

KFC Annual Report on Chicken Welfare

Western Europe

July 2021

Foreword by David Moran, Chief Supply Chain Officer, KFC Western Europe

Chicken welfare is a serious business. For nearly two decades, we have been on a journey to drive improved standards of welfare and advance the lives of millions of chickens in our supply. We have invested in systems to monitor and report on welfare outcomes across our entire supply chain, which has enabled us to achieve greater transparency as well as accountability.

That's why we are pleased to share the second edition of our annual welfare report for Western Europe, providing an open and honest update on the progress we've made as well as the areas where improvement is still needed.

With the additional challenges brought about by COVID-19 and a particularly tough 2020 winter for avian flu, we know that we must work even harder with our partners and suppliers. That's why we are extremely lucky to have credible partners in both NSF and FAI Farms to help us on this journey. NSF are undertaking our animal welfare audits, whilst FAI Farms work with us on our KPI Programme, supporting our suppliers to help deliver continuous improvement in the welfare of the animals on the farms in our supply chain.

Following the signing of the European Better Chicken Commitment, we continue to make progress around understanding the roadmap to deliver this with our suppliers, exploring innovations in areas such as housing, feed and carcass utilisation, which will allow us to make the progress that we need together. Our partnerships with Moy Park and Compassion in World Farming have allowed us to play an active role in the process for the approval of the Redbro Chicken as a slow growing BBC breed. This will be a significant development in the journey towards the adoption of slow growing breeds across the industry.

But we know there is still a lot more to do. As we continue to serve the most delicious chicken, we will continue to ever-improve its quality – and we believe that great quality starts with higher animal welfare standards on farms. That's why we are going to keep pushing and reporting and continue to lead on promoting transparency.

The KFC Continuous Improvement Programme

The purpose of KFC Western Europe's welfare programme is to identify, report and drive meaningful improvement on key welfare issues. All suppliers provide FAI with monthly submissions of key performance indicators (KPI) that cover critical areas of health, production, and welfare of chicken on farm and at slaughter. Through analysis and supplier benchmarking, KFC Western Europe identify where good levels of welfare are achieved, and where improvement efforts should be targeted.

Alongside the established audit and KPI programme, KFC Western Europe are now supporting suppliers to develop their own specific improvement plans. During meetings with suppliers, held with FAI either onsite or remotely, supplier specific data is reviewed in detail and advice is provided to help develop targeted Improvement Plans. Supplier implementation and performance will be tracked against these plans. Priority is given to the 30% lowest performing suppliers weighted by the volume of product they supply to KFC Western Europe.

KFC Welfare Standards

KFC Western Europe's animal welfare standards cover the entire chain from breeder rearing through to slaughter.

These standards require suppliers to adhere to the following requirements:

- All EU animal welfare legislation must be met as a minimum.
- The use of cages or multi-tier systems is prohibited.
- The use of birds from genetically modified or cloned livestock is prohibited.
- The use of antibiotic or hormonal growth promotors is prohibited.
- Maximum live animal transport times must not exceed 8 hours.
- Suppliers must work to a maximum planned stocking density of 38kg/m².
- All birds must be stunned prior to slaughter.
- Mutilations of broilers is prohibited.

All supplies are audited by an independent 3rd party against these standards. In 2020, KFC moved from a 15-month to 12-month auditing frequency.

More details on the KFC Western Europe Farm Animal Welfare Programme can be found here.

<https://kfc-uk-brand.s3.eu-west-1.amazonaws.com/drupal/production/2020-09/KFC-WESTERN-EUROPE-FARM-ANIMAL-WELFARE-PROGRAM.pdf>

KPI Performance for 2020

All data within this report has been independently collated and reported by FAI from the KPI data provided by KFC suppliers. Results have been weighed based on volume supplied to KFC Western Europe.

