

### Annual Progress Report On Chicken Welfare

A Report Prepared for KFC Western Europe **2024** 









## CONTENTS

- 03 Foreword
- 04 KFC Western European Poultry Welfare Journey
- **05** Introduction
- 06 KFC Poultry Welfare Programme
- 07 Supply Chain Audits
- **08 Key Welfare Indicators**
- 09 Trust in Every Bite Cycle
- 10 Poultry Welfare Programme Summary
- 11 Welfare Data Approach
- 12 KFC Western Europe Welfare Dashboard
- 14 KFC UK and Ireland Welfare Dashboard



**Rudi Van Schoor** Chief Supply Chain Officer, KFC Pan Europe

This 5<sup>th</sup> edition of our Progress Report on Chicken Welfare reinforces the consistency of the work we started 20 years ago! Through our shared values and principles, and with our partners, we continue to move the dial. I'm excited by all the possibilities that could be achieved through this collaboration in the future.

> Jenny Packwood Chief Corporate Affairs Officer, KFC Pan Europe and UK & Ireland

This report is critical to our ongoing commitment to improving the welfare of the chickens in our supply chain. I passionately believe in the importance of transparency, even when its uncomfortable. By measuring and reporting our welfare data, we are able to hold our suppliers to account, to lean into issues, and to share best practice.

## FOREWORD

This year marks our twentieth year of the KFC Europe's journey on improving chicken welfare with our Poultry Welfare Programme, and this is our fifth annual welfare report. The report intends to create transparency on areas of progress and challenge to galvanise our extended supply chain on action. This is extremely important as it creates a common, data backed reality, for us, our partners, and farmers, helping us to improve over time. This year we have introduced a more reader-friendly report design, which includes links to relevant and more detailed documents, and provides increased visibility on important metrics.

Within this reporting period, we saw continued improvements in key welfare outcomes such as hock burn and foot pad dermatitis rates, both of which are key indicators to bird health and wellbeing. Our sustained commitment to achieving better welfare outcomes will keep supporting these initiatives. We are however disappointed to see an increase in antibiotics usage during this period which is a notable change from continued reduction over the last 7 years in each one of the KFC Western European markets. This is attributable to higher volumes sourced from suppliers that seem to follow an "antibiotic protocol culture" within their operations. Notable, these suppliers are based in countries identified by the 2023 European Medicines Agency Report as leading in antibiotic sales for food-producing animals. We take this matter seriously, and we are actively engaging with suppliers to understand the underlying

factors and support their transition to significantly lower antibiotic usage. With recent enhancements in data granularity and accuracy, we aim to leverage this enhanced insight to identify and phase out suppliers and specific farms that contribute most to this issue. Through long term agreements with suppliers engaged to improve continuously, we hope to support KFC to optimize its supply chain and align with best practices.

In the past year we have been able to increase our mix of products from higher welfare schemes such as Beter Leven and Label Rouge, in the Netherlands and French markets respectively. Although not at scale we believe we can accelerate access here through a longer-term partnership approach with key suppliers across the region. These are important moves as we engage consumers in the journey to higher welfare chicken. There are still relatively low volumes of higher welfare chicken available across the region, and of course it comes at a significantly higher price, so trialling products which raise the bar on welfare are good ways to take our customers with us in this space.

Within Western Europe we have eight markets who have signed up to the European Chicken Commitment, and we are committed to the ongoing improvement of standards as we work towards this goal. Meeting all the requirements is difficult, but we are progressing with more accessible elements like enrichment and reduced bird stocking density in a commercially sustainable way for us, our partners, and farmers. Alongside this report, we are developing an ECC roadmap for each market to map out the journey towards the ECC goals. We are prioritising three specific areas of focus:

- 1. Delivering year on year improvement in all our welfare indicators.
- 2. Ensuring birds are provided with appropriate enrichment and with natural light.
- 3. Reducing stocking densities.

