



PRESS RELEASE

The European poultry sector discusses sustainable production and collaboration



Panel participants from left: Jesse Sevcik, Global Public Affairs, Policy, and Sustainability at Elanco Animal Health in Washington D.C., Floor Uitterhoeve, Director, European Market Sustainability at McDonald's, Joe Moran, Director of European Policy Office for Four Paws, Magdalena Kowalewska, Senior Food & Agri Sector Analyst BNP Paribas, Joanna Stawowy, Member of Cabinet of Commissioner for Agriculture Janusz Wojciechowski, Birthe Steenberg, Secretary General of AVEC together with moderator Rose O' Donovan the Editor in Chief of AGRA FACTS. Janet Helms, Senior Manager, Global Sustainable Sourcing, Animal Health and Welfare at McDonald's participated remotely from Chicago.

AVEC, The Association of Poultry Processors & Poultry Trade in the EU countries, joined forces with Elanco Animal Health and Agra Facts to discuss the importance of science-backed sustainable poultry production in the EU. McDonald's Four Paws, BNP Paribas & the European Commission all brought their own perspectives to the panel debate. Sustainability is currently high on the European agenda, with legislative changes relevant to the sector on the horizon.

The hybrid event titled 'Achieving Science-Backed Sustainable Poultry Production in the EU' took place in Brussels on October 11, with around 35 participants on site and more than 150 virtual participants.

Jesse Sevcik, Global Public Affairs, Policy, and Sustainability at Elanco Animal Health reminded the crowd that "We see healthy animals and healthy birds as an essential part to a thriving and sustainable European and global food supply. We see dialogue as an important part of this. Animal protein and particular poultry is key in providing nutrients as we age, this must be considered in the context of sustainability".

Birthe Steenberg, Secretary General of AVEC, opened the discussion by introducing the umbrella group's Sustainability Charter. "A poultry producer needs to adopt a holistic approach when it comes to sustainability, by paying attention to animal welfare, food safety, affordability and environmental protection. This is what we highlighted in our Sustainability Charter".



Joe Moran, Director of the Four Paws European Policy Office stated that common ground is needed between industry and welfare rules, to meet sustainability goals and consumer expectations in the upcoming Animal Welfare legislation. "Ultimately we have to ensure that changes that are brought in also work for farmers and also that farmers are fully supported with these changes. We need proper support for the poultry industry with regards to imports. Because we cannot move forward collectively, unless European farmers will be guaranteed that they are not going to be undercut by cheaper price, poorer quality stuff coming from outside Europe. I think that this is something that we would agree on within the industry. It would be cruel to expect farmers to move forward with higher standards without ensuring that they are not going to be undercut", the animal welfare advocate insisted.

Both Floor Uitterhoeve and Janet Helms from McDonald's highlighted that they are collecting data on welfare of billions of birds, investing R&D and looking deeply into standards.

"From our data, we see that good farm management and stock(wo)manship are the most important determinators of broiler welfare. We want to work with our suppliers to continue to improve welfare outcomes, working alongside our corporate commitments to reduce carbon emissions towards net zero in 2050, eliminating deforestation and a commitment to our customers to provide affordable food", stated Floor Uitterhoeve from McDonald's.

"We know there are opportunities to enhance the life of a bird while keeping food affordable for the end consumer. One of the things we are doing is providing enrichments and lighting for birds. We are testing, learning and implementing measures to allow for birds to be birds", stated Janet Helms, Senior Manager, Global Sustainable Sourcing, Animal Health and Welfare at McDonald's live from Chicago.

Food inflation is also a key concern across many businesses. In December 2022, the inflation rate for food and non-alcoholic beverages in the European Union reached 17.8%, after which it has now fallen to 13.8 percent in June 2023¹. Magdalena Kowalewska from BNP Paribas highlighted that the war in Ukraine also has had a major impact on the European poultry sector, most notably in the grain and poultry markets. Another important factor is that there is no ban on the import of agri products, including poultry, into the European Union from Ukraine.

Legislation changes are a further concern. On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) entered to force. The CSR reporting, requires large companies and listed companies to publish regular reports on the social and environmental risks they face, and how their activities impact people and the environment². "From the financial institutions' viewpoint, a key factor will be the CSR Directive and reporting. The Corporate Sustainability Reporting Directive mandates that over 50,000 European companies must report scope 3 emissions starting in 2025. Scope 3 emissions refer to indirect emissions associated with a company's production, encompassing all emissions embedded in the value chain and products. This requirement will directly impact over 70% of poultry processing companies in the EU, and

² https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

¹ https://www.statista.com/statistics/1286407/eu-food-inflation-rate/



indirectly will affects breeders, feed companies, and all participants in the poultry production chain.", stated Magdalena Kowalewska, Senior Food & Agri Sector Analyst BNP Paribas.

As the European Commission finalises its work on key legislative changes, Joanna Stawowy, a member of Janusz Wojciechowski's Cabinet, stated that synergies between the different actors are key. "For the poultry sector it's important what is being done under rural development. For poultry rural development investments are more relevant, like housing systems. There we also have a substantial budget. We have 2,4 billion euro, so I think that helps a lot in the transition. It is important to anticipate as much as possible. There are a lot of concerns with animal welfare legislation and how it will impact farmers. That is why we encourage member states to anticipate as much as possible, use the resources that are available", concluded Joanna Stawowy, who is responsible for files related to the Farm to Fork Strategy and in particular animal welfare on Wojciechowski's team.

Policy-makers must ensure evidence and science-based legislative initiatives, built on data related directly to the sustainable production of poultry. The key takeaway message was that ensuring safe food supply will be critical in the coming years, whilst monitoring the impact from a greenhouse gas perspective. There is a lot of challenges coming up for the European poultry sector, especially with new legislation on animal welfare and CSR reporting. Sustainability is crucial for the poultry sector. Collaboration and strategic dialogue amongst the sector and policy-makers will be key. AVEC and Elanco Animal Health support the Commission's call for less polarisation and more dialogue with the agriculture sector.

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Read more about AVEC at: <u>avec-poultry.eu</u> Download the Sustainability Charter <u>here</u>