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## Summary of Responses to the Public Consultation on the Business Benchmark on Farm Animal Welfare's 2018 Benchmark

Rory Sullivan, Nicky Amos, Elisa Tjärnström

### SUMMARY

Following a consultation in the period June-July 2018, we will be introducing the following changes to the 2018 Business Benchmark on Farm Animal Welfare:

- 1) We will be adding 43 new companies and removing three companies. This will increase the total number of companies covered by the Benchmark from 110 to 150.
- 2) We will be increasing the weighting of questions in the performance section, from 24% of companies' overall scores to 35%.
- 3) We will be modifying one question (Question 29, relating to prescribed stocking densities for broiler chickens).
- 4) We will be adding two new questions relating to non-animal protein. These new questions are intended to provide us with information on how companies are adopting their business strategies in relation to non-animal derived protein, but they will not affect companies' scores.

### Background

In preparation for the Business Benchmark on Farm Animal Welfare's (BBFAW's) seventh Benchmark, the BBFAW consulted stakeholders<sup>1</sup>, in the period 13 June to 13 July 2018, on the following issues:

- The scope of companies covered by the Benchmark.
- The weighting of the performance reporting and performance impact questions.
- The specific questions in the Benchmark.
- The usefulness of the Benchmark and how this could be enhanced.

This document summarises the feedback received and the BBFAW Secretariat's response to this feedback.

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<sup>1</sup> Consultation on 2018 Benchmark

<https://www.bbfa.com/media/1535/2018-business-benchmark-on-farm-animal-welfare-consultation-paper-final.pdf>

## Part 1: Overview of the Responses

The BBFAW Secretariat received sixteen formal responses to its 2018 public consultation document. These were received from ten food companies already included in the BBFAW Benchmark, one company not included in the BBFAW Benchmark, two investors and three other organisations. Seven of the respondents were located in the UK, while the others were from Switzerland, Brazil, Thailand, France, Italy, US, Canada and Australia.

## Part 2: Summary of Responses

### 2.1 Company Scope

#### 2.1.1 BBFAW's Proposals

In line with the BBFAW's longer-term objective of progressively broadening the coverage of the Benchmark, both in terms of the number of companies and the geographic regions covered, the BBFAW proposed increasing the number of companies from the 110 in the 2017 Benchmark to 150 in the 2018 Benchmark. It proposed adding 43 companies (based on their scale and significance) and removing three (two on the basis of the relative size of their animal footprint, one on the basis of a corporate event/takeover).

#### 2.1.2 Stakeholder Responses

All respondents were supportive of the proposal to expand the company coverage and they agreed with the lists of companies proposed to be added to and removed from the 2018 Benchmark.

Respondents also suggested some additional company names and geographic regions that the BBFAW should focus on in the future.

Specific comments included:

"The Benchmark is to be applauded for including 150 of the world's largest food retailers, wholesalers, food service providers, producers and manufacturers. We support the progressive broadening of coverage in terms of the number of companies (especially producers and retailers) and the geographic regions covered." [Australian NGO]

"We broadly welcome the inclusion of more companies, particularly since this will provide a better global distribution. Animal welfare standards are likely to be lower outside Europe so focusing on other regions offers an opportunity to highlight areas/companies of concern." [UK Consultancy]

"We encourage the inclusion of additional dairy and beef producing companies, to encourage the development of animal welfare standards within these sectors. We believe that the number of primary producers and processors should be increased to be able to drive change at farm level." [UK Company]

"We support the move by BBFAW to increase the number of companies within the benchmarking exercise that are based in North and South America, and the Asia-Pacific to

provide a more global cross-section of participants." [UK Company]

"Thought should be given to ensuring a level playing field in terms of local conditions, e.g. companies sourcing exclusively in Asia may face significant challenges in meeting BBFAW criteria that do not affect companies sourcing exclusively in Europe." [Swiss Company]

"We recommend that China and Chinese companies have high potential for animal welfare improvement due to the country's large population and increasing protein consumption." [Thai Company]

"We think that the following geographies should be investigated deeply and included: LATAM and Eastern Europe." [French Company]

"We suggest focusing more on regions or countries with no formal national farm welfare standards or known poor compliance records (such as Spain)." [UK Company]

"We would support the inclusion of additional privately owned companies, many of whom operate primary processing operations within the livestock sector." [UK Company]

"We are pleased to see that the bulk of the new companies added are publicly traded." [Canadian Investor]

### 2.1.3 Our Planned Actions

Based on the feedback received, we have decided to proceed with our proposed changes. For the 2018 Benchmark, we have added the 43 companies listed in Appendix 1 and removed El Corte Inglés, Olav Thon (both on the grounds of their limited potential to influence animal welfare in their operations) and Quick (now owned by Burger King France, a subsidiary of Restaurant Brands International).

