



The Business Benchmark on Farm Animal Welfare

Animal Health and Welfare Day,
Bristol Veterinary School

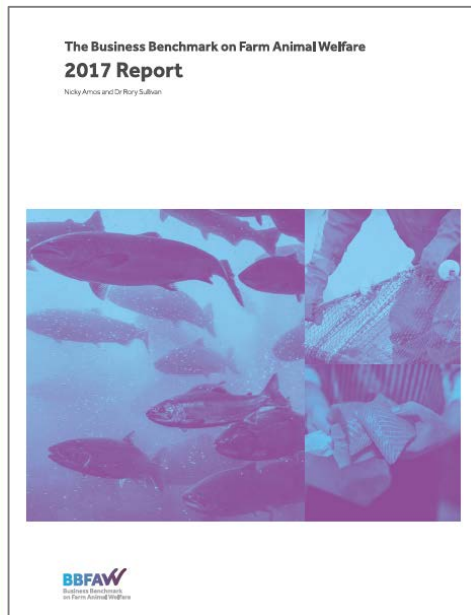
Nicky Amos
8 March 2018

About the Benchmark

- Leading global measure of farm animal welfare management, performance and disclosure in food companies.
- Enables stakeholders to understand corporate practice and drive improvements in the welfare of animals reared for food.
- Supplemented by extensive programme of engagement with investors and companies.
- Managed through an independent secretariat, with expert input from a Technical Working Group.



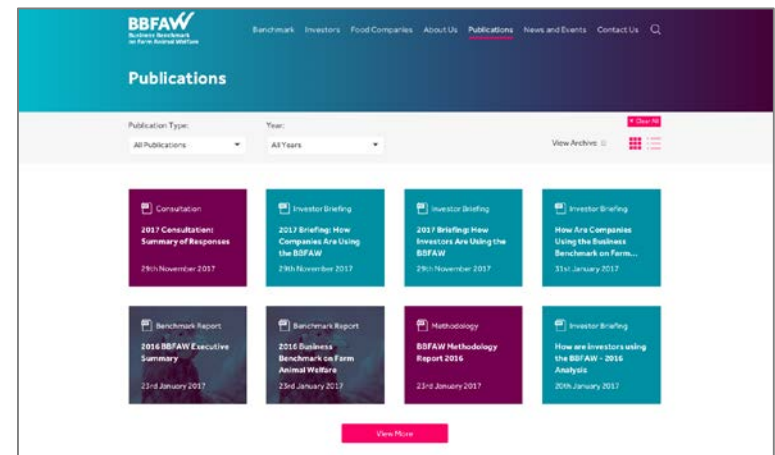
Annual Report



Company Summaries



Interactive Website




www.bbfa.com

Methodology

The Benchmark assesses companies' published information on farm animal welfare in four core areas:

Management Policy & Commitment	70 pts
Governance and Management	75 pts
Leadership and Innovation	30 pts
Performance Reporting & Impact	45-55 pts
Total Maximum Score	220-230 pts



BUSINESS BENCHMARK ON FARM ANIMAL WELFARE
2017 PRELIMINARY COMPANY ASSESSMENT

[COMPANY NAME]

Management Commitment and Policy

Q1. Does the company acknowledge farm animal welfare as a business issue?
Acknowledging farm animal welfare as a business issue is an important first step towards implementing a comprehensive approach to farm animal welfare management. It is good practice for food companies to identify whether and why farm animal welfare is a relevant issue for the business.

No evidence that farm animal welfare is regarded as a relevant business issue.	0
Farm animal welfare is identified as a relevant business issue.	10
(Max Score 10)	10

Evidence

FILE 1 NAME : [COMPANY] 2016 Annual Report (page 2).pdf
FILE 1 DESCRIPTION :
FILE 1 LINK : <http://bbfaw.reportingframework.com/Download.aspx?id=4268DBDD-4E5E-4D9D-9255-43689663579D>
FILE 2 NAME : [COMPANY]_phoenix.zhtml_c=194775andp=irol-reportsAnnual.pdf
FILE 2 DESCRIPTION : Page 2
FILE 2 LINK : <http://bbfaw.reportingframework.com/Download.aspx?id=391DCDB8-760C-456E-9F70-D22E8AF24895>