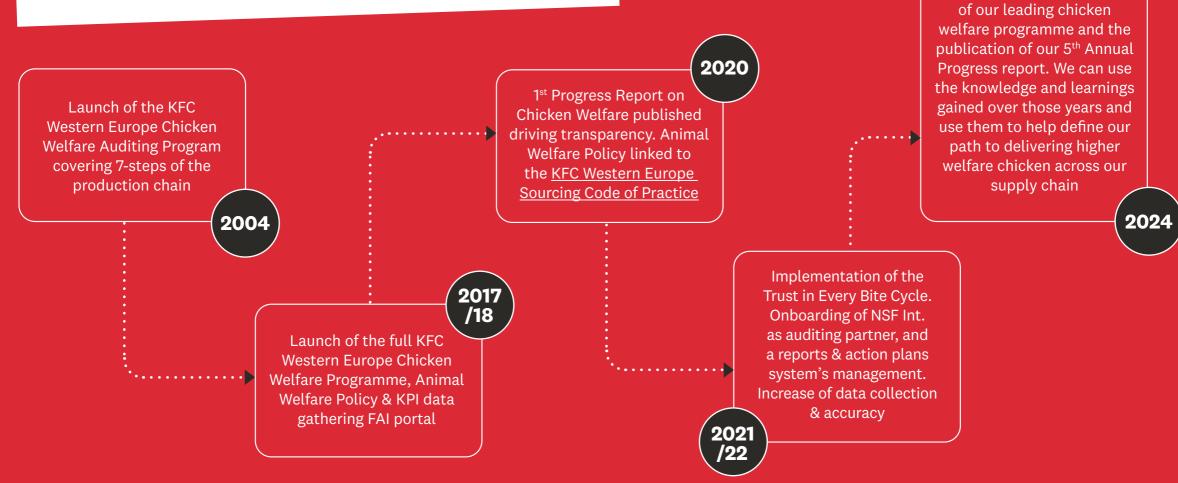
We are pleased that for some of our markets, we will be increasing the volume of birds coming from stocking densities of 30kg/m<sup>2</sup>. Within the UK we will move all our fresh chicken to a lower stoking density in early 2025, and we have already moved a third of our volume in The Netherlands to a Beter Leven standard.

Chicken is part of our DNA. Recognising chickens as sentient beings is at the heart of our Poultry Welfare Programme, which has continued to strive toward improving the lives of these animals, on which our business depends. We are grateful to have continuing relationships with independent stakeholders who care passionately about animal welfare, including NSF, FAI Farms, and Compassion in World Farming. Their support and guidance are essential to our ability to make progress in this critical area for our business.



We are celebrating 20 years

### KFC WESTERN EUROPEAN POULTRY WELFARE JOURNEY SO FAR...





## INTRODUCTION



The challenges poultry producers face on a day-today basis are varied and sometimes extreme, such as highly pathogenic avian influenza, increases in the cost of production and a cost-of-living crisis. Despite these challenges, the focus on bird welfare, food safety and quality remains. After a 20-year journey, the KFC Western Europe Poultry Welfare Programme has evolved and plays a vital role in delivering improved bird welfare and producing food consumers can trust.

Alongside this, the way we present our annual performance to our stakeholders and suppliers has also evolved. This fifth Progress Report on Chicken Welfare summarises the main requirements of our programme, as well as celebrating the achievements and the learnings from it. It provides a performance overview across key welfare metrics for the Western European supply chain and a market breakdown in a refreshed and easier-to-read design. The report also provides links to other relevant documents that provide more detailed information on the programme content, requirements, and governance.



### KFC POULTRY WELFARE PROGRAMME



#### Poultry Welfare is key to our business, this is why we stipulate that all suppliers must adhere to our Sourcing Code of Practice.

The KFC Poultry Welfare Programme is designed with the key aims of improving KFC's visibility of the welfare of chickens in its supply chain and enabling KFC to publicly report on performance.

The programme is based on the principle of building long-term, collaborative partnerships with suppliers and comprises of the following main requirements:

**Supply chain audits:** Science-based standards annually audited by independent 3<sup>rd</sup> party auditors and associated corrective action plans.

Below you can find more information about the main elements of the program but for more information on the content and governance of it please see **here.** 

- Key Welfare Indicators (KWIs): Collection of science-based key welfare indicators for chicken and supply chain mapping undertaken by an independent 3<sup>rd</sup> party.
- **Trust in Every Bite Cycle:** Supplier engagement and continuous improvement.



