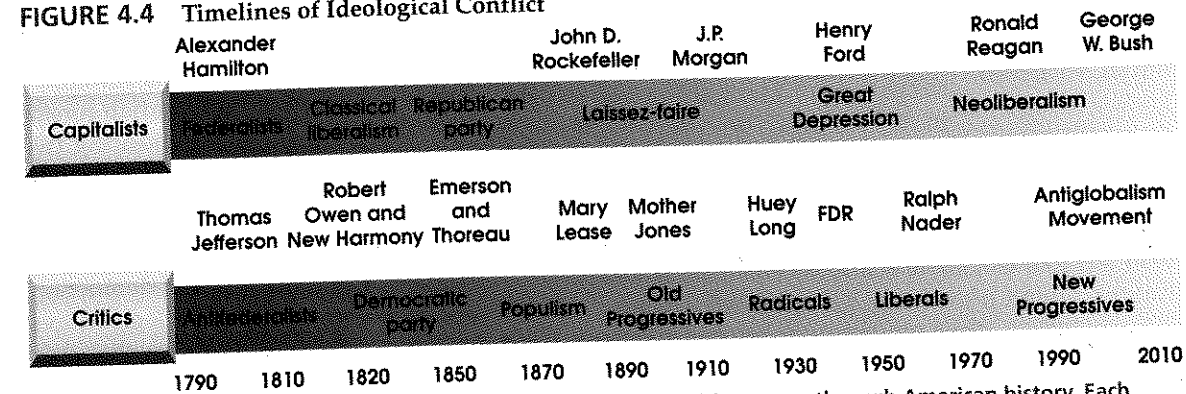


FIGURE 4.4 Timelines of Ideological Conflict



The two timelines show how a debate between business and its critics moves through American history. Each timeline represents the sweep of people and ideas associated with one side of this enduring debate.

it has promoted positive cultural values such as imagination, innovation, cooperation, hard work, and the interpersonal trust necessary to conduct billions of daily business transactions.

In the end, a broad spectrum of criticism is an important check on power. Legitimate criticism exists and demands attention. If criticism is properly channeled, it can preserve the best of the business institution and bring wide benefit. In Ralph Nader's words: "Whenever, in our nation's history, people successfully challenge the excessive power of commercial interests, whether over workers, child labor, minorities, consumers and the environment, the country became better and the economy stronger."⁶⁷

Not all antiglobalists and Progressives reject capitalism. Many now believe that corporate-led economic development underlies social progress even as companies sometimes behave badly. They have come to accept that growing trade holds the potential for alleviating poverty. These critics now promote the doctrine of corporate social responsibility, the subject of our next two chapters.

⁶⁷ "Human Need Trumps Corporate Greed," *The Wall Street Journal*, October 25, 2000, p. A22.

A Campaign against KFC Corporation

War was declared on January 6, 2003. In a press release, People for the Ethical Treatment of Animals (PETA), a militant animal rights group, announced it was beginning a pressure campaign against KFC Corporation, the world's largest chicken restaurant chain. PETA held KFC responsible for the "cruel treatment" of poultry raised and slaughtered for its restaurants.¹

¹ "Company Stonewalls on Animal Welfare Reforms," press release, People for the Ethical Treatment of Animals, January 6, 2003, available at www.peta.org.

It demanded that KFC force new, more humane practices on its suppliers. KFC responded with a statement dismissing "allegations made by PETA" and saying that its chickens were treated humanely.²

KFC does not raise any chickens. In the United States it buys them from 18 independent companies operating more than 50 chicken farms and slaughterhouses and pursues similar arrangements in other

² "KFC Denies PETA Claims," press release, KFC Corporation, January 7, 2003, available at www.kfc.com.

nations. PETA is angry about how chickens are handled by these suppliers, but their facilities are out of public view and make difficult targets. KFC, with its popular restaurants, is highly vulnerable to attack. By assaulting its brand image PETA hopes to make KFC use its market power as the world's largest purchaser of chickens to force reform on growers and slaughter plants. If this occurs, PETA will have harnessed a reluctant giant to accomplish its goals.

Going into the chicken war, PETA had a record of success. Its initial effort was a campaign against McDonald's in 1999. After less than a year of exposure to a boycott, restaurant demonstrations, and the group's mccruelty.com Web site the company succumbed, imposing stricter animal welfare standards on its suppliers as a condition for ending the assault. It forced changes on reluctant growers, including roomier cages for hens, surprise slaughterhouse inspections, and more effective stunning of chickens before killing them. After McDonald's capitulated, its smaller rivals followed. Burger King adopted animal welfare guidelines after a five-month campaign. Then Wendy's buckled. Safeway lasted only three months. Albertsons and Kroger's were subdued by campaigns of only one week each.

