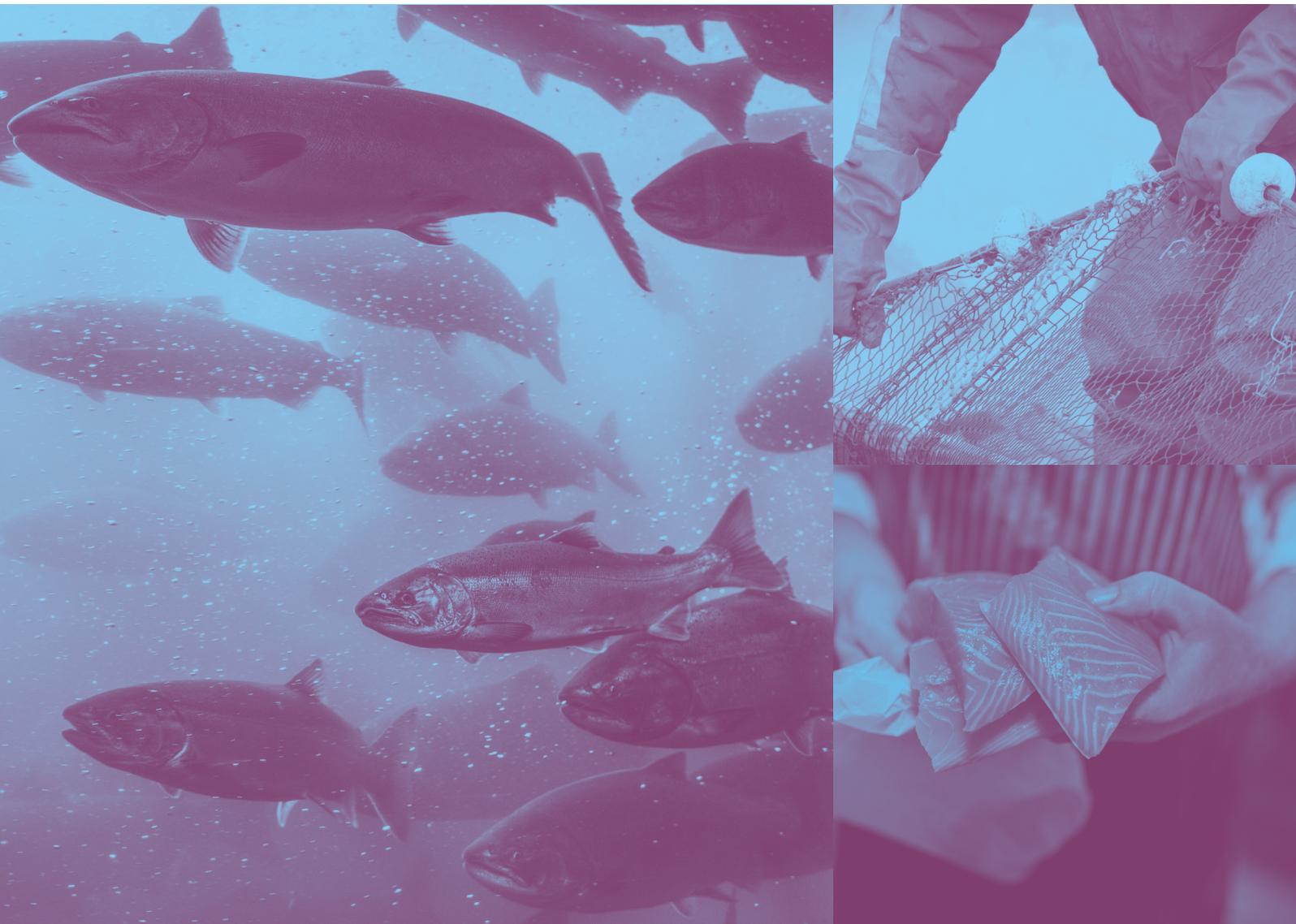


# The Business Benchmark on Farm Animal Welfare

## 2017 Report - Executive Summary

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## EXECUTIVE SUMMARY

This is the sixth annual report from the Business Benchmark on Farm Animal Welfare. It analyses the farm animal welfare management and performance of the world's largest food companies across 34 distinct, objective criteria. As such it is the most authoritative and comprehensive account of corporate practice on farm animal welfare.

### THE 2017 BENCHMARK COVERS 110 GLOBAL FOOD COMPANIES:

- 40 food retailers and wholesalers, 40 food producers, and 30 restaurants and bars.
- 34 companies from North America, 60 from Europe and the balance from a mix of countries including Australia, Brazil, China, Japan, New Zealand and Thailand.

### 1. FARM ANIMAL WELFARE IS NOW SEEN AS A STRATEGIC OPPORTUNITY BY MANY GLOBAL FOOD COMPANIES

Of the 110 companies covered by the 2017 Benchmark, 52 (47%) now have explicit board or senior management oversight of farm animal welfare, and 79 (72%) have published formal improvement objectives for farm animal welfare. These companies are increasingly confident in their performance; for example, 48 (44%) now proactively engage with their customers and with other stakeholders such as investors through their websites and through their annual reports.

