

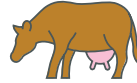
2021 YUM! BRANDS TCFD REPORT EXECUTIVE SUMMARY

Yum! is committed to addressing the climate crises by supporting a transition to a sustainable, low-carbon economy. Yum!’s first-ever Taskforce on Climate-related Financial Disclosures (TCFD) report analyzed our climate risks and opportunities globally. The TCFD report, conducted in collaboration with a third-party external partner, has been prepared according to recommendations from TCFD and builds on Yum!’s existing climate work such as Yum!’s science-based targets and CDP disclosures.

KEY FOCUS AREAS



Restaurants



Supply Chain (Meat, Poultry, Dairy and Fiber)

TCFD CATEGORIES OF RISK



Acute Physical



Chronic Physical



Regulatory Transition



Market Transition

KEY FINDINGS

Yum! has reviewed different scenarios and has identified that a combination of physical and transition risks will vary by geography versus being globally harmonized. The assessment results provide a foundation for Yum!’s commitment to a dual strategy of decarbonization and climate resiliency as both are critical to a sustainable business. Overall, the Yum! business model has strong elements of risk mitigation built in given our vast geographical footprint.

RESTAURANT

Climate Risk Category and Exposure	
<p>Acute Physical Risk – single extreme weather event (e.g. flooding, hurricane, tornado)</p>	<p>7.5% of global restaurants 'at risk'</p>
<p>Chronic Physical Risk – prolonged impacts from slow-onset climate shifts (e.g. water stress, persistent drought)</p>	<p>3.1% of global restaurants 'at risk'</p>
<p>Transition & Market Risk – climate-related regulations (e.g. carbon pricing) and/or stakeholder perceptions.</p>	<p>15.8% of global restaurants 'at risk'</p>

SUPPLY CHAIN

Climate Risk Category and Exposure	
<p>Acute Physical Risk – single extreme weather event (e.g. flooding, hurricane, tornado)</p>	<p>8.8% of global suppliers 'at risk'</p>
<p>Chronic Physical Risk – prolonged impacts from slow-onset climate shifts (e.g. water stress, persistent drought)</p>	<p>12.6% of global suppliers 'at risk'</p>
<p>Transition & Market Risk – climate-related regulations (e.g. carbon pricing) and/or stakeholder perceptions.</p>	<p>39.2% of global suppliers 'at risk'</p>

GOVERNANCE

Disclose the organization's governance around climate-related risks and opportunities.

a) Describe the board's oversight of climate-related risks and opportunities.

Yum! Brands believes that good corporate governance is a critical factor in achieving business success and embraces practices that align with management and shareholder interests. Oversight for environmental, social and governance (ESG) issues ultimately resides with the Yum! Board of Directors, which is briefed through its Audit Committee on at least an annual basis. Issues related to climate change are brought to their attention as warranted and elevated by governance and management mechanisms within the company. Not all climate-related issues are elevated nor do all business actions have material climate-related impact. Historically, the brief has been conducted by the Yum! Chief Sustainability Officer and/or General Counsel and includes an annual survey of the company to assess progress made. Climate related risks, opportunities, and trends are monitored, and if appropriate issues are elevated for further discussion.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

As the top operational decision-maker and member of the Board of Directors, the Yum! CEO has ultimate responsibility for climate-related issues. This reflects the importance that the company gives to the topic as part of our citizenship and sustainability strategy called the Recipe for Good. Within the management structure, the CEO entrusts the Chief Communications & Public Affairs Officer and Chief Sustainability Officer to drive company strategy relating to climate-related risks and opportunities.

Together they are responsible for:

- Leveraging sustainability to promote business growth, drive brand equity and minimize business, social and financial risks of Yum!'s global business enterprise including climate change;
- Focusing on the scope of the business model for the entire business enterprise globally (Franchisee and Corporate);
- Ensuring Yum! operates efficiently and sustainably to drive shareholder value and brand positioning; and
- Updating of the Audit Committee on an annual basis regarding the Company's environmental commitments including progress on our climate-related targets and performance.