INITIAL SKIRMISHES

KFC learned of PETA's intentions in 2001, when Cheryl Bachelder, its president, received a letter from Bruce Friedrich, director of the group's restaurant campaigns. The letter asked why KFC, knowing of PETA's actions against its competitors, was doing "nothing at all" to improve the lives of chickens raised for its restaurants. Friedrich asked what KFC intended to do, offered to put the company in touch with animal welfare experts, and added "we are looking ahead to our next target."³

Over the next several weeks Friedrich had a series of phone calls and meetings with Bachelder and David Novak, CEO of KFC's parent corporation Yum! Brands. Yum! Brands was created in 1997 when PepsiCo spun off its KFC, Pizza Hut, and Taco Bell chains as a separate corporation. Subsequently, the new firm bought the Long John Silver's and A&W chains. Today, Yum! is the world's largest quick-service restaurant corporation with 35,000 restaurants worldwide. The KFC brand traces its origins to the Kentucky

³ The letter is at www.kfccruelty.com/letter-042501.asp.

Fried Chicken franchise started by the avuncular Colonel Harlan Sanders in 1952. It has 14,500 restaurants in 100 countries and serves about 12 million customers every day.

The dialogue revealed a wide gulf between the company and its interlocutor. KFC told Friedrich that it included humane treatment guidelines in its poultry supplier contracts. He accused the company of using only inadequate industry standards permitting ghastly treatment of chickens and considering their welfare only at the point where deaths from abuse lowered profits. He stated that the suffering of chickens was an ethical issue going beyond financial considerations.⁴ KFC said it would review its guidelines and promised to keep PETA informed.

In the months that followed, KFC took several actions. It convened an Animal Welfare Advisory Council composed of outside academic and industry experts. It began unannounced audits of growers and slaughterhouses. And it worked with industry associations to develop new poultry welfare guidelines. However, its efforts were unsatisfactory to PETA because they did not lead to specific, more radical changes including the following.

- *Gas killing.* KFC chickens are stunned by electrical shock before immersion in scalding water (to loosen feathers) and then exposed to mechanical blades that slit their throats. PETA believes that gas killing is preferable because it ensures that chickens are insensate before these painful procedures, whereas electrical stunning is less reliable.
- *Cameras in slaughterhouses.* Cameras would supplement audits and make oversight more reliable.
- *Mechanized chicken-catching.* Hand-catching crews gather KFC chickens from grower buildings. PETA believes that the crews treat the birds roughly and that mechanical catching systems are less likely to result in bruises and broken bones.
- *New genetic strains of chickens.* The chickens eaten in KFC restaurants, known as "broilers," are bred to gain weight rapidly over their brief lives. However, the "broiler breeders" used to produce the flocks of chickens slaughtered for restaurant meals live longer. They exhibit the rapid weight gain

⁴ Letter of May 14, 2001, from Bruce G. Friedrich to Jonathan D. Blum, senior vice president, Tricon Global Restaurants, at www.kfccruelty.com/letter-052401.asp. Yum! Brands was formerly named Tricon Global Restaurants.

characteristic of all broiler strains, but their skeletons and joints do not grow commensurate with their overall weight and they are prone to painful joint conditions as they age. PETA requested introduction of leaner genetic strains that did not exhibit skeletal deficiencies.

- *Elimination of forced growth.* Broiler strains bred for rapid weight gain under forced growth regimens suffer from metabolic pathologies and excess mortality. Slowing growth means longer upkeep of chickens before slaughter, but it reduces premature deaths.
- *More room for birds to move around.* PETA requests that KFC give its chickens at least two to three times more space per bird and give them sheltered areas and perches in the warehouselike buildings where they are raised.
- *Allowance for instinctive behavior of chickens.* PETA believes that birds raised in captivity suffer from chronic stress and boredom induced by suppression of natural behaviors. Among other measures, it suggests that they get whole green cabbages to peck and eat.⁵

Debate between the antagonists was dysfunctional. PETA addressed the corporation in the tone of a parent scolding an errant child. It was "extremely concerned" that the firm "has no interest in making real progress to stop animal cruelty," adding that "we have pressed you to take action on this issue, yet you have done nothing."⁶ KFC, on the other hand, wrote to PETA "[i]n the spirit of open communications," but kept it at arms length, giving only brief and general information about conducting audits, holding meetings, and working on animal welfare standards with industry groups.⁷ PETA believed that KFC was dragging its feet.