BBFAW Comment

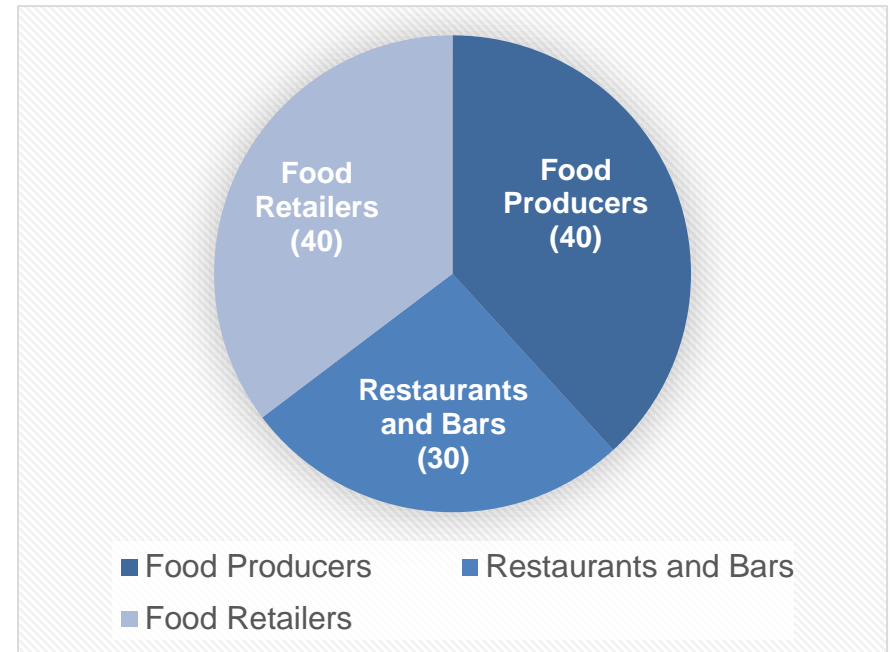
[COMPANY] has identified within its 2016 Annual Report that farm animal welfare is a relevant business issue and we have awarded 10 points for this Question.

Q2. Does the company publish an overarching corporate farm animal welfare policy (or equivalent)?
It is good practice for companies to formalise their approach to animal welfare in a policy (or equivalent document such as a statement of guiding principles, a code of practice or a sourcing charter). While the existence of a policy may not provide a guarantee of implementation, the absence of a policy is a clear sign that farm animal welfare is not on the business agenda.

