



Animal Welfare at Jack in the Box Inc.

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At Jack in the Box and Qdoba Mexican Eats, the humane treatment of animals used in our products is of utmost importance. Although we don't raise or process animals, we require, at a minimum, that our suppliers follow industry guidelines and government regulations concerning animal welfare. We fully support our suppliers' commitment to work with experts in addressing animal-welfare issues, and we encourage their continuous leadership in this arena. Our goal is to work exclusively with suppliers who, along with their producers and vendors, demonstrate strict adherence to the protocols that have been created by the following industry groups and associations with input from animal-welfare experts:

Beef and pork suppliers

North American Meat Institute
National Pork Board
National Cattlemen's Beef Association
PAACO

Poultry

United Egg Producers
National Chicken Council
U.S. Poultry & Egg Association

Dairy cattle

International Dairy Foods Association
National Milk Producers Federation

Seafood

National Oceanic and Atmospheric
Administration
Global Aquaculture Alliance
Alaska Seafood Marketing Institute

Meeting Our High Standards

With respect to animal welfare, our suppliers must comply with the following requirements:

- They must actively maintain animal-welfare programs in facilities involved in the direct handling, transportation, or production of animals. These programs must be based on recognized best practices specific to the applicable industry, such as cattle, pigs and poultry.
- Our suppliers are expected to source product only from facilities that annually pass third-party audits based on applicable industry standards for manufacturing practices, including food safety and animal welfare.
- All suppliers are audited against specific criteria set forth for each industry in accordance with the recommendations of the relevant industry groups listed above.
- Facilities involved in animal and bird handling must verify compliance with their animal-welfare programs via regularly scheduled self-audits. Deficiencies must be addressed immediately.
- Supplier employees involved in animal and bird handling must receive animal-welfare training upon hire, and they must receive on-going training at least annually. We encourage suppliers to recognize and reward employee compliance with respectful handling practices.
- Trained on-site auditors perform audits of our poultry and egg suppliers, as do veterinarians, third-party PAACO-certified auditors, UEP-approved auditors Validus (also PAACO-certified) and the U.S. Department of Agriculture.

- We will not source raw materials from facilities with documented and unremediated records reflecting willful acts of violence, cruelty, or neglect of animals or birds.

In addition, all suppliers of animal products to Jack in the Box and Qdoba must certify their compliance with our manufacturing standards. In the event of non-compliance, we believe that continuous improvement rather than termination strengthens our suppliers' ongoing animal-welfare practices. At our discretion we will work with suppliers to improve their performance on our animal-welfare criteria. But we will take action, including removal from our approved suppliers list and termination of business, for chronic non-compliance or egregious violations.

Continuous Improvement

To help ensure that we remain apprised of issues pertaining to animal welfare, including advancements in research and production technology, we review current scientific literature and trade publications, attend industry conferences, and regularly consult with our suppliers and government and industry experts. We also invite leading experts in the area of animal welfare to our corporate offices for discussions, and we tour production facilities to gain a better understanding of prevailing issues. As examples:

- In 2015, we participated in the first-ever Beef Business Summit hosted by the National Cattlemen's Beef Association, which focused largely on the current state of the beef industry and supply-chain issues facing cattle ranchers.
- Jack in the Box Inc. hosted a Pork Summit in 2014 and invited all of our pork suppliers to our San Diego Innovation Center for a discussion on various issues, including housing and animal welfare.
- We toured a dairy production facility in 2014 with Jennifer Walker, DVM, Ph.D., an expert in bovine health and on-farm management practices.
- We joined a group of industry peers in 2013 on a tour of a hog farm utilizing a pasture-based group housing environment.
- We toured housing systems for egg laying hens, including conventional housing in 2010 and cage-free barns in 2012.
- In 2012, we toured a sow farm and finishing barn with Temple Grandin, Ph.D. Dr. Grandin is Professor of Animal Science at Colorado State University and a preeminent authority on animal behavior and a leading designer of livestock handling facilities. We observed and discussed housing variations, including gestation stalls and group housing.
- In 2011, we observed and discussed sow housing environments during a tour of pork production facilities with Kellye Pfalzgraf, DVM, who at the time was Director of the Office of Animal Well-Being for Tyson Foods, Inc. and Chairman of the American Meat Institute's Animal Welfare Committee.
- In 2010, we toured one of the few domestic facilities utilizing controlled-atmosphere stunning to immobilize chickens.
- Jack in the Box Inc. hosted a Beef-Safety Summit in 2009 and invited all of our beef suppliers to our San Diego Innovation Center for a discussion with Dr. Pfalzgraf.
- Jack in the Box Inc. hosted a general discussion on animal welfare with Dr. Grandin in 2008.

