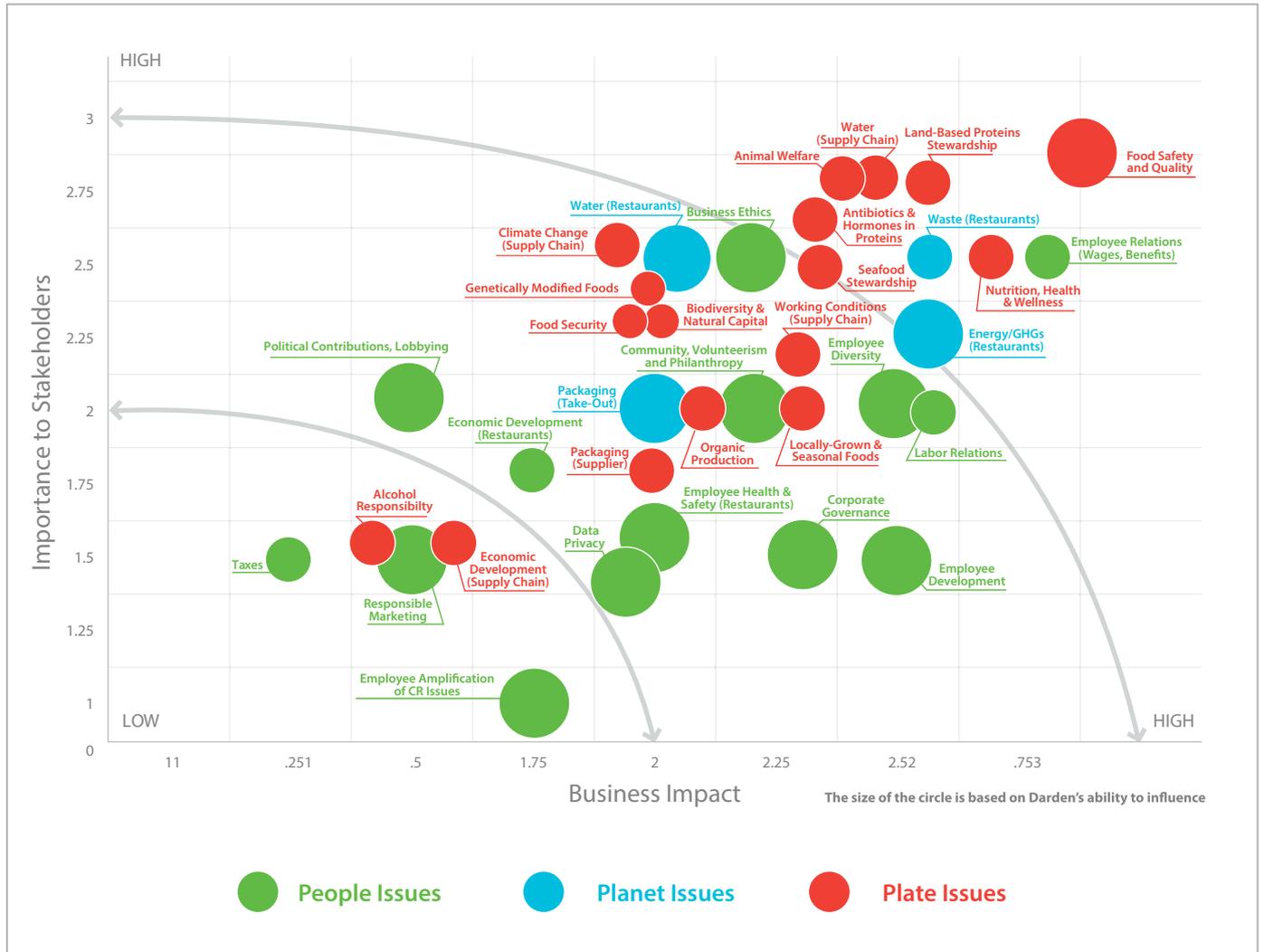
Is Farm Animal Welfare Recognised as a Business Issue?

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 90 companies covered by the 2015 Benchmark, 84% recognise farm animal welfare as a business issue, the same proportion as in 2014, and noticeably higher than the 71% in the 2012 and 2013 Benchmarks. This is hugely encouraging as the explicit acknowledgement by a company of an issue as having business relevance is the necessary first step towards taking action on the issue.

Companies present different reasons for focusing on farm animal welfare. For some, it is the ethical arguments that are most important. For others, it is more conventional business arguments such as the need to comply with legislation and relevant voluntary and industry standards, the need to meet stakeholder, customer and consumer expectations, and/or market opportunities (for example, for higher welfare products). What is striking is that relatively few comment on the significance of farm animal welfare to their business, e.g. the costs likely to be incurred to comply with legislation, or the potential sales of higher welfare products. There are, however, some interesting examples of companies explaining how they have assessed farm animal welfare in the context of their wider business risk assessment and risk management processes. For example, Greggs describes on its website how its animal welfare policy benefits the company by helping Greggs strive to do the right thing, build consumer trust, improve the profile of the brand, reduce risk by ensuring traceability and create market opportunities through recognition and consumer communications⁸.

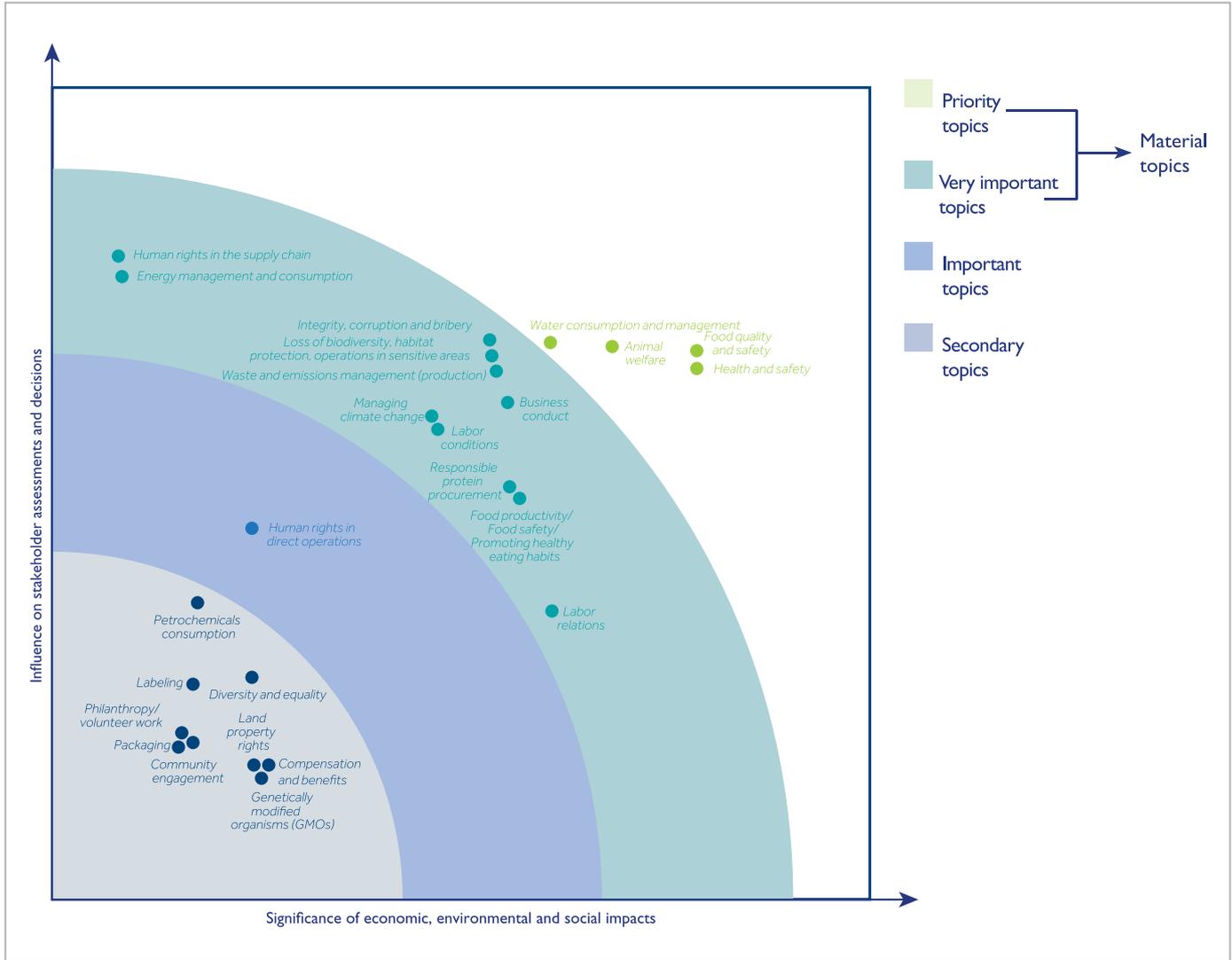
A number of companies identify animal welfare as a material issue. By way of example, we have included extracts of the materiality assessments conducted by Darden and Marfrig in Box 4.1 and Box 4.2 respectively. We stress that we are not offering a view on the details of Darden's or Marfrig's assessments or on whether they should assign a greater or lesser importance to farm animal welfare. Rather, the point we wish to highlight is that farm animal welfare presents risks and opportunities for food companies and is of concern to the stakeholders of these companies. As such, farm animal welfare should be incorporated into these sorts of structured risk assessment processes, and companies should explain how the significance of farm animal welfare-related risks and opportunities compares to the risks and opportunities presented by other social and environmental issues.

Box 4.1: Darden's Materiality Assessment⁹



⁹ Darden 2014 Citizenship Report (p.13). available at <https://www.darden.com/citizenship/reporting-library>

Box 4.2: Marfrig's Materiality Assessment¹⁰



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.

¹⁰

http://www.keystonefoods.com/files/Marfrig_RA14_ENG.pdf

Of the 90 companies covered by the 2015 Benchmark, 49 (54%) had published comprehensive farm animal welfare policies, and another 13 (14%) had published basic policy statements that provided limited information on how the policy statements would be implemented. While these numbers are broadly the same as the 2014 Benchmark, they do represent a step change improvement from the 2012 Benchmark where just 34% of companies had comprehensive (i.e. covering geographic coverage and some information relating to species and product scope) policies and 12% had basic policy statements.

Mirroring the finding of previous Benchmarks, many policies had limited scope. Of the 62 companies with published farm animal welfare policies, 46 apply their policies to all geographies, 33 apply their policies to all relevant animal species and 30 apply their policies to all products produced, manufactured or sold. In discussions with BBFAW, a number of companies pointed to the difficulties they face in imposing their policies on suppliers. They noted that this is most difficult in situations where suppliers are significantly more powerful than the purchasing company and/or where the purchaser accounts for only a small part of the supplier's turnover. 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). This has resulted in companies developing policies for these key ingredients but not – at least to date – for all of the animals in their supply chains.

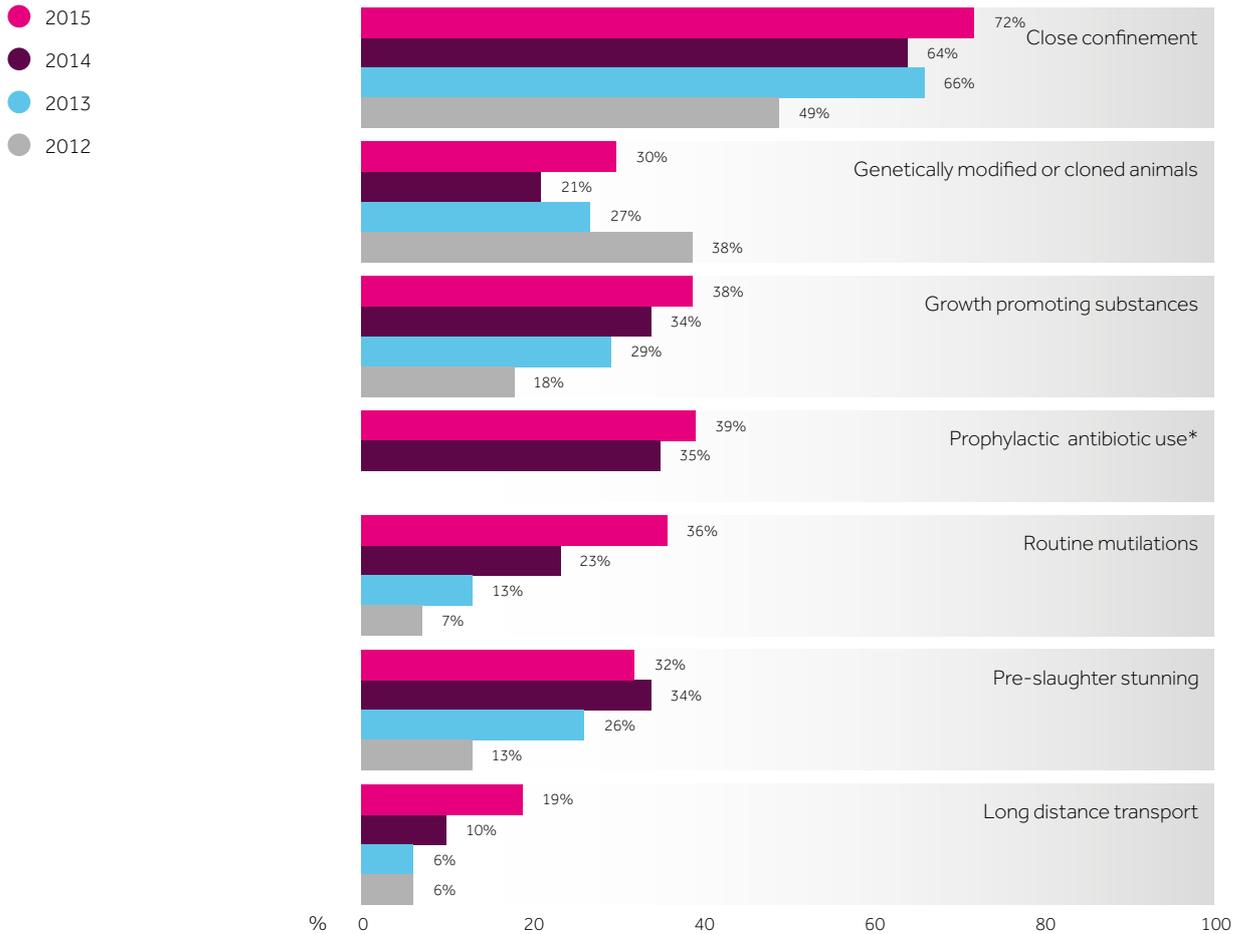
Do Companies have Specific Policies on Farm Animal Welfare?