2020 Welfare KPI Performance Summary – weighted data

Outcome	KPI	2019	2020	% Supply Reported 2020
Enrichment	Daylight Provision (%)	53.65	51.28	95.8
	Enrichment Provision (%)	63.17	43.82	95.6
Abx Use	Overall (mg/kg)	20.52	20.26	100
	7 Day (mg/kg)	7.63	4.97	96.0
	HPCIA (mg/kg)	4.29	3.78	99.8
Breed	High Welfare (%)	2.10	4.19	90.5
Stocking Density	Below 30Kg/m ²	0.58	1.00	100
Welfare	Mortality (%)	3.98	3.90	100
	Leg Culls (%)	0.83	0.80	90.1
	Foot Pad Dermatitis (%)	35.38	38.04	100
	Hock Burn (%)	12.56	11.08	100
	Breast Blister (%)	0.28	0.21	100
Stunning	Controlled Atmosphere Stun (%)	58.63	53.24	100

The above table summarizes KFC Western Europe's performance across the key welfare KPIs. Measures which have improved in 2020 have been highlighted in green. Please note that both hock burn and foot pad dermatitis figures are reported based on an absence/presence not on level of severity. We measure in this way to help ensure standardize recording across supply.

COVID-19 and Avian Influenza

In this report, there has been a decline in performance in hock burn as well as an increase in average actual stocking densities from certain suppliers. COVID-19 and Avian Influenza may be factors contributing to this. Suppliers and farmers reported challenges due to delays in moving birds from farm because of operational issues at factories or biosecurity restrictions, alongside staff having to self-isolate. Delays in bird movements and keeping them on farm for longer can lead to planned stocking densities being exceeded. This in turn will make bird husbandry and housing management more difficult. This can lead to increased pressure on the bedding conditions in the houses, which can have a direct impact on hock burn levels.

Daylight and Environmental Enrichment Provision

KFC Western Europe's welfare standard encourages suppliers to provide both daylight and environmental enrichment, this is a priority area for KFC. These two factors play an important role in encouraging birds to exhibit their natural behaviors. This is beneficial for both the physical and mental wellbeing of the birds to improve their quality of life.

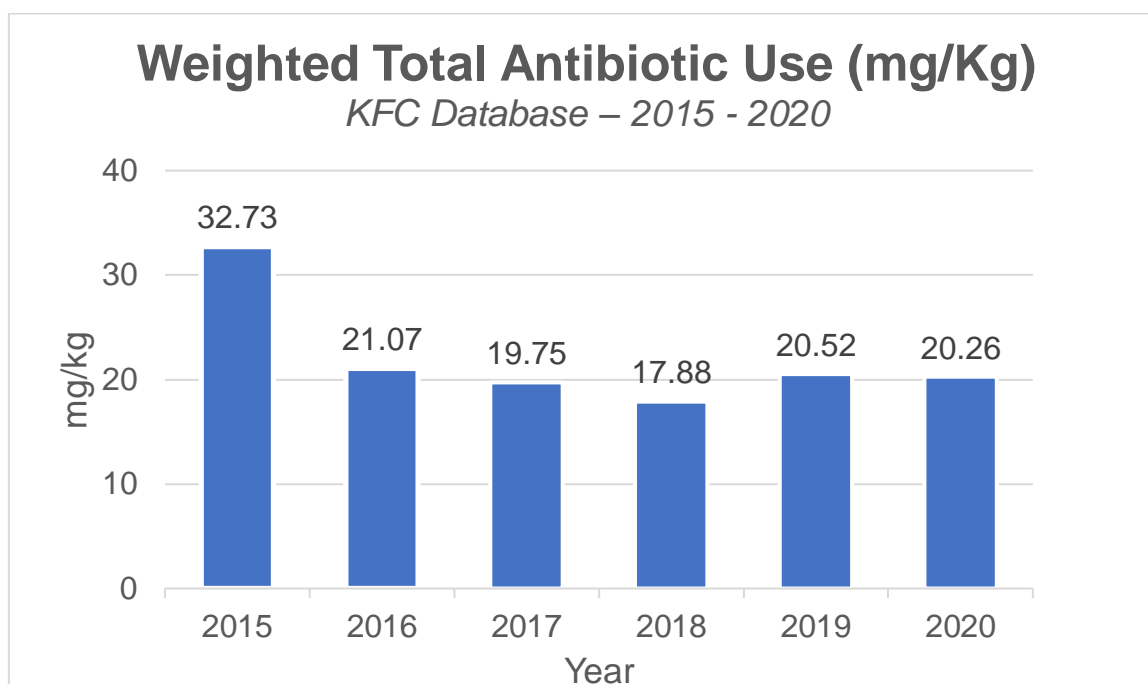
Daylight and enrichment provision have decreased this year across KFC Western Europe supply. The figure for 2020 is based on supply reported to KFC in December. Due to the nature of the supply base and production cycles this number will fluctuate throughout the year. Currently, 35% of KFC Western Europe supply is sourced from suppliers who have 100% daylight provision across all farms. 39% of supply for KFC Western Europe is sourced from suppliers who have 100% environmental enrichment provision across all farms. During 2021 the way these measures are being collected is changing to allow more accurate reporting moving forward.