[COMPANY] | Confidential | Evaluation Date: 15/09/2017 | 1

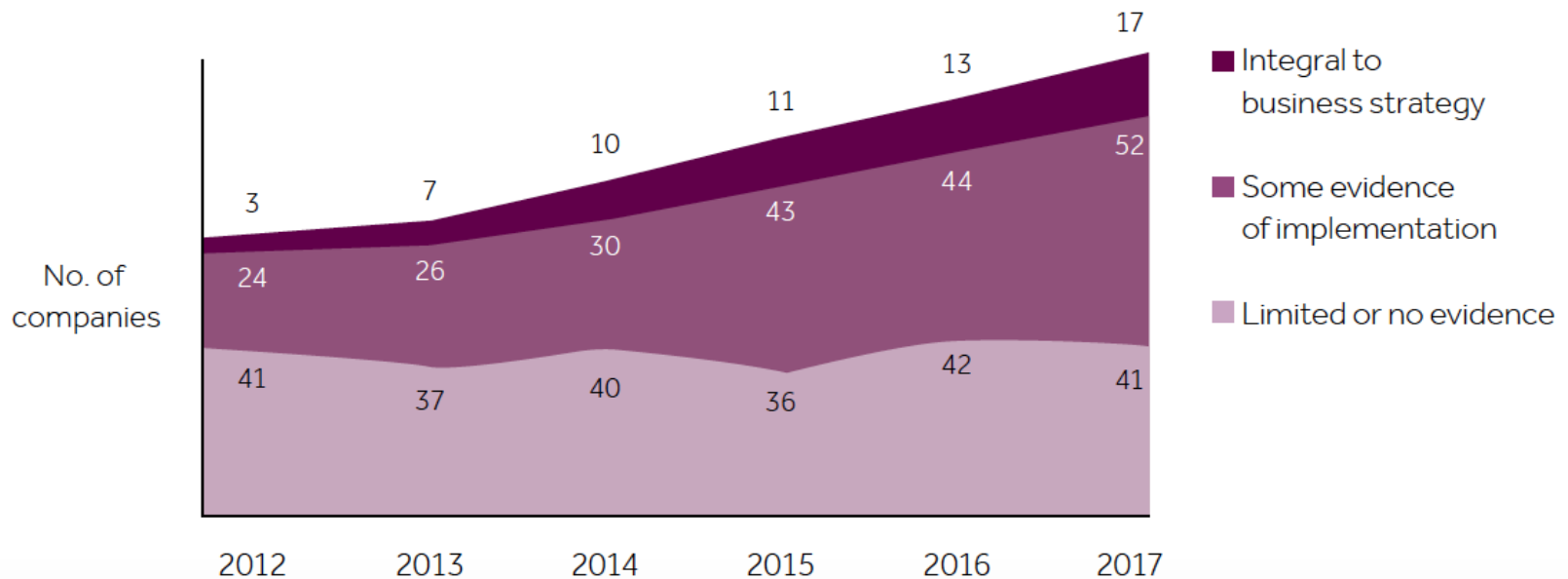
2017 Benchmark Scope

- **110 companies evaluated (99 in 2016)**
- **11 new companies:**
Aeon Group (Japan), Bloomin' Brands (USA); Coop Italia (Italy); LDC (France); Lianhua (PRC); Perdue Farms (USA); Sanderson Farms (USA); Seven & I Holdings (Japan); Sonic (USA); Vanguard (PRC); Wens Foodstuff (USA)
- **34 questions**
- **Key changes**
 - Included scoring for 9 Performance Impact questions (introduced in 2016)
 - Increased weighting of Performance Reporting and Impact questions to 24%.



Headline Finding #1

Farm animal welfare is now seen as a strategic opportunity by many global food companies

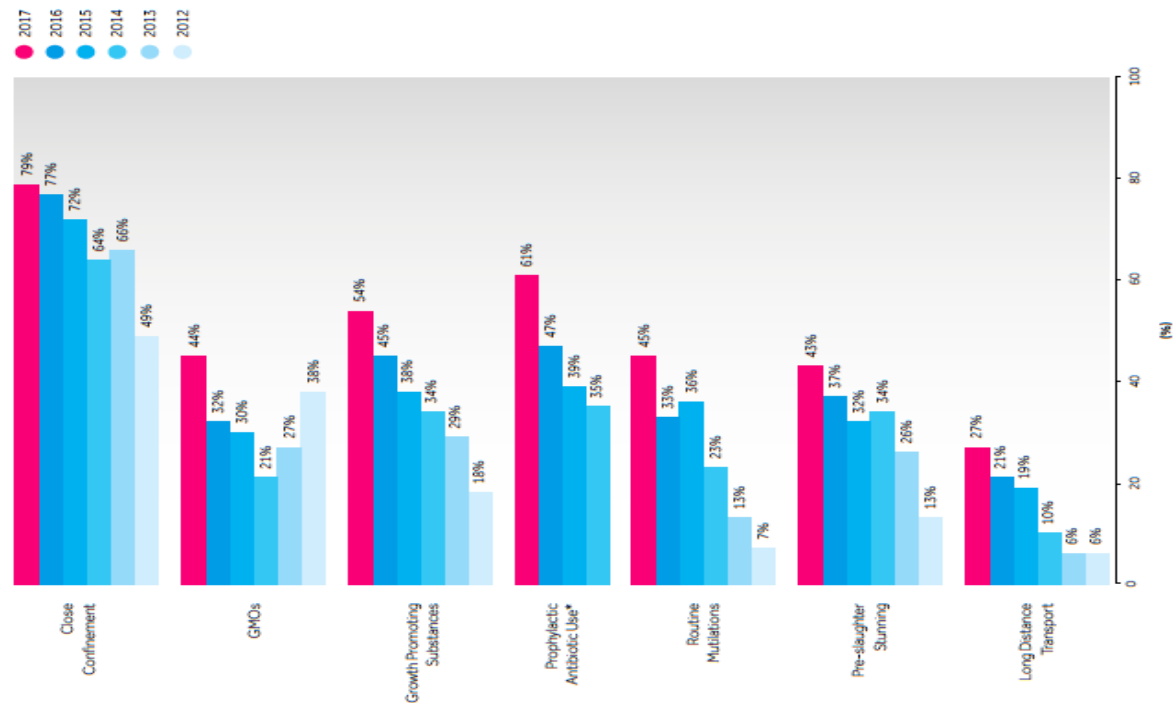


Headline Finding #2

Companies are making commitments on key animal welfare issues

Key commitments include:

