

YUM! BRANDS TNFD INITIAL REPORT

About Us: Yum! primarily operates under the four concepts of KFC, Taco Bell, Pizza Hut and Habit Burger & Grill. The company's KFC, Taco Bell and Pizza Hut brands are global leaders of the chicken, Mexican-inspired food and pizza categories, respectively. Habit is a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more.

INTRODUCTION

Given Yum!'s global restaurant footprint and reliance on agricultural supply chains, the business depends on healthy and resilient natural systems to support agricultural productivity and long-term affordability, while its operations and value chain may also impact biodiversity, water and land if not effectively managed. These dependencies can create physical, transition and reputational risks across the value chain.

To identify and assess nature-related risks and opportunities relevant to Yum!, the Taskforce on Nature-related Financial Disclosures (TNFD) framework and its LEAP (Locate, Evaluate, Assess, Prepare) approach were applied to this initial nature report on governance, strategy, risk management and metrics. While this preliminary report is intended to be aligned with the TNFD framework, it does not constitute a full TNFD-compliant disclosure. This builds on Yum!'s Taskforce on Climate-related Financial Disclosures (TCFD) report, reflecting the interdependence of climate and nature and applying a consistent, integrated approach across both disclosures.

This initial report focuses on Yum!'s supply chain areas that have the greatest interaction with nature—chicken, beef, dairy, soy (mainly as chicken feed), fiber and palm oil—and reflects volumes purchased across both company and franchisee-owned restaurants.

GOVERNANCE

The Board of Directors has overall responsibility for the oversight of Yum!'s sustainability strategy and risk management, and receives updates on all pertinent topics including climate and nature, at least annually. At least semi-annually, the Nominating & Governance Committee, which includes sustainability expertise, is responsible for reviewing the company's commitment to grow sustainably by overseeing the practices, policies and strategies of the company with respect to the Planet pillar of the company's Environmental, Social & Governance (ESG) strategy, including climate and nature impact, and operational waste and recycling.

Specific ESG risks and opportunities are delegated to each of the Board committees for more detailed quarterly reviews. The company's Chief Sustainability Officer (CSO) also presents at least annually to the full Board of Directors on sustainability priorities and strategy, including climate and nature, and more frequently to the Nominating & Governance Committee.

At a management level, sustainability programs, including those relating to climate and nature, are led by the CSO, who reports to the company's Chief Legal Officer.

Additionally, the ESG Disclosure Committee is a cross-functional, management-level committee, chaired by the CSO, and comprising select senior leaders from across the company with relevant expertise and responsibilities. The Committee meets quarterly to review relevant sustainability issues, including climate and nature-related risks, opportunities and trends. Matters covered at these meetings are frequently escalated for discussion with the Board's Nominating & Governance Committee.

Yum!'s sustainability, climate and nature risk management processes are integrated into the company's overall risk management processes, with the CSO representing sustainability, climate change and nature issues on the Yum! Compliance Oversight Committee. This Committee is responsible for the evaluation and reporting of all company risks and reports on these risks to the Audit Committee.

Executives are rewarded for successfully executing Yum!'s Recipe for Good Growth, the company's overall business strategy. These priorities are embedded in the criteria used to evaluate individual performance, with progress towards sustainability initiatives being one of many elements that may be considered.

INTERACTIONS WITH NATURE

Yum! does not own or operate farms or agricultural production facilities; its impacts on nature and biodiversity occur primarily through its supply chain. Key nature interactions associated with the sourcing of chicken, beef, dairy, soy (primarily as feed for chicken), palm oil and fiber have been mapped using country- or region-level farm origin data.