Use of Higher Welfare Breeds

It is encouraging to see the higher percentage of higher welfare breeds up by 0.5% to 1% of supply within the KFC Western Europe supply chain, perhaps reflecting the change that is occurring across the wider chicken industry.

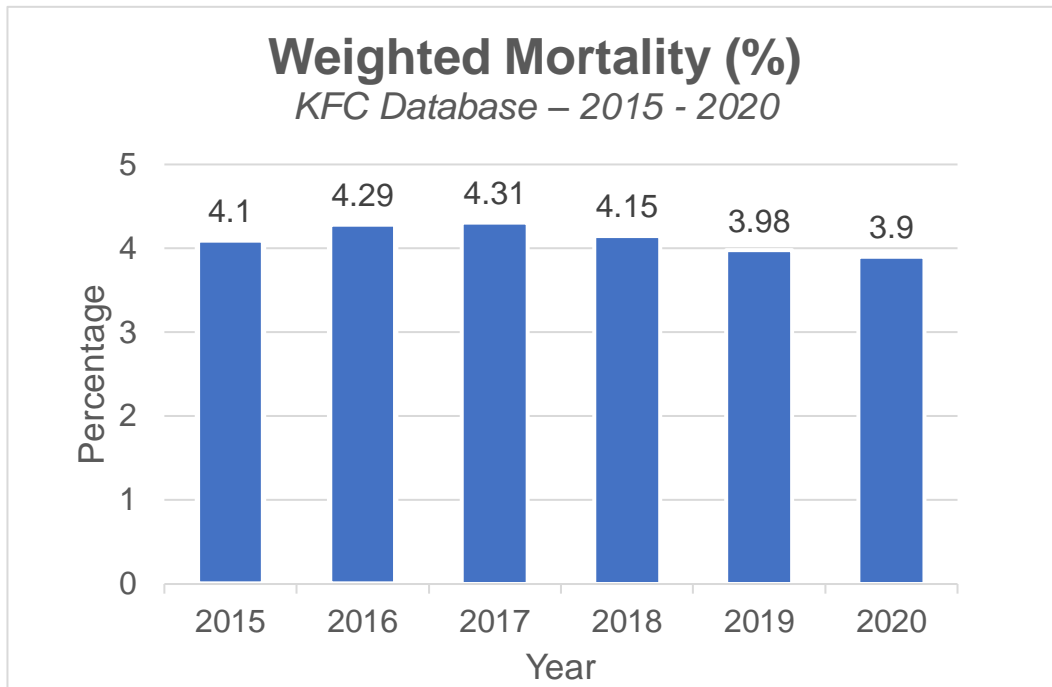
Antibiotic Usage

There has been a downward trend across all antibiotic use KPIs, highlighting the changes suppliers are making to their management practices to help address issues around antibiotic resistance. The responsible use of antibiotics within Western Europe's supply chains remains a key priority. KFC acknowledge that to maintain and protect bird welfare standards, there may be times when birds need treating with antibiotics. Ensuring that these are used only when needed and under direction of a vet can help mitigate antimicrobial resistance and protect human and animal health. 2020 reporting shows total antibiotic use similar to 2019, at 20.26 mg/kg. There has been a significant reduction in usage when compared to 32.73mg/kg reported in 2015. This coincides with a reduction in the use of Highest Priority Critically Important Antibiotics (HPCIA) for human health. Many of KFC suppliers have stopped the use of HPCIA within their broiler supply chains. The decline in HPCIA usage indicates progress towards KFC's goal of eliminating use of these across their supply chain.



