

YUM! BRANDS TCFD REPORT

About Us: Yum! Brands, Inc., together with its subsidiaries, (referred to herein as “Yum!” or the “company”), is one of the world’s largest restaurant companies. Throughout this document, the terms “we,” “us” and “our” are also used to refer to the company, and the terms “restaurants,” “stores” and “units” are used interchangeably.

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

The vast majority of Yum!’s Concepts’ units are operated by independent franchisees or licensees under the terms of franchise or license agreements. The terms franchise or franchisee in this document are meant to describe third parties that operate units under either franchise or license agreements, and are referred to as franchisee-owned. Restaurants owned and operated by our subsidiaries are referred to in this document as being company-owned.

Boundaries: The boundary of this report aligns with the coverage of Yum!’s greenhouse gas (GHG) emissions inventory. Key focus areas are energy consumption and core proteins, covering all company and franchisee-owned restaurants.

The company presents its GHG emissions under the operational control approach, accounting for emissions from operations over which it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies. Franchisees independently manage and run their businesses and restaurant operations in compliance with the terms of the franchise agreement. Therefore, the company does not have operational control over franchisees, and they are not included within the company’s organizational boundaries. As such, emissions from franchisees are included in Scope 3 GHG emissions.

Framework: This report has been prepared in accordance with The Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), published in June 2017. This report includes all TCFD recommended disclosures, including governance, risk management, strategy and metrics and targets, with explanatory notes provided where certain information is not disclosed at this time.

Further information is available at our website www.yum.com.

GOVERNANCE

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

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, 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 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 more frequently to the Nominating & Governance Committee.

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

At a management level, sustainability programs, including those relating to climate change, 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-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 and climate risk management processes are integrated into the company's overall risk management processes, with the CSO representing sustainability and climate change 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.

STRATEGY

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

Scenario analysis was used to evaluate physical and transition climate risks across Yum!'s value chain. A cross-functional team spanning sustainability, legal, finance, strategy, development and supply chain provided procurement, financial and operational data to help pinpoint the most material geographies, restaurants and raw materials for risk assessment.

Identified Locations:

Locations considered material to the value chain of Yum! were included in the scenario analysis, ensuring a representative and actionable assessment:

- All company-owned and franchisee-owned restaurant locations;
- Supplier manufacturing sites for key proteins (chicken, beef, dairy); and
- Raw materials and upstream feed sourcing regions for key protein (chicken, beef, dairy).

Time Horizons:

Risks were evaluated across three time horizons to capture both near-term business relevance and long-term adaptation planning:

- Short-term: 2030,
- Medium-term: 2035, and
- Long-term: 2050.

Climate Scenarios:

Three climate change scenarios were used to analyze climate-related risks, leveraging the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6):

- SSP1-2.6 (Low Emissions / Sustainability Pathway): Global warming limited to around 1.5–2°C by 2100
- SSP2-4.5 (Intermediate Emissions / Middle-of-the-Road Pathway): Warming reaches about 2.7–3°C by 2100
- SSP5-8.5 (High Emissions / Fossil-Fueled Development Pathway): Warming exceeds 4°C by 2100, with severe climate impacts

Risk Assessment & Scenario Analysis Results:

Yum! could be adversely affected by the physical and/or transition climate change risks. Restaurant properties and operations may be vulnerable to the adverse physical effects of climate change, which may result in more frequent and severe weather-related events such as droughts, wildfires, heat stress, extreme precipitation and flooding. Potential physical climate-related risks may disrupt operations, cause restaurant closures or delay the opening of new restaurants, cause shortages or interruptions in the availability of food, equipment and other supplies. This could result in increased costs, reduced revenue and/or negative impacts on our business and growth prospects. Climate-related transition risks such as potential increases in global and regional policy and regulations could result in increased costs associated with compliance through additional taxes or increases in the cost of goods.