Hot Topics in Animal Welfare

The discussion that follows presents our current thinking about a number of issues that have generated considerable attention in the animal-welfare community.

Egg-laying Hens

During the past several years, there has been an ongoing debate surrounding the housing environments of egg-laying hens in commercial egg production. Currently, caged layer housing systems utilizing traditional cages provide 67 to 76 square inches of space per bird and account for the majority of all eggs produced in the U.S. However, the industry has seen a rapid growth in non-cage systems, which account for nearly 15 percent of U.S. production, up from 4 percent just a few years ago.

In response to evolving research on cage-free housing environments, and to consumers' changing expectations and preferences, we have informed our egg suppliers of our expectation that they transition the majority of our egg supply to cage-free by 2020, and to fully transition to cage-free eggs by 2025.

Sows

Scientific literature holds a wealth of documentation of the animal-welfare strengths and weaknesses of both gestation stalls and group housing. The research generally concludes that either method is adequate if properly administered.

While experts generally agree that the most critical issue in ensuring humane treatment of gestational sows is not the housing system, but rather the animal husbandry practices of those that care for the sows, we believe group housing is a preferable housing system for sows. Accordingly, in 2012, we informed our pork suppliers that, by 2022, all pork products sold in our system restaurants must come from supply systems in which pregnant sows are cared for in a group housing environment instead of gestation stalls.

Since adopting this goal, we have increased the percentage of pork raw materials sourced from group housing environments. Several of our major suppliers are working to convert their company-owned farms to group housing by 2018, and they have committed to working with their supplier partners to meet our 2022 deadline. In 2014, we began requiring our pork suppliers to submit annual progress reports detailing their efforts to phase out gestation stalls.

Broiler Chickens

As we continuously challenge our suppliers to drive animal-welfare improvements in our supply chain, our recent focus has been on improving conditions related to the raising and processing of broiler chickens. Our discussions with our suppliers have included whether and how they might raise breeds of broilers with higher welfare outcomes, improve broiler housing environments, and develop more humane methods of processing these birds.

What these discussions have taught us is that changes in these and related practices would need to be systemic and industry-wide. Accordingly, we look forward to working with other members of the foodservice industry, with the broiler supply chain, with animal-welfare experts, and with others to find sustainable models to drive the improvements that we're seeking.

The broiler supply chain changes that Qdoba and Jack in the Box have set as a goal to achieve by 2024 include the following:

- Switching to broiler breeds approved by Global Animal Partnership (GAP) as having higher welfare outcomes;
- Reducing stocking density in barns, per GAP standards;
- Enhancing the birds' living environments, including improved litter, lighting and enrichment, per GAP standards;
- Switching to a multi-step controlled-atmospheric stunning that will help ensure that birds are rendered unconscious before processing.

Once these advancements are in place, we will verify compliance via third-party audit of our suppliers' broiler practices. We also intend to report periodically on our suppliers' progress towards achievement of the GAP standard.

Antibiotics

Jack in the Box does not purchase poultry that has received antibiotics important to human health for purposes of growth promotion or feed efficiency. Additionally, we are working with our suppliers to eliminate the use of medically important antibiotics in poultry for disease prevention. By 2020, our poultry suppliers may use medically important antibiotics only if prescribed by a veterinarian to treat sick animals or to protect the flock from a disease outbreak. Audits will assess our suppliers' compliance with this policy.

We encourage continued research into the development of safe and ethical alternatives for the treatment of sick and injured animals, and we look forward to a time when antibiotics important to human medicine can be phased out of the food-supply chain.

Our Commitment

We remain committed to working closely with animal-welfare experts and our suppliers on the important issue of animal welfare. We must continue to examine the research, to learn from the science, and to challenge our suppliers to identify programs and practices they can implement that maximize to the greatest extent possible the humane treatment of animals used in the production of food sold in Jack in the Box and Qdoba restaurants.

With animal welfare, as with all other issues that impact our company, we are mindful of our need to balance the interests of all of our stakeholders in reaching what we believe are the most ethical and responsible decisions. This isn't always easy. But our decisions are made in good faith based upon our assessment of what is in the best interests of our guests, our employees, our shareholders, our franchisees and our other valued constituents.