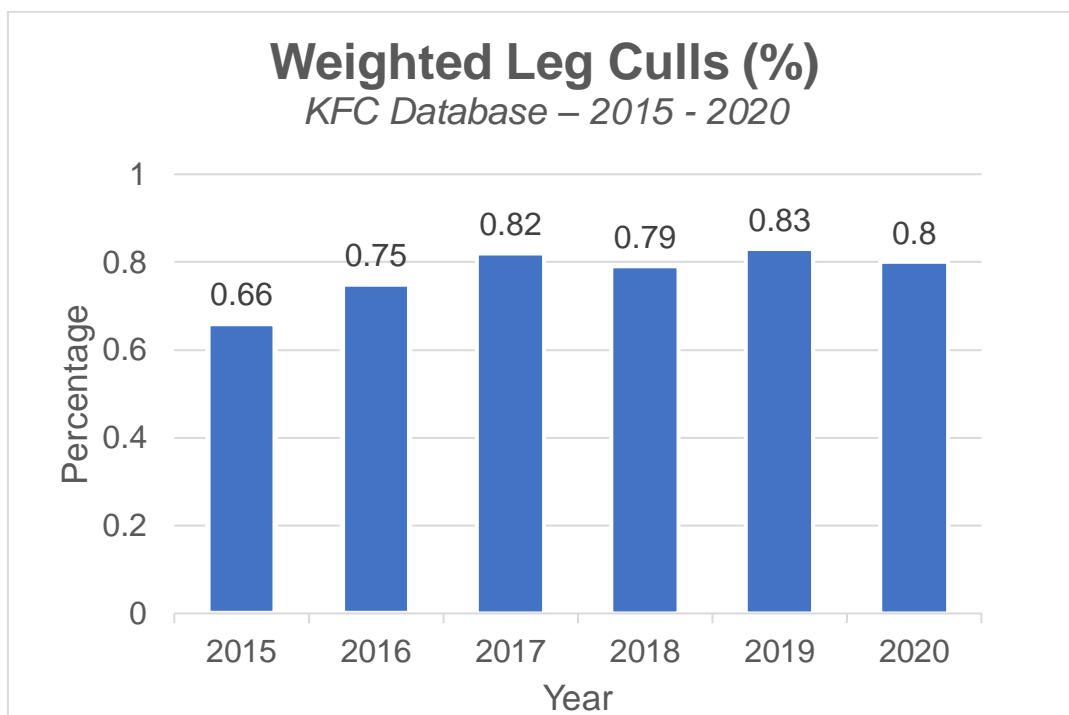
Mortality

Mortality levels in the KFC Western Europe supply chain are at their lowest levels since 2015 at 3.9% and have been on a downward trend since 2017. It is good to see this alongside the changes being seen in antibiotic use.