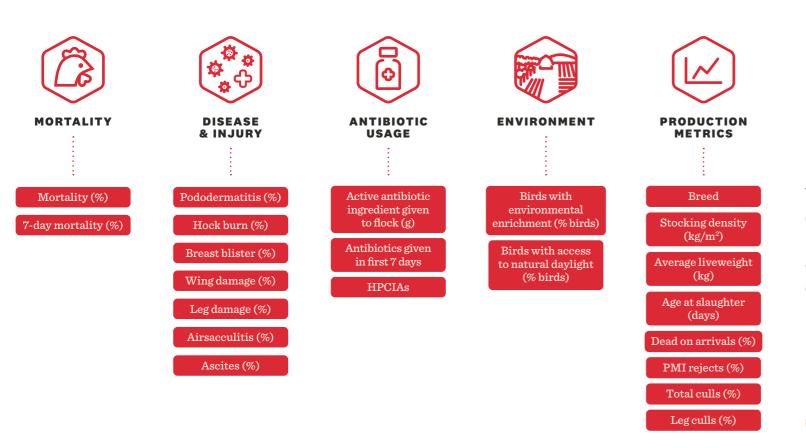
## SUPPLY CHAIN AUDITS

In 2023 all KFC Western Europe chicken suppliers were audited by NSF International, an independent 3<sup>rd</sup> party, against KFC's science-based poultry welfare standards. Audits are undertaken every 12 months and cover 7-steps of the production chain. The pass level required by the programme is >80% with no critical non-conformances at each production step. If suppliers receive a score of less than 80%, they will be subject to a re-audit after 60 days to verify that corrective actions have been implemented. Non-compliance against any of the critical audit points results in automatic failure of the audit and immediate suspension from the KFC supply chain.



More detail on the audit process can be found here.

## KEY WELFARE INDICATORS



The aim is to capture a robust set of clearly defined key welfare indicators that cover both 'input' and outcome measures. These are reported on a monthly basis by suppliers and relate to the birds raised for KFC.

#### More detail on the measures collected can be found **here.**

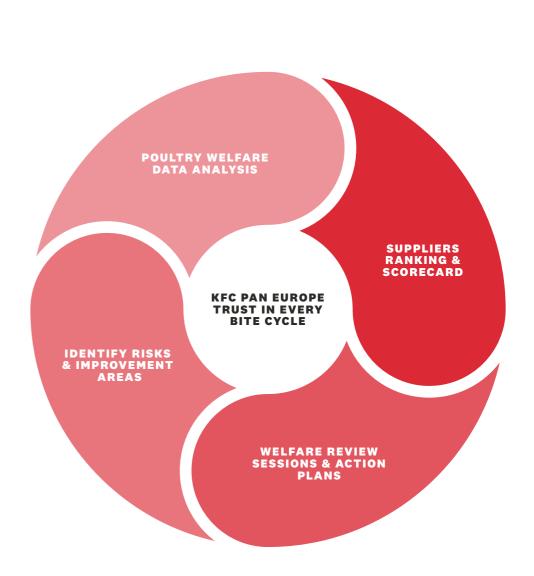


## TRUST IN EVERY BITE CYCLE

#### One of the ways KFC engages with suppliers on continuous improvement is through the Trust in Every Bite Cycle.

In a pioneering initiative in the industry, KFC shares with suppliers an anonymous benchmarking exercise giving the supplier visibility of where they stand in comparison to the rest of the KFC supply chain in key welfare indicators. Supplier leadership teams are invited to join quarterly review sessions to discuss the findings and agree on areas for improvement.

This process engages the entire KFC Western European supply chain in a journey towards higher welfare standards, and is a key tool for driving towards the best possible welfare standards in a challenging business environment.





### WELFARE PROGRAMME SUMMARY



- 100% of the KFC Western European chicken supply chain is governed by this programme
- Signing the <u>KFC Western Europe</u>
  <u>Sourcing Code of Practice</u> is mandatory
  to become a KFC supplier
- All chicken suppliers submit monthly, self-reported, Key Welfare Indicator data to FAI Farms who independently collate and review the data
- 100% of chicken suppliers used are assessed annually by independent third party auditors
- All chicken suppliers are committed to driving continuous improvement through the Trust in Every Bite Cycle

For more information please see: <u>KFC Western Europe Sourcing Code of Practice</u> <u>KFC Western Europe Animal Welfare Program</u>



### KFC WESTERN EUROPE: DATA APPROACH

11



All data within this report has been independently collated and reported by FAI Farms from the Key Welfare Indicators (KWIs) data provided by KFC suppliers. Suppliers report data for birds that are eligible for KFC Western Europe supply. The data is weighted to reflect the volume produced, in metric tonnes, by each supplier into each market. Data is collected at both farm and slaughterhouse level.

KFC have invested in a comprehensive and expansive KWI data collection programme. All data is self-reported, but KFC partner with FAI Farms, independent welfare and sustainability experts, who undertake checks on both the integrity and the completeness of the data. FAI also provide ongoing support and tools to suppliers to ensure the data is standardised across suppliers and regions.



KFC

## Dashboard *Western Europe*

2024

The data in the following dashboard demonstrates that the Western European region maintained full compliance with all the core criteria of the programme. Compared to 2022, 2023 performance improvements include an increase in the use of Controlled Atmospheric Stunning (CAS) and a reduction in stocking density across the region, with more birds being stocked at rates of 30-33 kg/m<sup>2</sup>.