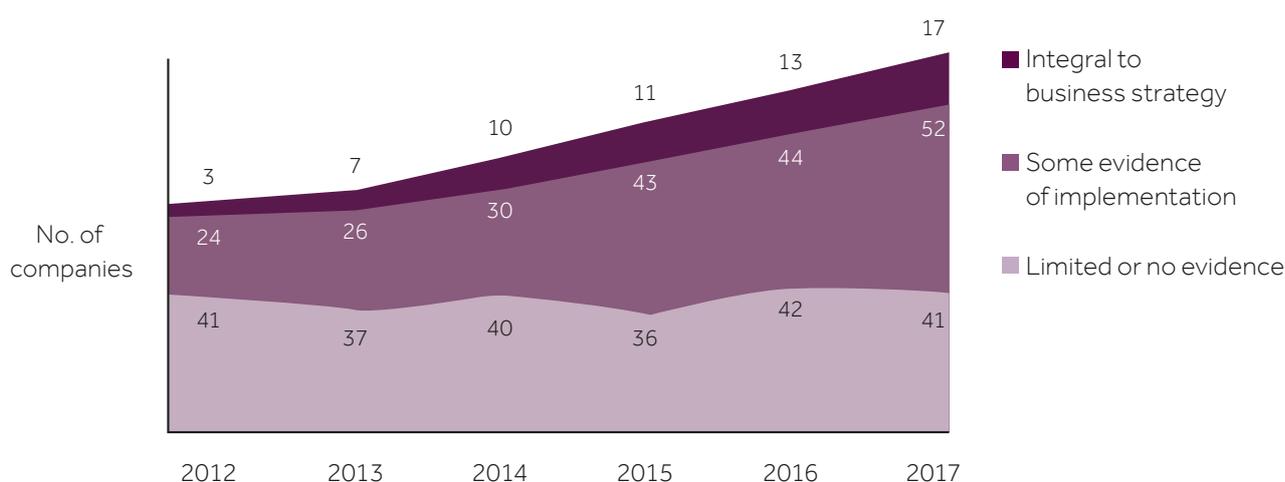
### 2. COMPANIES ARE MAKING COMMITMENTS ON KEY ANIMAL WELFARE ISSUES

87 companies (79%) have made commitments to the avoidance of close confinement in one or more of the major markets in which they operate. The most common corporate commitments relate to the elimination of cages for laying hens and the elimination of sow stalls. These commitments have been driven by NGO and media campaigns on close confinement, by public and consumer concerns about animal welfare and by the demand from retailers, restaurants and bars for higher welfare products.

### 3. LEADERSHIP AND IMPROVED PRACTICES ARE STARTING TO BECOME INSTITUTIONALISED

As shown in Figure 1, the number of companies that are considered to have farm animal welfare as an integral part of their business strategy (corresponding to Tiers 1 and 2 in the Benchmark) has grown significantly over the six Benchmark cycles, from 3 (out of 68) in 2012 to 17 (out of 110) in 2017. Equally encouraging is the number of companies that have started to introduce improved farm animal welfare management practices (such as policies, management responsibilities, objectives and targets, and audits).

**Figure 1: The Evolution of Farm Animal Welfare**



#### **4. THERE IS INCREASED REPORTING OF FARM ANIMAL WELFARE PERFORMANCE**

With more food companies institutionalising their farm animal welfare management systems and processes, performance reporting is becoming increasingly common and the quality of the data being reported is improving. For example, 59 companies (54%) provide at least some data on the proportion of animals that are free from close confinement, 21 (19%) on the proportion of animals that are pre-slaughter stunned and 20 (18%) on long distance animal transport times.

#### **5. THE KEY DRIVER OF CHANGE IS CONSUMER AND CUSTOMER DEMAND**

In a recent BBFAW survey of the companies covered by the Benchmark<sup>1</sup>, 78% of respondents identified customer and client interest as the most important influences on their approaches to farm animal welfare. The survey identified the other important drivers of action as media interest (49%), NGO pressure (46%) and investor pressure (46%). Respondents pointed to investor support for the Global Investor Statement on Farm Animal Welfare and investor participation in the Global Investor Collaboration on Farm Animal Welfare as tangible examples of investor interest in the issue of farm animal welfare, and as enabling them to understand investor expectations in this area.

#### **6. BUT THERE REMAIN INHERENT BARRIERS TO PROGRESS**

Despite the progress we have seen, companies continue to face structural and commercial barriers to making farm animal welfare an integral part of their business strategy.

From our engagement with companies, the three most commonly identified barriers are:

- A perceived lack of customer willingness to pay for higher farm animal welfare.
- The scale of the costs and capital investment required to deliver higher standards of farm animal welfare.
- A general lack of awareness of the wider business and marketing benefits of higher welfare.

We note that progress is being made in all three of these areas. For example, many companies now provide financial incentives to their suppliers (for example, higher prices, extended-term contracts) to adopt higher standards, others provide support with capital investment, while others provide access to education, training, marketing and technical support on farm animal welfare.

Addressing the barriers to farm animal welfare is a key objective of the Business Benchmark on Farm Animal Welfare. Through 2018 to 2020, our priorities are:

- Increasing the level of attention investors pay to farm animal welfare in their investment research and decision making, and in their engagement with companies. We will encourage investors to sign the Global Investor Statement on Farm Animal Welfare, and to support the Global Investor Collaboration on Farm Animal Welfare.
- Tracking and evaluating company practice and performance on farm animal welfare through the annual BBFAW benchmarking process. We will continue to increase the emphasis on performance reporting and performance impact within the Benchmark.
- Building the evidence base on the business case for farm animal welfare. We will research the costs and benefits of higher standards of farm animal welfare, with a particular focus – as we do in the annual BBFAW reports – on showcasing and demonstrating the business case for leadership.
- Building capacity and expertise in the investment community. We will host roundtables, workshops, and masterclasses where we bring companies, NGOs and investors together to discuss key animal welfare related issues. We will also produce publications (briefings, reports, articles) on key issues for investors.