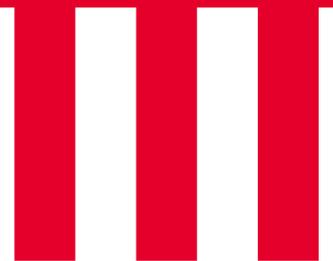


KFC U.S. 2022

CHICKEN WELFARE REPORT



Col. Harland Sanders

Introduction

KFC is unwavering in our mission to serve delicious chicken that's freshly prepared in our restaurants and sourced from suppliers devoted to giving birds a good, healthy life. We are excited to publish our first progress report detailing KFC's extensive, ongoing efforts in the United States to improve the health and welfare of the chickens we source.

Since we opened our first franchise in 1952, our iconic fried chicken has delighted Americans in large part because of the care we give our chickens from the barn to our buckets.

That's why we adhere to this important commitment to our customers: The chickens we source from our suppliers have been well cared-for throughout their life and have been raised in accordance with industry leading animal welfare standards. In addition, we are constantly working to make our supply chains more secure and sustainable. This allows us to serve our customers fresh and tasty food while minimizing the impact to the environment.

KFC is working with our U.S. suppliers to drive meaningful improvements in health and welfare across several parameters, which we explain in detail in this report. As we collaborate with our partners in this effort, we're actively collecting data across our supply chain, which we plan to analyze on an ongoing basis, so we can establish long-term goals. In total, seven suppliers with 15 locations are participating in this effort.

We're proud to report the initial results of those efforts. The current data are limited, but we are constantly working to improve and discuss our progress publicly and regularly. The goals of this report are to outline our approach to chicken welfare, share what we're tracking, provide some initial results and discuss how we're working to improve. We know how important transparency is in the ongoing effort to improve the overall health and well-being of chickens raised for food.

These ambitions require us to work as a team with multiple stakeholders. We are actively collaborating not just with suppliers, but also with peers, competitors and the animal welfare community. We hope that by working together, we can continue to raise our standards and bring about changes that make our industry and customers proud.

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Our Welfare Journey

KFC's chicken welfare work is based on our commitment to provide our customers with food that is safe and from animals that have been raised humanely.

In the U.S., KFC continuously works to improve and advance our approach to chicken welfare. That effort is driven by science and data, and it's guided by compassion and care. Our welfare policies are also designed to further strengthen sustainability and security throughout our supply chain.

KFC's parent company, Yum! Brands, established its first welfare program in 2002, and KFC has continued to evolve our approach to animal health since then. In the last five years, we've marked these key milestones in this continuous-improvement program:

2017

Yum! Brands published its [Sustainable Animal Protein Principles](#), providing guidelines to its suppliers across five parameters, including animal health and well-being.

2018

Yum! Brands published its [Global Animal Welfare Policy](#), which stated our commitment to improving animal health and mobility, reducing stress, and lowering morbidity and mortality rates.

2019

KFC eliminated the use of antibiotics that are important in human health in the chickens we source, fulfilling a [pledge](#) made in response to rising global concerns about antibiotics resistance.

2020

KFC announced new global chicken welfare [guidelines](#), building upon its 2018 policy by outlining specific measures to assess and track progress in addressing mobility, overall health, mortality and stress.

2021

Yum! Brands [pledged](#) to transition to 100% cage-free eggs across at least 25,000 restaurants in all of its global markets by 2026. In the U.S., we vowed to source at least 25% of our eggs from cage-free hens by the start of 2023, 50% by 2024, 75% by 2025 and 100% by 2026.

2022

KFC U.S. releases this report, its first comprehensive account of the progress it has made in improving chicken welfare.

The Four Pillars of Our Approach

The quality of our food starts with chickens that are well cared for and healthy throughout their lives. We're committed to ensuring our chickens are raised humanely and sustainably. There are four pillars of that approach:

1. Animal Care: Our Welfare Point of View

Our effort to provide quality animal care starts with our global commitment to follow the [Five Freedoms](#) across our supply chain. Those freedoms encompass key aspects of good health and mental well-being, and they help ensure birds are able to express their natural behaviors.



