We believe that investing in the right recipe today will create more goodness tomorrow.

ABOUT THE PAPER USED FOR THIS REPORT

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The inks used in the printing of this report contain an average of 25% - 35% vegetable oil from plant derivatives, a renewable resource. They replace petroleum based inks as an effort to also reduce volatile organic compounds (VOCs).
As we publish Yum! Brands’ 2019 Global Citizenship & Sustainability Report, it’s important to highlight the transformative changes that have shaped our world so far this year. The complex impacts of the COVID-19 pandemic, the resulting social unrest and the global recognition of the challenges facing frontline workers remind us of the important role we must play in keeping our employees, restaurant team members, customers and communities safe, addressing inequality and creating a welcoming environment for all.

It is timely, then, that Yum! recently integrated our Recipe for Growth—the guiding principles of our business strategy—with our Recipe for Good, our roadmap for socially responsible and sustainable stewardship of people, food and planet. We have elevated the importance of people within both of these frameworks, which allows us to continue building an equitable and inclusive culture that, in turn, helps us better serve our customers and communities where we operate.

This shift in thinking helped us to mobilize quickly in response to COVID-19, working across teams to source critical equipment and implement new processes and delivery methods to keep employees, restaurant team members, customers and franchisees safe. It’s also what led us to clarify and invest in a new social purpose, Unlocking Opportunity, for our frontline restaurant team members and communities. Through this global initiative, Yum! has committed $100 million over five years to tackle inequality with an emphasis on equity and inclusion, education and entrepreneurship.

As the world’s largest restaurant company, we have employees and customers who span ages, backgrounds and borders. We remain committed to developing our employees to become their best selves and serving our customers the food they love, no matter who they are. Times like these serve as a reminder that we are all connected and each has a role to play in helping others – on both sides of the counter. This report describes a few ways that Yum! is doing just that.

Thanks for reading.

David Gibbs
Chief Executive Officer
Yum! Brands, Inc.
At Yum!, being a good corporate steward is a fundamental commitment and an important part of our success. Our Global Citizenship & Sustainability Strategy, called the Recipe for Good, reflects our priorities for socially responsible growth, risk management and responsible stewardship of our people, food and planet. In January 2020, we elevated people to be our hero pillar which became even more critical as we navigated COVID-19 and racial inequality throughout the year. We are certain that our business purpose and corporate citizenship are more interconnected and essential today than ever.

The Recipe for Good has increasingly become integrated into Yum!’s business strategy. For the first time, in 2019, we introduced our joint Recipe for Growth and Good in our Annual Report and Form 10-K, and we continue to apply a citizenship and sustainability lens to business processes, including enterprise risk management (ERM).

We are focused on advancing progress and results in the most critical parts of our business:

- Hiring and developing the best talent in an inclusive workplace
- Giving back to our communities
- Feeding people safely and responding to customers’ evolving preferences
- Minimizing our climate impact and choosing responsible suppliers
- Operating our restaurants efficiently

As we do so, we share progress with and promote transparency for stakeholders, including employees, customers, franchisees, shareholders and communities.

**ESG Governance**

Oversight for environmental, social and governance (ESG) issues ultimately resides with the Yum! Brands board of directors. The board is briefed at least annually on current issues and areas through its Audit Committee. At the operational level, the chief communications and public affairs officer oversees the global reputation of Yum! assesses and manages ESG risks and shapes the Global Citizenship & Sustainability Strategy in partnership with the Vice President of Global Government Affairs and Sustainability and other senior leaders who comprise our ESG Council, including:

- Chief Transformation & People Officer
- Chief Communications & Public Affairs Officer
- Vice President, Global Government Affairs & Sustainability
- Chief Food Safety Officer
- Chief Equity & Inclusion Officer
- Chief Legal & Franchise Officer
- Chief Compliance Officer
- Chief Food Innovation Officer
- Chief Development Officer
- Vice President, Supply Chain

The ESG Council plays a key role when it comes to championing and governing Yum!’s overall citizenship and sustainability strategy and priorities. Yum! also convenes cross-functional working groups that include employees from food safety, human resources, supply chain, development, sustainability, communications and legal teams at the corporate and brand division levels to manage day-to-day work to advance priority area agendas. This includes an ESG Working Group that helps manage ongoing efforts such as our materiality assessment, disclosures to sustainability ratings and rankings agencies and our Global Citizenship & Sustainability Report.