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:

- Close confinement;
- The use of genetically modified or cloned animals;
- The use of growth promoting substances;
- The use of antibiotics for prophylactic purposes;
- Routine mutilations;
- Pre-slaughter stunning;
- Long-distance live transportation.

In Figure 4.1, we indicate the proportion of companies that have made at least partial commitments on these issues and – with the exception of the question on the prophylactic use of antibiotics which was first asked in 2014 – how these compare to the 2012, 2013 and 2014 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 – albeit from a low base in many cases – are slowly 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.

Close confinement

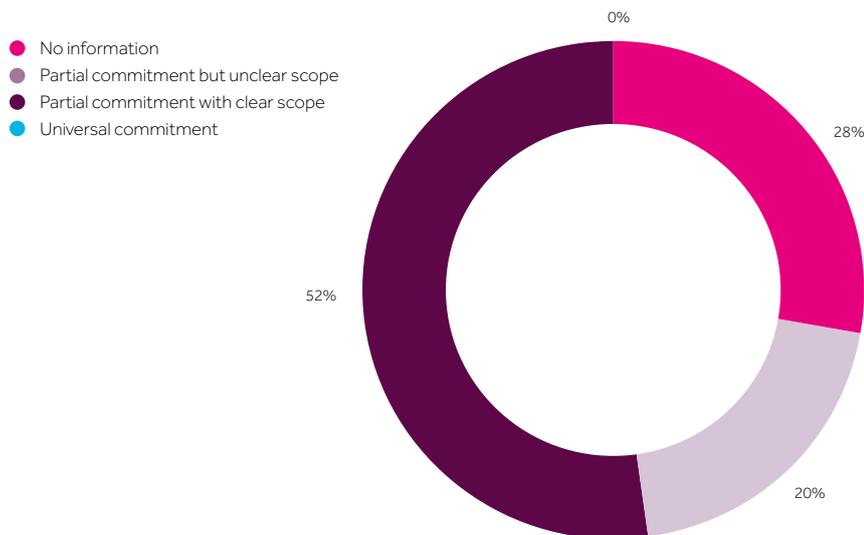
The high proportion of companies with policies on close confinement may reflect changes in animal welfare legislation banning battery cages and sow stalls (gestation crates) in the EU, or the impact of NGO campaigns and public concerns about eggs from caged hens and the use of sow stalls. In many cases, however, these commitments have been limited to those markets where NGO pressures, public concerns and legislation pressure are the greatest. In a number of cases – with a number of the companies in Tiers 5 and 6 having this characteristic – companies have made specific commitments but not published an overarching farm animal welfare policy. That is, the fact that a company has been targeted by (and responded to) campaigns on specific issues does not necessarily mean that the company will take a structured proactive approach to managing farm animal welfare in the round.

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

- Within the EU, there is no specific animal welfare legislation relating to species such as fish, dairy cows, ducks, rabbits or turkeys, although there is legislation for laying hens, pigs 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 for the majority of 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.

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.

In our research, we found (see Figure 4.2) that no companies have made commitments to the complete avoidance of close confinement. However, mirroring our comments above, a significant number have made partial commitments (for example, within a certain geographic region or for certain species) (see Box 4.3). 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. While these are welcome and important commitments, we have also – as we discuss later – been struck that many companies provide no information on the progress they have made against these commitments.

Box 4.3: Case-Studies: Company Positions on Close Confinement

Metro¹¹

Since October 2009, Metro subsidiary, Real, has banned the sale of eggs from caged hens. Real works closely with the 'Association for Controlled Alternative Animal Husbandry' (KAT), which provides important control mechanisms in the testing of eggs in Germany and elsewhere in Europe. Real has also committed to using only cage-free eggs in its private label products which use eggs as an ingredient, such as egg pasta, confectionery, biscuits, finished products, delicatessen, salads and mayonnaises.

Wesfarmers¹²

Wesfarmers reports that its subsidiary, Coles – one of Australia's leading food retailers – has made a broad commitment to the avoidance of close confinement. All Coles brand eggs are barn laid or free range and, as a result, about 350,000 hens per year will never be caged. Furthermore, following extensive work with its pork suppliers, all its fresh pork is sow stall-free and this will benefit approximately 34,000 pigs. Additionally, Coles' local and imported Coles brand ham and bacon is sow stall-free.

WH Group¹³

One of Smithfield Foods' (a WH Group subsidiary) animal care targets is a commitment to the complete conversion to group housing systems for pregnant sows on company farms by the end of 2022. This includes complete conversion to group housing systems for pregnant sows on US company-owned farms by the end of 2017 and complete conversion to group housing systems for pregnant sows on US contract farms and in joint ventures worldwide by 2022. The company's US sow housing conversion target was first announced in 2007. Operations in Poland and Romania have already completed their conversions from gestation stalls to group housing systems. Smithfield Foods is modernising farms to provide more advanced housing and feed delivery systems for the animals, improving the quality of life of the pigs while making its business more competitive for the future.

11

<http://www.real.de/unternehmen/unternehmensverantwortung/sortiment/tierschutz/verzicht-auf-kaefigeier.html>

12

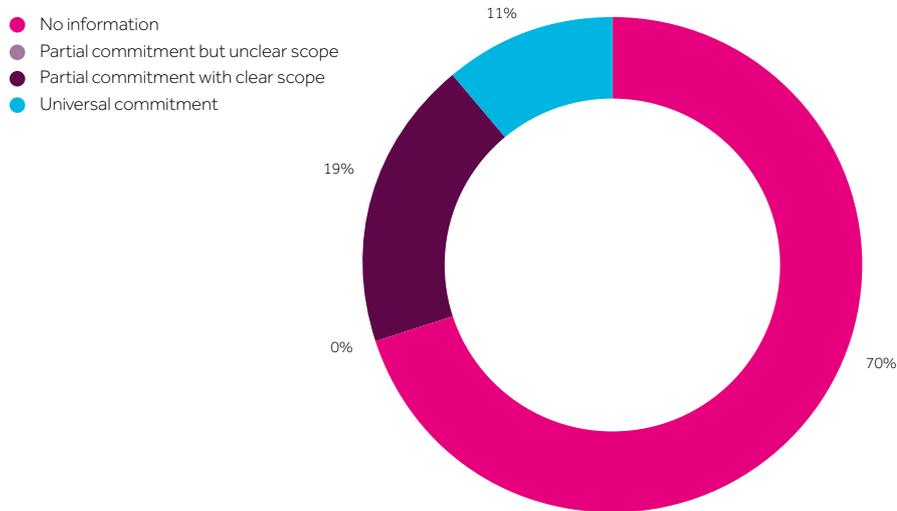
<https://www.coles.com.au/corporate-responsibility/responsible-sourcing/responsible-sourcing>

13

<http://www.smithfieldfoods.com/integrated-report/sustainability-progress-commitments/key-data-summary>

The Use of Genetically Modified or Cloned Animals

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



The cloning of farm animals (which is primarily used to produce identical copies of high yielding and fast growing breeds), and the use of genetically engineered animals is becoming more common in intensive farming systems, despite potential adverse impacts on the welfare of the animals involved and their descendants¹⁴.

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

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For an overview of the animal welfare issues associated with cloning and with genetic modification, see Peter Stevenson (2012), Cloning and Genetic Engineering of Animals. BBFAW Investor Briefing No 6 (September 2012) (BBFAW, London, UK). http://www.bbfa.com/media/1083/briefing-no6_cloning-and-genetic-engineering-of-farm-animals.pdf

Box 4.4: Case-Studies: Company Positions on Genetically Modified or Cloned Animals

McDonald's¹⁵

McDonald's has had a clear position on the avoidance of animals subject to genetic engineering and cloning since 2007. Whilst the restaurant chain states that it is unaware of any current research that establishes public health or safety concerns related to cloning, it has decided not to permit the use of animal products sourced from cloned animals in its supply chain due to a lack of customer acceptance.

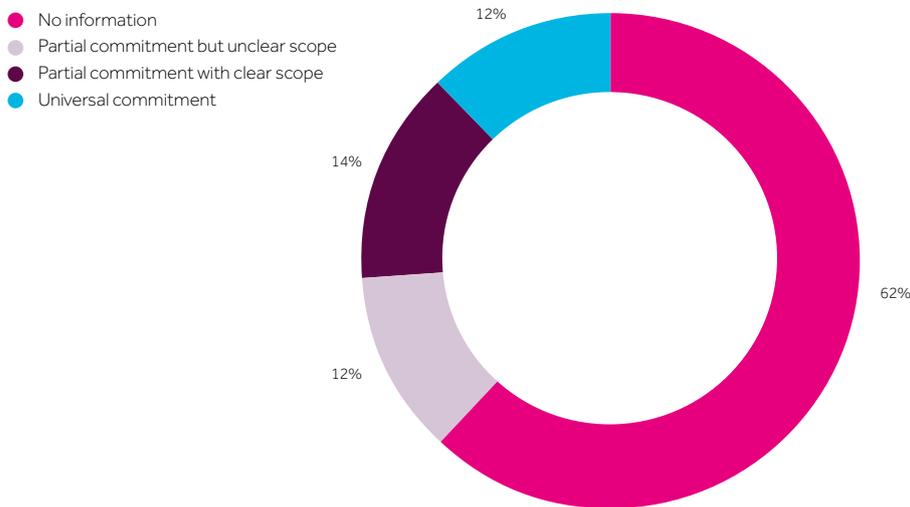
Wm Morrison¹⁶

Morrisons is clear that it does not use genetically modified ingredients in any own-brand products and indicates that it has a comprehensive and continuous product sampling programme in place to help monitor this. In addition, the company does not accept products from cloned or genetically modified animals from third party suppliers.

The Use of Growth Promoting Substances and Antibiotics

Growth promoting substances are used to increase the muscle (meat) or milk production of animals farmed for food. Examples include the hormone BST used to increase milk yield in cows, hormone feed additives in pig production (for example, ractopamine) and low dose antibiotics. The use of hormone and antibiotic growth promoters is not permitted by EU legislation, and products treated with hormone growth promoters cannot be imported into the EU. The same, however, is not true of products produced with antibiotic growth promoters. The use of growth promoting substances can undermine animal welfare by pushing animals to their physiological and metabolic limits.

Figure 4.4: Company Commitments to Not Using Growth Promoting Substances



15
http://www.aboutmcdonalds.com/mcd/sustainability/sourcing/animal-health-and-welfare/issues-we-re-focusing-on/animal-cloning_-_genetic-engineering.html

16
<http://www.morrisons-corporate.com/policy/genetic-modification-gm/>

Box 4.5: Case-studies: Company Commitments on the Avoidance of Growth Promoting Substances

Migros¹⁷

Migros has made a formal commitment to the avoidance of all growth promoting substances for all company branded products. Its Technical Dossier on Animal Welfare includes a zero use policy on the use of growth-promoting substances, which includes antibiotics and hormones.

Mitchells & Butlers¹⁸

Mitchells & Butlers' Procurement Policy specifies that the company does not permit growth promoters in the production of livestock used to produce its meat and poultry. The policy is implemented and monitored by the Food Purchasing team.

The prophylactic use of antibiotics

Antibiotics are medicines used to control infectious diseases in humans and animals¹⁹. It is believed that farm animals may receive nearly half of all the antibiotics produced worldwide. Every time an animal receives a dose of antibiotics it gives any bacteria present an opportunity to develop resistance to that drug.

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

The over-use of antibiotics (especially in low doses or incomplete courses) is the main reason for the increase in antibiotic resistance 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.