A LOOK AT PETA

PETA is dominated by its founder, Ingrid Newkirk, who became an animal rights activist after a formative experience. Living in Maryland in 1972, she was

⁵ Letter of August 6, 2002, from Bruce G. Friedrich to Jonathan D. Blum, available at www.kfccruelty.com/letter-080602.asp.

⁶ Ibid.

⁷ Letter of July 17, 2002, from Jonathan Blum to Bruce G. Friedrich, available at www.kfccruelty.com/petakfc.asp.

training to become a stockbroker. A neighbor moved, abandoning cats that soon bred litters of kittens nearby. She gathered them up and took them to a nearby animal shelter to be cared for. Yet a short time later she learned they had been killed. The episode changed her. With no desire to become a stockbroker remaining, she talked her way into a job at the shelter. Observing brutal treatment of animals, she began to arrive early in the morning to kill them in a humane way before others came. "I must have killed a thousand of them," she says, "sometimes dozens every day."⁸

From the shelter Newkirk moved on to work as a deputy sheriff on animal cruelty investigations, then headed a commission to control animal disease. She was inspired to form PETA after reading a book, *Animal Liberation*, by philosopher Peter Singer.⁹ In the book, Singer argues that animals have moral rights. Moral rights are strong entitlements to dutiful treatment by others—in this case human beings. He asserts that the traditional, absolute dominion of humans over animals is an unfair exploitation. Because animals are living, sentient beings capable of suffering, their interests are entitled to equal consideration with human interests. In his words: "No matter what the nature of the being, the principle of equality requires that its suffering be counted equally with the like suffering . . . of any other being."¹⁰ Thus, he argues, animals have an unalienable right to have their needs accommodated by humans. Denial of this right is speciesism, or the prejudicial favoring of one species over another. Speciesism, according to Singer, is an evil akin to racism and sexism because it restricts moral rights to one species just as racism and sexism have restricted them to one race or sex. The PETA Mission Statement, Exhibit 1, reflects the inspiration Newkirk found in this philosophy.

Newkirk has a combative attitude about animal rights. "The animals are defenseless," she says. "They can't talk back, and they can't fight back. But we can. And no matter what it takes, we always will."¹¹ After reading about a Palestinian bomb put on a donkey and detonated by remote control she wrote to Yasir Arafat requesting that innocent animals be left out of

⁸ Quoted in Michael Specter, "The Extremist," *The New Yorker*, April 14, 2003, p. 56.

⁹ New York: Avon Books, 1975.

¹⁰ Ibid., p. 8.

¹¹ Quoted in Specter, "The Extremist," p. 54.

EXHIBIT 1 PETA's Mission Statement

Source: Courtesy of People for the Ethical Treatment of Animals (PETA).

People for the Ethical Treatment of Animals (PETA), with more than 1.6 million members and supporters, is the largest animal rights organization in the world.

PETA focuses its attention on the four areas in which the largest numbers of animals suffer the most intensely for the longest periods of time: on factory farms, in laboratories, in the clothing trade, and in the entertainment industry. We also work on a variety of other issues, including the cruel killing of beavers, birds and other "pests," and the abuse of backyard dogs.

PETA works through public education, cruelty investigations, research, animal rescue, legislation, special events, celebrity involvement, and protest campaigns.

the Arab-Israeli conflict. Her will stipulates that when she dies the meat on her body is to be cooked for a human barbeque, her skin used to make leather products such as purses, and her feet made into umbrella stands.¹²

PETA is creative. Since most people give no thought to animal rights, its actions are designed to attract attention, even at the cost of offending some. Perhaps the mildest attention-getting tactic is the use of theater. For example, PETA demonstrators have dragged themselves down streets with their feet in leg traps to publicize the evils of fur trapping. Another tactic is that of the outrageous act. To protest pictures of women wearing fur in *Vogue*, activists went to the expensive Manhattan restaurant where its editor was having lunch and threw a dead racoon on her plate. Young ladies at county fairs are crowned as Pork Queens only to have pies thrown in their faces by PETA activists. The group has asked Wisconsin, the "Dairy State," to change its state beverage from cows' milk to soy milk.