**Risk & Issue Management**

According to the World Economic Forum’s 2018 Global Risks Report, environmental and societal risks, such as extreme weather and social instability, have surpassed economic and geopolitical risks in terms of both likelihood and impact. As these findings make clear, ESG issues must be part of our global ERM process. In 2019, Yum! conducted a reputational risk and issue management exercise with a third-party vendor that helped us further integrate ESG into our approach to global risk management. Much like our materiality assessment process, we have further sharpened our top ESG issues from an ERM perspective and prioritized them according to their importance to our business and stakeholders. In addition, we have invested in a third-party ESG data management tool that increases our capacity to gather data, track progress and continue on the path of greater transparency.

**ESG Working Group**

The ESG Working Group helps manage ongoing efforts such as our materiality assessment, disclosures to sustainability ratings and rankings agencies and our Global Citizenship & Sustainability Report.

**UN Sustainable Development Goals**

As a global restaurant company with access to resources and a defined purpose to unlock opportunity, Yum! is well positioned to address numerous United Nations Sustainable Development Goals that align closely with our material areas of work.

**Materiality**

Regular materiality assessments, as well as our most recent ERM assessment, are important inputs that guide our reporting and priority areas of focus which include topics such as Food Safety, Energy, Emissions & Climate Change, and Talent Attraction, Engagement & Retention. We plan to conduct a new materiality assessment within the next 18 months to make sure we have the most updated input from key stakeholders – our employees, customers, franchisees, shareholders and communities - when it comes to ESG issues and topics that are most important to them. Our most recent materiality matrix is to the right.

**Reporting**

Regular reporting continues to be the primary way we share our progress and show transparency around our ESG practices. In addition to publishing annual updates on our Recipe for Good, which align with the Global Reporting Initiative (GRI) standards, we participate in comprehensive voluntary disclosures including the Bloomberg Gender Equality Index, CDP Climate Change, Forests and Water Security, the Dow Jones Sustainability Index (DJSI), and the Roundtable on Sustainable Palm Oil (RSPO) Annual Communication of Progress. We continue to seek out ways to better meet the needs of our stakeholders. To that end, we are transitioning to the Sustainability Accounting Standards Board (SASB) framework, which investors have identified as useful for restaurant companies. We are encouraged by the efforts to harmonize and align the GRI and SASB, and we expect to have substantial implementation of SASB standards by the end of 2023.

**People**

- Human Rights & Labor Practices
- Sustainable Sourcing
- Choice & Nutrition
- Food Safety
- Animal Welfare

**Planet**

- Energy, Emissions & Climate Change
- Sustainable Sourcing
- Water
- Waste & Recycling
- Information Security & Cybersecurity
- Financial Performance

**Food**

- Menu Labeling
- Packaging

**Governance**

- Corporate Responsibility
- Ethics & Compliance
- Media 

Importance to Yum! Brands

![Importance to Yum! Brands](image-url)
Yum! follows a process for identifying, prioritizing and engaging with stakeholders on issues identified through our materiality assessment. Our key stakeholders include employees, customers, franchisees, shareholders and communities. Engagement varies from one-time discussions to regular interaction while working on joint projects that help create strategy and programming. We aim to be as inclusive as possible in this engagement, listening to many points of view from both supportive and critical voices.

Working with organizations that have shared interests in areas that are most material to our business helps us address industry challenges, opportunities and public policy issues. Key partners include:

- Academy of Nutrition and Dietetics
- American Potato Trade Alliance
- CEO Action for Diversity & Inclusion™
- Conference for Food Protection
- Consortium for Graduate Studies in Management
- Dairy Management Incorporated™
- Food Industry Asia
- Food Waste Reduction Alliance
- International Franchise Association
- International Poultry Council
- Institute for Food Technologists
- Louisville Sustainability Council
- Multicultural Foodservice & Hospitality Alliance™
- National Chicken Council
- National Pork Board
- National Restaurant Association®
- National Retail Federation®
- New York Declaration on Forests
- Paradigm for Party®
- Roundtable on Sustainable Palm Oil™
- Serving Europe
- USA Poultry and Egg Export Council
- U.S. Chamber Business Councils
- U.S. Green Building Council
- U.S. Roundtable for Sustainable Beef
- We Are All Human-Hispanic Promise
- Women’s Foodservice Forum
- World Wildlife Fund

A key stakeholder engagement in 2019 was with World Wildlife Fund (WWF), the world’s leading conservation agency that develops and delivers innovative solutions to protect the planet. We deepened our collaboration with the organization, conducting a landscape assessment to better understand the deforestation risk associated with the soy used in our supply chain that is sourced from Brazil. Read more about this work on pg. 29.

It takes strategic and meaningful collaboration between World Wildlife Fund and the broader business community to achieve lasting conservation of the world’s most important forests and critical habitat, and that’s no different when it comes to our partnership with Yum! Brands. We expect our work with them to play a key role in driving impact when it comes to Yum! reaching its no-deforestation commitment and advancing its sustainable supply chain efforts.