Governance mechanisms into which climate-related issues are integrated include: reviewing and guiding strategy, major plans of action, risk management policies, annual budgets and business plans, setting and monitoring performance objectives, overseeing major capital expenditures, acquisitions and divestitures, and overseeing progress against commitments and targets.

The Chief Communications & Public Affairs Officer and Chief Sustainability Officer are responsible for leading the execution of the ESG strategy, including accountability for assessing and managing climate-related risks and opportunities and does so at least annually. Oversight of climate-related issues falls within these individual's responsibilities to ensure centralized alignment and execution of our strategy, including collaboration with other position(s) and/or committees, as appropriate. The Chief Sustainability Officer chairs our ESG Council which consists of senior leaders across the company including:

- Chief Sustainability Officer & Vice President of Global Government Affairs (Chair)
- Chief Operating Officer & Chief People Officer
- Chief Financial Officer
- Chief Communications & Public Affairs Officer
- Chief Strategy Officer
- Chief Food Safety Officer
- Chief Equity & Inclusion Officer
- Chief Legal & Franchise Officer and Corporate Secretary
- Chief Compliance Officer
- Chief Food Innovation Officer
- Chief Development Officer
- Vice President, Supply Chain

Additional duties of the Chief Sustainability Officer include overseeing the representation of sustainability issues, such as climate change, on the Yum! Risk Committee. This senior level committee is responsible for the evaluation and reporting (as appropriate) of possible corporate risk to the Audit Committee of the Board of Directors for inclusion in our public filings.

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.

Yum! conducted a comprehensive Task Force on Climate-related Financial Disclosures (TCFD) aligned global risk and opportunity assessment in collaboration with a third-party external partner. The global assessment included the following core elements:

- A survey of cross-functional leaders to solicit insights and perspectives on climate risks and opportunities;
- Evaluation of all global restaurants and our suppliers of meat, poultry, dairy, and fiber using leading external datasets to evaluate acute physical, chronic physical, regulatory transition, and market transition risks;
- Analysis on individual and aggregate risk conditions to evaluate the relative materiality of physical and transition risks to the business; and
- Financial impact assessment for the enterprise and select risk scenarios

PHYSICAL AND TRANSITION RISKS

Yum! considers a broad set of acute and chronic physical risks and regulatory and market transition risks as recommended by TCFD with consideration of short, medium, and long-term applicability to our business:



Acute Physical Risks are extreme weather or natural disasters causing short-term business impacts, supply chain disruptions, and recovery or adaptation costs. Our evaluation focused on the relative exposure of restaurants and suppliers to drought, extreme heat, and water stress.



Chronic Physical Risks are prolonged impacts from climate shifts (e.g. persistent drought) causing reduced output, stranded assets, and/or shortages of key commodities. Our evaluation focused on the relative exposure of restaurants and suppliers to coastal flooding, inland flooding, and extreme weather events.



Regulatory Transition Risks are new, more stringent, and emerging climate-related regulations, requirements, and/or taxes. Our evaluation focused on the relative exposure of restaurants and suppliers to carbon pricing and enhanced GHG Emission Reporting Obligations.



Market Transition Risks are changes in market and brand value due to perceptions of our company being a higher investment risk and/or reputation as not transitioning to lower carbon economy. Our evaluation focused on the relative exposure of restaurants and suppliers to Nationally Determined Contributions (NDCs), Country-Level Net Zero Emission Targets, and Country Climate Change Adaptation.

Global Risk Assessment Insights: our comprehensive global risk and opportunity assessment provides foundational insights on the relative sensitivity of our restaurants and suppliers to the four categories of risk. The following are representative insights from the baseline assessment:

Restaurants

- With 50,000 restaurant locations in over 150 countries, our exposure to climate-related risks are highly localized for physical risks and country or regional for transition risks.
- Our sensitivity to acute physical events is heightened in North and South America and Asia. Our sensitivity to chronic physical events is greatest in Central America, Africa, and parts of Asia.
- Our restaurants are more sensitive in general to acute physical events due to the relative frequency and intensity compared to chronic events given a single restaurant is not a larger user of natural resources.
- Restaurants sensitive to both types of risks, physical and transition, are very limited (<1% of global restaurants) and mostly isolated to Europe and Central America.