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<http://www.migros.ch/generation-m/de/nachhaltigkeit-bei-der-migros/konsum/tierwohl.html>

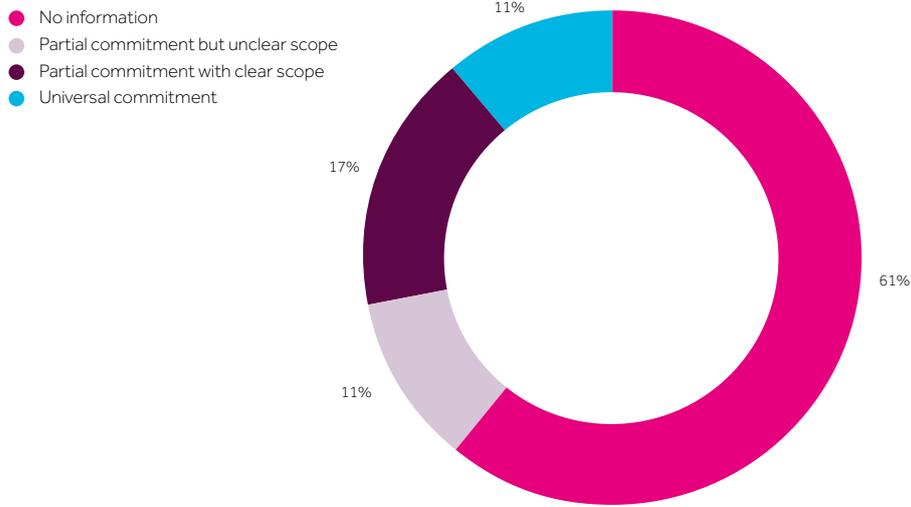
18

<http://www.mbplc.com/aboutus/ourapproachtobusiness/workinginpartnership/>

19

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

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



Our research for the 2015 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. Examples of companies that publish clear guidelines on these issues are presented in Boxes 4.5 and 4.6 respectively.

One noticeable feature of the 2015 Benchmark is that a number of companies 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.

Box 4.6: Case-studies: Company Commitments on the Avoidance of Antibiotics for Prophylactic Use

2 Sisters Food Group²⁰

2 Sisters Food Group has published an antibiotic policy and strategy document for poultry. In developing this, the food producer considered the views of the World Health Organisation (WHO), the World Organisation for Animal Health (OIE) and The European Medicines Authority (EMA). In order to be able to monitor and set targets for antibiotic use, 2 Sisters recognised the need to establish and implement a monitoring methodology which provides a balanced view. As such, the company will record and report on combined indicators (covering milligrams of active antibiotic used per kilogramme of animal bodyweight produced, and daily defined dosage (i.e. the number of days of treatment in a flock). The policy acknowledges that responsible use is not simply about reducing antibiotic usage. Using the 3Rs (Replace, Reduce, Refine) approach, the company commits to: replace any antibiotics currently used as a first resort treatment using vaccinations, changes to husbandry, biosecurity, reduction of stress, etc; avoid the use of third and fourth generation cephalosporins, fluoroquinolones or macrolides (which are important to human health), and establish two trial farms (one antibiotic and coccidiostat-free and the other antibiotic-free, while maintaining the use of coccidiostats). The company will reduce the number of day old chicks receiving treatment and actively monitor performance across the Group, and it will oversee and further refine the strategy by establishing an internal committee of stakeholders.

Chipotle Mexican Grill²¹

As an integral part of its vision for Food with Integrity, restaurant chain Chipotle Mexican Grill ('Chipotle') has had a policy for its Responsibly Raised Meat in place for over a decade. It strictly prohibits the use of antibiotics in the meat that it serves. The company's protocol allows the use of antibiotics necessary to treat sick animals, but it insists that those animals must be removed from Chipotle's supply chain. Chipotle has explored various approaches with a view to continual improvement and it is currently evaluating if this strict 'never-ever' antibiotic protocol is best for the animals, acknowledging the view of some experts who believe that animals can be treated when necessary and allowed to remain in the herd.

FrieslandCampina²²

In 2012, FrieslandCampina developed a Quality and Safety Roadmap which focused on improving the microbiological quality of the milk and reducing the quantity of antibiotics given to dairy cows. The company is working to reduce antibiotic use to 1999 levels and reports on progress against this target in its annual Sustainability Report. In 2014, FrieslandCampina had reduced its daily doses to 2.4 per year compared with 2.9 the previous year²³. The company provides a continuous information programme for its dairy farmers, which aims to draw attention to the reduced and more appropriate use of antibiotics.

Carrefour²⁴

Carrefour Quality Lines (CQLs) are a partnership between Carrefour and farmers and processors, with the aim of ensuring a long-term commercial outlet in exchange for a guarantee of product quality and the use of agro-ecological farming practices. Products are developed with demanding specifications and an improvement plan, which are independently audited. In 2013, Carrefour launched its first CQLs for chickens raised without antibiotics in partnership with 150 breeders. In 2014, the company extended this approach with three new products: pork, eggs and salmon. Carrefour points to the use of phytotherapy, which helps to strengthen the immune system to prevent disease, ensuring the animals' well-being.

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<http://www.2sfg.com/globalassets/corporate/about-us/how-we-work/antibiotics/antibiotic-policy-final-april-2015.pdf>

21

<http://ir.chipotle.com/phoenix.zhtml?c=194775&p=irol-newsArticle&ID=1847311&highlight>

22

<https://www.frieslandcampina.com/app/uploads/sites/3/2015/07/Focus-brochure.pdf>

23

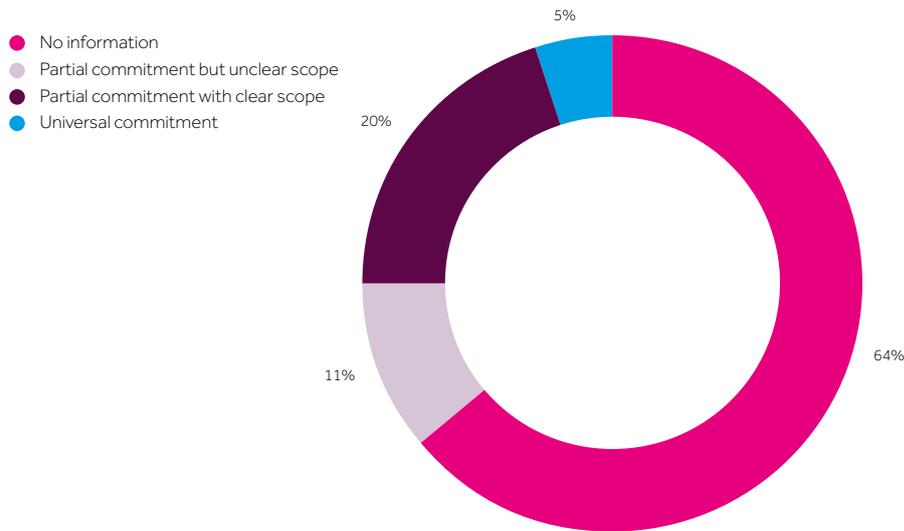
<https://www.frieslandcampina.com/app/uploads/sites/2/2015/07/FrieslandCampina-CSR-Report-2014.pdf>

24

http://www.carrefour.com/sites/default/files/Registration%20Document%202014_1.pdf

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 of laying hens (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 puberty (so removing the need to castrate pigs).

Our research for the 2015 Benchmark, see Figure 4.6, indicates that very few companies have made formal commitments to the avoidance of routine mutilations. This reflects the reality that many animals are produced in systems that are not suited to their needs. This, in turn, means that mutilations, particularly beak trimming, tail docking and male piglet castration are widely seen as an inevitable part of the management of animals in these systems. There are also wide variations in country-specific approaches to routine mutilations – see, for example, the discussion on piglet castration in Box 4.7 – which illustrates how legislation alone may not adequately address the welfare considerations. Box 4.8 details Nestlé's and Noble Foods' commitments to the avoidance of routine mutilations.

Box 4.7: Country-specific approaches to Piglet Castration in Europe

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

Castration without any anaesthetic or pain relief (analgesics) causes short and long-term pain, long-lasting stress and leaves piglets more prone to infection from open wounds, with limited immunity given their age. Measures to alleviate this distress are rarely adopted, other than where they are required by legislation.

Castration has been banned in Norway (since 2002) and in Switzerland (since 2010). In other EU countries (such as Denmark, Germany, the Netherlands, Sweden and Lithuania) a combination of anaesthesia and/or pain relief must be administered. While the use of pain relief and non-aversive anaesthetic help minimise the pain suffered, they do not address the fact that the act of mutilation causes distress to the piglets and risks their health and welfare.

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

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

Box 4.8: Case-studies: Nestlé's and Noble Foods' Commitment to the Avoidance of Routine Mutilations

Nestlé²⁵

As part of the company's commitment to continuous improvement with respect to farming practices in its supply chain, Nestlé has committed to eliminating dehorning, tail docking, disbudding and castration without anaesthetic and analgesia in dairy cattle, and tail docking and surgical castration in pigs. Using learnings from its farm assessments, the company is planning to implement remediation activities in North America and is engaging its suppliers in Europe on remediation plans to ensure that suppliers make continuous improvements in meeting its Responsible Sourcing Guidelines. Initially, efforts will be focused on ensuring better practices with respect to anaesthesia and analgesia for calf disbudding.

Noble Foods²⁶

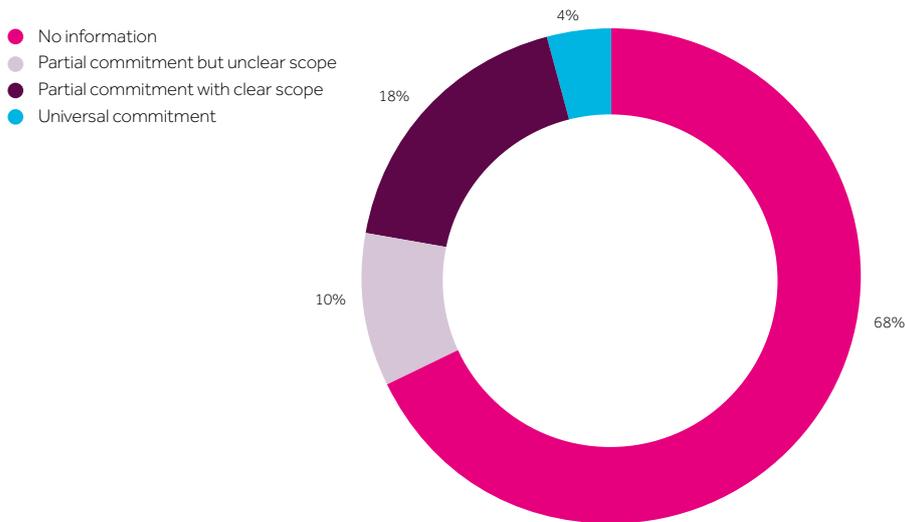
Noble Foods has committed to reducing the reliance on infra-red beak trimming through a combination of management techniques, genetic improvement via its partner suppliers, and breed selection. It aims to have 50% of non-treated beaks by 2020.

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<http://www.nestle.com/csv/rural-development-responsible-sourcing/responsible-sourcing/animal-welfare>

26

www.noblefoods.co.uk/assets/PDFs/ANIMAL-WELFARE-RESULTS-2015.pdf

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. Furthermore, a number of food companies now insist on pre-stunning for all meat including Halal (see, for example, the case of Yum! Brands in Box 4.9).

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 4.9: Case-studies: McDonald's and Yum! Brands' Commitments to Pre-Slaughter Stunning

McDonald's²⁷

McDonald's Animal Health & Welfare Guidelines and Audit Criteria policy document outlines its approach for broiler chickens at slaughter. The detailed document covers personnel training and supervision, audit procedures, welfare indicators and the processes in place for non-compliance. McDonald's makes it clear that if companies have what it refers to as Category 1 non-compliance audit failures, McDonald's will immediately discontinue purchasing raw materials from the affected facility, and will require a corrective action plan and re-audit prior to restarting the purchase of raw materials from the facility.

McDonald's specifies that all stunning methods must induce death or insensibility to pain and loss of consciousness prior to cutting and bleeding. If stunning to render the bird insensible versus stunning to kill the bird, the stun must be sufficient to ensure that the bird remains insensible until death. The stunning method used must be accepted as humane by local legislation and, if applicable, by legislation established by the importing country.

Regarding ritual slaughter, McDonald's recognises that religious requirements may vary from market to market and between Halal and Kosher. The company states that "Whenever legally allowed and acceptable to the Halal authority of the exporting/importing country, McDonald's requires the use of non-penetrative stunning (pneumatic mushroom stunner) for cattle. If a pneumatic mushroom stunner is not acceptable, [suppliers] must use head only electrical stunning. If head only electrical stunning is not permitted, [they] must use an upright standing box with head lift, following design and construction guidelines developed by Dr. Temple Grandin. In the event that the exporting/importing country forbids stunning of any type, a standing box or other device that holds the animal in a comfortable upright position shall be used in such a way that the animal is held in an upright position. When allowed by Halal authority, it is conditional and must result in a non-lethal stun. The definition of a non-lethal stun is the animal would regain 'sensibility' if left alone for a period of time. For cattle, penetrating captive bolt, pithing and the use of gas mixtures are prohibited as these methods result in a non-reversible stun (not possible for the animal to regain sensibility)."