- JASON CLAY, SENIOR VICE PRESIDENT MARKETS, WORLD WILDLIFE FUND
We are stepping up our investment in Yum!’s new social purpose to unlock opportunity in our people and communities, while championing equity, inclusion and belonging across all aspects of our brands and franchise business.

PEOPLE

We Unlock Opportunity

- We launched Pizza Hut’s BOOK IT! program, the longest-running, corporate-supported reading program, and expanded its outreach in 2016 with a goal to impact 100 million lives in 10 years through literacy and reading.
- Yum! published its Human & Labor Rights Policy.
- Yum! introduced the Achieving Breakthrough Results leadership training program.
- Yum! established Leading Inclusion for Today and Tomorrow (LIFT²), our diversity and inclusion council.
- KFC started a global community outreach effort called Acts of Colonel-ness.
- Yum! introduced two days of paid time off (PTO) for employee volunteering.
- Yum! joined the Paradigm for Parity Coalition.
- Yum! signed on to the CEO Action for Diversity & Inclusion™.
- Yum! helped establish the world’s first prepared food donation program, called Harvest, which KFC later joined.
- Taco Bell launched its Round Up program through which customers can “round up” their orders to the nearest dollar and donate to the Taco Bell Foundation.
- Yum! pledged to The Hispanic Promise, a call to create a more inclusive work environment for Hispanic individuals.
- Yum! acquired Heartstyles, a leading personal and professional development program.
- Yum! invested $100 million to fight inequality by unlocking opportunity for employees and communities.
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Our People Journey
Transforming Culture & Talent

We believe that the unrivaled culture and talent in our brands gives us a competitive advantage when it comes to growing our business. It’s also a key reason why talent attraction, engagement and retention rank among the most material corporate social responsibility issues. Moving forward, we’re building on our strengths and taking on new challenges by investing in strategic initiatives that unlock opportunity and create an inclusive culture for all talent to thrive at work and home.

Building World-Class Restaurant Managers

In March 2020, we launched the Heartstyles program, after years of partnership, to advance Yum!’s commitment to a people first culture and elevate the customer experience by cultivating world-class leaders across the organization and especially at the frontline of our brands.

Yum! has initiated multi-year plans to scale Heartstyles into the restaurant so we can offer it efficiently to our more than 2,000 franchisees who run 98% of our more than 50,000 restaurants.

Advancing Women Leaders

From being a founding member of the Women’s Foodservice Forum in 1999 to establishing female mentoring programs for our restaurant general managers (RGMs) and offering leadership coaching, we know that investing in our female talent is a key element to driving growth for our business. It starts at the top with our CEO, leadership teams and franchisees who serve as champions to advance our global strategy while encouraging grassroots advocacy efforts.

In 2019, we made progress on our public commitments to increase representation of women across our global system.

40% of our global leadership positions are now held by women, making more progress in two years than in the previous 10 years.*

“In 2019, we launched our Lead It Forward agenda, bringing together Yum!’s top 75 women executives from across our global business to network and share knowledge on how to strengthen equity and inclusion broadly and female advancement in their home countries. We now have a growing movement of world-class programs advancing women and creating more inclusive cultures in places such as Asia, Russia, Australia, Europe and the U.S.”

Tracy Skeans,
Yum! Chief Transformation & People Officer

Equity, Inclusion & Belonging

Many of our restaurant team members around the globe are navigating life’s challenges in the face of inequality, and this daily experience is now compounded by a global pandemic. Today, leading with an inclusive mindset and an eye toward sustainable impact is now more important than ever.

As we navigate the road ahead in partnership with our 2,000+ franchisees around the world, we are expanding our investment in global and local programs that advance equity and inclusion from the corner office to the restaurant.

Building on our ongoing inclusion efforts, starting from the inside out, Yum! and our U.S. brands will:

1. Increase representation of Black, Latinx and female associates across our executive and management ranks, franchisees and suppliers. This builds on our initiative to advance women in leadership, and it will include targets that inspire and hold us accountable to aggressive progress over time.

2. Continue to roll out inclusive leadership and anti-racism training across our system, including company and franchise restaurants.

3. Partner with U.S. franchisees on implementing the Unlocking Opportunity Initiative, and leverage and expand their involvement in Yum!’s inclusion advisory group, called the Leading Inclusion for Today and Tomorrow (LIFT²) Council.

4. Increase Black, Latinx and other diverse representation across our teams and in our U.S. corporate leadership and agency account teams.

