



12 January 2017

INVESTOR STATEMENT ON FARM ANIMAL WELFARE

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

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

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

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

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

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

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