Yum! Brands²⁸

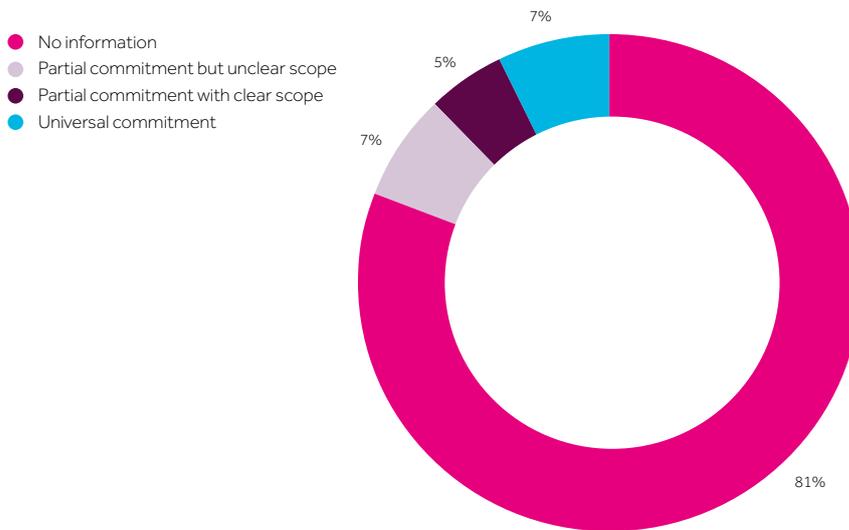
Yum! Brands' KFC brand states that all of its suppliers humanely stun birds prior to slaughter using the 'stun-to-stun' technique. This approach applies universally, including to chicken for its Halal restaurants. Before trialling Halal foods, the company consulted leading animal welfare groups to ensure that Halal-certified chicken complied with its welfare standards. Yum! Brands requires that all slaughter facilities are continuously supervised by vets, are regularly inspected and are approved by the British Retail Consortium or equivalent.

²⁷

<http://www.aboutmcdonalds.com/mcd/sustainability/sourcing/animal-health-and-welfare/issues-we-re-focusing-on/farm-animal-welfare.html>

²⁸

<http://kfc-csr.co.uk/food/poultry-welfare.html>
<http://kfc-csr.co.uk/food/halal.html>

Long-distance Live Transportation**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 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, etc) rather than journey time per se which is the key determinant of animal welfare.

Box 4.10: Case-study: Greggs' and Migros' Company Commitments to the Avoidance of Long-distance Live Transportation**Greggs²⁹**

Greggs' live transport policy applies to all purchases of primary source raw pork, raw beef, and raw mutton, cooked chicken, and egg laying hens (for whole eggs) at the end of lay. The policy is underpinned with species-specific commitments stating a maximum journey time of eight hours for pigs, cattle, sheep and chickens from loading to unloading. Greggs will extend its policy to its remaining species according to a published timescale which identifies its short (2015), medium (2016-17) and long term (2018-2020) priorities.

Migros³⁰

Acknowledging that Swiss animal welfare provisions are among the strictest in the world, Migros' policy is that the transport of live animals should last a maximum of six hours. The company's principles also specify that animals must have sufficient space, adequate air supply and suitable weather protection and that 'hustle and bustle' and forceful driving should be avoided throughout the journey.

29

<https://corporate.greggs.co.uk/social-responsibility/food-our-customers-can-trust/farm-animal-welfare-strategy>

30

www.migros.ch/generation-m/de/nachhaltigkeit-bei-der-migros/konsum/tierwohl/hoehere-anforderungen-tierwohl.html

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 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 results from the 2015 Benchmark suggest that many companies have yet to formalise their management of farm animal welfare issues. In fact, 44 (49%), an improvement on the 59% in the 2014 Benchmark, of the companies reviewed do not publish details of who is responsible, at either a senior management or operational level, for farm animal welfare. Of the 46 that have specified responsibilities, 7 define operational responsibilities only, 14 define senior management responsibilities only and 25 defined both (some examples are presented in Box 4.11). It is important to qualify these findings by noting that it was frequently difficult to tell how much, if any, senior management attention was actually being focused explicitly on farm animal welfare. In the majority of cases, farm animal welfare was presented as just one of a whole range of corporate responsibility-related issues that needed to be managed by these companies.

Box 4.11: Case-studies: Corporate Governance and Management of Farm Animal Welfare at JBS and Tesco**JBS³¹**

Food processing company, JBS, has assigned senior level responsibility for farm animal welfare to its Sustainability Committee. At an operational level, a dedicated Animal Welfare Department and Animal Welfare Teams are assigned at each of the company's beef, chicken, pork and lamb processing facilities.

Tesco³²

Tesco expects suppliers of farmed fish to adhere to the same high animal welfare standards as for terrestrial animals. The company has appointed a dedicated Aquaculture Manager who works with suppliers and industry to effectively implement company policy and improve welfare standards through regular discussion on common challenges and opportunities.

31

<http://jbs.infoinvest.com.br/static/enu/comites-de-assessoramento-do-ca.asp?idioma=enu>

32

http://www.tescopl.com/assets/files/cms/Welfare_standards_for_farmed_fish_082015.pdf

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 90 companies covered by the 2015 Benchmark, 49 (54%) have now set farm animal welfare-related objectives and targets, markedly higher than the 33 (41%) who had set objectives and targets in 2014 and 2013, and the 26% in 2012. A significant proportion of these companies – 35 out of the 49 that have published objectives and targets – provide a reasonable amount of information on how the target is to be achieved (for example, who is responsible, what resources are allocated, what the key steps or actions towards the target are).

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

One interesting trend is that 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 traded off against other sustainability issues.

The other point to note here is that many companies are not 'closing the loop' on their reporting. While, as discussed in Section 4.1, 62 of the 90 companies covered by the Benchmark have established formal policy commitments on farm animal welfare, only 33 report on how they have performed against these policies. Similarly, of the 49 companies that have set formal farm animal welfare-related objectives and targets, just 33 report on their performance against these or against previous objectives and targets that they had set for themselves.

There are, however, an increasing number of companies that have set detailed objectives and targets, and that have reported on progress against these. Some examples are presented in Box 4.12.

Box 4.12: Case-studies: Ferrero's and Noble Foods' Targets on Farm Animal Welfare

Ferrero³³

Ferrero's 2020 goals include an objective to source 100% of eggs from cage-free hens living in barns. The company achieved this target for all its EU plants by September 2014. However, the food producer acknowledges that there is still work to be done, with two new manufacturing plants having been established in Turkey and Mexico; countries where cage-free eggs supplies are unconventional. Although the eggs used in these plants represent just 5% of Ferrero's global consumption, the company is committed to implementing its global sourcing target through engagement and dialogue with its new suppliers.

Noble Foods³⁴

Noble Foods has published detailed animal welfare-related targets for laying hens in its supply chain. These include:

- Reducing the reliance on infra-red beak trimming through a combination of management techniques, genetic improvement via its partner suppliers and breed selection. The company will also aim to reduce to 50% non-treated beaks by 2020;
- 100% of farms within its network will conduct pre-slaughter stunning by 2016;
- 100% of its birds will travel less than 12 hours to slaughter by 2016, with 80% travelling less than 8 hours and 50% less than 4 hours;
- 70% of its birds will be free from confinement by 2020, covering all territories, products and brands;
- Feather cover scores will improve to an average of 2.00 on a 5-point scale by 2020.

The company provides annual updates on progress against these targets, alongside published outcome measures and performance indicators.

Do Companies Describe Their Control Systems for Farm Animal Welfare?

Thirty-six (or 40%) of the 90 companies covered by the 2015 Benchmark report that they include farm animal welfare in supplier conditions, a clear increase on the 34% in the 2014 and 2013 Benchmarks and the 15% in the 2012 Benchmark. Of these 36 companies, 25 state that they include farm animal welfare in all relevant contracts and 11 that they include farm animal welfare in some but not necessarily all contracts.

From our discussions with companies, the emphasis on supplier contracts seems to be attributable to the increased company focus on supply chain management more generally, rather than animal welfare in particular. The 2013 European horsemeat scandal appears to have been particularly important in heightening the level of company attention being paid to supply chains. The actions companies have taken have included shortening their supply chains for particular products, increasing the quantities channelled through existing producers and emphasising food provenance and local sourcing.

It is important to stress that this increased focus on supply chain management may not result in companies achieving better farm animal welfare outcomes, although we do acknowledge that better auditing and traceability processes are important building blocks for improving the management and oversight of farm animal welfare. Our research this year found that 58% of companies describe how they audit the farm animal welfare performance of their suppliers (compared to 45% in 2014, 43% in 2013 and 35% in 2012) yet only 47% describe their supplier education and capacity-building initiatives (compared to 36% in 2014, 34% in 2013 and 31% in 2012). While the overall scores remain low, we are seeing some significant efforts being made by certain companies to collaborate with their suppliers on developing innovative online tools, sharing knowledge and best practices, and improving management understanding of performance through enhanced monitoring and reporting practices. Some examples are highlighted in Box 4.13.

³³

<http://www.ferrero.com/inc/downloadDoc.php?IDD=1586>

³⁴

<https://www.noblefoods.co.uk/assets/PDFs/ANIMAL-WELFARE-RESULTS-2015.pdf>

Box 4.13: Case-studies: Cargill's and FrieslandCampina's Engagement**Cargill³⁵**

Cargill's turkey and pork businesses in the United States run programmes to educate employees, truck drivers and first responders on animal handling in the event of emergencies. The company requires National Pork Board Transport Quality Assurance training for all transporters delivering livestock to its facilities. Cargill is also the only turkey producer in the United States to educate and certify all of its contract growers on how to properly handle birds. The company's Certified Animal Handler and on-farm audit programmes have been endorsed by animal science expert Dr Michael Hulet of Penn State University. In Canada, Cargill conducts CowSignals training programmes for dairy farmers to help them analyse environmental and health factors that affect their cows' comfort, milk production and longevity. Since 2013, groups of local farmers have participated in more than 175 sessions on topics ranging from stall spacing and animal bedding to hoof trimming and nutrition.

FrieslandCampina³⁶

FrieslandCampina promotes outdoor grazing by offering its member dairy farmers a special premium. Starting from 2015, this outdoor grazing premium has been increased from EUR 0.50 to EUR 1.00 per 100 kg of milk. To receive the premium, the dairy farmer must allow his dairy cows to graze outdoors at least six hours a day on a minimum of 120 days a year. There is also a partial outdoor grazing arrangement for dairy farmers who do not meet the meadow milk standards, but do allow a quarter of their herd to graze in the meadow on a minimum of 120 days a year. Farmers with partial outdoor grazing receive a EUR 0.46 premium per 100 kg of milk. By promoting outdoor grazing FrieslandCampina wants to reach its sustainability goal of maintaining the 2012 level of meadow grazing on member dairy farms. The outdoor grazing percentage in 2014 was 77.2%, compared to 81% in 2012.

In 2014, FrieslandCampina organised more than 100 workshops for member dairy farmers on the topics of improving udder health, hoof health and the responsible use of animal medicine. During 2015, the company also increased dairy farmers' expertise in respect of meadow grazing, including putting it on the agenda of educational establishments and by providing weekly advice about meadow grazing via e-mail (from 'the Meadow Man'). The company is also initiating a project whereby member dairy farmers who keep their cows indoors are helped to switch to meadow grazing. In addition, Farm Walk provides member dairy farmers with practical tools, such as a grassland usage calendar, grassland height meter and a manuring and grazing plan to assist planning. Participating dairy farmers get together regularly under the leadership of an experienced and trained meadow coach. In 2014, the first 12 meadow coaches successfully completed the Meadow Grazing Foundation's Practical Meadow Grazing School.

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. This year, we have seen a significant increase, although starting from a very low base, in the number of companies reporting farm animal welfare-related training (29% in 2015 compared to 16% in 2014) and on their internal controls for farm animal welfare (29% in 2015 compared to 16% in 2014). While the proportion of companies reporting on these issues, i.e. training and internal controls, is not particularly high, we are encouraged to see an improvement in the quality of reporting by some companies on the training provided to employees who are directly involved in the management and handling of farm animals (see Box 4.14 for examples) and on the controls in place for managing non-compliance with animal welfare policies (see the case-study on in Box 4.15).

35

<http://www.cargill.com/corporate-responsibility/responsible-supply-chains/animal-welfare/index.jsp>
<http://www.cargill.com/wcm/groups/public/@ccom/documents/document/na31881260.pdf> (p.5)

36

<https://www.frieslandcampina.com/en/sustainability/csr-cases/outdoor-grazing-cows-in-meadows/>

Box 4.14: Case-studies: JBS's, Marfrig's and Unilever's Approaches to Employee Training

JBS³⁷

JBS has signed a partnership with World Animal Protection which has resulted in four training sessions which have led to more than 120 JBS team members being trained on farm animal welfare practices.