However, when compared to 2022, there has been a decrease in the presence of breeds that demonstrate higher welfare outcomes (as defined by the European Chicken Commitment). Small decreases in the provision of both enrichment (- 1.7%) and natural daylight (- 1%) were also seen. Delivering on these criteria is important to KFC, and therefore our supply chain teams are actively working with suppliers to prioritise improvements in these areas.

After 7 years of decreasing total antibiotic use and HPCIA use, the usage of both increased in 2023 across the region. This appears to be linked to the greater concentration of supply in specific countries where the use of antibiotics is relatively high. Fighting antimicrobial resistance (AMR) and responsible use of antibiotics in our chicken supply chain is a crucial area for KFC. Our Antimicrobial Policy has been developed in consultation with our sustainability advisors, veterinary staff, and suppliers and it is aligned with The European Medicines Authority (EMA) and the Responsible Use of Medicines in Agriculture (RUMA) recommendations. It guides suppliers to use antibiotics responsibly, and in a way that promotes animal welfare while reducing potential AMR. We are actively addressing this matter and working with suppliers to reverse the increase in antibiotic use seen in 2023.





## Dashboard *France*

2024

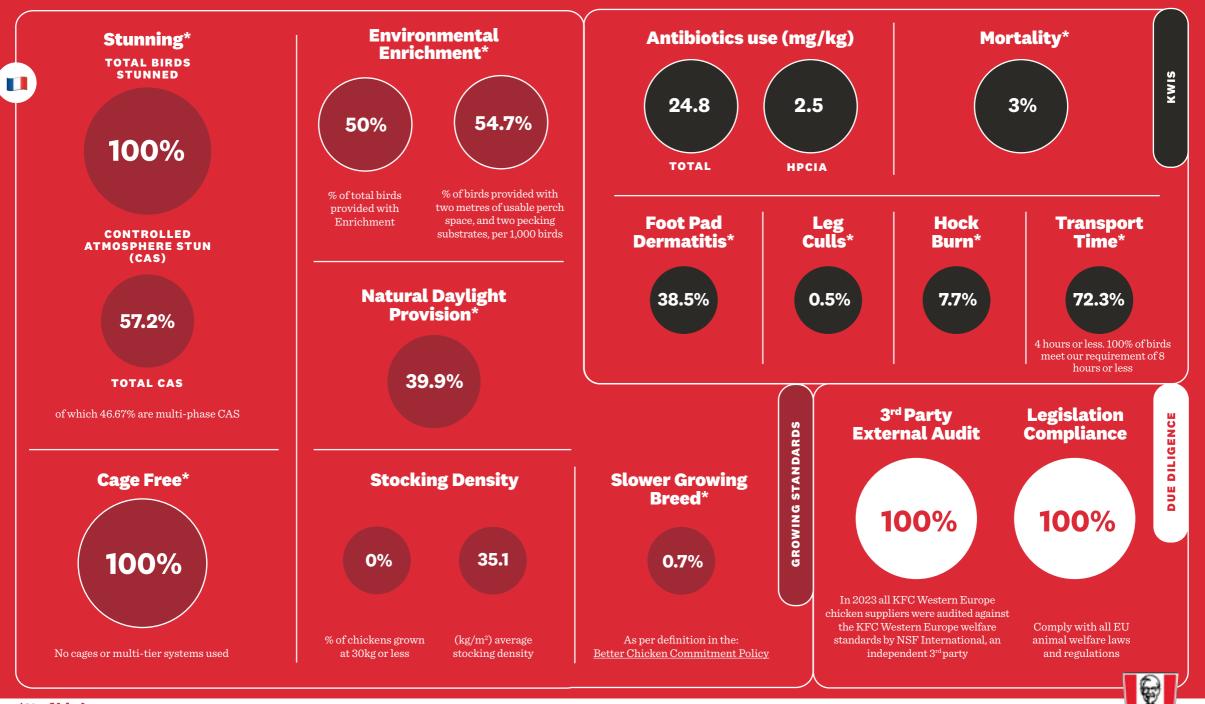
#### The data in the following dashboard demonstrates that the French market maintained full compliance with all the core criteria of our programme.

Compared to 2022, 2023 performance improvements include a reduction in the prevalence of hock burn and pododermatitis. This market also saw positive trends in the increasing provision of enrichment and natural daylight.

However, the 2023 data indicates a decrease in the percentage of birds from European Chicken Commitment-approved breeds and a reduction in the use of Controlled Atmospheric Stunning (CAS). To address these issues, our supply chain teams are actively working with suppliers to prioritise improvements in these areas.