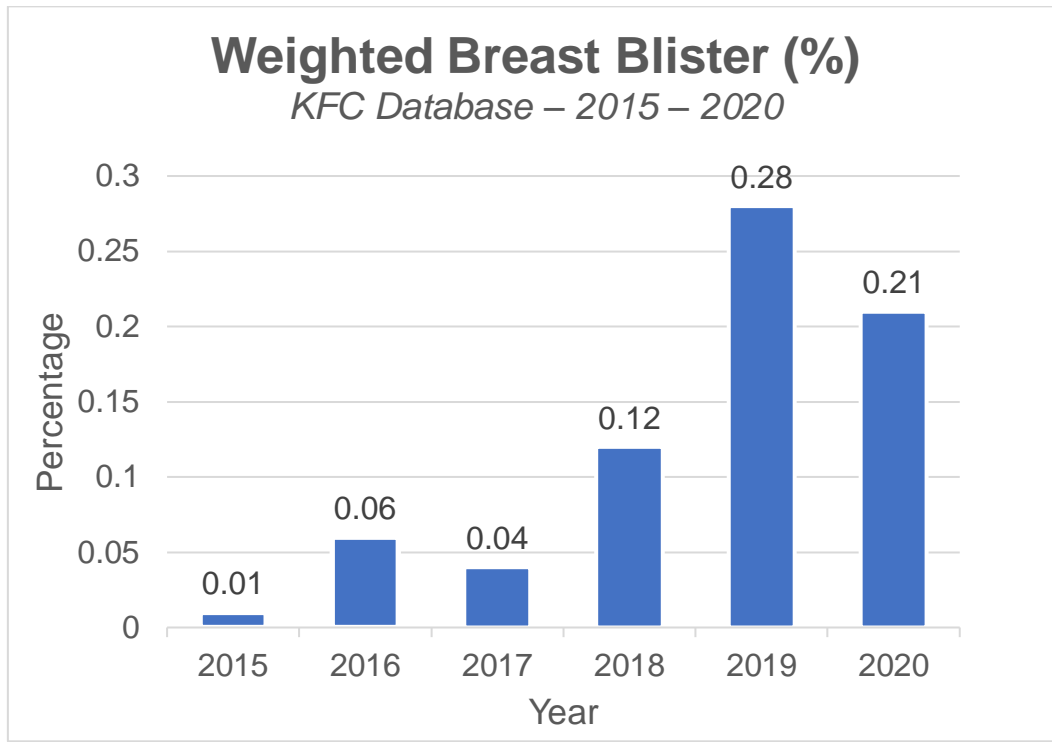
Leg culls

Leg culls are monitored as an indicator of leg health and walking ability. 2020 levels remain largely unchanged compared to previous years. This is monitored as an indicator of leg health and walking ability. This is not a metric on which reduction targets are set to ensure that farmers cull birds that are lame or that have reduced walking ability to prevent suffering. As part of KFC's on-farm audits, birds' walking ability and the farmers approach to culling is assessed.