PETA freely uses sexuality to get attention. When the American Meat Institute puts on its Annual Hot Dog Lunches for government officials in Washington, DC, former *Playboy* Playmates wearing bikinis made of lettuce hand out "veggie dogs" outside. It recruits celebrities to present its message. Fame and glamor attract. Their presence endows a view that might otherwise be disregarded with the celebrity's aura of success and legitimacy. PETA also uses the Internet well to get its message out. It has multiple Web sites for issues such as zoos, circuses, and animal testing. The network of sites is easy to navigate, informative in depth, and often entertaining. There are facts,

¹² Ibid., pp. 57, 58.

games, pictures video clips, humor, and celebrities. PETA makes a special effort to influence children. One comic brochure, "Your Mommy Kills Animals" shows a crazed woman wielding a bloody knife over a rabbit. "Ask your mommy," it suggests, "how many animals she killed to make her fur coat."¹³

All these tactics, and more, have been employed in the fight against KFC.

THE CHICKENS

At the center of the conflict are the chickens. Chickens are a species of the order Galliformes, which includes turkeys, pheasants, grouse, and partridges. Galliformes are heavy-bodied, short-duration fliers that feed on insects and seeds, nest on the ground, and hatch precocial (self-caring) young. They are social birds that communicate with each other and establish complex hierarchies in flocks.

The earliest wild chickens, members of the species *Gallus gallus*, inhabited jungles of southeast Asia. About 4,000 years ago they were domesticated. From Asia the domesticated chicken, *Gallus domesticus*, spread across the globe. In ancient Greece they were valued for the sport of cockfighting, and in imperial Rome prophets read the future in their entrails. Chickens had such a hold on the superstitious Romans that generals kept special flocks in the belief that their behavior could foretell victory or defeat in battle. In the hours before combat, hardened legionnaires crowded around these flocks seeking portents. As the legions marched, they spread *Gallus domesticus* across the empire. Centuries later, the earliest European settlers brought chickens to North America.

¹³ At www.furissdead.com

In the United States, large-scale chicken production developed slowly. As late as the 1920s chicken farms had flocks of only about 500 free-ranging birds. Today the industry is highly specialized, with some farms in egg production and others raising broilers (or chickens slaughtered for meat; literally, chickens for broiling—or baking or frying). Flocks are now raised in long, windowless, buildings with automated equipment to maintain as many as 100,000 birds. Consumption of chicken has risen. In 1955 only a little more than 1 billion broilers were raised, or 6.5 chickens for each American; by 2005 there were 8.7 billion raised, or 30 per American.¹⁴

Chickens, like other animal species, adapted for survival in an ecological niche. In doing so, certain behaviors became instinctive. They live in flocks of approximately 10 and establish dominance hierarchies called pecking orders. The dominant bird in a flock can peck any other bird, and that bird will yield. Status in the pecking order is conveyed by sounds such as crowing or cackling, aggressive or passive postures, spacing, use of more or less desirable nesting sites, and running at or away from rivals. In mixed-sex flocks there are two pecking orders, one for cocks and one for hens, but the hen hierarchy is completely subordinate. All hens yield to even the lowest cock. This is a genetically predisposed trait essential for species survival because a cock will not mate with a dominating hen. Pecking orders have survival value. Once dominance is established, fighting ceases and energy is used in socially productive ways.

In nature, chickens are omnivorous, eating plants, insects, and small animals such as lizards. Hens are secretive and build hidden nests, preferably on the ground. During the day chickens spread out to forage, but at dusk they reduce the spaces between them. At night they often roost in trees. According to PETA, chickens are "inquisitive and interesting animals" and "as intelligent as mammals like cats, dogs, and even primates."¹⁵ In nature, they are individuals with "distinct personalities" that "form friendships and social hierarchies, recognize one another, love their young, and enjoy a full life, dust-bathing, making nests, roosting in trees, and more."¹⁶

¹⁴ *Statistical Abstract of the United States 1956*, 77th ed., tables 1 and 857; and *Statistical Abstract of the United States 2007*, 127th ed., tables 2 and 842.

¹⁵ "Chickens," at www.peta.org.

¹⁶ "PETA Reveals Shocking Cruelty to Animals at KFC Factory Chicken Farm," press release, October 2, 2003, at www.peta.org.

Life in high-density growing environments frustrates these natural behaviors. Cages or crowding prevent division into flocks with established pecking orders. Without a complete pecking order, individuals may not yield to threat displays, and physical attacks occur as birds compete over space, food, and water.¹⁷ Weaker animals have no place to hide and may be assaulted repeatedly until they die. In addition, crowded chickens are unable to engage in a range of ordinary foraging, grooming, nesting, brooding, and roosting behaviors. Critics claim that such deprivation violates the right of an animal to satisfy its needs through natural behaviors.