5. Invest in entrepreneurship, education and social justice in communities that have been historically marginalized and cities where our corporate offices are located.

*Leadership (S, E) positions are considered director level or above.

Tracy Skeans,
Yum! Chief Transformation & People Officer

James Fripp
Yum! Chief Equity & Inclusion Officer

Tracy Skeans, Yum! Chief Transformation & People Officer

“At Yum!, we want to unlock the power of diversity and create a culture of equity, inclusion and belonging that is so strong for all of our restaurant team members, franchisees and communities that our customers feel it.”

KEY EQUITY & INCLUSION PARTNERSHIPS

CEO ACTION FOR DIVERSITY & INCLUSION

"At Yum!, we want to unlock the power of diversity and create a culture of equity, inclusion and belonging that is so strong for all of our restaurant team members, franchisees and communities that our customers feel it.”

James Fripp
Yum! Chief Equity & Inclusion Officer
Our new social purpose unlocks opportunities for frontline team members and communities.

**People**

Unlock opportunity

**Food**

Serve delicious food people trust

**Planet**

Grow sustainably

**Q: What inspired Yum! to launch a new social purpose?**

A: We know that today’s leading companies demonstrate social value alongside financial value. And while our company benefits society in many ways – as you can read throughout this report – we wanted to identify specific issues where we could make a unique difference. More than a year ago, we began our journey listening outside stakeholders and interviewing leaders across the business. We heard a common theme: the importance of investing in people. Our 2,000 franchisees employ most of the more than 1.6 million people worldwide working for our brands, and their businesses help support thousands of local economies. Therefore, we’ve built a social purpose framework around unlocking opportunity for frontline restaurant team members and communities by increasing access to ingredients for a positive future – equity and inclusion, education and entrepreneurship.

**Q: How did the events of 2020, including COVID-19 and instances of racial injustice, tie into your decision to launch a new social purpose?**

A: Our global leadership team was already developing our path forward on Unlocking Opportunity when the events of 2020 unfolded and helped us refine our point of view on where we wanted Yum! to make a sustainable difference. The global Unlocking Opportunity Initiative we announced is a refinement of what Yum! has been doing for 20 years – investing in unlocking the potential of people. Now, more than ever, we recognize the many faces of inequality that challenge the lives of the people working in our brands or local communities. Alongside our franchisees, we plan to do our part on a long term journey and are excited that Yum! can contribute to the global movement against inequality in a meaningful and intentional way that aligns with who we are as a company.

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**Brand Community Impact**

Our brands focus their community impact efforts on the issues they’re most passionate about and that align with their brand identities. Altogether, our brands donated more than $66 million to communities around the world in 2019. From supporting youth through education and literacy to fighting hunger, here are a few of the ways they are giving back.

- **KFC** continues to tackle child hunger through the Add Hope program in South Africa, and its partnership with Blessings in a Backpack in the U.S., which kept children fed during school closures in 2020.

- Pizza Hut U.S. expanded its support of First Book’s Stories for All Project™, a collection of diverse books and educational resources that reflect myriad experiences, cultures and communities. Additionally, Pizza Hut International invested in RGMs around the world through scholarships for continued education.

- Taco Bell launched Round Up, through which customers are encouraged to round up their order total to the nearest dollar, with the extra change being donated to the Taco Bell Foundation and No Kid Hungry – raising $30 million since its inception in 2019.

- The Habit Burger Grill continues its fight to help end childhood hunger in America through its partnership with No Kid Hungry.

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**PEOPLE**

Introducing Yum!’s New Social Purpose: Unlocking Opportunity

“On June 25, 2020, we expanded our Recipe for Good efforts and announced our new social purpose to unlock opportunity, which builds on 20 years of investing in our people-first culture and is a landmark commitment to have a positive and sustainable social impact on the communities where we operate and for the restaurant team members who work on the frontline of our brands around the world.”

Jerilan Greene
Yum! Chief Communications & Public Affairs Officer and Chairman and CEO, Yum! Foundation

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**Yum! Foundation Continues to Spread Good**

The Yum! Foundation has grown its impact in a number of ways. In 2019, it expanded from providing domestic employee matching gifts and disaster relief to international support. This broader focus was essential throughout the COVID-19 crisis. In response to recent instances of racial injustice, the Foundation pledged $3 million to advance equality and social justice, $1 million of which will go to community organizations identified with input from RGMs across the U.S. In Louisville, Kentucky, we continued to give to our three community partners – Dare to Care, Metro United Way and Fund for the Arts – with a special focus on lifting Black voices through the work of these organizations.
As we navigated the coronavirus pandemic, our number-one priority was the health and safety of our KFC, Pizza Hut, Taco Bell and The Habit Burger Grill employees, customers and franchisees.