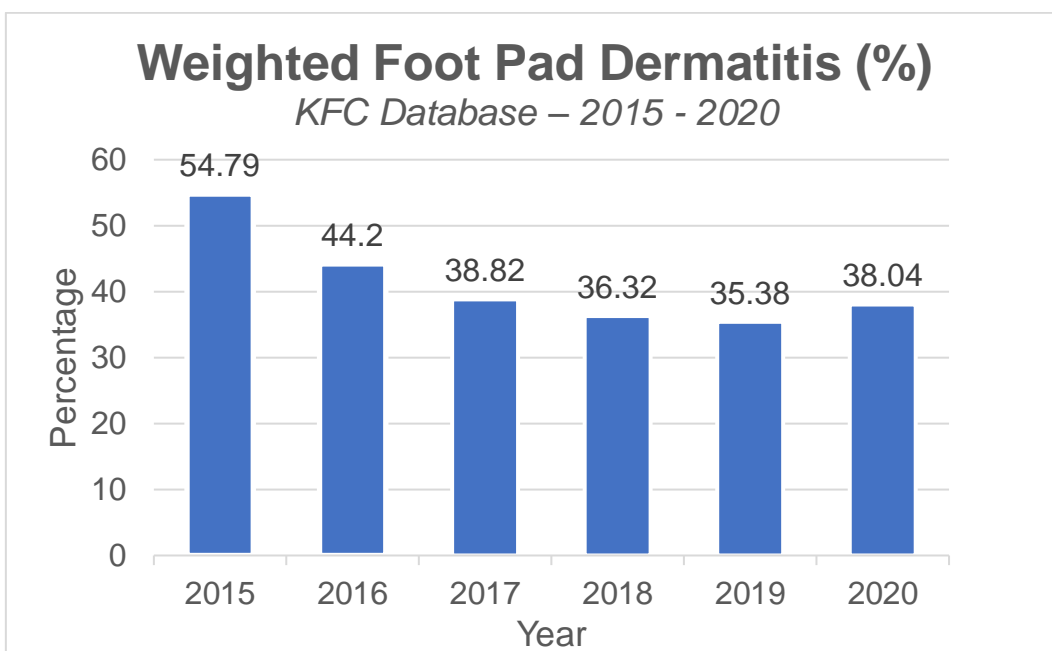
Breast Blister

Levels of breast blisters within the Western Europe supply chain remains low. Incidences of breast blisters are linked to bedding management and bird husbandry. There has been a small decrease in breast blister prevalence in 2020 to 0.21% compared to 0.28% in 2019 accompanied by an increase in suppliers reporting this measure. This indicates an improvement on the already low levels.



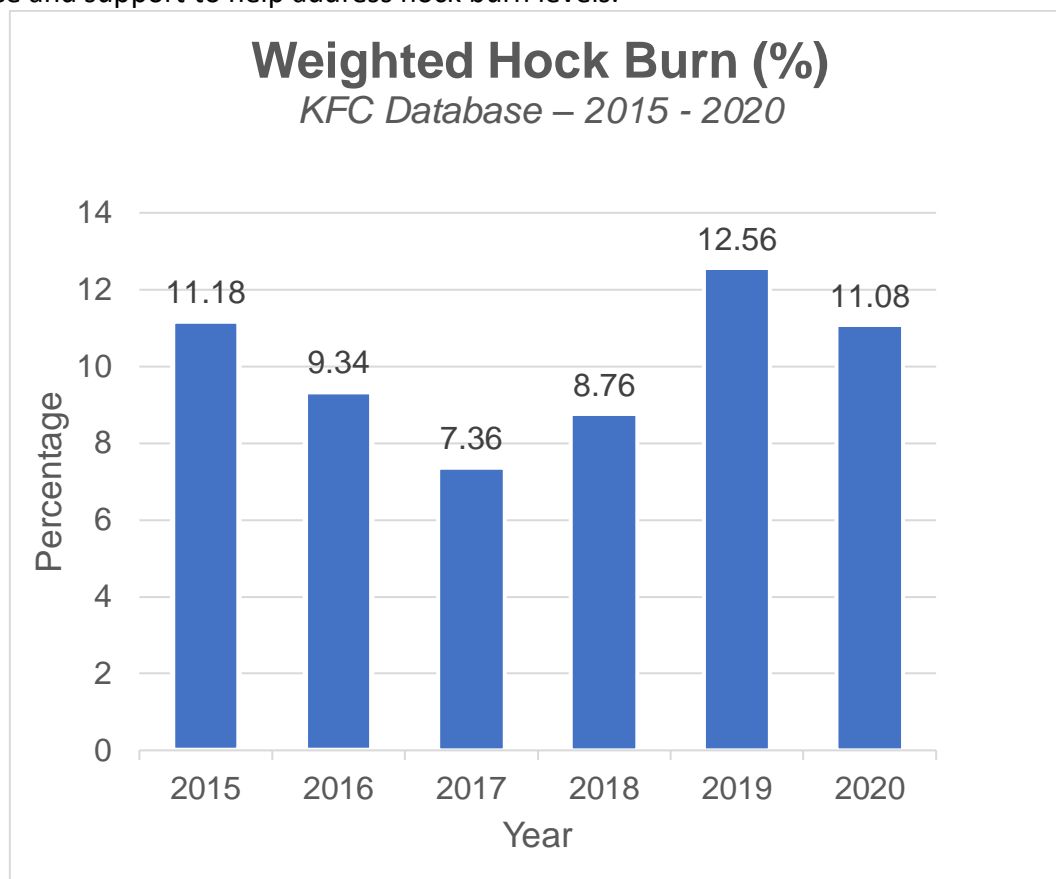
Foot Pad Dermatitis

In general, KFC Western Europe's foot pad dermatitis levels have been trending downwards since 2015, however there was a small an increase in 2020 with a prevalence of 38.04%. Foot pad dermatitis is linked to the housing environment, type of bedding being used and bird husbandry. It is one of KFC's focus areas for the 2021/2022 continuous improvement programme with suppliers.