THE CAMPAIGN

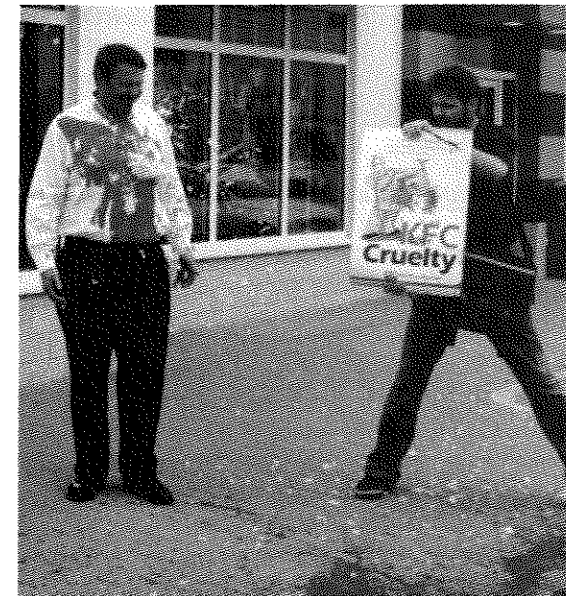
At the start of the campaign, PETA sought to inflict damage on the KFC brand and harass company executives. In the first months it conducted hundreds of demonstrations at KFC restaurants around the world. Protesters dressed like chickens and locked themselves in cages. They handed out "Buckets of Blood" containing "Psycho Col. Sanders" figures and toy chickens with slit throats. When Yum! Brands CEO David Novak appeared at the opening of a restaurant in Germany, two activists doused him with fake blood and feathers. According to campaign leader Friedrich: "There is so much blood on this chicken-killer's hands, a little more on his business suit won't hurt."¹⁸

KFC issued a statement calling the attacks "corporate terrorism" that "crossed the line from simply expressing their views to corporate attacks and personal violence."¹⁹ In Paris, Ingrid Newkirk and celebrity Chrissie Hynde of The Pretenders led activists who stormed into a busy KFC restaurant at the noon hour. They smeared red paint symbolizing chicken blood on the front window and talked to customers until security guards threw them out. Outside, the protest blocked traffic on a boulevard for two hours. Back in the United States, PETA put up roadside billboards depicting Col. Sanders hacking a chicken with

¹⁷ T. R. O'Keefe et al., "Social Organization in Caged Layers: The Peck Order Revisited," *Poultry Science*, July 1988, p. 1013.

¹⁸ Quoted in Jay Nordlinger, "PETA vs. KFC," *National Review*, December 22, 2003, p. 28.

¹⁹ Cited in "Animal Rights Activists Spray KFC Chief with Fake Blood and Chicken Feathers," *The Associated Press State & Local Wire*, June 23, 2003.



Yum! Brands CEO David Novak after being splattered with blood at a demonstration in Hanover, Germany, on June 23, 2003. Source: © AP Photo/PETA Deutschland.

a bloody knife under the slogan "Kentucky Fried Cruelty. We do chickens wrong."²⁰

Although the main effort of the campaign went into publicly associating the KFC brand with cruelty toward chickens, another focus was on pressuring KFC and Yum! Brand executives at a personal level. After several months of the campaign KFC President Cheryl Bachelder failed to keep what Ingrid Newkirk thought was a commitment to call her. So Newkirk phoned Bachelder at home on a Saturday evening. When Bachelder objected to being called at home, Newkirk responded with a letter that read, in part:

Of course you would rather not be disturbed in the privacy of your own home, but the animals you torture and slaughter pay for that home with their misery and their very lives yet have nothing remotely like a life or even a nest of any kind. . . . It is merely an accident of birth that you are not one of them.²¹

Newkirk wrote to both Bachelder and CEO Novak at their homes in Louisville, Kentucky, posting the

²⁰ "Finger-Lickin' Foul" *Houston Press*, December 18, 2003, p. 2.

²¹ Letter of March 24, 2003, from Ingrid E. Newkirk to Cheryl Bachelder, available at www.kfcruelty.com/petakfc.asp.

letters with their home addresses on PETA's kfcruelty.com Web site. It enlisted former Beatle Paul McCartney to write to Novak. His letter, which requested an end to "the egregious forms of abuse endured by chickens," ran as a full-page ad in the Louisville *Courier-Journal*. A KFC spokesperson responded that "PETA should follow one of Sir Paul's songs and just 'Let It Be.'"²²