Freedom from discomfort

All birds are housed in an appropriate environment that includes shelter and a comfortable resting area.



Freedom from hunger or thirst

Our suppliers help ensure that all poultry have been raised with ready access to fresh water and a well-balanced diet.



Freedom to express normal behavior

The animals that we source are raised with sufficient space, proper facilities and the company of their own kind.



Freedom from pain, injury or disease

KFC requires that all suppliers and their partners are committed to disease prevention in all animals, as well as rapid diagnosis and treatment of any health issues that arise.



Freedom from fear and distress

Our suppliers help ensure conditions and treatment that prevent stress in animals.

RAISING CHICKENS SUSTAINABLY

In sourcing its chickens, KFC follows Yum! Brands' five [Sustainable Animal Protein Principles](#), which lay out a policy for producing the freshest food possible from an environmentally and socially responsible agricultural supply chain.

Animal health and well-being is the first of these important principles. Our multi-stakeholder Global Animal Welfare Advisory Council works continuously to review and update our animal welfare policies. We support the Five Freedoms for all our animals throughout the production cycle and require that our suppliers provide them as an essential element of delivering wholesome animal products and safe food. Improvements in animal husbandry have allowed KFC's suppliers to raise chickens that grow more efficiently than previous generations, while maintaining their good health. The ability to raise healthy birds over a shortened timeframe enables us to take a more holistic approach to animal welfare by also supporting our sustainability goals around issues such as climate change and sustainable sourcing.

The importance of animal health is paramount in the four other sustainability principles. **The first is food safety and quality.** Our suppliers are audited regularly for compliance with our safety and quality standards for food animals, including our policies for antimicrobial use.

The second is environmental stewardship. We believe that continuous improvement in husbandry and poultry production practices—including feeding, nutrition, modern housing, transportation and storage—contribute to conserving environmental resources.

Third is food security. The worldwide demand for poultry is expected to expand exponentially in coming years, making it incumbent upon KFC to help ensure a safe, stable food-production system.

And finally, **we only work with suppliers who are committed to sustainable food systems that prioritize human, animal and environmental health.**

2. Animal Health: Metrics that Matter

We follow a science-based approach to animal health that's guided by our Sustainable Animal Protein Principles. We believe that in sourcing healthy chickens that have been raised in the healthiest environments, and according to globally recognized standards, we help ensure quality, delicious food for our customers.

These principles guide our careful use of antimicrobials, including antibiotics. KFC never sources our chickens from suppliers who use antibiotics to promote growth. While animal-use antimicrobials are sometimes needed to maintain or restore chicken health, our suppliers are expected to do so following comprehensive, carefully considered health-management programs and under the care of veterinarians.

KFC's suppliers follow the principles of judicious use of antimicrobials as outlined by several agencies, including the World Veterinary Association, the World Organization for Animal Health, the American Veterinary Medical Association and the U.S. Food and Drug Administration (FDA). Responsible, judicious use principles require that suppliers provide the right antimicrobials, at the right times and dosages, to the right animals, and only when necessary to prevent and treat the correctly identified pathogen or disease.

One common misconception about our industry is that hormones are used to promote growth, however, the FDA prohibits the use of hormones at any point in the chicken-production process. While chickens have increased in size, it's not because of hormone use. Rather, it's because of improved management, nutrition, and natural selection. Our suppliers are constantly looking for ways to improve the well-being and condition of their flocks, resulting in improvements in bird health and size.

In 2020, KFC established global [key welfare indicators](#) (KWI) to assess the overall health and welfare of chickens while they are being raised. The KWIs listed here now serve as the foundation for animal welfare metrics across our company and serve as a foundation for our suppliers when it comes to chicken-welfare reporting:



Maintaining mobility

We help ensure that our suppliers' poultry is housed in large barns with well-maintained dry litter to enhance mobility and minimize leg injuries. Stocking densities are reviewed by region with the goal of enabling healthy growth and mobility.