Suppliers

- Our evaluation of suppliers is based upon location-specific sourcing and/or processing of key inputs providing insights that are supplier, location, and commodity specific which will further allow for opportunities to pursue targeted actions and supplier engagement.
- Our sensitivity of suppliers to acute physical events is similar to our restaurants in North and South America and Asia predominantly. Our sensitivity to chronic physical events is greatest in Africa and parts of Asia.
- Suppliers sensitive to both types of risks, physical and transition, are relatively limited (<4% of supplier locations assessed) and distributed across Europe, Central America, and Asia.

OPPORTUNITIES

Yum! is responsive to climate-related risks through continuous identification and implementation of opportunities to mitigate and adapt to physical and transition factors across global restaurants and our supply chain. Yum! considers the TCFD recommended categories for climate-related opportunities including:

- **Resource Efficiency** - Pursuing more efficient operations, buildings, transport, recycling, and distribution
- **Energy Sourcing** - Pursuing lower emission or renewable sources of energy through policy incentives, technologies, participation in carbon markets, and decentralized energy generation
- **Products and Services** - Providing lower emission goods and services, ability to diversify business activities (adapt to climate factors), and responding to shifts in consumer preferences towards low carbon
- **Markets** - Ability to access new and emerging markets due to more effective climate adaptation (e.g. ability to partner with governments, engage development banks, green bonds)
- **Resilience** - Pursuing enhanced resiliency (less exposed land and buildings, supply chain business continuity, ability to operate through various conditions, scaled innovation)

Prioritization and focus are important when it comes to addressing climate issues. Yum! is committed to a dual strategy of decarbonization and climate resiliency as both are critical to a sustainable business.

- **Decarbonization Opportunities:** Yum!'s research in setting science-based targets (SBTs) for GHG emissions involved six phases of work, which ultimately outlined a path for Yum! to reduce our emissions to levels aligned with the Paris Agreement to limit global warming to 1.5 degrees Celsius. Yum! worked with a third-party partner to assess our current GHG footprint and identify the most promising abatement measures, both in terms of GHG reduction potential and cost of implementation. Emissions from purchased goods and our buildings account for about 94% of our Scope 3 emissions. Within purchased goods of food, more than three-fourths of those emissions are from beef, dairy and chicken. In terms of absolute GHG emissions, one of our largest areas of focus must be our U.S. food supply chain where we purchase large volumes of beef, dairy and chicken. We also know that the impact is greater when animals are raised on or receive feed ingredients from freshly deforested or converted land. As part of our assessment and strategy, we reviewed research and data from the United Nations' Food and Agriculture Office, which monitors the emissions from Land Use, Land Use Change and Forestry (LULCF). After looking at global food systems emissions, carbon sinks and LULCF, we developed strategic priorities for our work on climate change and sustainability.

Yum! is also committed to eliminating deforestation in our global supply chains which is fundamentally important for carbon capture and sequestration. The Yum! Brands Global Forest Stewardship Policy commits our organization to No Deforestation, No Peat And No Exploitation (NDPE) through critical actions focused on: a) no development on High Conservation Value (HCV) landscape or High Carbon Stock (HCS) forests; b) no development on peatlands, regardless of depth, and use of best management practices for existing plantations on peat; c) compliance with country laws and regulations and our Yum! Brands Supplier Code of Conduct; and d) prevention and resolution of social and/or land conflicts consistent with the principle of free prior and informed consent. The New York Declaration on Forests (NYDF) serves as a central component of our forest policy and sets goals across several important areas including deforestation and sustainable development, as well as indigenous peoples and local communities.