PETA also wrote to friends and neighbors of Yum! Brands and KFC executives, requesting to visit their homes and speak with them. Bachelder's home was picketed. Pickets also came on Sunday to the Louisville church attended by Novak and another top executive. Outside the service, PETA parked its "Reality TV" truck that displayed big-screen images of slaughterhouse abuses.²³ On Christmas Eve and Christmas Day 2003 Friedrich dressed up as Santa Claus and blocked a sidewalk outside the church. He also demonstrated at the home of a KFC senior vice president, leading to a conviction for trespass.²⁴

In the first summer of the campaign, KFC President Bachelder flew to Norfolk, Virginia, for a meeting with Newkirk at PETA's headquarters. At the meeting, she agreed to install cameras in slaughterhouses that supply KFC chickens, to provide more stimulation for chickens, to use mechanized chicken-gathering equipment, and to increase the space for each bird. In return, PETA agreed to scale back its campaign for 60 days.²⁵ However, the agreement fell apart when Newkirk accused Bachelder of not following through.

As time went on, PETA rolled out its broad strategic inventory. It recruited a long list of celebrity supporters. Actress Pamela Anderson narrated video clips showing how chickens are abused. Ms. Anderson freely lent her sex appeal to the campaign by, for example, posing for billboards in a white satin bra.²⁶ His Holiness the Dalai Lama wrote to ask that KFC end plans to build a restaurant in Tibet. The Rev. Al

²² Mark Naegle, "McCartney Accuses KFC of Fowl Play," *Columbus Dispatch*, July 25, 2003, p. 2C.

²³ Scott Sonner, "PETA Steps Up Campaign against KFC Farm, Slaughter Practices," *The Associated Press State & Local Wire*, September 19, 2003.

²⁴ "Christmas Protests Net Conviction for PETA Exec," *Restaurant Business*, May 18, 2004, online at restaurantbiz.com.

²⁵ Wesley J. Smith, "PETA-Fried," *National Review*, July 11, 2003, p. 25.

²⁶ "Billboard Companies Refuse to Run PETA Ad," *The Globe and Mail*, February 2, 2006, p. S2.

Sharpton spoke out asking the black community to boycott KFC.

Taking advantage of Securities and Exchange Commission rules, PETA gained entry to the Yum! Brands 2003 annual shareholders meeting in Louisville. After activists spoke, CEO Novak called on the group to end its campaign, saying, "We don't want to be abused, just like you don't want the chickens to be abused." In 2004 PETA qualified a shareholder resolution asking for a company report on actions to reduce cruelty toward chickens. Only 7.6 percent of shareholders voted for it. When PETA introduced a similar resolution in 2006, it went down to defeat with only 9 percent voting in favor.

PETA sued Yum! Brands alleging false statements about treatment of chickens on its Web site. The company deleted the wording. In a bizarre show of dedication a PETA staff member changed his legal name from Chris Garnett to KentuckyFriedCruelty.com.²⁷ PETA has conducted a dozen undercover investigations at KFC supplier plants in the United States, Europe, and Asia documenting incidents of sickening animal abuse. Protests continue. There have been more than 10,000 all around the world, many with female activists wearing bikinis to get attention.²⁸

A MUTED CORPORATE DEFENSE

Throughout the PETA campaign, KFC and Yum! Brands have tried to maintain a low media profile while working to elevate animal welfare standards. This reticence is characteristic of the animal agriculture, food, and restaurant industry generally when animal welfare becomes an issue. In mass growing and slaughter some pain for animals is inevitable. Altering production to address chicken discomfort, injury, and behavioral deprivation raises costs.

Most consumers are ignorant of factory farming methods and fail to entertain the link between a KFC meal and the life experience of the creature in it.

²⁷ Dave Golowenski, "Activist Group Squawks over KFC's Treatment of Chickens," *The Columbus Dispatch*, January 8, 2006, p. 17C.

²⁸ For example, "Bikini Protester Ruffles Feathers," *Nelson Daily News* (British Columbia), May 4, 2006, p. 1; and Maria Levitov, "Bikini-Clad Activists Target KFC," *The Moscow Times*, August 2, 2006, and "Bare Boycott" *South China Morning Post*, November 6, 2006, p. 3.

Despite PETA's efforts, there is no groundswell of public opinion for more humane treatment of chickens. Reacting to a protest going on outside a restaurant in Israel, a KFC customer said: "There's nothing to do. This is life and it is all part of the food chain. I have to eat."²⁹

The vacuum of interest and concern sustains industry calculations balancing poultry welfare against costs. For example, industry guidelines that KFC helped develop and now follows stipulate that electrical "stunning should be effective at [a] minimum of 98% of birds in [a] 500-bird sample."³⁰ This standard may be defined as humane, but it is met even if 10 conscious chickens out of every 500 are plunged in a tank of scalding hot water to loosen their feathers before further "processing." Such compromises in chicken welfare to avoid higher costs are tacitly accepted by KFC diners, but difficult to defend in a media debate. PETA's greatest source of power is the desire of average people to think of themselves as humane and decent.³¹ The impossibility of defending a standard that lets chickens be boiled alive makes cautious nonconfrontation a better policy than frontal attack on PETA.

