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Summary of Responses to the Public Consultation on the 2017 Business Benchmark on Farm Animal Welfare

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PROPOSED CHANGES TO 2017 BENCHMARK

The BBFAW proposed two significant changes to the 2017 Benchmark:

- 1) The addition of 11 new companies, increasing the total number of companies covered by the Benchmark from 99 to 110.
- 2) Increasing the weighting of questions in the performance section, from 17% of companies' overall scores in 2016 to 24%.

Background

In preparation for the BBFAW's sixth Benchmark, in August and September 2017, the BBFAW invited comments on the following issues:

- The scope of companies covered by the 2017 Benchmark.
- The weighting of the performance reporting and performance impact questions.
- The usefulness of the Benchmark and associated report.

We also invited wider comments on the Benchmark and on how the Benchmark might be developed over time. The consultation ran from 25 May to 23 June 2017.

Respondents were invited to share their comments in confidence to the BBFAW Secretariat either in writing or verbally.

This document summarises the feedback received and details any changes that were made as a result of this feedback.

Part 1: Response to the 2017 public consultation

The BBFAW Secretariat received five formal responses to its 2017 public consultation document. Responses were received from three UK-based food companies, one UK-based institutional investor, and one US-based non-profit animal welfare organisation. The BBFAW supplements its formal consultation with annual surveys of and extensive discussions with investors and companies. Summaries of our [investor](#) and [company](#) engagement in 2017 can be found here: <https://www.bbfaw.com/publications/>

Part 2: Summary of Responses

2.1 Proposal to increase the scope of companies

In line with the BBFAW's longer-term objective to progressively broaden the coverage of the Benchmark, the BBFAW proposed increasing the number of companies from the 99 in the 2016 Benchmark to 110 in the 2017 Benchmark.

List of companies to be added to 2017 Benchmark

| Proposed Company | Ownership | ICB Classification | Country of Origin/ Incorporation |
|------------------------------|-------------|-------------------------------|-------------------------------------|
| Aeon Group | Public | 5337: Retailers & Wholesalers | Japan |
| Seven & i Holdings | Public | 5337: Retailers & Wholesalers | Japan |
| China Resources Vanguard | Public | 5337: Retailers & Wholesalers | PRC |
| Lianhua Supermarket Holdings | Public | 5337: Retailers & Wholesalers | PRC |
| Coop Italia | Cooperative | 5337: Retailers & Wholesalers | Italy |
| LDC Groupe | Private | 3570: Food Producer | France |
| Perdue Farms | Private | 3570: Food Producer | USA |
| Wens Foodstuffs Group | Private | 3570: Food Producer | USA |
| Sanderson Farms | Public | 3570: Food Producer | USA |
| Bloomin' Brands | Public | 5757: Restaurants & Bars | USA |
| Sonic Corp | Public | 5757: Restaurants & Bars | USA |

Responses to Proposal

All respondents were supportive of the proposal to expand the company coverage and they agreed with the selection of companies to be added to the 2017 Benchmark.

Specific comments included:

"This improves the Benchmark, adding 11 new companies will help to ensure that the 2017 Benchmark is representative of the industry as it will now be based on 110 food companies."

"Increasing the number of food companies can only strengthen the Benchmark and therefore there are no specific food companies to exclude from the 2017 Benchmark."

"Adding businesses across other geographic regions can only strengthen the profile and credibility of the Benchmark making it more representative of the global food industry."

"Please continue to focus on UK supply chains as well as international."

"I am glad to read that you are adding 11 more companies in the significant change in 2017."

"Globally farm animal welfare is a growing concern yet corporations in general and food corporations in Japan are not paying attention to it or not trying to explore. In addition, the public in Japan is not informed about farm animal welfare...Japan has a strong economy and has influences in the world, so I am hoping that BBFAW looks into Japan and helps them see the risks of the conventional factory farming and change their traditional course."

2.2 Proposal to revise the scoring and the weighting of performance questions

The integration of impact measures into the Benchmark has been a key objective for BBFAW since its inception, and in 2016 we introduced nine performance impact questions (Questions 26 to 34) covering the most prominent welfare impacts (close confinement, routine mutilations, pre-slaughter stunning and long distance live transportation) and the principal farmed species (laying hens, pigs, broiler chickens and dairy cattle).

Having deferred the scoring of the performance impact questions by one year in 2016, the BBFAW proposed to start scoring these questions in the 2017 Benchmark and to increase the weighting of the Performance Reporting and Impact questions from 17% in 2016 to 24% in 2017. Beyond 2017, the BBFAW intends to progressively increase the weighting of these questions to 35%.

Responses to Proposal

There was broad support of the BBFAW's proposal to incorporate the scoring of the nine performance impact questions (first introduced in 2016) in the 2017 Benchmark. Respondents also agreed with the BBFAW's proposal to progressively increase the weighting of performance questions, although some food companies expressed concern about the speed of change.

Specific comments included:

"The introduction of scoring for the nine Performance Impact questions should help to drive improvement in farm animal welfare standards across the global food supply chain."

"Increasing the weighting will help establish the necessary controls for producers to implement improvements and to establish supplier controls driving improvement in farm animal welfare standards."