- **Climate Resiliency Opportunities:** evaluating opportunities to be resilient to climate-related risks, both physical and transition, requires a baseline understanding of global exposure and the ability to monitor dynamic and localized conditions. It also requires actions at three levels: Enterprise Level; Brand and Store Engagement; and Suppliers. Yum! also understands the importance of actions that contribute to manage brand reputation and the need to work collaboratively on climate resiliency through global, regional, and local consortiums and partnerships.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

Yum! considers the TCFD recommended categories for further evaluation of financial impacts of climate-related physical and transition risks, including consideration of:

- **Revenue and Sales** - Loss from operational disruptions (facility downtime, raw material supply interruptions, and/or distribution delays)
- **Expenditures: OpEx** - Higher expenses for climate protection, insurance premiums, and/or recovery expenses
- **Assets: CapEx** - Higher capital expenditures for climate mitigation and asset protection
- **Procurement Costs** - Volatility in cost and/or availability of raw materials due to climate-related factors and/or policies (e.g. carbon taxes)
- **Assets: Tangible** - Changes in the value of tangible assets (land, equipment, facilities, reserves, cash, etc.)
- **Assets: Intangible** - Changes in the value of intangible assets (brand, copyrights, goodwill)
- **Liabilities and Financing** - Changes in current liabilities, restricted access to capital and debt markets, divestment risk

Yum! is working with our third-party partner to further evaluate and model the business implications of climate-related risks and opportunities with consideration of short, medium, and long-term applicability to our business. Such implications include, but are not limited to, the following:



Acute Physical Risks - For Restaurants, such events could result in direct damage to our physical restaurants, equipment, and other assets and/or temporary closure. Restaurants located in highly vulnerable areas could have higher insurance premiums. For supply chain, such events could result in a shortage or interruption in the availability of certain food products or supplies. The result could be increased costs and/or limited availability of products critical to restaurant operations, which in turn could lead to restaurant closures and/or a decrease in sales.



Chronic Physical Risks - For Restaurants, such risk scenarios could result in disruptions to individual restaurants due to intermittent, seasonal, and/or prolonged disruptions of energy and water services. For supply chain, our businesses depend on reliable sources of large quantities of raw materials such as proteins (including poultry, pork, and beef), cheese, oil, flour and vegetables (including potatoes and lettuce). Raw materials purchased for use in our restaurants are subject to price volatility caused by any fluctuation in aggregate supply and demand, or other external conditions..



Regulatory Transition Risks - Our restaurants and supply chain are subject to numerous existing and emerging climate-related laws and regulations around the world. Yum! and franchise partners operate over 50,000 restaurants in more than 150 countries worldwide, each requiring compliance with varying levels of governmental regulations. These laws also change regularly and are increasingly complex with compliance costs highly variable by jurisdiction. Increased regulation could result in higher operational costs (e.g. cost of energy) at a local, national or international level, which could either directly impact restaurants or be embedded in the supply chain.



Market Transition Risks - Our restaurants must maintain and enhance the value of our brands and our customers' loyalty to our brands. Brand value is based in part on consumer perceptions on a variety of subjective qualities and can be impacted by the perception of insufficient climate-related strategies, business continuity, and climate resiliency. The financial implications of a damaged reputation could negatively impact our market share, stock price and brand equity.

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Our 2030 science-based targets (SBTs) are consistent with reductions required to keep warming to 1.5°C and have been approved by the Science Based Targets initiative (SBTi). Yum! also aspires to reach Net-Zero emissions by 2050. Furthermore, Yum! has reviewed different scenarios and have identified that combinations of physical and transition risks will vary by geography versus being globally harmonized. This insight was used as a fundamental component of our comprehensive TCFD-aligned global risk and opportunity assessment of global restaurants and suppliers. If a business as usual (BAU) or Current Policy (CP) scenario plays out, then global temperatures will be well above 2°C and physical climate risks could be more frequent and intense. If, on the other hand, the transition to a low carbon economy is significantly accelerated, then global warming will be slowed and ultimately reversed. This scenario could result in physical risks being less frequent or intense with companies facing greater transition risks. The Yum! approach to assessing and managing climate-related risks and opportunities accounts for these different climate-related scenarios.