Marfrig³⁸

Marfrig's 'See It? Stop It!' programme generates immediate action for better animal welfare and emphasises the integrity of the company's philosophies on responsible animal care. The programme stresses that proper animal care is the responsibility of everyone who is engaged with animals. Following semi-annual training, employees sign an agreement to maintain the highest standards of animal care and protection. They are encouraged to report any incident that they see and feel is inconsistent with Marfrig's programme standards through a toll-free hotline number. The promises of confidentiality and of investigating all good-faith reports are ingrained in the initiative that is already raising awareness, empowering employees, and demonstrating results.

Unilever³⁹

Unilever's Sustainable Livestock Implementation Guide details the company's requirements for poultry products (broiler meat and eggs), dairy, pork and beef suppliers and their farmers on the requirements of the Unilever Sustainable Agriculture Code. The Guide covers the need for training of farmers and stock-keepers in all aspects of dairy, broiler chicken, pork and beef farming. It further requires that employees involved in cattle handling, movement and transportation should be properly trained to handle cattle at all stages of production, keeping stress to the animal at a minimum.

Box 4.15: Case-Studies: Sysco's Internal Control Procedure

Sysco⁴⁰

Sysco employs a three-level objective audit programme to monitor and verify compliance with the animal welfare and handling practices among Sysco brand suppliers. All third-party audits are conducted by agencies approved by the Sysco Quality Assurance Department. Random audits are conducted throughout the year, both on a scheduled and an unscheduled basis, by Sysco QA personnel who have been trained in animal handling and/or certified by the Professional Animal Auditing Certification Organization (PAACO).

Sysco's Animal Welfare Advisory Council meets up to three times a year with the Sysco Quality Assurance team to discuss animal welfare issues, including supplier performance.

37

<http://relatorioanual.jbs.com.br/app/downloads/complete-report.pdf>

38

http://www.keystonefoods.com/files/Final_2013-2014_CSR_Report.pdf (p.19)

39

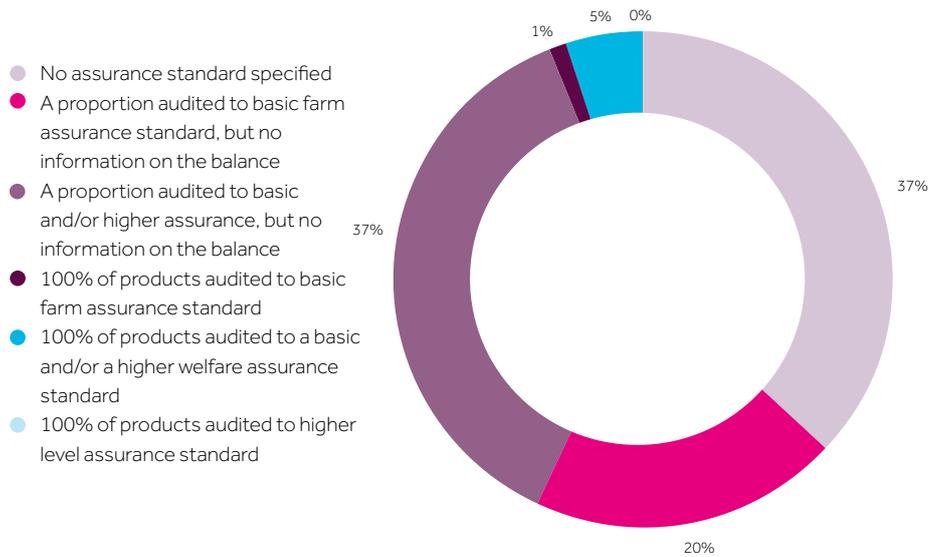
https://www.unilever.com/Images/sustainable-livestock-implementation-guide_tcm244-424266_en.pdf

40

<http://sustainability.sysco.com/supplying-food-responsibly/sourcing-food-responsibly/animal-welfare.php>

Are Companies Reporting Against Farm Assurance Schemes?

Figure 4.9: Farm Animal Welfare Assurance Standards



Formal farm animal welfare assurance schemes can play an important role in promoting welfare standards. Examples of schemes which offer many welfare advantages relative to standard industry practice include the Soil Association, RSPCA Assured, Beter Leven, KRAV, Label Rouge, Best Aquaculture Practices (Global Aquaculture Alliance), Global GAP Aquaculture Standard and GAP5Step. Despite these, and other higher welfare assurance schemes, the reality is that there is an absence of 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 an assurance standard. 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, British Lion) are primarily concerned with quality and safety-related issues, and have relatively little to say about farm animal welfare other than, perhaps, that producers or suppliers should comply with relevant legal requirements. 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.

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-seven per cent of companies do not provide any information on the standards to which their animals are reared, transported, and slaughtered, although this represents a slight improvement on the 38% in the 2014 Benchmark. Most of those that report do so in a piecemeal manner. Reporting tends to be 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 geography-specific.

4.3

LEADERSHIP AND INNOVATION

Are Companies Advancing Farm Animal Welfare in their Industry?

Thirty of the 90 companies (33%) covered by the 2015 Benchmark provide information on whether they are involved in research and development (R&D) programmes on farm animal welfare (which is a significant increase on the 19 companies (24%) in 2014), whilst 34 companies (38%) (compared to 21 companies (26%) in 2014) describe their involvement in initiatives directed at improving farm animal welfare practices across the industry. These trends are encouraging, as they suggest that companies are starting to move beyond the management of farm animal welfare in their own operations to a more holistic conception of their role in promoting and advancing farm animal welfare across the food industry. In Box 4.16 we present the example of farm animal welfare-related R&D projects involving Fonterra, and in Box 4.17 we present an example of a Danish industry initiative on farm animal welfare. One of the reasons for highlighting these examples is that they have an explicit focus on farm animal welfare, whereas many food system-related R&D programmes seem to pay little attention to farm animal welfare.

Box 4.16: Case-study: Fonterra's investment in animal welfare-related R&D projects

Fonterra⁴¹

Fonterra is engaged with a number of projects dedicated to advancing farm animal welfare. The company has partnered with DairyNZ for its Mastitis Support Programme, which seeks to identify, treat and prevent the cause of mastitis in supplier herds. Together, they have introduced a rapid response process to provide prompt identification and support for farmers with high somatic cell counts in their herds - an indicator of mastitis - and work with them to develop individual action plans to reduce the cell counts.

A further example is the development of an animal welfare early response programme, whereby the company is analysing data from a small number of farms that have experienced welfare challenges over the past two years. The aim is to see whether the data collected on all of its suppliers' farms is a useful way to forecast potential welfare issues. If shown to be an effective tool, regular screening for these parameters and farm visits will take place to resolve any issues.

Box 4.17: Case-study: Danish Crown's industry initiative on farm animal welfare

Danish Crown⁴²

Most pigs are marked by a tattoo hammer before being sent to the slaughterhouse so that they can be easily identified when mixed with other pigs. Danish Crown has been testing an alternative system to tattooing, whereby farmers deliver their pigs for slaughter in groups. This means that the pigs do not need to be individually identified. The new system has proved to be a positive experience for the farmers as they know they are not causing the pigs unnecessary harm by using the tattoo hammer. The tests have been so successful that the company is working on implementing this system for delivery to other Danish slaughterhouses.

⁴¹

<http://www.fonterra.com/nz/en/recycle+bin/sustainability/environment/animal+welfare/animal+welfare>

⁴²

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

Are Companies Advancing Farm Animal Welfare in their Industry?

30 of the 90 companies (33%) assessed in the 2015 Benchmark provide information to their customers or consumers on farm animal welfare, a slight reduction on the proportion (40%) in the 2014 Benchmark. Eighteen of the 30 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. Box 4.18 presents a number of examples, covering all three of the sub-sectors (retailers, producers, restaurants and bars), a range of geographies and a variety of topics and species. The proactive communication of farm animal welfare issues is hugely important; it raises consumer awareness, it directs consumers to higher welfare choices, and it establishes consumer expectations that farm animal welfare should be an integral part of companies' approaches to corporate sustainability.

Box 4.18: Case-studies: Ahold's and Chipotle's Customer and Consumer Communications on Farm Animal Welfare

Ahold⁴³

Ahold provides information and videos about the farming of meat and eggs in a section on animal welfare on its website and has further videos posted on YouTube. The videos help inform consumers about animal products and show how and where Ahold's products are farmed. Ahold's animal welfare web pages also feature a lengthy FAQ section for consumers.

Chipotle⁴⁴

Chipotle Mexican Grill takes a proactive approach to consumer communications regarding animal welfare. The 'What's Happening?' and 'Talk to Us' sections of its corporate website provide educational content for consumers on topics such as: 'What do we mean by 'Pasture-Raised'?'. The company also advises the public about changes in supply of its Responsibly Raised meat through press releases on its website.

Chipotle's integrated marketing campaign, 'Friend or Faux: The Game of Food, Flavours and Fakery', is an interactive digital experience designed to educate consumers on fast food ingredients. Hosted on the company's website, and supported by social media channels Twitter and Facebook, Friend or Faux reinforces 'the beauty of simplicity in food' by contrasting Chipotle ingredients with those commonly used to make fast food. There's also a 'study guide' where users can learn about the ingredients before playing the game and sharing their experience with their social networks.

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<http://www.ah.nl/over-ah/meer-doen/dierenwelzijn>

44

www.chipotle.com/friendorfaux
<http://ir.chipotle.com/phoenix.zhtml?c=194775&p=iro-newsArticle&ID=1847311>
<http://ir.chipotle.com/phoenix.zhtml?c=194775&p=iro-newsArticle&ID=2067992>

4.4



PERFORMANCE REPORTING

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

In line with our aim to increase the focus on company performance over time, the Benchmark will increasingly take account of both the level/quality of a company's disclosure on their performance, and the company's impact on the animals concerned. We refer to these two aspects respectively as performance reporting and performance impact (see further Box 4.19).

In the 2014 Benchmark, as the start of this expansion from process to performance, we introduced four additional questions relating to performance measures. These questions were divided as follows: (a) three questions that assessed whether companies are reporting on commonly accepted welfare issues (close confinement, long distance live transportation and pre-slaughter stunning), and (b) one question that assessed whether companies are reporting on species-specific welfare outcome indicators. In the 2014 Benchmark, the scores for the new performance reporting questions were excluded from the overall scores/rankings. However, as discussed above, we allocated a 10% weighting to these questions in the 2015 Benchmark, and we intend to increase the weighting of performance-related questions to 35% by 2018.

In developing and introducing performance-related questions into the Benchmark, we are mindful of the fact that performance reporting presents real challenges for companies. These challenges include: the fact that many companies have multiple animal species and production systems across geographies; the fact that companies frequently manage animal species to different standards; the relative difficulties in reporting on ingredients versus fresh produce; and the reality of the absence of universal global performance standards for animal welfare. Furthermore, many companies are concerned about ensuring a level playing field through the accuracy and consistency of reported data, companies are concerned about inappropriate benchmarking and comparisons, and companies are concerned that their ability to deliver competitive advantage through their approach to farm animal welfare may be undermined if they are required to disclose too much information. Our approach, which is based on extensive company and investor dialogue and on a staged and progressive introduction of performance-related questions, is intended to ensure that we properly deal with the very real technical and business challenges faced by companies while also bringing companies and other stakeholders with us.

Box 4.19: 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.

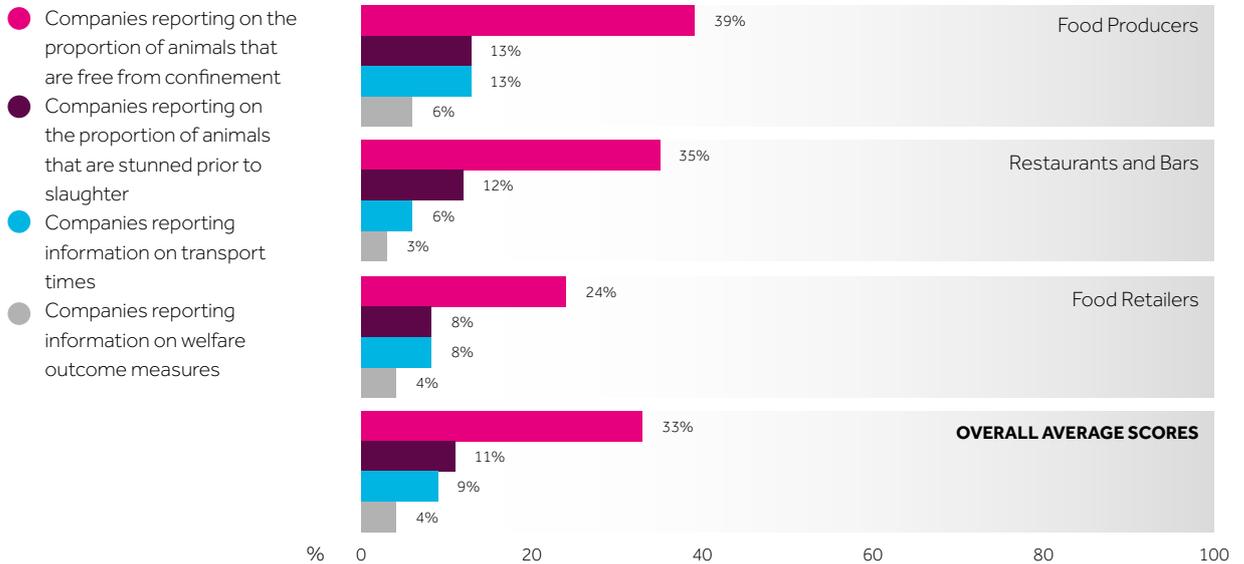
Performance in farm animal welfare is the action or process of achieving an acceptable level of welfare throughout the process of breeding, rearing/finishing, transporting and slaughtering of animals in the food industry. **Performance reporting** of a company's practices refers to disclosure of a combination 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).