After 7 years of decreasing total antibiotic use and HPCIA use, the usage of both increased in 2023 across this market. We are disappointed to see this result. Our Antimicrobial Policy has been developed in consultation with our sustainability advisors, veterinary staff, and suppliers and it is aligned with The European Medicines Authority (EMA) and the Responsible Use of Medicines in Agriculture (RUMA) recommendations. It guides suppliers to use antibiotics responsibly, and in a way that promotes animal welfare while reducing potential AMR. We are actively addressing this matter and working with suppliers to reverse the increase in antibiotic use seen in 2023.





### Dashboard Germany, Denmark & Switzerland

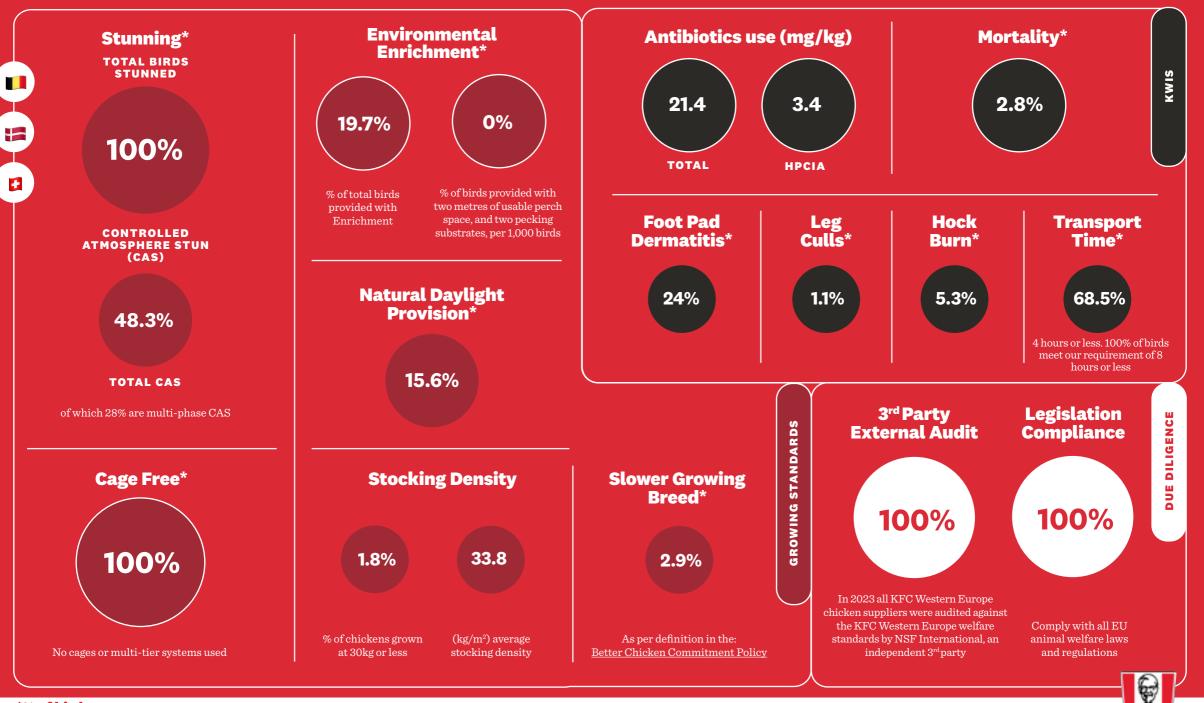
2024

The data in the following dashboard demonstrates that the German, Denmark and Switzerland markets maintained full compliance with all the core criteria of the programme. Compared to 2022, 2023 performance improvements include a reduction in the prevalence of pododermatitis, an increase in the use of Controlled Atmospheric Stunning (CAS), and an increase in the provision of enrichment and natural daylight. This market also saw a reduction in average stocking density, with more birds being stocked at rates of 30-33 kg/m<sup>2</sup>.

However, the 2023 data indicates a decrease in the percentage of birds grown using European Chicken Commitmentapproved breeds.

After 7 years of decreasing total antibiotic use and HPCIA use, the usage of both increased in 2023 across this market. This appears to be linked to the greater concentration of supply in specific countries where the use of antibiotics is relatively high. Fighting antimicrobial resistance (AMR) and responsible use of antibiotics in our chicken supply chain is a crucial area for KFC. Our Antimicrobial Policy has been developed in consultation with our sustainability advisors, veterinary staff, and suppliers and it is aligned with The European Medicines Authority (EMA) and the Responsible Use of Medicines in Agriculture (RUMA) recommendations. It guides suppliers to use antibiotics responsibly, and in a way that promotes animal welfare while reducing potential AMR. We are actively addressing this matter and working with suppliers to reverse the increase in antibiotic use seen in 2023.