The net effect of these changes will be to result in a higher proportion of companies (relative to the 2017 Benchmark) in North and South America and in Asia Pacific, and a slightly lower proportion of companies in Europe and in UK & Ireland. These changes are in line with the Partners' objectives to widen the scope of the Benchmark, with a particular emphasis on increasing the number of companies in North and South America and in South East Asia. The total number of countries covered by the BBFAW, will increase from 18 in 2017 to 23 in 2018.

We will consider the company names that were suggested by respondents for inclusion in future Benchmarks as part of our future expansion planning.

We also note that a number of the respondents encouraged us to increase our coverage of companies from Asia and from Latin America. This is part of our longer-term ambition for BBFAW, although further expansion will be subject to additional funding being available for the Benchmark. We also note that, as with other regional expansion, we need to build our relationships with investors and companies in these regions to ensure that they understand the Benchmark and are ready to engage with the results.

## 2.2 Revisions to Scoring and Weighting of Performance Questions

### 2.2.1. BBFAW's Proposals

The integration of impact measures into the Benchmark has been a key objective for BBFAW since its inception. In 2016 we introduced nine performance impact questions 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).

We have started to progressively increase the weighting for the performance and impact questions. We increased this from 17% in 2016 to 24% in 2017. In the consultation, we proposed further increasing the weighting of the scores in the Performance Reporting section to 35% in 2018.

### 2.2.2 Responses to Proposals

Many of the respondents supported BBFAW's proposal to increase the weighting of the Performance Reporting and Impact questions from 24% in 2017 to 35% in 2018, but several also raised concerns about the speed of change and about the barriers to disclosing performance data.

Specific comments included:

"Whilst we agree that driving continuous improvement is vital, it is becoming increasingly more difficult to publish data on performance that is neither sensitive in its origin, nor could lead to ill-informed commentary on a company performance." [UK Company]

"We somewhat agree with the proposed increase but this is a sensitive area due to confidentiality agreements in the contracts we have with our suppliers. Additionally, there are concerns surrounding sensitivity and interpretation of the information once in the public domain." UK [Company]

"We believe that performance is an important indicator and should be valued, but the increase of 11 percentage point in a single year is very heavy and considerably harms the food producing companies compared to the retail companies...This increase should be made gradually and with the optimum time of 5 years to reach 35% by weight." [Brazilian Company]

"Yes (we agree with the proposed change) – this will drive disclosure of data for measuring performance." [Australian Company]

"We are pleased to see the increased weighting in this section - this is a key part of the assessment which extends beyond corporate policy commitments and demonstrates how well a company performs on animal welfare in practice. But the way the disclosure of performance management is delivered requires some modification. For example, there are certain welfare outcomes...where industry agreements bind processors to work together as one to achieve the appointed targets, and as such, processors are required not to use their individual company outcomes for competitive advantage. As such, this restricts the information that can be published by their customers." [UK Company]

“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, ensuring that there is the time necessary to make progress throughout the supply chain.” [UK Company]

“We agree that it is important to benchmark performance and that companies should report transparently. However, this should not become the only criteria used to assess and encourage change. Commitments and policies also play an important role and are often a starting point for longer term transformations – particularly for geographies where animal welfare has more recently become a priority.” [Swiss Company]

“We consider that frequent changes of the weighting on performance do not allow companies to appreciate/assess their progress as the baseline is different. We would recommend keeping at least the same baseline for 2 consecutive years.” [French Company]

“It could be helpful to develop specific guidelines to help companies to prepare their performance measures in relation with their activity...The measure of the performance is not always easy to capture and to translate into figures.” [French Company]

“We do support more robust measurement of performance on farm animal welfare within the benchmark over time.” [Canadian Investor]

### 2.2.3 Our Planned Actions

While we acknowledge the concerns expressed about the rate at which we are increasing the weighting given to the performance-related questions in BBFAW, we have decided to increase the weighting to 35% as we proposed in the consultation document. Our analysis suggests that, assuming no changes in company practices or performance, 23 of the 110 companies covered by the 2017 Benchmark are at risk of falling by a Tier in the 2018 Benchmark. We wrote to these 23 companies earlier in 2018 to ensure that they were aware of the proposed changes and to maximise the time available to them to respond.