In response to attacks, the company consistently makes these points. It complies with all laws in the more than 100 countries where it has restaurants. It is only a purchaser and does not own the animal farms and slaughterhouses where abuses may occur. It accepts that its size as a chicken buyer gives it responsibility and the power to lead in the humane treatment of chickens and it is taking action.

Since 2000 KFC has followed the Yum! Brands Animal Welfare Guiding Principles (Exhibit 2) and since 2004 it has implemented a more comprehensive set of KFC Poultry Welfare Guidelines covering breeding, chicken houses, catching, transport, holding, stunning, and slaughter. KFC calls these guidelines "industry leading," but PETA rejects them because they do not require the changes it demands. Yum! Brands set up an Animal Welfare Advisory Council composed of distinguished animal scientists and industry

²⁹ Yitzhak Mokitad, quoted in Jenny Merkin and Yael Wolynetz, "KFC Diners Remain Unflappable in Face of Chicken Cruelty Protest," *The Jerusalem Post*, July 4, 2006, p. 5.

³⁰ FMI-NCCR Animal Welfare Program, June 2003 Report, at www.fmi.org, p. 2.

³¹ Eric Dezenhall, *Nail 'Em* (Amherst, NY: Prometheus Books, 2003), p. 80.

EXHIBIT 2 Yum! Brands Animal Welfare Guiding Principles

Source: www.yum.com (2004).

Food Safety: Above all else, we are committed to providing our customers with safe, delicious meals and ensuring that our restaurants are maintained and operated under the highest food safety standards. This commitment is at the heart of our entire operations and supply chain management, and is evident in every aspect of our business—from raw material procurement to our restaurant food preparation and delivery.

Animal Treatment: Yum! Brands believes treating animals humanely and with care is a key part of our quality assurance efforts. This means animals should be free from mistreatment at all possible times from how they are raised and cared for to how they are transported and processed. Our goal is to only deal with suppliers who provide an environment that is free from cruelty, abuse and neglect.

Partnership: Yum! Brands partners with experts on our Animal Welfare Advisory Council and our suppliers to implement humane procedures/guidelines and to audit our suppliers to determine whether the adopted guidelines are being met.

Ongoing Training and Education: Yum! Brands recognizes that maintaining high standards of animal welfare is an ongoing process. Training and education has and will continue to play a key role in our efforts. Yum! Brands will continue to work with experts to ensure our quality assurance employees and suppliers have the training and knowledge necessary to further the humane treatment of animals.

Performance Quantification & Follow-up: Yum! Brands' animal welfare guidelines are specific and quantifiable. Yum! Brands measures performance against these guidelines through audits of our suppliers on a consistent basis.

Communication: Yum! Brands will communicate our best practices to counterparts within the industry and work with industry associations such as the National Council of Chain Restaurants and the Food Marketing Institute to implement continuous improvement of industry standards and operations.

representatives from supplier companies. When the Council was set up, PETA recommended people acceptable to it as members and the company appointed four of them. In 2005 three of these panel members submitted to KFC a carefully prepared set of recommendations for promoting animal welfare. They suggested that consumers were becoming more conscious of humane treatment and the time had come to elevate standards for chickens. Their recommendations called for actions that would have satisfied all of PETA's demands.³² At about this time PETA had suspended its campaign to engage in secret negotiations with KFC. After a series of meetings, it asked KFC to pledge it would carry out the panelist's recommenda-

³² "Animal Welfare Recommendations and Proposed Plan of action for Implementation at KFC Suppliers," memo from Dr. Iam Duncan, Dr. Temple Grandin, and Dr. Mohan Raj to Harvey Brownlee, Chief Operating Officer, KFC, March 11, 2005.

tions, but it refused. Soon after, PETA renewed its campaign and two of the three resigned.

KFC STANDS FIRM

As the campaign moved into its fourth year, KFC stood firm. PETA's boycott seemed of little financial consequence. Yum! Brands does not break out sales by each of its restaurant chains, but its overall financial performance has been very strong. Between 2003 and 2005, revenue was up 12 percent and net income (a measure of profitability) was up 24 percent. Shareholders have fared well. If you had invested in Yum! Brands' on the day PETA announced its campaign, your shares would have risen 133 percent by its fourth anniversary, far exceeding a 52 percent rise in the S&P 500 over the same period.³³

³³ January 6, 2003, to January 5, 2007.