MANAGING CLIMATE CHANGE RISK

Disclose how the organization identifies, assesses, and manages climate-related risks.

a) Describe the organization's processes for identifying and assessing climate-related risks.

The evaluation, monitoring, and management of climate-related risks and opportunities is a core component of our Enterprise Risk Management and the responsibility of the Yum! Risk Committee and the Audit Committee of the Board of Directors. These committees, which looks at short, medium- and long-term risks, prioritizes risks based on a number of factors that impact the business including, but not limited to, financial, operational and reputational factors. More specifically, the size and scope of the potential impact are considered as are the possible duration, and whether the impact is likely to be a one-time occurrence or recurring in nature. The effect of the risk on business strategy given the risks and opportunities in both the short and long term is then considered.

b) Describe the organization's processes for managing climate-related risks.

Climate-related risks and opportunities are integrated into Yum! governance and risk management mechanisms in multiple ways, including but not limited to: reviewing and guiding strategy, major plans of action, risk management policies, annual budgets and business plans, setting and monitoring performance objectives, overseeing major capital expenditures, acquisitions and divestitures, and overseeing progress against climate-related goals and targets.

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.

The comprehensive TCFD-aligned global risk and opportunity assessment of global restaurants and suppliers, including applying business scenario and financial impact analysis to the insights, provides a foundation for driving greater climate resiliency across our enterprise including:

- Prioritizing risks and opportunities and implementing strategic mitigation measures for our restaurants and sourcing;
- Evaluating past risk events (e.g. droughts in South Africa and Australia) and potential risk scenarios (acute, chronic, and transitional), including understanding the associated business implications; and,
- Leveraging the full capacity of our global organization to monitor dynamic conditions related to physical and transition risks and opportunities.

The following provide climate-related risks deemed relevant to our global organization and a summary of Yum!'s response outlining the primary climate-related risk driver and potential financial impact.

Risk #1: Regulatory Transition Risk

Direct Operations Emerging Regulations - mandates on and regulation of existing products and services

Yum! Response: Our Government Affairs and Sustainability teams routinely work with key stakeholders to understand current and potential future regulations regarding greenhouse gas (GHG) emissions and climate change. Our Global Sustainability team developed a green restaurant design standard that has been implemented in the U.K., reducing carbon emissions by over 20% and resulted in a reduction in the carbon taxes paid.

Risk #2: Market Transition Risk

Direct Operations Reputation – shifts in consumer preferences

Yum! Response: We have resources including our Chief Sustainability Officer, Chief Communications and Public Affairs Officer as well as General Counsel to actively monitor and engage in this area. Brand teams are focused on building three iconic brands people trust and champion. To deliver this commitment to our consumers, our teams focus on developing great-tasting product options at affordable prices built on our rigorous quality and safety standards.

Risk #3: Acute and Chronic Physical Risk

Upstream Acute Physical - increased severity and frequency of extreme weather events such as cyclones and floods. Chronic Physical - changes in precipitation patterns and extreme variability in weather patterns.

Yum! Response: We continually work to maintain a diverse supply chain and positive relationships with supply chain partners by proactively establishing mitigation practices that include menu management and portfolio diversification. This minimizes the impacts on any one part of a country or distribution system due to changes in physical climate parameters. We continually evaluate the impact climate change has on our business and understand that as a large food retailer, changes in precipitation extremes have the potential to influence the price, quality and supply of materials in targeted regions.

MANAGING CLIMATE CHANGE RISK

Disclose how the organization identifies, assesses, and manages climate-related risks.

Risk #4: Market Transition Risk

Direct Operations Market - increased cost of raw materials

Yum! Response: We continue to monitor policy closely and its impact on our business, while continuing to manage sustainability impacts that are most material to our supply chain. One example is that our purchasing co-op in the U.S. actively manages electricity contracts in deregulated markets to secure competitively priced sources of power.