While our ambition is to progressively increase the weighting assigned to performance questions, we will keep the rate of change under review as we need to make sure that we maintain the effectiveness of the Benchmark as a tool for driving change in corporate practice.

## 2.3 Revisions to Benchmark Evaluation Criteria

### 2.3.1 BBFAW's Proposals

For the 2018 Benchmark, we proposed making the following changes to the Benchmark questions:

- Adjusting the performance question (Question 29) on stocking densities, by reducing the maximum stocking density from 33 kg/m<sup>2</sup> to 30 kg/m<sup>2</sup>.
- Adding questions on company commitments to protein diversification, but not including these in company scores.

### 2.3.2 Stakeholder Responses

Respondents were divided on these matters. While some were supportive of the proposal to modify the question regarding stocking density for broiler chicken, others thought it unwarranted.

Also, while some respondents agreed with the rationale for including new questions on protein diversification, others saw them as not being in line with the objectives of the Benchmark.

Specific comments on the stocking density question included:

“Currently 33 kg/m<sup>2</sup> is what the European guideline in relation to the animal welfare of broilers suggests and there is no scientific justification for the benchmark to introduce a reduction in that number.” [Brazilian Company]

“We do agree with the modified question number 29 regarding the broiler chicken maximum stocking density at 30 kg/m<sup>2</sup> for the purpose of good animal welfare practices. However, the stocking density at 30 kg/m<sup>2</sup> is not significantly different from the 33 kg/m<sup>2</sup> standard under good animal welfare practices (Five Freedoms) and good housing systems.” [Thai Company]

Specific comments on protein diversification included:

“Whilst the information relating to non-animal protein would be useful, we would prefer to see it presented only in a stand-alone report as it does not directly relate to animal welfare. We agree that companies should not be scored on these questions as part of the overall benchmark assessment - either initially or in future assessments.” [UK Consultancy]

“This question may be appropriate for companies that have the flexibility to offer alternative sources of protein, but for meat manufacturing companies, this seems inappropriate and as such, will again drive differences in overall benchmark scoring.” [UK Company]

“It is sensible to have a question on the approach taken by companies to plant based proteins given the increasing interest in this from both stakeholders and consumers. We do not see a specific need to include a question on committing to a reduction in the use of animal proteins, however.” [Swiss Company]

“The relationship between good animal welfare and the use of alternative sources of protein, do not sit together within this benchmark. It is appropriate that companies are measured on their welfare outcomes, regardless of the number of animals procured to meet their requirements, and the benchmark should focus on improved animal welfare and not promote the overall reduction in the use of animal and fish proteins.” [UK Company]

“Yes (we agree), as there is a significant increase in the demand for alternative protein products in the last couple of years.” [UK Company]

“We would like to understand the purpose of the inclusion of these questions and how the benchmark expects to utilize information gathered through these questions on alternative protein. We do not object to research on alternative protein in parallel but we regard it to

be separate from farm animal welfare." [Canadian Investor]

"We believe the addition of questions around a company's position on non-animal derived protein will be extremely valuable...In the future these questions may be included in the weighting for 'Leadership and Innovation'." [Australian NGO]

### 2.3.3 Our Planned Actions

We have decided to reduce the maximum stocking density used in Question 29 from 33 kg/m<sup>2</sup> to 30 kg/m<sup>2</sup>.

On protein diversification, we have decided to include questions about whether companies have a position on promoting non-animal derived protein and in their stated rationales for promoting non-animal derived protein. However, we will not be scoring these questions or including them in company assessments. Our intention is simply to gather information on what companies are saying on this issue, and to understand whether and how this relates to their efforts on animal welfare (or how animal welfare is located within the wider sustainable lifestyle agenda). We have not decided whether we will retain these questions in the 2019 Benchmark.