Minimizing medical interventions

We follow best practices and research to minimize the use of painful procedures. This includes efforts to lessen and eliminate beak trimming. We have already seen dramatic improvements here. Our suppliers have almost eliminated comb dubbing and beak trimming.



Lowering mental and physical stress

All our birds have access to periods of light and dark, as well as suitable ventilation. We also encourage our suppliers to provide environmental enrichment such as perches, straw bales and pecking materials. And we are adopting the latest processing technology for humane processing. Our suppliers must ensure that all processing facilities follow regulations and best practices around pain and stress during handling, pre-stunning, stunning and harvesting.



Reducing mortality

While we understand that culling birds with gait issues or other health conditions is sometimes necessary to reduce suffering, our suppliers are expected to use husbandry practices that keep mortality levels low. We aim to only work with suppliers who are committed to sustainable food production that prioritizes animal health and well-being.

3. Innovation

Throughout our 70-plus-year history, KFC has embraced innovations that fuel our mission of offering wholesome, delicious food. That includes providing options to flexitarian and vegetarian diners who want to enjoy our brand. In 2019, KFC became the first fast-food chain to introduce a Beyond Meat™ plant-based chicken alternative. In January 2022, we began offering Beyond Fried Chicken nationwide for a limited time, developed by Beyond Meat™ exclusively for KFC, and we continue to explore ways to expand the availability of plant-based menu items.

Our company also supports innovations that improve poultry health. Establishing the KWI program was key to that commitment, and Yum! has invested in advanced software to monitor and report welfare outcome measures across our supply chain.

We encourage all of our suppliers to leverage technology that helps in monitoring, tracking and quickly responding to any issues that may endanger the health of poultry.

Many of these technologies also further our sustainability goals. For example, modern facilities where chickens are grown can be controlled by computers that change temperature and ventilation to manage living conditions for chickens. This also lowers the use of gas and electricity. And by switching to nipple watering systems that dispense water on demand, suppliers lessen the chance of water spilling onto poultry litter and save water at the same time. In fact, water use in chicken production has dropped 13% in the last decade, according to the [National Chicken Council](#).

New technologies and innovative solutions are key to assuring our chickens are raised humanely, sustainably and that our food supply is secure.

4. Oversight and Collaboration

KFC requires that its suppliers adhere strictly to U.S. Department of Agriculture (USDA) regulations for the proper handling of poultry. In addition, KFC is closely aligned with leading organizations in the field of animal welfare. They include the NSF, the U.S. Roundtable for Sustainable Poultry & Eggs (US-RSPE) and the International Poultry Welfare Alliance (IPWA).

NSF International is an independent testing, auditing and certification agency that works with the restaurant industry to help ensure suppliers are complying with global standards for animal health and food safety. Its standards align with the Five Freedoms, which is widely recognized as a gold standard of animal welfare. NSF audits many of our suppliers across the globe, and KFC is expanding our relationship with the organization to bring this program to new markets.

US-RSPE and IPWA are helping us refine our methods for promoting and tracking animal health. US-RSPE prioritizes poultry health and well-being, and it has established the first sustainability framework, which is advising KFC and other participants on how we can better measure the sustainability of poultry and egg production. IPWA is supporting research and sharing best practices in advancing poultry welfare.

Throughout this extensive auditing process, KFC is accumulating one of the largest databases of animal welfare information available globally. In the U.S., we are collecting more than 20 data points from 300 collection sites. We are developing a plan for regular reporting of the metrics we collect.

Our Initial Measurements

Under USDA regulations, poultry processors must follow Good Commercial Practices (GCP), which means live chickens must be handled in a manner that focuses on “treating poultry in such a manner as to minimize excitement, discomfort, and accidental injury the entire time that live poultry is held” during processing.

KFC monitors its suppliers to help ensure their processes align with USDA guidance regarding humane GCP. Our initial measurements are in line with our global KWI focus areas of:

- Maintaining mobility
- Minimizing medical interventions
- Lowering mental and physical stress
- Reducing mortality

Measurements Connected to our KWIs:

1. Average Livability

The livability metric reflects the percentage of chickens that survive from hatchling to harvest. KFC’s average livability for chickens supplied to KFC is 96.07% and is consistently higher than industry targets, which are regularly adjusted according to changing conditions that affect the raising of poultry, such as size, age and season.