COMMODITY	ORIGINS & INTERACTIONS WITH NATURE	DATA COLLECTION
Chicken	<ul style="list-style-type: none"> Sourcing generally occurs in country or within regional proximity of the restaurant, resulting in a chicken nature footprint that closely reflects KFC's restaurant footprint Largest volumes originate from Asia (China), U.S. and Europe 	<p>~90% of chicken, beef and dairy origins have been mapped, using a combination of:</p> <ul style="list-style-type: none"> Data from suppliers Internal supply chain sourcing knowledge and assumptions on local chicken sourcing <p>For the remaining volume where farm-level origin data is not yet available, global origins and emissions factors are used.</p>
Beef	<ul style="list-style-type: none"> Concentrated in North America, aligns with the Taco Bell restaurant footprint 	
Dairy	<ul style="list-style-type: none"> Largely concentrated in the U.S. with limited volumes from New Zealand and Europe 	
Soy (as feed)	<ul style="list-style-type: none"> Approximately 75% of soy as feed comes from the U.S., Brazil and Argentina 	Largely reliant on global soy trade flow data
Palm Oil	<ul style="list-style-type: none"> Sourcing is concentrated in Southeast Asia, with limited volumes from Latin America 	Largely reliant on global palm oil trade flow data
Fiber	<ul style="list-style-type: none"> Fiber used in packaging and serveware originates from globally distributed forest systems, with primary sourcing concentrated in North America and Northern Europe. These regions collectively account for over half of global fiber supply. 	<p>Fiber origin mapping is based on a combination of:</p> <ul style="list-style-type: none"> Forest Stewardship Council (FSC) certification data Global forestry and pulp production data

INTERACTIONS WITH BIODIVERSITY SENSITIVE REGIONS

Yum! uses various third-party risk and satellite mapping tools to assess the nature (mainly biodiversity and water) impact associated with chicken, beef, dairy and palm oil farm and mill locations.

Yum!'s global supply chain interacts with nature across every continent, with the most significant biodiversity-related risks concentrated in Latin America, South Asia and Africa. These risks are driven primarily by land use change, deforestation and water stress associated with material food and packaging volumes.

NATURE ASSESSMENT

Yum! assessed the materiality of identified nature-related dependencies and impacts, focusing on where pressures on land, water, climate and biodiversity may affect business risk and opportunity across the value chain.

- **Chicken:** Chicken has a lower land and water footprint per unit of protein than animals like cows and sheep. The most significant opportunity to reduce chicken's nature impact lies in addressing soy feed production, particularly deforestation linked to soy cultivation in the Southern Hemisphere.
- **Beef & Dairy:** In biodiversity-rich regions, beef production can be a major driver of deforestation, land-use change and biodiversity loss. Beef also relies heavily on freshwater to produce feed, creating pressure on freshwater ecosystems. Currently, only a small percentage of Yum!'s beef is procured from Brazil, which has a higher risk of impact on nature.
- **Soy (as feed):** Soy is a major upstream nature risk, especially for chicken. Deforestation is a key nature impact, particularly when sourced from regions with elevated land-use change and forest conversion pressures.
- **Palm Oil:** While palm oil requires the least acreage per volume of production, sourcing palm oil often occurs in biodiversity-rich tropical regions, making deforestation, peatland conversion and associated biodiversity loss key nature related risks.
- **Fiber:** Deforestation risk associated with fiber is primarily linked to paper-based packaging sourcing, where limited traceability or the use of non-certified forestry practices can contribute to natural forest loss, particularly in regions with weaker forest governance.

ACTIONS

To advance its climate and nature commitments, Yum! engages suppliers and partners through targeted project investments and sustainable sourcing expectations.

On-the-ground Projects: Yum! supports initiatives designed to address priority climate and nature risks within key agricultural supply chains. Examples include:

- **Beef:** Taco Bell, in partnership with Cargill and the National Fish and Wildlife Foundation (NFWF), is advancing rangeland restoration in the Intermountain West to support more sustainable beef production. Efforts focus on restoring sagebrush ecosystems and removing invasive grasses and high water-use trees, resulting in a significant increase in local water availability and an environment where cattle grazing feed is allowed to thrive. As a result, beef production becomes more efficient and uses less natural resources, making the ecosystems tied to Taco Bell's beef supply chain more resilient.
- **Cooking Oil & Poultry Feed:** Yum! and KFC have teamed up with Conservation International to help address deforestation and its ripple effects on climate and communities. Rather than focusing solely on supply chains, this partnership takes a holistic, landscape-level approach that connects corporate action with government-led land-use planning and local community engagement for two key commodities: soy in Tocantins state of Brazil and palm oil in the Northern Amazon Landscape of Ecuador.
- **Dairy:** Over the last five years, Yum! and Pizza Hut have had efficiency and decarbonization projects with major partners in the dairy supply chain. Projects have focused on methane reduction and overall carbon reduction, while also monitoring productivity and herd health.
- **Vegetables:** Yum! has supported the expansion of a Pizza Hut Indonesia Farmer Empowerment program, an initiative designed to uplift local communities and drive economic growth among local produce farmers. Through comprehensive training, cooperative partnerships and access to modern technology, farmers learn sustainable practices, improve crop yields and gain better market access.