Figure 4.10: Performance Reporting by Sub-sector



- Companies reporting on the proportion of animals that are free from confinement
- Companies reporting on the proportion of animals that are stunned prior to slaughter
- Companies reporting information on transport times
- Companies reporting information on welfare outcome measures

Our central finding is that reporting on farm animal welfare performance remains in its infancy, although there are early signs that companies are starting to respond to increased interest in their performance against key policy commitments.

For example:

- 30 of the 90 companies (33%) in 2015, compared to just 14 out of 80 companies (18%) in 2014, provide some information on the proportion of animals that are free from close confinement;
- 10 companies (11%) in 2015, compared to 4 (5%) in 2014, report on the proportion of animals that are stunned prior to slaughter;
- 8 companies (9%) in 2015, compared to 3 (4%) in 2014, provide quantitative information on transport times;
- 4 companies (4%) in 2015, report on farm animal welfare outcomes.

In the majority of cases, however, 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; companies frequently manage animal species to different standards. A number of companies commented that, over time, they expect to face greater customer and NGO pressure to report on their performance impact. Some also commented that such reporting will only become standard when there is a consensus on the performance data that needs to be reported and a critical mass of companies are already reporting this information.

Box 4.20: Examples of Unilever's and Noble Foods' Reporting on Performance

Unilever⁴⁵

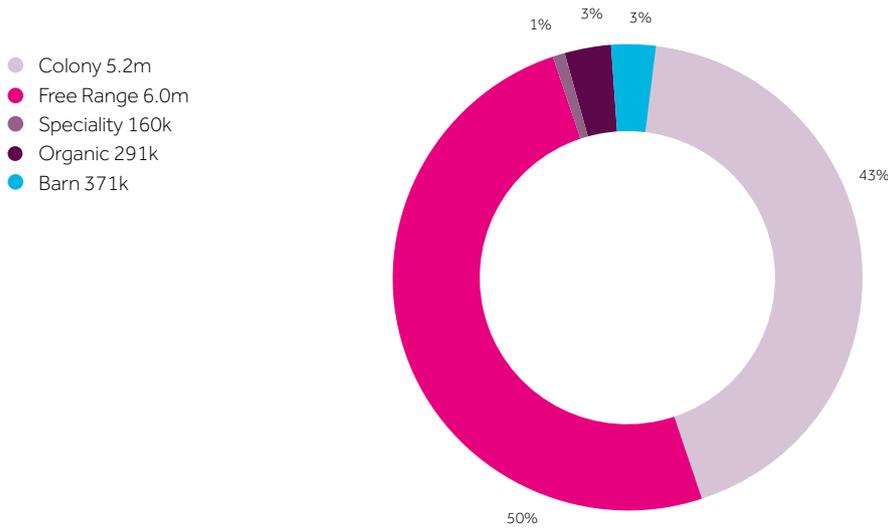
Unilever has prioritised the sourcing of cage-free eggs in its supply chain based on the high volumes it purchases. The company has reported significant progress in partnership with its suppliers, so that in 2014, 41% of its global egg supply was cage-free. The company's Food Solutions website in the US confirms its commitment to cage-free and the scale of its impact: "In North America, for Hellmann's Light Mayonnaise alone, producing the cage-free formula involves sourcing approximately 3.5 million pounds (1.6 million kilos) of eggs from an estimated 125,000 hens. That's enough to produce 30 million jars of mayonnaise! Hellmann's cage-free egg products are American Humane Certified by the American Humane Association (AHA), the leading certifier of cage-free eggs in the US."

Noble Foods⁴⁶

Noble Foods' Animal Welfare Results document provides an annual update on the company's progress on confinement. It reported that for 2015: "57% of our birds are free from confinement" and notes that 100% of its 'Speciality' eggs are all free range. A summary of the company's bird supply base is shown graphically below.

The document also confirms that for the period July 2014 to June 2015 100% of birds were subject to pre-slaughter stunning, and that the average transit time to slaughter was 7.6 hours, with 98% of birds travelling less than 12 hours and 34% of birds travelling less than 4 hours.

Figure 4.11: Breakdown of Noble Foods' bird supply base



45
http://www.unileverfoodsolutions.us/who-we-are/news/detail-1599.hellmanns_real_mayonnaise_made_with_cage_free.html

46
<https://www.noblefoods.co.uk/assets/PDFs/ANIMAL-WELFARE-RESULTS-2015.pdf>

While we have suggested three specific farm animal welfare performance measures in the Benchmark (on close confinement, on long distance live transportation and on pre-slaughter stunning), we have been struck by the variety of other indicators and data points being reported by companies (see Table 4.21) that could form the basis for standardised corporate performance reporting on farm animal welfare. While Table 4.21 is not comprehensive, it points to the potential to develop a performance reporting framework that captures scale (i.e. the number of animals affected), business relevance (for example, sales), processes (for example, antibiotic usage) and farm animal welfare outcomes (for example, by reference to recognised species-specific standards).

Box 4.21: Sample Indicators and Measures reported by Companies

INDICATOR/METRIC	REPORTED BY
Volume and/or proportion of animals sourced by country	Arla Foods, Coop Group (Switzerland), Marfrig
Proportion of products audited to basic and/or higher welfare standards	Ahold, The Cooperative Food (UK), J Sainsbury, Kaufland, Marfrig, Premier Foods, Yum! Brands, Unilever, Waitrose
Volume and/or proportion of eggs sourced that are cage-free	Coop Group (Switzerland), Greggs, Kraft Foods, McDonald's, Marks & Spencer, Noble Foods, Premier Foods, The Cooperative Food (UK), Unilever, Waitrose, Wesfarmers
Proportion of pregnant sows in company-owned farms in US transitioned from gestation crates to group housing systems	WH Group
Levels of antibiotics administered/feed grade antibiotics used per weight of product	WH Group
% products produced free of antibiotics	Compass Group (USA)
Proportion of time animals are allowed outdoors; Average space available to animals	Arla Foods, FrieslandCampina
Average transportation time vs legal limit	The Cooperative Food (UK), Greggs, Noble Foods
Volume or proportion of species involved in transportation accidents/ Proportion of animal fatalities (by species) in transit	McDonald's, Waitrose, WH Group
Average feather cover score for lay hens	Noble Foods
Proportion of supplier meat processing plants audited and/or proportion of supplier meat processing plants passing audits	McDonald's, Compass Group (USA), Sysco, Tyson Foods
Number of dairy herds (by geography) tested for Neospora / Cost to average cow herd	Wm Morrison
Proportion of animals processed by species	Marfrig, Tyson Foods, WH Group
Proportion of products bearing Red Tractor (or other) farm assurance labelling	Lidl, Subway, Waitrose
Proportion of revenue/sales of higher welfare products; Proportion of sales by welfare system	Coop Group (Switzerland), Migros, The Cooperative Food (UK)
KPIs (e.g. lairage data, farm data and health reports) for all livestock supply chains	Waitrose
Membership voting on farm animal welfare	The Cooperative Food (UK)

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, with significant improvements in the number of companies that have published formal policies on farm animal welfare and, more recently, a significant strengthening of companies' internal processes for the implementation of these policies. Since the publication of the 2014 Benchmark, we have discussed the Benchmark with many of the companies that are included in the Benchmark and, in May 2015, we conducted an email survey of the 80 companies covered by the 2014 Benchmark⁴⁷. These discussions and the survey have provided important insights into the factors that are influencing companies' farm animal welfare practices and reporting, and in turn contributing to improvements in their Benchmark scores.

A key finding from the company survey – which is confirmed by the latest Benchmark findings – is that companies are paying greater attention to farm animal welfare, with 80% of the companies responding to the survey stating that they had developed their farm animal welfare approach in the past two years. For many companies, this work has formed an integral part of their evolving sustainability strategies and their ongoing commitment to continuous improvement. Examples of actions include:

- A UK-based food producer that has recently added animal welfare to its global supply chain standards in order to ensure greater consistency in sourcing meat and dairy products globally and in order to respond to topical issues such as Halal meat and food authenticity and provenance;
- A global retailer based in the UK that has established a specialist Agriculture Team to work with its farming base to drive continuous improvement, including improvement in animal welfare standards;
- A global retailer based in the US that has published a new position on animal welfare and the responsible use of antibiotics in farm animals;
- A global fast food restaurant based in the US that has established a global animal health and welfare team;
- A UK-based restaurant that has published a five-year road map for implementing farm animal welfare standards across all ingredients.

Customer and client demand are the most important influences on companies' approach to farm animal welfare, with a number of companies also noting that animal welfare is becoming an increasingly important topic for consumers. A number of companies indicated that the Benchmark had directly influenced their approach to farm animal welfare. The respondents identified four main mechanisms through which the Benchmark exerts influence:

- The Benchmark enables companies to benchmark themselves against their industry peers;
- The Benchmark helps companies to continually improve their approach to farm animal welfare;
- The Benchmark provides companies with a clear set of expectations;
- The Benchmark is backed by leading animal welfare organisations, Compassion in World Farming and World Animal Protection, with a track record of working with food companies.

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Nicky Amos and Rory Sullivan (2015),
How Are Companies Using the Business
Benchmark on Farm Animal Welfare?
Investor Briefing No. 21 (BBFAW London).
[http://www.bbfa.com/media/1317/
how-are-companies-using-the-
business-benchmark-on-farm-animal-
welfare-2015.pdf](http://www.bbfa.com/media/1317/how-are-companies-using-the-business-benchmark-on-farm-animal-welfare-2015.pdf)

It is interesting to note that, despite the Benchmark being identified as an important influence, relatively few companies identified investors as an important driver of performance. This reflects the findings of a BBFAW investor survey in May 2015⁴⁸ which suggested that while most of the investors that responded to our survey have considered how the Benchmark might be used in their investment research, a smaller proportion (approximately half of those surveyed) has used the Benchmark in their company engagement.

In relation to investment research, the Benchmark has been used to:

- Assess the business risks and opportunities of farm animal welfare for companies;
- Provide insights into how companies are identifying and managing risks in their supply chains;
- Cross-check investors' own assessments of companies' sustainability approaches and strategies;
- Understand the evolution of farm animal welfare as an investment subject and as a corporate management priority;
- Communicate with internal investment research teams on the investment relevance of farm animal welfare issues.

In relation to engagement, the Benchmark has been used to:

- Prioritise companies for engagement. Investors have used the Benchmark both to identify laggards (i.e. poor performers) and leaders (to understand what has enabled these companies to become leaders);
- Inform investors' engagement with companies, whether on the specific subject of farm animal welfare or as part of wider discussions on sustainability strategy and governance. In 2015, BBFAW produced a short guide on how investors could use the Benchmark in their engagement with companies;⁴⁹
- Underpin the collaborative engagement on farm animal welfare described in Box 5.1;
- Inform questions at company AGMs. For example, during 2015, ShareAction, a charity which promotes responsible investment, raised questions at the AGMs of Associated British Foods, Dairy Crest, Whitbread, Greggs and JD Wetherspoon regarding their performance in the 2014 Benchmark.

While the influence of investor engagement has been relatively modest to date, one of the most significant developments has been the international investor collaboration, convened by the BBFAW Secretariat, (see Box 5.1). This is the first time that investors have collaborated in such a coordinated, structured manner on the farm animal welfare practices of global food companies, and signals a step change in the manner in which investors engage with the issue of farm animal welfare.

48

Rory Sullivan and Nicky Amos (2015), How are Investors Using the Business Benchmark on Farm Animal Welfare. Investor Briefing No. 20 (BBFAW, London) <http://www.bbfaw.com/media/1077/how-investors-are-using-the-business-benchmark-on-farm-animal-welfare.pdf>

49

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.bbfaw.com/media/1076/investor-briefing-no-19-engagement-on-farm-animal-welfare-a-users-guide.pdf>

Box 5.1: 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 2015 - supported by 18 institutional investors from the UK, the Netherlands, France, Canada, the US and Australia: ACTIAM, Australian Ethical Investment, Aviva Investors, BNP Paribas Investment Partners, the Central Finance Board of the Methodist Church, Collier Capital, EdenTree Investment Management, Epworth Investment Management, The Sustainability Group (part of Loring, Wolcott & Coolidge Trust), NEI Investments, Nelson Capital Management, Rathbone Greenbank Investments, Robeco, Royal London Asset Management (RLAM), Schroders, Trillium Asset Management, Triodos Bank and Walden Asset Management.