Hock Burn

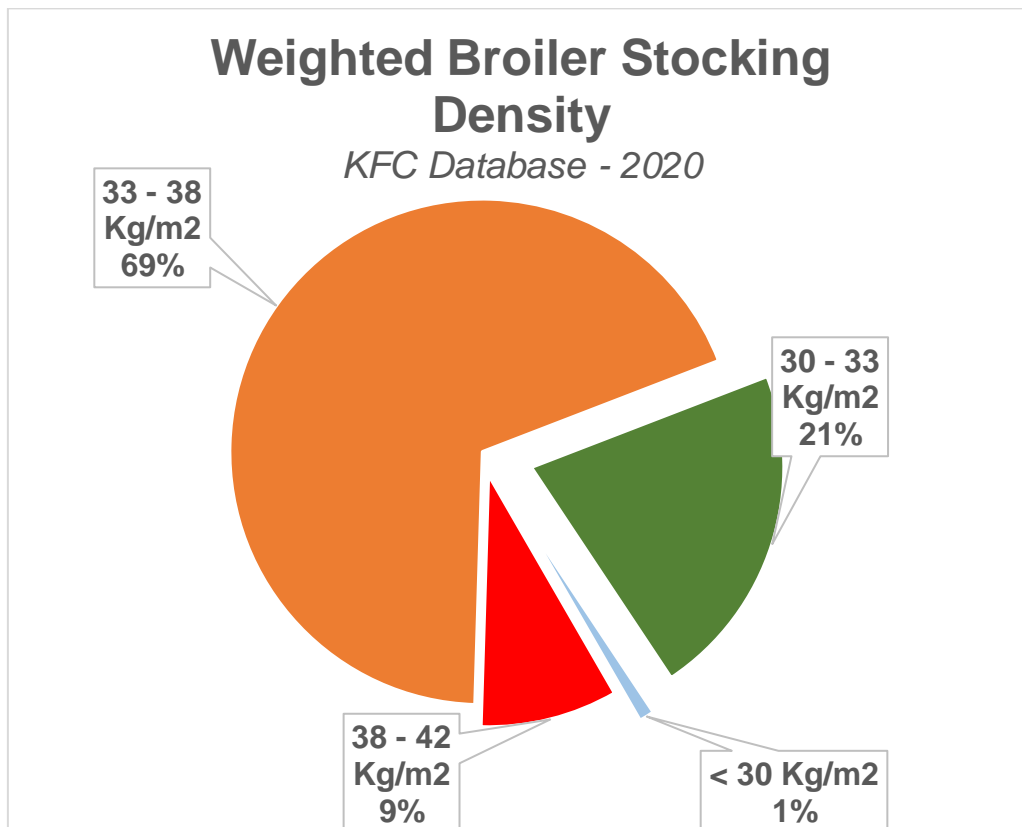
Hock burn is another key indicator for chicken welfare. Reported levels have decreased since last year and KFC would like to see this trend continue. KFC's independent auditors assess levels of hock burn and bedding quality as part of the audit programme. Suppliers are required to take corrective actions when unacceptable levels are identified. The continuous improvement programme over 2021/2022 will focus on providing targeted, best practice advice and support to help address hock burn levels.