- the avoidance of close confinement (79%)
- the reduction/avoidance of routine antibiotics (61%)
- the avoidance of growth promoting substances (54%)
- the avoidance of routine mutilations (45%)



Headline Finding #3

Leadership and improved practices are starting to become institutionalised

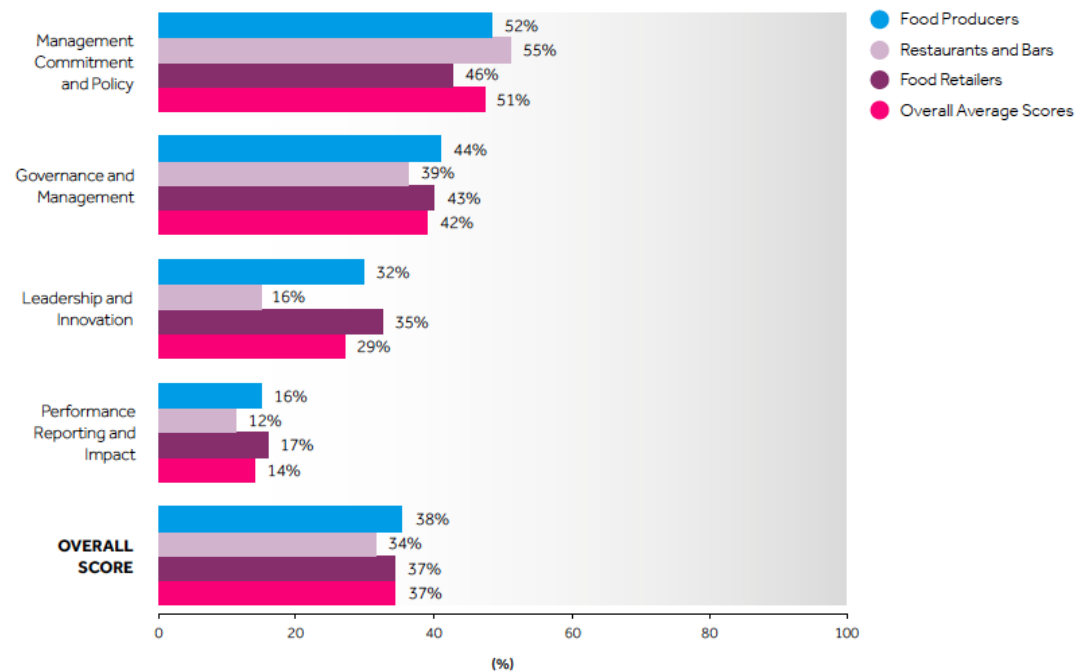
▪ Average company score:

- Overall average: **37%**
- LFL score 39%.
- Restaurants and Bars sector increased to 34% (27% in 2016).

▪ Management approach:

- **75%** of companies have a formal farm animal welfare policy
- **72%** have published targets and objectives.