17

## **KFC** Dashboard

Italy

2024

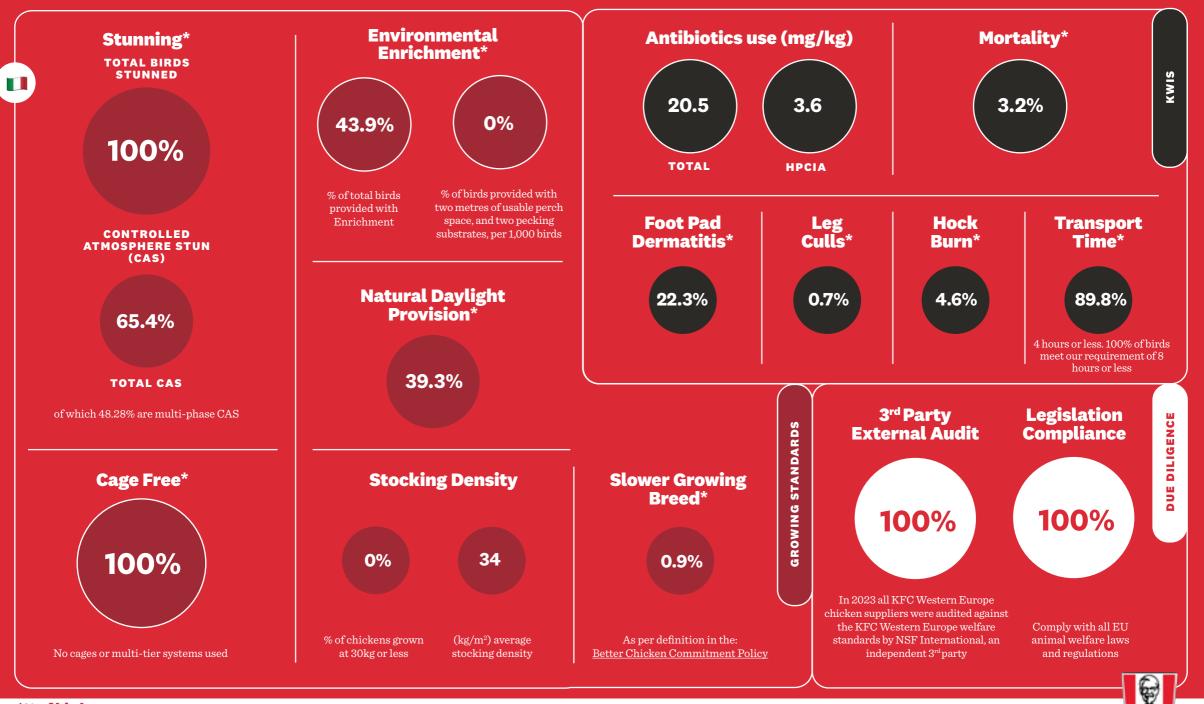
#### The data in the following dashboard demonstrates that the Italian market maintained full compliance with all the core criteria of our programme.

Compared to 2022, 2023 performance improvements include a reduction in the incidence of pododermatitis. This market also saw positive trends in the increasing provision of enrichment and natural daylight, and Controlled Atmospheric Stunning (CAS).

However, the 2023 data indicates a decrease in the percentage of birds grown using European Chicken Commitmentapproved breeds.

After 7 years of decreasing total antibiotic use and HPCIA use, the usage of both increased in 2023 across this market. This appears to be linked to the greater concentration of supply in specific countries where the use of antibiotics is relatively high. Fighting antimicrobial resistance (AMR) and responsible use of antibiotics in our chicken supply chain is a crucial area for KFC. Our Antimicrobial Policy has been developed in consultation with our sustainability advisors, veterinary staff, and suppliers and it is aligned with The European Medicines Authority (EMA) and the Responsible Use of Medicines in Agriculture (RUMA) recommendations. It guides suppliers to use antibiotics responsibly, and in a way that promotes animal welfare while reducing potential AMR. We are actively addressing this matter and working with suppliers to reverse the increase in antibiotic use seen in 2023.