Sourcing Preferences & Standards for Suppliers: Sustainability certifications related to deforestation and nature are requested of beef, soy, palm oil and fiber suppliers.

- **Beef:** Sourcing preferences include the Beef Quality Assurance program, National Dairy FARM program, and the Verified Beef Production Plus program
- **Soy:** Brazilian feed mills are required to have annual alignment with the Amazon Soy Moratorium
- **Palm Oil:** Roundtable on Sustainable Palm Oil (RSPO) certification is preferred
- **Fiber:** Certifications (such as FSC® or PEFC™) related to responsibly managed forests with low risk of deforestation and forest degradation is preferred

RISK & IMPACT MANAGEMENT

Identification and assessment of Yum!'s sustainability, climate and nature risks are integrated into the company's overall Enterprise Risk Management (ERM) processes. Decisions related to risk management are informed by the ERM process. For risks determined to be high priority by the ERM risk identification process, the ERM process requires the development of a risk mitigation plan to summarize the risk to the business, detail Yum!'s vulnerability to the risk and the likelihood of the risk occurring, outline risk mitigation steps, identify areas for improvement and create individual accountability for managing the risk.

A full review of all risks is performed at least annually, with Yum!'s CSO representing sustainability issues, including climate and nature, on Yum!'s Compliance Oversight Committee. This provides an opportunity to re-evaluate risks, identify any new potential areas of concern and/or interdependencies and reprioritize issues. Risks are ranked using a likelihood-impact methodology and plotted on a risk matrix to determine the most material, being those risks which have a significant adverse financial impact on Yum!.

The Compliance Oversight Committee is responsible for the evaluation and reporting (as appropriate) of potential material risks to the Audit Committee of the Board of Directors. The Board maintains overall responsibility for overseeing Yum!'s risk management. As required, material issues are disclosed in Yum!'s public filings.

METRICS & TARGETS

Yum! is committed to eliminating deforestation in its global supply chains and endorsed the New York Declaration on Forests (NYDF) to:

- Strive to meet the private sector goal of eliminating deforestation from the production of agricultural commodities such as palm oil, soy, paper and beef products well before 2020, and
- Strive to end natural forest loss and degradation by 2030.

Yum! also has three Science Based Targets initiative (SBTi) approved targets that have an overlap with nature, as the scope 3 target related to our core proteins includes full lifecycle emissions capturing feed, land-use change and production emissions.

- Reduce absolute scope 1 and 2 greenhouse gas (GHG) emissions 46% by 2030 from a 2019 base year.
- Reduce scope 3 GHG emissions from franchises 46% per restaurant by 2030 compared to a 2019 base year.
- Reduce scope 3 GHG emissions from purchased goods and services 46% per metric ton of beef, poultry, dairy and packaging by 2030 compared to a 2019 base year.

Progress on targets are published annually and available here: www.yum.com/impact.

CLOSING

Yum! recognizes that nature and climate are closely interconnected and critical to the resilience of its business and the agricultural systems that support it. Key commodities including chicken, beef, dairy, soy and fiber based packaging link the company's value chain to natural systems such as land, water and biodiversity. Through supplier engagement, partnerships, responsible sourcing commitments and on the ground partnerships, Yum! is working to better understand and manage nature related dependencies, impacts and risks across its supply chain. This report represents an initial step, and Yum! remains committed to ongoing learning, collaboration and transparency as expectations, data and methodologies continue to evolve.