Figure 3.3: Sub-Sector Comparison

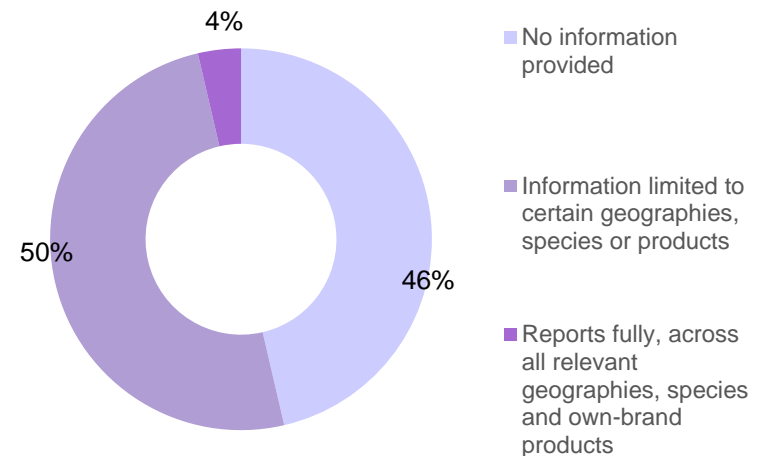


Headline Finding #4

There is increased reporting of farm animal welfare performance

- **% of companies reporting on the proportion of animals that are:**
 - free from close confinement (54%)
 - free from routine mutilations (19%).
 - stunned prior to slaughter (19%).
- **18% of companies report maximum/average/typical transport times.**
- **11% of companies report on welfare outcomes.**

Companies Reporting on the Proportion of Animals that are Free from Confinement



Headline Finding #5

The key driver of change is consumer and customer demand

- **44%** of companies provide information to customers.
- **25** of these present multiple examples.

Proportion of Companies Providing Farm Animal Welfare Information to Customers

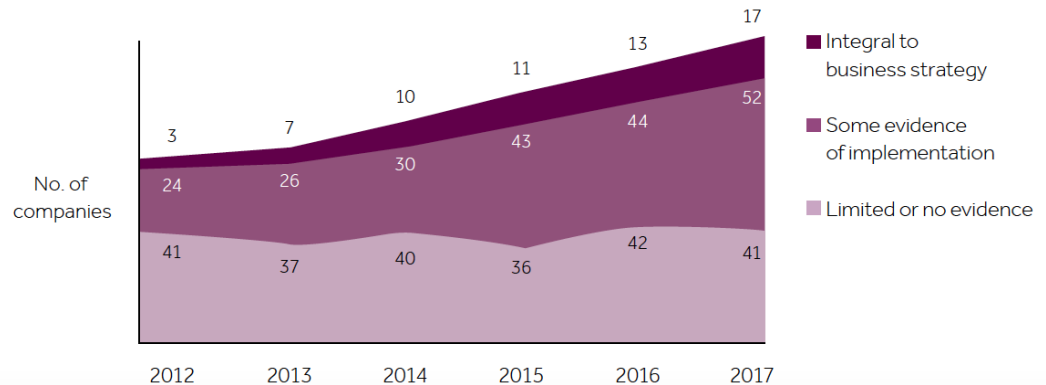
- Companies with at least one example of promoting FAW to consumers or customers:
- Companies with no examples
- Companies with one example of promoting FAW to customers
- Companies with more than one example of promoting FAW to customers



Headline Finding #6

But there remain inherent barriers to progress

- **41** companies appear in Tiers 5 and 6.