During that time earnings per share rose 26 percent and the company would have increased your dividend by 48 percent.

Now and then KFC and Yum! let strong feelings about PETA show. At the beginning of the campaign a spokesperson promised that "just like the U.S. government we will not negotiate with corporate terrorists."³⁴ In 2004 Gregg Dedrick, who replaced Bachelder as president of KFC, said that PETA had "distorted the truth time and time again" in its "campaign of harassment, invasion of privacy and what I'd call 'corporate terrorism.'"³⁵ In 2006 a Yum! senior executive said, "we're not going to capitulate" giving as his reason that "PETA's ultimate goal is to end meat consumption."³⁶

This comment points to an assumption, surely existing at KFC though unstated by the company, that meat eating is good. In this the company is supported by Richard Martin, editor of the industry magazine *Nation's Restaurant News*. Martin says PETA errs in its "rejection of the animal kingdom's remorseless food chain paradigm" and in its "repudiation of the worldwide acceptance of meat eating as a proper option for descendants of hunters. . . ." ³⁷ This position is

³⁴ Paul Holmes, "If KFC Wants to Combat PETA, Using Similar Over-the-Top Rhetoric Isn't the Best Method," *PR Week*, April 5, 2004, p. 7.

³⁵ "Press Conference Comments by KFC President Gregg Dedrick," July 21, 2004, at www.kfc.com, p. 2.

³⁶ Jonathan Blum, senior vice president of public affairs, quoted in Tom Price, *Activists in the Boardroom: How Advocacy Groups Seek to Shape Corporate Behavior* (Washington, DC: Foundation for Public Affairs, 2006), p. 11.

³⁷ Richard Martin, "Game of Chicken: Critics Say Capitulation to PETA Will Worsen Animal Rights Reprisals," *Nation's Restaurant News*, July 28, 2003, p. 31.

entirely at odds with the values of animal rights activists, including one who writes, "if we cannot imagine how chickens must feel . . . perhaps we should try to imagine ourselves placed helplessly in the hands of an overpowering extraterrestrial species, to whom our pleas for mercy sound like nothing more than bleats and squeals and clucks—mere 'noise' to the master race in whose 'superior' minds we are 'only animals.'"³⁸

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Chapter Five

Corporate Social Responsibility

Merck & Co., Inc.

Corporate social responsibility takes many forms. The following story stands out as extraordinary.

For centuries river blindness, or *onchocerciasis* (on-ko-sir-KYE-a-sis), has tortured humanity in tropical regions. Its cause is a parasitic worm that lives only in humans. People are infected with the worm's tiny, immature larvae when bitten by the female blackfly, which swarms near fast-moving rivers and streams. The larvae settle in human tissue and form colonies, often visible outside the body as lumps the size of tennis balls, where in adults grow up to two feet long. Mature adults live for 7 to 18 years coiled in these internal nodes, mating, and releasing tens of thousands of microscopic new worms. The offspring migrate back to the skin's surface, where they cause disfiguring welts, lumps, and discoloration along with a persistent itch that has driven many sufferers to suicide. Eventually, they move into the eyes, causing blindness. The cycle of infection is renewed when blackflies bite a person with onchocerciasis, ingesting tiny worms in the blood, then bite uninfected individuals, passing on the parasite.

People suffer in many ways. For Amarech Bitena of Ethiopia, the cost of river blindness is a broken heart. The parasites came in childhood. Now, at 25, her skin has become hard and dark, her vision blurred. She has not married. "When I think about the future," she says, "I feel completely hopeless. . . . My vision can't be restored. My skin is destroyed. I would have liked to be a doctor."¹ More than 18 million people have onchocerciasis, most in the river regions of some of the poorest African nations. About 500,000 have impaired vision and 270,000 are blind.² It affects 37 percent of the population of Cameroon and 14 percent in Nigeria.³ It saps economies by enervating workers and driving farmers from fertile, riverside land.

¹ Claudia Feldman, "River Blindness: A Forgotten Disease," *The Houston Chronicle*, October 9, 2005, p. 5.

² Maria-Globia Bašnež et al., "River Blindness: A Success Story under Threat?" *PloS Medicine*, September 2006, p. 1454.

³ "River Blindness: Six Million Cameroonians Affected," *Africa News*, September 26, 2006; "20 Million Nigerians on Onchocerciasis Treatment," *Africa News*, January 19, 2007.