STRATEGY

Physical Risks:

For each identified location, eight climate hazards (drought, wildfire, flooding, sea level rise, heatwave, heat stress, extreme precipitation, extreme wind) were assessed and examined across the three chosen climate scenarios. From this analysis, Yum!'s greatest physical climate risks are driven by wildfire, drought and heatwaves.

BUSINESS AREA	RISK ASSESSMENT	IMPACT
Restaurants	<ul style="list-style-type: none"> • Near-term: Most at risk from the impacts of heatwaves and wildfires • Long-term: Most at risk from the impacts of wildfires and extreme precipitation 	<p>Exposure to heatwaves, wildfires and extreme precipitation can result in store damage or closure, reduced worker productivity, and higher costs of operating (including utility charges, insurance premiums, and waste/obsolescence). Wildfire risk can also carry systemic effects on air quality and human health, negatively impacting workers and customer behavior.</p>
Supplier Manufacturing Sites	<ul style="list-style-type: none"> • Near-term: Most at risk from the impacts of wildfires • Long-term: Most at risk from the impacts of drought and heatwave 	<p>Wildfires can result in closure and/or damage to supplier manufacturing sites, negatively impacting volume and timing of production. Long-term heatwaves may result in reduced work productivity and higher costs for chilled production and/or distribution. Droughts can impact manufacturing capability and capacity in sectors which consume high water volumes.</p> <p>All these factors may cause shortages of supply and/or cost increases, creating a potential loss of sales and margin pressure in restaurants.</p>
Raw Materials & Upstream Feed	<p>Raw materials (chicken, beef, dairy):</p> <ul style="list-style-type: none"> • Near-term: Most at risk to the impacts of wildfires, drought and heatwaves in production regions • Long-term: Most at risk to the impacts of drought and heatwaves <p>Upstream feed:</p> <ul style="list-style-type: none"> • Near-term: Most at risk to the impacts of drought and wildfires • Long-term: Most at risk to the impacts of heatwaves, drought and wildfires 	<p>Heat-related climate risks may negatively impact the type and volume of key raw materials and feedstock that can be produced, and from which parts of the globe. These shifts may adversely affect volume, availability and costs, with those impacts carried through the supply chain to the restaurant, and resulting in disruption and/or loss of sales, and cost increases.</p>

STRATEGY

Transition Risks:

More than 20 transition risks across policy and legal, market, technology and reputation risk categories were identified as relevant to Yum!. Four were classified as priority risks based on the likelihood of occurrence and the potential impact they may have on the business.

RISK CATEGORY	RISK DESCRIPTION	POTENTIAL BUSINESS IMPACT
Policy & Legal	Carbon pricing: Increased costs GHG emissions	Increased costs for chicken, beef and dairy have the potential to reduce restaurant margins, creating pressure to increase menu prices to offset cost increases. Higher menu prices may reduce customer demand and sales volumes.
Policy & Legal	Packaging bans and extended producer responsibility regulation: Implementation of rigorous environmental and supply chain regulations on packaging	Compliance with new packaging requirements could raise material and sourcing costs. Disruptions or limitations in compliant packaging can affect product availability, delivery experience, and brand perception, potentially reducing sales. Managing new reporting and compliance requirements may also require additional staffing and systems development.
Market	Market pressures: Increased costs and decreased availability of key raw materials	Rising input and transportation costs could elevate production costs and erode restaurant profitability. Volatility in raw material supply could increase logistics complexity, inventory holding costs and waste. Resulting supply shortages or reformulations could limit menu consistency and shift customer loyalty, potentially lowering overall sales
Market	Franchisee adaptation challenges: Franchisee adaptation and resistance	Given the vast majority of restaurants are franchisee-owned and operated, inconsistent adaptation could slow Yum!'s progress towards climate targets, disrupt brand standards and limit access in certain markets. In addition, capital spent on retrofits could reduce funds for new builds, constraining growth. Delayed upgrades could drive higher long-term operating costs and reduce restaurant margins and reinvestment capacity. Adapting designs and equipment to new standards risks added cost or the need to make product compromises.