## 2.4 General Feedback on Improvements to the Benchmark

### 2.4.1 Request For Wider Reflections On How The Benchmark Might Be Developed Over Time

We invited respondents to offer suggestions on how we might further develop our methodology and our reporting to ensure the continued relevance of the Benchmark to investors, companies and other stakeholders.

### 2.4.2 Stakeholder Responses

We received a number of valuable comments on how the Benchmark is providing value, as well as how it can be made even more useful to stakeholders.

General reflections:

"Animal welfare is a widely recognized risk in sustainable investing and BBFAW has been a vital source of information and analysis for the investment community." [Canadian Investor]

"I think the Benchmark has developed at a decent pace since its inception and has allowed companies to be given time to develop their welfare strategy in a thoughtful and constructive way." [UK Company]

"Ongoing consultation and dialogue with participants helps the continuous improvement of farm animal welfare and should be maintained." [UK Company]

Coverage:

"In addition to progressive broadening of coverage in terms of the number of companies and the geographic regions covered, consideration may need to be given to presenting the benchmark on a regional basis so that the differences in production practices are acknowledged and improvements are benchmarked accordingly." [Australian NGO]

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

Disclosure:

"We would suggest making the Company Summary reports publicly available via the BBFAW website without having to register for a log-in to the website (currently only accessed by investors). Understanding where a company's strengths and weaknesses lie would be particularly helpful." [UK Consultancy]

"Where companies move between Tiers from year to year (particularly in a downward direction) it would be extremely useful to know whether the fall relates to a material worsening of animal welfare within the company, or changes to the scoring methodology. A more comprehensive explanation of the Tiers would also be welcome." [UK Consultancy]

Others suggestions:

"We encourage BBFAW to review how they can work closer with those organisations who provide national and global accreditation standards. Many benchmarked companies are reliant on the standards set by these organisations to provide acceptable levels of animal welfare across their supply base." [UK Company]

"To improve animal welfare standards across all species, and all geographical locations, it is important that industry bodies are included in all consultation and are encouraged to enhance aspects of performance reporting as part of their codes of practice." [UK Company]

"Businesses would benefit from a longer term view for example following a three-year rolling plan where the third year would be subject to change. This would help provide time to implement and plan progress on farm animal welfare with suppliers." [UK Company]

"A suggestion is to consider whether some of the companies involved in the Benchmark are directly comparable as there can be a large disparity in the number of SKUs/suppliers involved for example with a food producer and a retailer. As a result, it can be a lot more complex for a retailer to achieve a higher score as the scope of products is extremely large compared to a food producer." [UK Company]

"The Technical team could offer technical supports (webinars, specific workshops, training...) to companies after the publication of the report. Best practices should be more detailed in order to improve the quality of the reporting." [French Company]



### 2.4.3 Our Planned Actions

We will take a number of the recommendations above forward in late 2018 and 2019, specifically:

- We will build relationships with accreditation/certification bodies to explore whether BBFAW's research can be integrated into their processes.
- We will work with peak industry bodies to explore how performance reporting can be improved and facilitated across all steps of the supply chain.
- We will continue to collate and share examples and case studies of best practice.
- We will continue options for expanding the geographical scope of the Benchmark.

## Part 3: Closing Remarks

Our annual public consultation forms an integral part of our Benchmark cycle. We are very grateful for the detailed comments we have received from this consultation as well as the ongoing feedback we have received from investors, companies and other stakeholders over the past year. This engagement is crucial to the future development of the Benchmark, as it enables us to ensure the Benchmark remains relevant for its users and continues to be a key driver of change in investment and in corporate practice.

The BBFAW Secretariat and its partners, Compassion in World Farming and World Animal Protection, would like to thank the organisations that took the time to respond to our 2018 public consultation, and we look forward to continued engagement with our stakeholders as we further develop the Benchmark.