19 -

### Dashboard Netherlands, Sweden & Belgium

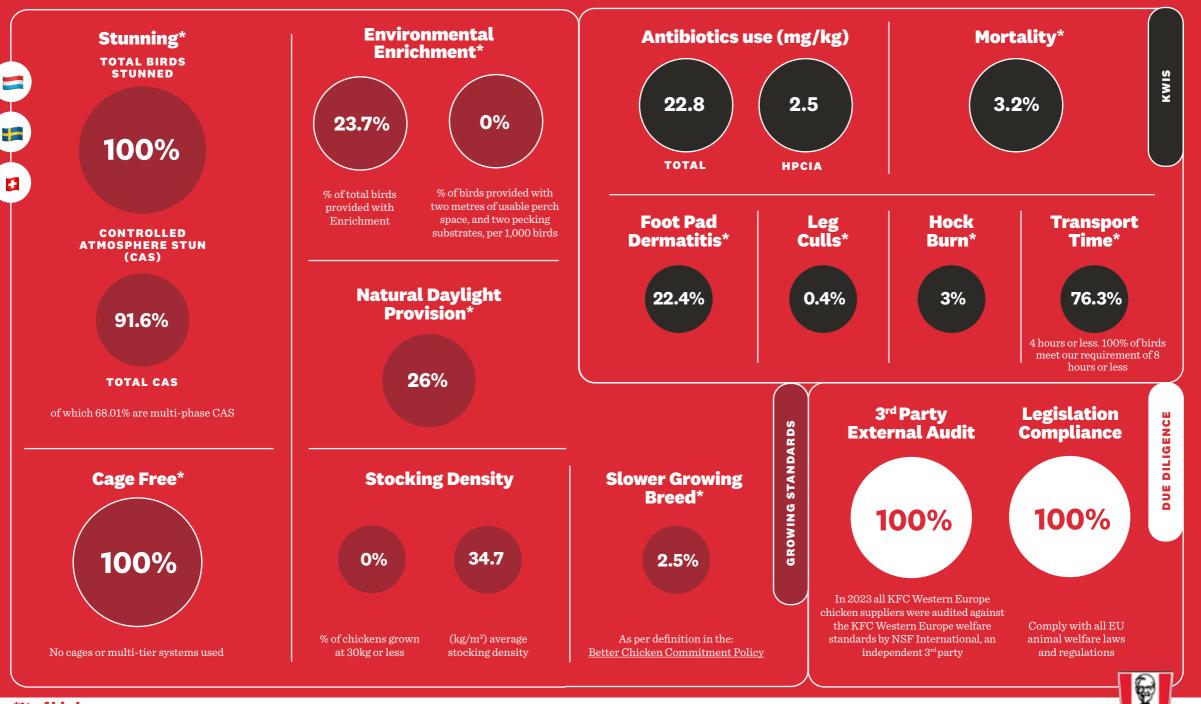
2024

The data in the following dashboard demonstrates that the Netherlands, Sweden and Belgium markets maintained full compliance with all the core criteria of the programme. Compared to 2022, 2023 performance improvements include a reduction in the prevalence of hock burn and increased use of Controlled Atmospheric Stunning (CAS).

However, the 2023 data indicates a decrease in the percentage of birds grown using European Chicken Commitmentapproved breeds, a decrease in the provision of enrichment and natural daylight. To address these issues, our supply chain teams are actively working with suppliers to prioritise improvements in these areas.

After 7 years of decreasing total antibiotic use and HPCIA use, the usage of both increased in 2023 across this market. This appears to be linked to the greater concentration of supply in specific countries where the use of antibiotics is relatively high. Fighting antimicrobial resistance (AMR) and responsible use of antibiotics in our chicken supply chain is a crucial area for KFC. Our Antimicrobial Policy has been developed in consultation with our sustainability advisors, veterinary staff, and suppliers and it is aligned with The European Medicines Authority (EMA) and the Responsible Use of Medicines in Agriculture (RUMA) recommendations. It guides suppliers to use antibiotics responsibly, and in a way that promotes animal welfare while reducing potential AMR. We are actively addressing this matter and working with suppliers to reverse the increase in antibiotic use seen in 2023.