Maximum Stocking Density

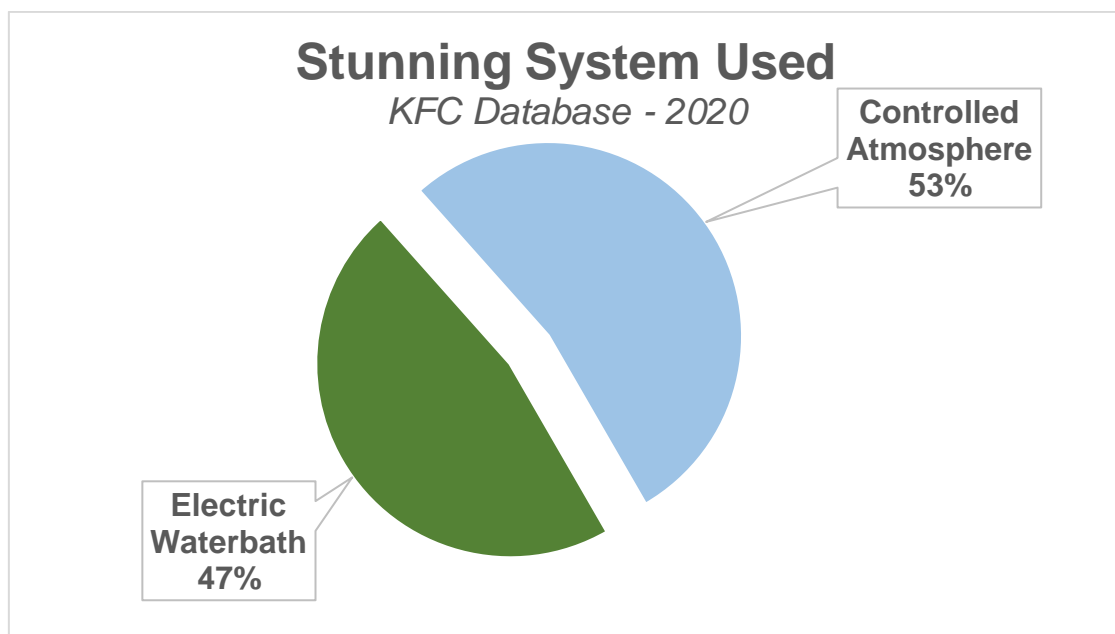
KFC Western Europe's welfare standards state that the maximum planned stocking density permitted is 38kg/m². Stocking densities which exceed this limit at audit, are a critical indicator of failure to comply with the key standards. Suppliers consistently exceeding this level are excluded from KFC supply.

Suppliers are encouraged to reduce planned maximum stocking densities to 30kg/m². This year the number of birds within KFC supply grown at actual maximum stocking densities of 30kg/m² has increased to 1%. 21% of supply had actual maximum stocking densities of between 30 and 33kg/m². There has been an increase in actual maximum stocking densities of over 38kg/m², to 9%. There was no incidence of this exceeding 40kg/m². This issue relates to a small number of suppliers. Where this has occurred, it has been investigated. KFC suppliers have confirmed that this is associated with the impact of COVID-19 and Avian Influenza resulting in delays in moving birds from the farm.



Stunning System

KFC Western Europe require that all birds are stunned prior to slaughter. There has been a slight reduction in the proportion of birds killed using Controlled Atmosphere Stunning (CAS) from 58.63% in 2019 to 53.24% in 2020. The remaining 47% of birds were killed using electric water bath. This slight change is linked to changes in purchased volumes.



Focus Areas for 2021/22 and Closing Remarks

For 2021 and 2022 the priority areas for the continuous improvement programme are:

- Antibiotic usage, in particular the use of HPCIA
- Hock marking
- Foot pad dermatitis

Alongside this, FAI is working with suppliers to implement a more detailed level of data collection allowing for greater insights into performance across the KFC supply base. This will enable more targeted support and advice.

Collecting data from a supply base increases transparency and understanding of a supplier's performance and practices. However, simply collecting data alone doesn't necessarily drive change. The way people use their data does. Change takes effort and collaborative working, with every part of the supply chain having a role to play.

KFC work with suppliers to continue to improve the welfare of the animals that all their businesses rely on. FAI are pleased to be supporting the implementation of KFC's continuous improvement programme. By collecting supply chain data, we can make targeted improvements while truly quantifying the welfare benefits to the animals involved.