## Appendix 1: Companies To Be Added To The 2018 Benchmark

Company	Ownership	ICB classification	Country of origin or incorporation
1) Amazon/Whole Foods Market	Public	5337: Retailers & Wholesalers	USA
2) BJ's Wholesale	Public	5337: Retailers & Wholesalers	USA
3) C&S Wholesale	Private	5337: Retailers & Wholesalers	USA
4) Cencosud	Public	5337: Retailers & Wholesalers	Chile
5) Colruyt	Private	5337: Retailers & Wholesalers	Belgium
6) Conad Consorzio Nazionale	Cooperative	5337: Retailers & Wholesalers	Italy
7) Couche-Tard	Public	5337: Retailers & Wholesalers	Canada
8) Empire Company/Sobey's	Public	5337: Retailers & Wholesalers	Canada
9) H E Butt Company	Private	5337: Retailers & Wholesalers	USA
10) IKEA (Inter IKEA Group)	Private	5337: Retailers & Wholesalers	Sweden
11) Jeronimo Martins	Public	5337: Retailers & Wholesalers	Portugal
12) Super Valu	Public	5337: Retailers & Wholesalers	USA
13) Systeme U Generale	Cooperative	5337: Retailers & Wholesalers	France
14) Agro Super	Public	3570: Food Producer	Chile
15) Bimbo	Public	3570: Food Producer	Mexico
16) Campbell Soup Company	Public	3570: Food Producer	USA
17) China Yurun Group Limited	Private	3570: Food Producer	China
18) Chuying Agro-Pastoral Group	Public	3570: Food Producer	China
19) Cooke Seafood Inc	Private	3570: Food Producer	USA
20) Cooperativa Centrale Aurora Alimentos	Cooperative	3570: Food Producer	Brazil
21) Cooperl Arc Atlantique	Private	3570: Food Producer	France
22) Hershey Co	Public	3570: Food Producer	USA
23) Hilton Food Group	Public	3570: Food Producer	UK
24) Industrias Bachoco	Public	3570: Food Producer	Mexico
25) Kerry Group	Public	3570: Food Producer	Ireland
26) Maple Leaf Foods	Public	3570: Food Producer	Canada
27) Marine Harvest ASA	Public	3570: Food Producer	Norway
28) Maruha Nichiro	Public	3570: Food Producer	Japan
29) Meiji Holdings	Public	3570: Food Producer	Japan
30) Minerva Foods	Public	3570: Food Producer	Brazil
31) Nippon Meat Packers	Public	3570: Food Producer	China
32) Plukon Food Group	Private	3570: Food Producer	Netherlands
33) Saputo Inc	Public	3570: Food Producer	Canada
34) Seaboard Corp	Public	3570: Food Producer	USA
35) Tönnies Group	Private	3570: Food Producer	Germany
36) US Foods	Private	3570: Food Producer	USA

37)	CKE Restaurants	Private	5757: Restaurants & Bars	USA
38)	CNHLs	Public	5757: Restaurants & Bars	China
39)	Cracker Barrel	Public	5757: Restaurants & Bars	USA
40)	Dico's	Public	5757: Restaurants & Bars	China
41)	Habib's	Private	5757: Restaurants & Bars	Brazil
42)	Papa John's Pizza	Public	5757: Restaurants & Bars	USA
43)	The Cheesecake Factory	Public	5757: Restaurants & Bars	USA

### The Business Benchmark on Farm Animal Welfare

The Business Benchmark on Farm Animal Welfare (BBFAW) is the leading global measure of farm animal welfare management, policy commitment, performance and disclosure in food companies. It enables investors, companies, NGOs and other stakeholders to understand corporate practice and performance on farm animal welfare, and it drives – directly and through the efforts of others – corporate improvements in the welfare of animals reared for food.

BBFAW also maintains the Global Investor Statement on Farm Animal Welfare and convenes the Global Investor Collaboration on Farm Animal Welfare, a collaborative engagement between major institutional investors and food companies on the issue of farm animal welfare. In addition, BBFAW manages extensive engagement programmes with companies and with investors, and provides practical guidance and tools for companies and for investors on key animal welfare issues. The programme is supported by founding partners, Compassion in World Farming and World Animal Protection, who provide technical expertise, guidance, funding and practical resources.

For more information, go to [www.bbfaw.com](http://www.bbfaw.com) or contact the BBFAW Secretariat at [secretariat@bbfaw.com](mailto:secretariat@bbfaw.com).