The collaboration has focused on both the high (i.e. the 10 companies that were ranked in Tiers 1 and 2 of the 2014 Benchmark) and low (i.e. the 40 companies that were ranked in Tiers 5 and 6 of the 2014 Benchmark) performing companies in 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 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' 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 have written to us indicating that they intend 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 original 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 2014 and 2015 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. We see this engagement as hugely important in encouraging change and will continue to support investors in these efforts.

We are also encouraged by the feedback we have received from companies on their 2015 preliminary evaluations (as discussed in Section 2.3, checking the facts with companies is an integral part of our research process). A number of companies have provided positive feedback, commenting on the robustness of the assessments and the usefulness of the annual Benchmark in evaluating the quality of their management and reporting approach, and in signalling areas for continuous improvement. While somewhat anecdotal, we have noted that our dialogue with many companies (specifically those that have been benchmarked for a number of years) is much less focused on the methodology and the specific questions, and much more on the actions that companies plan to take in advance of future Benchmark iterations. A number of companies have scheduled meetings with the BBFAW Secretariat throughout 2016 to help with their planning. This is hugely encouraging, as it indicates an acknowledgement by companies that they are taking the issue of farm animal welfare management and reporting seriously, that they are increasingly aware of and understand the needs of investor and other audiences for information on their farm animal welfare approach, and an endorsement by companies that the Benchmark offers a useful and practical framework for reporting.

5.2



IMPLICATIONS FOR INVESTORS

Reflecting the core message from the previous Benchmarks, the key conclusion for investors is that farm animal welfare continues to be a systemic risk that many companies in the food industry are either not effectively managing or not properly reporting. Despite a group of 7 large institutional investors writing to the companies in Tiers 5 and 6 (see Box 5.1), many of these companies do not appear to have taken action to improve their management of farm animal welfare-related risks and opportunities, nor have they signalled that they intend to do so. Having said this, 13 of the companies that were ranked in Tiers 5 and 6 in the 2014 Benchmark have improved their scores sufficiently in the 2015 Benchmark to move up one or two Tiers, signalling a willingness to improve their practices and performance over time.

Our view is that investors should continue to prioritise the companies in Tiers 5 and 6 for engagement, whether as part of their routine engagement with companies or as part of the collaborative engagement convened by the BBFAW Secretariat. The focus of this engagement should, in the first instance, be to ensure that these companies are aware of the Benchmark and associated guidance material (e.g. on reporting) produced by the Business Benchmark on Farm Animal Welfare, and then to encourage these companies to explain how they plan to manage the risks and opportunities presented by farm animal welfare, and how they plan to track and report on their progress in this regard.

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

5.3



NEW AND EMERGING ISSUES

In the course of our engagement with investors and other stakeholders, we have received a number of suggestions on how the Benchmark might be strengthened and on the issues that should be covered by the Benchmark. We have also seen companies starting to report on farm animal welfare-related issues that are not covered by the Benchmark. In Box 5.2, we list the issues we see as gaining increased profile in the area of farm animal welfare. We have already started to address a number of these – e.g. antibiotics – in the Benchmark.

Box 5.2: New and Emerging Farm Animal Welfare Issues

- In-ovo gender identification (sexing) – relevant for laying hens and dairy cows;
- Emergency planning (loss of power, natural disasters, major road traffic accidents involving live animal transportation, etc);
- Casualty euthanasia;
- Slaughter stunning methods;
- Selective breeding;
- By-catch/Fishing methods (for finfish aquaculture);
- Farming of exotic species (e.g. frogs, bison, crocodile, kangaroo);
- Higher welfare food labelling;
- Standards on game farming;
- Animal health and nutrition;
- Traceability/remote monitoring of supply chains;
- Cultured meat/meat substitutes.

5.3



REPORTING PRACTICE

One of the most encouraging findings from both the 2015 and 2014 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), Cranswick, Marks & Spencer, McDonald's (Europe), Nestlé, Noble Foods, The Co-operative Food (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 insights 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 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. 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 the Benchmark in subsequent iterations of the Benchmark.

CHAPTER 6

NEXT STEPS



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

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

6.1

INVESTOR ENGAGEMENT

From the very beginning, the investor community has been the key audience for BBFAW, and the Benchmark has been designed with investors' interests in mind. For 2016, we will prioritise four aspects:

- Ensuring that the Benchmark itself (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 are 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;
- 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;
- Developing understanding of the business case and the investment case for farm animal welfare;
- Developing the investor collaboration that we established in 2015, with a particular focus on encouraging greater investor engagement with the companies in the Benchmark;
- For investors interested in animal welfare and the wider sustainability aspects of intensive farming please see the Farm Animal Investment Risk & Return (FAIRR) initiative, network and latest investment risk report. www.fairr.org⁵⁰

We have received a number of suggestions on how the Benchmark might be strengthened or made more useful to investors. These suggestions appear in Box 6.1 below:

Box 6.1: Investor Suggestions for Strengthening the Benchmark

- BBFAW provides a more detailed account of each company's performance.
 - BBFAW Response: We will seek to improve the two-page company summaries by providing more contextual information on each company's performance. We hope that these changes, together with our published short guide to investor engagement, will enhance the usefulness of the information being provided.
- Make the company profile information more readily available (e.g. through a login on the BBFAW website rather than on request as at present).
 - BBFAW Response: We have addressed this via our refreshed BBFAW website, which now includes a dedicated log-in section for investors, allowing direct access to company summary reports.
- Broaden the number and geographic scope of the companies covered by the Benchmark.
 - BBFAW Response: We have increased the number of companies covered by the Benchmark from 68 in 2012 to 90 in 2015. Our expectation is that we will benchmark 100 companies in 2016.
 - BBFAW Response: In relation to geographic coverage, we have progressively extended our coverage of US-based companies and have added some companies from Brazil, Canada, Australia and New Zealand. We intend to add more emerging market companies in 2016, and will, as we have done since the inception of the Benchmark, consult with investors on the universe of companies to ensure that we are focusing on companies and geographies that are relevant to them.
- Provide more information on the business case for farm animal welfare.
 - BBFAW Comment: This is a priority for us. We have received an increasing number of questions about the business case for companies to focus on farm animal welfare. Over the past two years we have produced a number of briefings on elements of the business case (e.g. on the scale of consumer demand for higher welfare products). We have also encouraged investment analysts to produce research on the investment case for farm animal welfare, and have seen some progress with both Morgan Stanley and Natixis discussing farm animal welfare with their clients. However, we do not expect that BBFAW will produce reports analysing the investment implications or company-specific financial implications of farm animal welfare. Our view is that this is work that is best and most credibly done by the investment industry itself. Where investors do produce such research, we reference it in our work and bring it to the attention of investors and other stakeholders.
- Provide more information on key farm animal welfare and investment issues.
 - BBFAW Response: We produce briefings and other materials in response to requests from investors. Examples include the briefings we have produced on antibiotics, on cloning and on genetic engineering, and on finfish. We actively seek feedback from investors on potential topics, as we want to ensure that the materials that we produce are relevant to investors.

6.2

STRENGTHENING MARKET DEMAND

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

6.3

INCREASING THE FOCUS ON FARM ANIMAL WELFARE PERFORMANCE

The introduction of four performance-related questions into the 2014 Benchmark marked the first step toward evaluating companies on their farm animal welfare performance rather than focusing primarily on their management commitments and processes. As we discussed in Section 4.4 above, the reality is that performance reporting lags significantly behind reporting on management systems and processes. Nevertheless, we are encouraged to see that some companies are starting to respond to the growing interest in their performance by disclosing quantitative data on animals impacted by their production systems and processes. Despite this, we are aware that the four performance questions in the 2015 and 2014 Benchmarks provide limited insight into the relevant performance of companies on specific issues or on animal welfare outcomes more generally. For example, irrespective of their actual performance, companies will receive a partial or full score for publishing data on the proportion of animals that are free from confinement, that are stunned pre-slaughter or that are transported within a maximum journey time of eight hours. Accepting that these questions were especially developed to provide a low entry point for companies to report on their farm animal welfare performance, we intend to develop a more judicious approach to evaluating performance impact in the 2016 Benchmark (see also Box 4.19). Accepting that our thinking will inevitably develop and become more refined in the coming months, we expect to:

- Retain the same performance questions (Questions 20 to 23) in order to maintain a low entry point for companies to introduce an element of performance reporting on farm animal welfare. However, from the 2016 Benchmark, we expect to propose the introduction of discretionary scoring for performance impact, rewarding companies performing at a significantly high level on a particular issue. For example, a company reporting that 100% of relevant species are free from close confinement, would be awarded additional points on this particular issue. (NB. The scoring of additional criteria in the performance impact questions will likely be excluded from the overall Benchmark score in 2016, to allow companies to prepare for the introduction of these questions in 2017.);
- Consider introducing additional performance questions to ensure full coverage of the policy issues covered by the Benchmark. These might, for example, include a question on performance relating to the proportion of animals that are free from routine mutilations, or the proportion of animals that are free from growth promoting substances or the routine prophylactic use of antibiotics;
- Increase the weighting on performance disclosure from 10% in 2015 to between 15 and 20% in 2016.

6.4

THE NEXT ITERATION OF THE BENCHMARK

We plan to repeat the Benchmark in August/September 2016, with the aim of releasing the fifth Benchmark Report in early 2017. 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 2016, to understand how they are using the Benchmark, to understand how the Benchmark might be made more useful to them and to gather their suggestions on potential changes to the Benchmark.

CHAPTER 7

APPENDICES



APPENDIX 1

BUSINESS BENCHMARK ON FARM ANIMAL WELFARE

2015 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 has made a partial commitment to the avoidance of confinement but the scope (in terms of geography, species, products) is not clearly defined.	1
	The company has made a partial commitment to the avoidance of confinement and the scope of the commitment (in terms of geography, species 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 has made a partial commitment to the avoidance of animals subject to genetic engineering or cloning but the scope (in terms of geography, species or products) is not clearly defined.	1
	The company has made a partial commitment to the avoidance of animals subject to genetic engineering or cloning and the scope (in terms of geography, species 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 has made a partial commitment to the avoidance of growth promoting substances, but the scope (in terms of geography, species or products) is not clearly defined.	1
	The company has made a partial commitment to the avoidance of growth promoting substances, but the scope (in terms of geography, species and products) is clearly defined.	3
	Universal commitment to the avoidance of growth promoting substances.	5
	(Max Score 5)	
Question 7	Does the company have a clear position on the reduction or avoidance of antibiotics for prophylactic use?	
Rationale	The over-use of antibiotics in humans and in animals is directly linked to the increase in antibiotic resistance. The use of antibiotics on-farm (typically through feed or water) is frequently prophylactic; effectively 'propping up' intensive farming systems where animals are kept in confined and stressful conditions and where their immune systems are compromised and disease outbreaks can spread rapidly. Companies are expected to commit to reducing the levels of antibiotics they administer routinely and to develop animal production systems that are not reliant on the routine use of antibiotics for disease prevention.	
Scoring	No stated position.	0
	The company has made a partial commitment to the reduction or avoidance of the routine use of antibiotics, but the scope (in terms of geography, species or products) is not clearly defined.	1
	The company has made a partial commitment to the reduction or avoidance of the routine use of antibiotics, and the scope (in terms of geography, species 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)	

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.bbfa.com/media/1083/briefing-no6_cloning-and-genetic-engineering-of-farm-animals.pdf

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 has made a partial commitment to the avoidance of routine mutilations but the scope (in terms of geography, species or products) is not clearly defined.	1
	The company has made a partial commitment to the avoidance of routine mutilations and the scope (in terms of geography, species 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 has made a partial commitment to avoid the use of meat from animals that have not been subjected to pre-slaughter stunning or from finfish that have not been rendered insensible but the scope (in terms of geography, species or products) is not clearly defined.	1
	The company has made a partial commitment to avoid the use of meat from animals that have not been subjected to pre-slaughter stunning or from finfish that have not been rendered insensible and the scope (in terms of geography, species 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)		
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 has made 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.	1
	The company has made a partial commitment to avoid the use of long distance transport and the scope (in terms of geography, species and products) is clearly defined.	3
	Universal commitment to avoidance of long distance live transportation across all species, own-brand and other branded products and geographies.	5
(Max Score 5)		