To help ensure livability standards are being met, our suppliers must undergo regular audits under the conditions outlined in the [National Chicken Council Audit Checklist for Broilers](#). They can either manage the audit themselves or have it conducted by an auditor certified by the Professional Animal Auditor Certification Organization (PAACO).

The NCC audit checklist includes specific conditions and procedures that must be followed to help ensure chicken health and welfare. It covers every phase of the chickens’ lives, from hatchery and grow-out operations, to catching, transportation and processing. It also requires that all employees undergo regular training in proper handling.

2. Average Density

Average density is a measurement used to determine if chickens are given adequate space to live and grow in the healthiest manner possible. The higher the density, the more difficult it becomes for chickens to exhibit the natural behaviors that we know are so important to their well-being.

The average density of chickens sourced by KFC is 5.76 pounds of bird per square foot—better than the density of [6 pounds per square foot](#) that's recommended by a number of groups focused on animal welfare.

3. Antibiotics

KFC shares concerns regarding the rising threat of antimicrobial resistance (AMR) and supports the thoughtful and judicious use of these treatments. We also support One Health, a holistic and multi-sector long-term effort to combat AMR by the United Nations World Health Organization (WHO), the Food and Agriculture Organization, the World Organisation for Animal Health and other key stakeholders. In 2018, we met our public commitment to remove antibiotics important to human medicine from our U.S. poultry supply and continue to remain compliant.

4. Stun

100% of all U.S. poultry is stunned as approved by the USDA and is accordance with their [Humane Handling Guidebook](#). Specifically, all of KFC's U.S. suppliers utilize electric water bath stunning to prepare chickens for processing. This method is widely used in chicken processing, as it is recognized as a humane way to render the birds unconscious and therefore incapable of feeling pain. It also lowers the likelihood they will regain consciousness.

In addition to water bath stunning, the USDA also recognizes controlled atmospheric stunning (CAS) as a humane method of processing chickens. KFC does not believe that CAS provides a measurable improvement over electric water bath.

We regularly monitor our suppliers to help ensure they are operating according to science-based standards during the stunning and harvesting process.

5. Enrichments

Our commitment to providing a healthy environment for chickens comes down to the basics of good nutrition, fresh water, ventilation and adequate access to light and dark. It also requires that we respect their need to demonstrate their natural behaviors. That means providing opportunities for social interactions, offering dust baths, and giving them enough room to walk, explore and preen — all of which are in line with guidance from the Five Freedoms of Animal Welfare.

We look for opportunities to support more research around how enrichments improve the behavior, health and development of birds to help guide suppliers as they continue to roll out enriching environments for their chickens. We are actively collecting data so we can fine-tune our approach to enrichments going forward. One of our major U.S. suppliers is currently engaged in long-term testing of the effectiveness of utilizing enrichments, and others are planning similar tests.

Final Thoughts:

A Statement from Jon Hixson, Chief Sustainability Officer, Yum! Brands

KFC is guided by Colonel Sanders' belief that we should treat every guest like a friend in our home. We are committed to using natural, high-quality ingredients and offering all the conveniences to make our guests feel welcome and comfortable. Encompassed within those values is understanding the importance of animal welfare.

We believe we have a responsibility to treat all of the animals in our supply chain humanely and with compassion. That's why we work to ensure that all chickens sourced by KFC have been raised in accordance with science-based, globally recognized standards of welfare.

We are proud of the journey we've been on to improve chicken welfare, but we also know this is an ongoing process. We're committed to continuously working with our suppliers to implement improvements that enhance the health and happiness of our birds.

As we continue on this path towards the highest standards of animal health and welfare, we welcome feedback from stakeholders in this process. We are constantly reviewing the latest data and science to ensure our efforts are best in class and we include in that process conversations with a diverse range of experts.

Please reach out to us with your suggestions. We are committed to listening and learning.

Thank you for joining us in this important mission.

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