Risk #5: Market Transition Risk

Direct Operations Market - health concerns arising from outbreaks of viruses or other disease

Yum! Response: Our brands have adapted to the COVID-19 pandemic with remarkable agility to promote employee and customer safety as well as to leverage digitally enabled off-site capabilities to adjust operations and provide food. Food safety starts with our leadership and cascades to our franchise partners and restaurant employees. Our approach is a holistic one, ensuring that food safety is considered at every step along the value chain. The Yum! Crisis Management Program is dedicated to anticipating, identifying and managing potential emerging food safety issues at the local, regional and global levels to protect the health and safety of our consumers and employees. We have global Crisis Core Teams (CCTs) and a community outbreak detection system in place that constantly monitors foodborne illnesses, contamination and other food safety issues worldwide. CCTs monitor potential risks for appropriate mitigation and response coordination.

YUM! BRANDS TCFD REPORT

METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Of the issues that Yum! must manage, climate-related risks and opportunities are among the most urgent and important. Our company completed a step-by-step process to develop science-based targets (SBTs) and committed to addressing climate change in partnership with our franchisees, suppliers and producers to make a difference.

Yum! publicly discloses annual Scope 1, 2, and 3 GHG emissions data within the annual Global Citizenship & Sustainability Report. The following represents 2019 values:

GHG Emission Scope	2019 Value (MT CO ₂ e)
Gross Direct (Scope 1)	23,544.71
Gross Indirect (Scope 2 - Location Based)	140,341.33
Gross Indirect (Scope 2 - Market Based)	144,312.92
Other indirect (Scope 3)	36,159,737.13
Purchased Goods and Services (Food, Cooking Oil, Plastic Service Wares, Fiber-Based Packaging)	25,929,374
Franchisees (Buildings Scope 1 and 2)	7,883,091
Upstream Transportation and Distribution	1,058,626
Waste Generated in Operations	778,577
Downstream Transportation and Distribution	394,335
End of Life Treatment of Sold Products	92,815
Business Travel	22,919

Yum! is committed to the following climate-related targets¹:

- Cut greenhouse gas emissions generated by company restaurants and offices (scope 1 and 2) 46% below 2019 levels by 2030 **(SBTi Approved Target)**
- Cut greenhouse gas emissions generated by franchisee restaurants (scope 3) 46% below 2019 levels by 2030 on a per restaurant basis for franchisees **(SBTi Approved Target)**
- Cut greenhouse gas emissions generated by suppliers (scope 3) 46% below 2019 levels by 2030 on per metric ton basis of beef, poultry, dairy and packaging procured **(SBTi Approved Target)**
- Transition 1,000 restaurants to renewable energy by the end of 2021 building on our achieved goal of shifting our corporate U.S. Office to 100% renewable energy which was achieved in 2020 as a continued investment in green power.
- Aspiration to reach Net-Zero emissions by 2050.
- Reduce average restaurant water consumption by 10%, from our 2017 baseline, by the end of 2025.
- Purchase 100% of our paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2022.
- Continue to source 100% of palm oil used for cooking from responsible and sustainable sources.
- Endorsed the New York Declaration on Forests (NYDF) and the private sector goal of eliminating deforestation from the production of agriculture commodities such as palm oil, soy, paper and beef products no later than 2020; halving the rate of loss of natural forest globally by 2020; and striving to end natural forest loss by 2030.

Additionally, markets around the world continue to leverage green technology. Yum! is also committed to strategic partnerships with groups like the Renewable Energy Buyers Alliance, SBTi, NextGen Consortium, and the Roundtable on Sustainable Palm Oil (RSPO), which are key to advancing our Climate Commitment in our own value chain and beyond.

Our performance against targets and details on actions are publicly disclosed on our Corporate Citizenship & Sustainability website and annual report.

¹Our 2030 targets are consistent with reductions required to keep warming to 1.5°C and have been approved by the Science Based Targets initiative (SBTi). Scope 1 consists of direct GHG emissions from sources that are owned or controlled by Yum! and scope 2 are indirect emissions resulting from the generation of electricity, heat or steam purchased by Yum!. Scope 3 are indirect emissions from sources not owned or directly controlled by Yum! but related to the company's activities such as franchisee and supplier operations.