"Gradually increasing the weighting on performance disclosure will help maintain momentum in the improvement of farm animal welfare standards. The rate of increase should be kept under review to maintain engagement and support implementation. This will help to make sure that improvements are sustainable by providing time for businesses to develop and optimise their reporting processes."

"I would like to first understand the impact on our overall scoring from this year before commenting on the BBFAW's longer-term objective to further increase the scoring of performance questions beyond 2017."

"It is important to ensure the rate of increase in weighting for performance reporting and performance impact reporting is kept under review to maintain engagement and ensure that progress is made in the improvement of FAW standards."

2.3 Wider reflections on how the Benchmark might be developed over time

The BBFAW values comments from stakeholders about how the Benchmark can be made more useful to them.

Specific comments included:

"We are supportive of the current approach especially with respect to increasing the number of businesses and geographical coverage."

"Thank you so much and I appreciate your work."

"I would like to see a public review of the standards but also a meeting to show the results for those competing. It is easy to say you are doing something but the evidence is crucial."

"Move from just public information to actual process."

"It is important that the benchmark reflects in some way the proportion of products that a retailer sells that fall within their own welfare standards (e.g. own brand vs other brands). I appreciate this is almost impossible to determine and monitor, and therefore impractical, but something within the analysis should perhaps reflect the issue at least."

Part 3: Reflections from BBFAW

Our annual public consultation forms an integral part of our Benchmark cycle and we welcome comments from stakeholders globally who may be more or less familiar with our work.

The limited number of responses to our 2017 consultation is not surprising given that the Benchmark is well established, and that many stakeholders have contributed inputs to its development over the years. We are reassured that stakeholders remain supportive of our work as we continue to develop the Benchmark over time. We also value suggestions from stakeholders on how the Benchmark could be made more useful to them.

Below we provided specific comments on two areas of concern:

Adjustment to score weighting

Companies share valid concerns about the speed of progression, particularly in regard to the increased weighting of performance questions. As we progressively increase the weighting of performance questions, we continue to work closely with companies covered by the Benchmark to ensure that the speed of progress remains fair and realistic.

To illustrate this point, in advance of the 2017 Benchmark, we analysed the impact of adjusting the weighting of the performance questions from 17% of overall score in 2016 to 30%. Our analysis indicated that such an increase would have a significant adverse effect on company scores. We, therefore, adjusted the weighting to 24% and re-ran the analysis. (NB. The analysis assumed that no further improvements had been made to companies' scoring across the remaining criteria.) Our findings indicated that 19 of the 99 companies covered by the 2016 Benchmark were at risk of dropping a tier as a result of the proposed weighting adjustment. In March 2017, the BBFAW

Secretariat wrote to all companies, and we specifically detailed the effect of the changes to the companies potentially most affected. Following this, several companies engaged with the BBFAW Secretariat and its partners to minimise or eliminate the risk to their tier ranking as a result of the proposed weighting, by focusing effort on improving their reporting on farm animal welfare performance as well as on other areas of the Benchmark criteria.

Ensuring a level playing field

We acknowledge the diversity of companies and sub-sectors covered by the Benchmark and we are careful to ensure that no company is unfairly biased in the Benchmark due to the geographic scope of their operations, the complexity of their supply operations, the range of species managed by them, or their influence on the products that are either processed, manufactured, sold or served by them. We address these concerns in two ways:

First, we conduct sensitivity analysis of the data by sub-sector and by tier ranking to ensure that companies have not been unfairly biased. Second, we review and occasionally modify the Benchmark criteria to ensure that the expectation on companies is both fair and realistic. For example, we clarified the rationale for Questions 27-32 to specify that for retailers and wholesalers, the scope of these Questions applied only to own-brand products. Similarly, given that these Questions were specific to individual species, we ensured that companies were only scored on the species relevant to their operations and that this scoring was adjusted in accordance with the number of species covered by them.

As the Benchmark expands further, we will continue to engage with companies to ensure that their concerns are understood and, where practicable, addressed in our methodology.

The BBFAW Secretariat and its partners would like to thank the organisations that took the time to respond to our 2017 public consultation, and we look forward to continued engagement with our stakeholders as we further develop the Benchmark.

Authors' Details

Nicky Amos, Executive Director, BBFAW, is a recognised corporate responsibility professional with more than 20 years' experience in managing and directing corporate responsibility in global companies, including The Body Shop International. She is recognised for her pioneering work around supply chain development, responsible sourcing and sustainability reporting, and for her work in developing global sustainability strategies, campaigns and communications for leading international businesses.

Dr Rory Sullivan, Expert Adviser to BBFAW, is an internationally recognised expert on responsible investment. He has written/edited eight books on finance, environmental and development issues, including Valuing Corporate Responsibility (2011) and Responsible Investment (2006).

Nicky and Rory have led the development and delivery of the Business Benchmark on Farm Animal Welfare since its inception. They are the co-editors of The Business of Farm Animal Welfare, published by Routledge in 2017.

The **Business Benchmark on Farm Animal Welfare** is designed to help drive higher farm animal welfare standards in the world's leading food businesses. It is the first global measure of animal welfare standards in food companies and is designed for use by investors, companies, NGOs and other interested stakeholders.

For more information, go to www.bbfaq.com or contact the Programme Director, Nicky Amos: nicky@nicky-amos.co.uk.