STRATEGY

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

Understanding climate-related risks and opportunities helps shape Yum!'s strategy and financial planning by influencing supply chain resilience, cost management and emissions reduction. Risk mitigation is addressed through supplier diversification, menu management and energy efficiency initiatives in restaurants, including green building standards and renewable energy adoption.

Yum!'s Science Based Target initiative (SBTi) approved targets and supporting transition plan, which have been informed by stakeholder engagement, help guide long-term emissions reduction and energy resilience, while ongoing investor feedback ensures accountability and progress.

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

Yum!'s climate risk and scenario analysis quantified potential financial impacts of material risks and opportunities across the value chain.

Potential physical climate-related risks were present in all regions, across all scenarios and time horizons. If realized, these impacts could result in lost sales and/or higher costs, which reduce restaurant operating profit. For company-owned restaurants, these financial impacts directly flow to company revenue and operating profit. For franchisee-owned restaurants, a loss of sales reduces franchise revenue remitted to Yum! in exchange for the license of the intellectual property associated with our Concepts. Over the medium term, a contraction in restaurant margins limits available capital, constraining reinvestment and new unit development.

Potential transition risks remain moderate through 2030 but become significant under low-carbon scenarios and longer time horizons. Transition risks primarily increase the costs of goods and services, negatively impacting restaurant profitability, as well as requiring investment in administrative overhead.

To manage the potential financial impacts associated with material physical and transition risks, Yum! is exploring a range of mitigation actions, including initiatives related to more efficient restaurant design and operation, supplier contingency planning and operational preparedness protocols. In addition, Yum! is deepening understanding of potential impacts through improved data transparency and reporting, and educational initiatives for employees, franchisees and suppliers.

RISK MANAGEMENT

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

Identification and assessment of Yum!'s sustainability and climate risks are integrated into the company's overall Enterprise Risk Management (ERM) processes.

Aligned with the most recent assessment, described more fully within the Strategy section above, we identify potential climate-related risks by understanding key locations, operations and sourcing flows within the value chain, and assessing their resilience to changing circumstances, over different time horizons and severity levels.

As part of this process, physical and transition risks, including regulatory risks, are monitored and assessed at the Yum! and individual Concept or market level. Input is sought from a combination of relevant internal and external stakeholders, as well as broader horizon scanning, to ensure a robust and balanced assessment that considers the short, medium and long-term impacts on the company. As appropriate, findings may be elevated to the CSO, Yum! Compliance Oversight Committee, the Executive Team or the Board of Directors.

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

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.

Outlined below are specific mitigation efforts as they relate to climate-related risks impacting restaurant operations and the supply chain:

- **Restaurants:** Yum! has developed and implemented green building initiatives that help improve the energy efficiency of restaurants through design and operational levers. These help lower energy costs and emissions, and address building resilience. Since some initiatives require significant investment, the focus is on building a strong business case with brands and franchisees to drive adoption.
- **Supplier diversification:** To reduce exposure to climate-related disruptions and ensure alternative sourcing for business continuity, Yum! takes a diversified approach across regions and production systems.
- **Supplier engagement and decarbonization pilot programs:** Yum! regularly engages suppliers on climate goals and progress, shares best practices and looks for opportunities to implement decarbonization pilot programs. Partnerships with suppliers also strengthen data collection and transparency, enabling better risk assessment and compliance.

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

As described above, management of climate-related risks and opportunities is integrated into Yum!'s ERM process.

A full review of all risks is performed at least annually, with Yum!'s CSO representing sustainability issues, including climate change, on Yum!'s Compliance Oversight Committee. This provides an opportunity to re-evaluate all 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

- 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 Scope 3 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.

Yum! has three SBTi approved targets:

- Reduce absolute scope 1 and 2 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 chicken, beef, dairy and packaging by 2030 compared to a 2019 base year.

Yum! calculates and publishes its GHG inventory annually, covering Scope 1, 2 and 3 emissions. Reported data undergoes independent, third-party, limited assurance. Emissions inventory data, assurance documents and progress against SBTi targets are published here: www.yum.com/impact.