GOVERNANCE AND MANAGEMENT

Question 11	Has the company assigned management responsibility for farm animal welfare to an individual or specified committee?	
Rationale	When looking at the management of farm animal welfare, both oversight and implementation responsibilities are important. Oversight is necessary to ensure that senior management is aware of the business implications of farm animal welfare and is prepared to intervene when needed (e.g. if there are tensions between the organisation's farm animal welfare policy and other business objectives). However, it is often the case that those charged with oversight know relatively little about the specific details of how to effectively manage farm animal welfare. It is, therefore, important that there are individual(s) responsible for ensuring that the farm animal welfare policy is implemented and that farm animal welfare is effectively managed.	
Scoring	No clearly defined management responsibility.	0
	Published details of the management position with responsibility for farm animal welfare on a day-to-day basis.	5
	Published details of how the board or senior management oversees the implementation of the company's farm animal welfare policy.	5
	(Max Score 10)	
Question 12	Has the company set objectives and targets for the management of farm animal welfare?	
Rationale	Objectives and targets are the point where policy commitments are translated into substantive action, and where resources and responsibilities are allocated for the delivery of these objectives and targets.	
Scoring	No published objectives and targets.	0
	Published objectives and targets but with no information on how these are to be achieved.	5
	Published objectives and targets together with information on the actions to be taken to achieve these, the resources allocated and the schedule for the delivery of these objectives and targets.	10
	(Max Score 10)	
Question 13	Does the company report on its performance against its animal welfare policy and objectives?	
Rationale	Companies should explain how they have performed against their policy commitments, against the objectives and targets, and provide an explanation of progress and trends in performance.	
Scoring		
Policy	The company does not report on how it has performed against the commitments set out in its overarching policy.	0
	The company reports on how it has performed against the commitments set out in its overarching policy.	5
Objectives and targets	The company does not report on how it has performed against its objectives and targets.	0
	The company reports on how it has performed against its objectives and targets.	5
Explanation of progress and trends in performance	The company does not report on progress on animal welfare performance (either in terms of input measures or welfare outcome measures).	0
	The company reports on progress on at least one animal welfare performance measure (either an input measure or a welfare outcome measure), but this is limited to certain species, products or geographies and there is no explanation of trends in performance.	4
	The company reports on progress on at least one animal welfare performance measure (either an input measure or a welfare outcome measure) in its supply chain, but this is limited to certain species, products or geographies, although it does provide an explanation of progress and trends in performance.	6
	The company reports on at least one performance measure (either an input measure or a welfare outcome measure) per relevant species across all geographies but there is no explanation of progress or trend in performance.	8
	The company reports on at least one performance measure (either an input measure or a welfare outcome measure) per relevant species across all geographies, and it provides an explanation of progress or trend in performance.	10
	(Max Score 20)	

Question 14	Does the company describe its internal processes for ensuring that its farm animal welfare policy is effectively implemented?	
Rationale	The effective implementation of a farm animal welfare policy relies on employees who are competent to oversee the implementation of the policy, and on controls that allow the company to respond quickly and effectively in the event of non-compliance with the policy.	
Scoring		
Training of internal staff	No information provided on employee training in farm animal welfare.	0
	Specific training provided to employees in farm animal welfare.	5
Internal controls	No information provided on the actions to be taken in the event of non-compliance with the farm animal welfare policy.	0
	The company describes the actions it takes in the event of non-compliance with its farm animal welfare policy.	5
	(Max Score 10)	
Question 15	Does the company describe how it implements its farm animal welfare policy (or equivalent) through its supply chain?	
Rationale	Many of the business risks and opportunities associated with farm animal welfare relate to companies' supply chains. Companies have the ability to influence their suppliers' performance both formally (e.g. through contracts, auditing processes) and informally (e.g. through capacity building and education).	
Scoring		
Supplier Contracts	No 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
Monitoring and Auditing	No information provided on how supplier compliance with contract conditions is monitored.	0
	Farm animal welfare specified as part of supplier auditing programme.	5
Education and Support	Specific support and/or education provided to suppliers on farm animal welfare policy/issues.	5
	(Max Score 15)	
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
Research and development	Evidence of current involvement in research and development programmes to improve farm animal welfare.	5
Lobbying and industry engagement	Evidence of active involvement in industry or other initiatives (e.g. working groups, supporting NGO lobbying, responding to government consultations) directed at improving farm animal welfare.	5
	(Max Score 10)	
Question 18	Has the company received any notable awards or accreditations for its farm animal welfare performance in the last two years?	
Rationale	Awards from credible animal welfare organisations, consumer associations and industry and farming bodies provide tangible evidence that companies are achieving good/best practices in those areas of their operations covered by the awards. Awards can also play an important role within companies through motivating employees and signalling to senior management that farm animal welfare is an area where the organisation is achieving good/best practice.	
Scoring	No evidence of notable awards or accreditations in the last two years.	0
	The company has received a notable award or accreditation for a single category or species.	5
	The company has received a significant award relating to its efforts across a number of species, or the company has received awards for its efforts on different species.	10
	(Max Score 10)	
Question 19	Does the company promote higher farm animal welfare to consumers through education and/or awareness-raising activities?	
Rationale	Companies have an important role to play in raising awareness of farm animal welfare among their customers and clients. This, in turn, should contribute to increases in demand for higher welfare products.	
Scoring	No evidence of promoting higher farm animal welfare.	0
	At least one example of promoting higher farm animal welfare to consumers.	5
	Multiple examples of promoting higher farm animal welfare to consumers.	10
	(Max Score 10)	

PERFORMANCE REPORTING

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

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

Rationale

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

Scoring

No reporting on welfare outcome measures.

0

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

3

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

5

(Max Score 5)

APPENDIX 2 - 2015 BENCHMARK COMPANIES

	COMPANY	OWNERSHIP	ICB CLASSIFICATION	COUNTRY OF INCORPORATION
1	Ahold NV	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	(The) Co-operative Food (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	Delhaize Group SA	Public	5337: Food Retailers and Wholesalers	Belgium
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 SA	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	Kroger Company (The)	Public	5337: Food Retailers and Wholesalers	USA
17	Lidl Stiftung & Co KG	Private	5337: Food Retailers and Wholesalers	Germany
18	Loblaw	Public	5337: Food Retailers and Wholesalers	Canada
19	Marks & Spencer Plc	Public	5337: Food Retailers and Wholesalers	UK
20	Mercadona SA	Private	5337: Food Retailers and Wholesalers	Spain
21	Metro AG	Public	5337: Food Retailers and Wholesalers	Germany
22	Migros-Genossenschafts-Bund	Cooperative	5337: Food Retailers and Wholesalers	Switzerland
23	Rewe Group	Cooperative	5337: Food Retailers and Wholesalers	Germany
24	Schwarz Unternehmens Treuhand KG/Kaufland	Private	5337: Food Retailers and Wholesalers	Germany
25	Sysco Corporation	Public	5337: Food Retailers and Wholesalers	USA
26	Target Corporation	Public	5337: Food Retailers and Wholesalers	USA
27	Tesco Plc	Public	5337: Food Retailers and Wholesalers	UK
28	Waitrose	Partnership	5337: Food Retailers and Wholesalers	UK
29	Walmart Stores Inc/Asda	Public	5337: Food Retailers and Wholesalers	USA
30	Wesfarmers	Public	5337: Food Retailers and Wholesalers	Australia
31	Wm Morrison Supermarkets Plc	Public	5337: Food Retailers and Wholesalers	UK
32	Woolworths Limited	Public	5337: Food Retailers and Wholesalers	Australia
33	Aramark Corporation	Public	5757: Restaurants and Bars	USA
34	Autogrill SpA	Joint Stock	5757: Restaurants and Bars	Italy
35	Burger King Corporation	Public	5757: Restaurants and Bars	Canada
36	Camst - La Ristorazione Italiana Soc. Coop. ARL	Cooperative	5757: Restaurants and Bars	Italy
37	Chipotle Mexican Grill	Public	5757: Restaurants and Bars	USA
38	Compass Group Plc	Public	5757: Restaurants and Bars	UK
39	Cremonini SPA	Private	5757: Restaurants and Bars	Italy
40	Darden Restaurants Inc	Public	5757: Restaurants and Bars	USA
41	Domino's Pizza Group Plc	Public	5757: Restaurants and Bars	UK
42	Elior	Public	5757: Restaurants and Bars	UK
43	SSP Group Limited	Public	5757: Restaurants and Bars	Sweden
44	Gategroup Holding AG	Public	5757: Restaurants and Bars	Switzerland
45	Greggs Plc	Public	5757: Restaurants and Bars	UK
46	JD Wetherspoon Plc	Public	5757: Restaurants and Bars	UK
47	McDonald's Corporation	Public	5757: Restaurants and Bars	USA

	COMPANY	OWNERSHIP	ICB CLASSIFICATION	COUNTRY OF INCORPORATION
48	Mitchells & Butlers Plc	Public	5757: Restaurants and Bars	UK
49	Olav Thon Gruppen AS	Public	5757: Restaurants and Bars	Norway
50	Quick Restaurants	Public	5757: Restaurants and Bars	France
51	Sodexo	Public	5757: Restaurants and Bars	France
52	Starbucks Corporation	Public	5757: Restaurants and Bars	USA
53	Subway/Doctor's Associates Inc	Private	5757: Restaurants and Bars	USA
54	Umoe Gruppen AS	Public	5757: Restaurants and Bars	Norway
55	Wendy's Company (The)	Private	5757: Restaurants and Bars	USA
56	Whitbread Plc	Public	5757: Restaurants and Bars	UK
57	Yum! Brands, Inc	Public	5757: Restaurants and Bars	USA
58	2 Sisters Food Group (Boparan Holdings Ltd)	Private	3570: Food Producer	UK
59	Arla Foods Ltd	Cooperative	3570: Food Producer	Denmark
60	Associated British Foods Plc	Public	3570: Food Producer	UK
61	Barilla SPA	Private	3570: Food Producer	Italy
62	BRF SA	Public	3570: Food Producer	Brazil
63	Cargill	Private	3570: Food Producer	USA
64	ConAgra	Public	3570: Food Producer	USA
65	Cranswick Plc	Public	3570: Food Producer	UK
66	Dairy Crest Plc	Public	3570: Food Producer	UK
67	Danish Crown AmbA/Tulip	Joint Stock	3570: Food Producer	Denmark
68	Dean Foods	Public	3570: Food Producer	USA
69	Terrena Group	Cooperative	3570: Food Producer	France
70	Ferrero SpA	Joint Stock	3570: Food Producer	Italy
71	Fonterra	Cooperative	3570: Food Producer	New Zealand
72	General Mills Inc	Public	3570: Food Producer	USA
73	Groupe Danone SA	Public	3570: Food Producer	France
74	Groupe Lactalis	Private	3570: Food Producer	France
75	Gruppo Veronesi	Private	3570: Food Producer	Italy
76	H.J. Heinz	Private	3570: Food Producer	USA
77	JBS SA	Public	3570: Food Producer	Brazil
78	Kraft Foods Group Inc	Public	3570: Food Producer	USA
99	Mondeléz International	Public	3570: Food Producer	USA
80	Marfrig Alimentos SA	Public	3570: Food Producer	Brazil
81	Mars Inc	Private	3570: Food Producer	USA
82	Müller Group AG	Private	3570: Food Producer	Germany
83	Nestlé SA	Public	3570: Food Producer	Switzerland
84	Noble Foods Ltd	Private	3570: Food Producer	UK
85	Premier Foods Plc	Public	3570: Food Producer	UK
86	Royal Friesland Campina NV	Cooperative	3570: Food Producer	Netherlands
87	WH Group Ltd	Public	3570: Food Producer	PRC
88	Tyson Foods Inc	Public	3570: Food Producer	USA
89	Unilever NV	Public	3570: Food Producer	Netherlands
90	VION Food Group	Private	3570: Food Producer	Netherlands



APPENDIX 3 - GLOSSARY

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; 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 - antibiotics used in preventative medicine and the treatment of gram positive (first generation) bacteria, which were first discovered in 1945. Increasingly, antibiotics to treat gram negative and broad spectrum (fourth generation) bacteria are used. Some strains of bacteria have developed resistance to Cephalosporins, and fourth generation Cephalosporins are considered among medicine's last defenses against several serious human infections.

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 - an in-feed chemical agent that prevents coccidial infection (by Eimeria protozoa parasites) in the intestines of poultry (particularly) by suppressing the parasite's life cycle. Resistance to in-feed products is a growing problem, so vaccination against coccidiosis to initiate the development of immunity is increasingly used.

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

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

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

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

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

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

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

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

Free-farrowing - these systems house pregnant sows, and those with new litters, in larger pens than the sow stall, enabling the sow to move more freely, nest build (if provided with manipulable material), better exhibit maternal behaviour and 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 mated or become pregnant.

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

In-Ovo Gender Identification (Sexing) - identifying the sex of the embryo whilst still in the egg. Various techniques are being researched for future commercial application in the egg laying industry, where male chicks are currently routinely destroyed at one day old.

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

Long distance transportation - any transport of a live animal that exceeds 8 hours, from loading to unloading; welfare has been shown to decrease significantly in journeys lasting more than 8 hours.

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

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

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. Traditional phytotherapy is more akin to herbalism or alternative medicine.

Pithing - a technique used to kill an animal by inserting a needle or metal rod into its brain after stunning with a penetrative captive bolt. Pithing is also used as an alternative to bleeding during emergency slaughter or disease control situations, where the meat is not used for consumption. 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.

Ractopamine - a feed additive used to promote live weight gain and lean meat deposition, as well as improve feed efficiency and reduce fat deposition, in farm animals, particularly cattle, pigs and broiler chickens. Ractopamine use has been banned in many countries, including European Union countries, mainland China and Russia, but is permitted in countries such as the USA, Canada and Japan.

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 and rearing 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, from poultry.

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

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

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

For further information please
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www.bbfaw.com



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