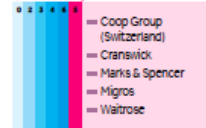


2017 Tier Rankings

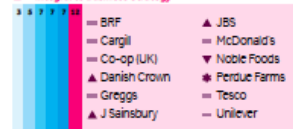
COMPANY TIERS 2017

TIER

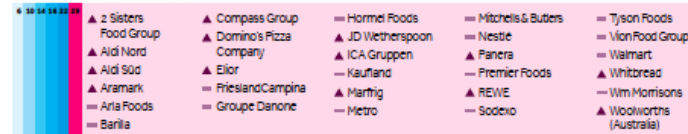
1 - Leadership



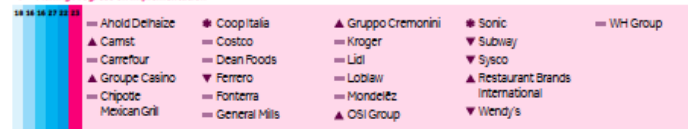
2 - Integral to Business Strategy



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

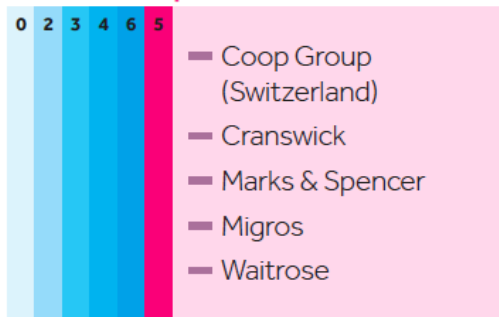


- ⇒ Non-mover
- ▲ Up at least 1 tier
- ▼ Down at least 1 tier
- New company

2017 Company Tier Rankings

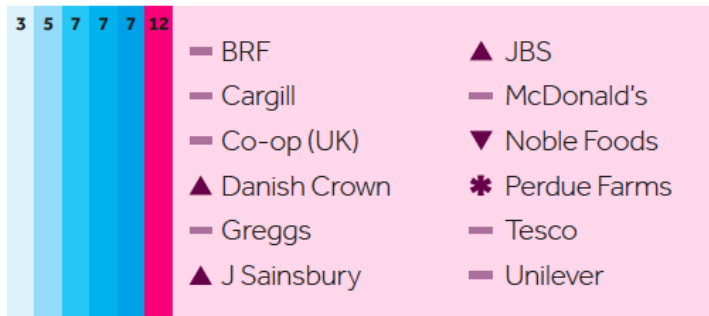
TIER

1 - Leadership



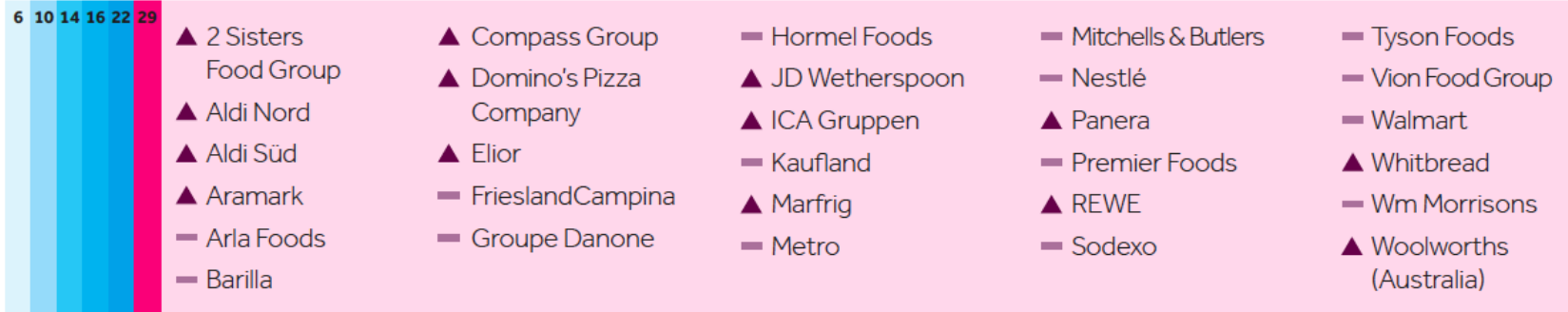
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2017 Company Tier Rankings

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2017 Company Tier Rankings

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6 - No Evidence that on the Business Agenda



Global Investor Collaboration

- Signals a step change in the manner in which investors engage with the issue of farm animal welfare.
- 19 institutional investors have joined Collaboration.
- £1.5 trillion AUM.
- Letters written to CEOs of companies in April 2017.
- 37 companies wrote formal responses to investors.



Global Investor Statement

- 23 institutional investors representing £1.9 trillion in AUM have signed the Global Statement.
- Signatories identify farm animal welfare as potentially material to long-term investment value creation in the food sector.
- Signatories commit to taking account of farm animal welfare in their analysis of and engagement with food companies.

ACTIAM
ASR Netherlands
Australian Ethical Investment
Aviva Investors
BNP Paribas Investment Partners
Castlefield Investment Partners
Central Finance Board of the Methodist Church
Coller Capital
EdenTree Investment Management
Epworth Investment Management
Henderson Global Investors
Hermes EOS
NEI Investments
Rathbone Greenbank Investments
Robeco
Schroders
Sonnen Capital
Standard Life
The Sustainability Group of Loring, Wolcott&Coolidge
Trillium Asset Management
Triodos Investment Management
USS
Walden Asset Management (Boston Trust)

Wider reflections

- Global investors are beginning to actively engage with companies on farm animal welfare.
- Animal welfare is moving up the business agenda and is becoming a strategic issue.
- There is a growing number of leadership companies in the Benchmark spread across industry sub-sectors and geographies.
- Farm animal welfare continues to be a systemic risk that many food companies are either not effectively managing or not properly reporting.