## Dashboard Spain

2024

#### 🛠 fai

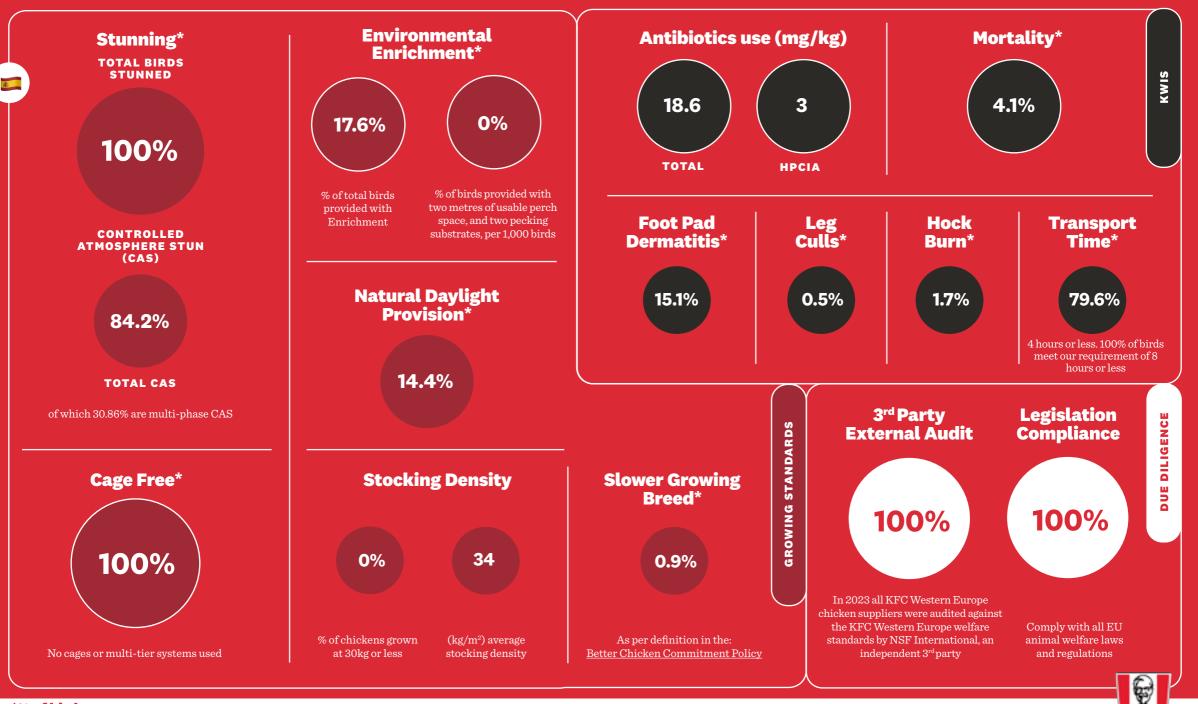
The data in the following dashboard demonstrates that the Spanish market maintained full compliance with all the core criteria of our

**programme.** Compared to 2022, 2023 performance improvements include the reduction in the prevalence of hock burn and pododermatitis. This market also saw a small increase in the use of Controlled Atmospheric Stunning (CAS).

However, the 2023 data indicates a decrease in the percentage of birds grown using European Chicken Commitment-approved breeds, on enrichment and natural daylight provision and the percentage of birds grown on ≤30 kg/m<sup>2</sup>. To address these issues, our supply chain teams are actively working with suppliers to prioritise improvements in these areas.

After 7 years of decreasing total antibiotic use and HPCIA use, the usage of both increased in 2023 across this market. This appears to be linked to the greater concentration of supply in specific countries where the use of antibiotics is relatively high. Fighting antimicrobial resistance (AMR) and responsible use of antibiotics in our chicken supply chain is a crucial area for KFC. Our Antimicrobial Policy has been developed in consultation with our sustainability advisors, veterinary staff, and suppliers and it is aligned with The European Medicines Authority (EMA) and the Responsible Use of Medicines in Agriculture (RUMA) recommendations. It guides suppliers to use antibiotics responsibly, and in a way that promotes animal welfare while reducing potential AMR. We are actively addressing this matter and working with suppliers to reverse the increase in antibiotic use seen in 2023.





23

## Dashboard *UK&Ireland*

2024

#### For the UK & Ireland market for 2023, we are pleased to report a decrease in two key welfare indicators, hock burn and pododermatitis.

In addition, we have seen an increase in two of the six key areas for the European Chicken Commitment; an increase in the number of birds grown at densities less than 30 kg/m<sup>2</sup> and more birds having access to natural daylight.

However, the 2023 data also indicates a decrease in the use of European Chicken Commitment-approved breeds, the provision of enrichment, and the use of Controlled Atmospheric Stunning (CAS). To address these issues, our supply chain teams are actively working with suppliers to prioritise improvements in these areas.

The 2023 data, unfortunately, shows a break in a 7-year trend of decreasing antibiotic use within our supply chain in this market. It is disappointing to see the increase in both total and HPCIA usage. This appears to be linked to the greater concentration of supply in specific countries where suppliers are struggling to maintain pace. Fighting antimicrobial resistance (AMR) and responsible use of antibiotics in our chicken supply chain is a crucial area for KFC. Our Antimicrobial Policy has been developed in consultation with our sustainability advisors, veterinary staff, and suppliers and it is aligned with The European Medicines Authority (EMA) and the Responsible Use of Medicines in Agriculture (RUMA) recommendations. It guides suppliers to use antibiotics responsibly, and in a way that promotes animal welfare while reducing potential AMR. We are actively addressing this matter and working with suppliers to reverse the increase in antibiotic use seen in 2023.



