

## KFC UK and Ireland Soy Policy

As part of KFC's sustainability strategy to combat climate change and biodiversity loss, we are committed to an environmentally and socially responsible global soy supply chain.

In 2019, our parent company Yum! Brands endorsed the New York Declaration on Forests (NYDF) and the private sector goal of eliminating deforestation from the production of agriculture commodities such as beef, soy, palm oil and paper products.

In this perspective, we are accelerating our efforts to eliminate deforestation from our supply chains and as such KFC UK&I have committed to ensure all physical shipments of soy to the UK are deforestation and conversion free by **2025** as part of the UK soy manifesto.

Soy, in particular, is an important commodity for KFC, although we don't purchase directly the vast majority of soy volumes entering in our supply chain. The majority of volumes are used through chicken feed.

By **2025**, we aim to source 100% of the soy in our supply chain (embedded soy or soy used as an ingredient) from physically traceable, sustainable, deforestation and conversion-free (both legal and illegal) sources.

We understand deforestation-free and conversion-free soy to be soy that is: 'legal and cultivated in a way that protects against conversion of forests and valuable native vegetation'.

Suppliers of branded goods are expected to have noted the requirements of this policy and to have established similar arrangements in their own supply chain.

This commitment also reinforces procurement procedures, considering compliance with the main socio-environmental criteria, in particular on deforestation in Argentina (Chaco biome), Brazil (Amazon and Cerrado biomes), and Paraguay (Chaco biome). This commitment is also directly linked to our Ethical Sourcing Policy, as we want to promote responsible production of soy, which benefits farmers and surrounding communities, and which respects and upholds the rights of workers, indigenous peoples and communities

Our strategy for soy will be based on three pillars:

### Transparency

- Mapping our soy supply chain will serve as a foundational element in this approach:
  - Soy footprint, location (sub-national if possible), and proportion which is verified deforestation and conversion free
  - Soy traders present in the supply chain, including the percentage of total soy volume sourced from each trader
- Support or participate in different working groups with NGOs or other relevant stakeholders (e.g. World Wildlife Fund (WWF), UK Roundtable on Sustainable Soya, Tropical Forest Alliance) to create greater transparency and aim to engage major soy traders
- Align overall actions with the Accountability Framework

- Annual Reporting at KFC Western Europe level on relevant KPIs, and through CDP Forests and Yum!'s annual citizenship and sustainability report

### **Certification and Engagement**

- Suppliers that use soy (embedded soy or soy used as an ingredient) must sign up and comply with the Amazon Soy Moratorium
- Suppliers that use soy (embedded soy or soy used as an ingredient) must set a cut-off date no later than January 2020
- Suppliers must establish and utilize a system to trace soy used to the first point of aggregation or to be able to demonstrate alignment with company's requirements through credible assurance mechanisms (e.g. certification schemes, landscape approaches).
- Suppliers are expected to provide traceability data for their soy supply chain on an annual basis to KFC Western Europe and Yum!
- Suppliers must comply with all applicable laws and regulations at the national and international levels, and demonstrate compliance with legal requirements, e.g. the Brazilian Forest Code.
- We will promote the use of standards/schemes when they are endorsed by independent and competent stakeholders and ensure reliable responsible sources, in particular for soy originating from high-risk regions.
- Our goal is to increase the amount of certified soy in our supply chain annually:
  - Pro-Terra
  - Roundtable for Responsible Soy RTRS
  - International Sustainability & Carbon Certification ISCC+
  - Cefetra Certified Responsible Soya CRS
  - Donau Soja/Europe Soja

### **Alternative Solutions and Reduction**

- Engage in working groups with poultry suppliers, feed suppliers and NGOs to study and test alternative feed solutions (animal proteins, insect meals or oils, other vegetable sources of protein, spirulina or amino acids, etc.)
- Work and partner with our suppliers to reduce risk of deforestation in key landscapes (high-risk regions)

We will continue to make and report progress on our deforestation journey.