## YUM!'S COVID-19 RESPONSE

### Supporting Impacted Employees
- **Global Medical Relief Fund** for restaurant team members and company-owned stores
- One-time $1,000 bonuses for nearly 1,200 restaurant general managers
- One-time bonuses for employees at company-owned stores
- Paid leave for company-owned restaurant employees unable to work

### Keeping Restaurants Open Safely
- Low-contact options including delivery, drive-thru and curbside pickup
- Contactless delivery through our own and third-party services
- Temperature checks and counter shields for increased safety

### Helping Franchise Business Owners
- **Global Franchise Health and COVID-19 Support Team** for business continuity
- Capital assistance and grace periods for payments

### Giving Back to Communities
- Hundreds of thousands of meals donated to food banks, healthcare workers and other essential personnel
- Books and other educational resources for students without access to these items at home

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- Temperature checks and counter shields for increased safety

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## PEOPLE

### 2019 Performance Summary

<table>
<thead>
<tr>
<th>Goal</th>
<th>Status</th>
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<tbody>
<tr>
<td>Create a culture of engagement that attracts, retains and grows the best people and creates high performance in our restaurants.</td>
<td>Measure Yum! Brands’ employee engagement.</td>
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<tr>
<td>Build an inclusive culture among our employees, franchisees, suppliers and partners to reflect the diversity of our customers and communities.</td>
<td>More than 33,000 employees participated in training programs in 2019, including our leadership development program, Heartstyles, and unconscious bias programs. Inclusive leadership, as well as our comprehensive policies, including our Code of Conduct, with more than 2 million corporate training hours logged.</td>
</tr>
<tr>
<td>Build an inclusive culture among our employees, franchisees, suppliers and partners to reflect the diversity of our customers and communities.</td>
<td>Align with the Paradigm for Parity®, a coalition of companies working to increase the number of women in senior operating roles. In 2019, 40% of global leadership roles were held by women, and half of our global workforce were women.</td>
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<tr>
<td>Support global initiatives related to hunger relief, literacy and youth education, as well as nonprofits near our hometown headquarters.</td>
<td>Increased focus on recruiting capability, sponsorship programs and customized individual development plans. Joined We Are All Human’s Hispanic Promise, a national pledge to hire, promote, retain and celebrate Hispanics in the workplace.</td>
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<tr>
<td>Hold our employees, franchisees and suppliers to the highest standards of professional and ethical conduct.</td>
<td>Remained committed to our Global Code of Conduct and Supplier Code of Conduct, which addresses guidelines for working conditions consistent with frameworks such as those of the International Labour Organization (ILO) and the United Nations Guiding Principles on Human Rights.</td>
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<tr>
<td>Giving Back to Communities</td>
<td>Our global organization donated $66 million in 2019, supporting brand efforts such as the KFC Foundation, Pizza Hut’s BOOK IT! program and the Taco Bell Foundation’s Live Más Scholarship. We also donated $9.9 million pounds of food through our Harvest program.</td>
</tr>
<tr>
<td>Ethics &amp; Human Rights</td>
<td>Tackled about 140,000 hours of training on issues related to human rights policies and the ethical treatment of individuals in our system.</td>
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<tr>
<td>Community &amp; Philanthropy</td>
<td>Established global membership with Sedex, one of the world’s leading ethical trade membership organizations that works with business to improve working conditions in global supply chains, to further strengthen our existing supply chain auditing capabilities with focus on human rights and labor practices.</td>
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**2019 GLOBAL CITIZENSHIP & SUSTAINABILITY REPORT**
FOOD

We Serve Food People Trust

We have an unwavering commitment to serve food that people trust. That means going above and beyond when it comes to food safety, listening and responding to customers’ evolving preferences and improving the nutritional value of our menu items.

Our Food Journey

- Yum! published its Animal Welfare Policy.
- Taco Bell joined the U.S. Roundtable for Sustainable Beef.
- KFC, Pizza Hut (chicken for its pizza) and Taco Bell all met commitments to remove antibiotics important to human medicine from U.S. poultry supply (Pizza Hut U.S. will remove in chicken used for wings by 2022.)
- Pizza Hut U.S. joined the Dairy Sustainability Alliance.
- Taco Bell announced global chicken welfare KPIs.
- Yum! joined the Antimicrobial Resistance Challenge to accelerate the fight against antimicrobial resistance across the globe, sponsored by the U.S. Centers for Disease Control and Prevention.
- Taco Bell launched a Good Antimicrobial Stewardship Program to seek continuous improvement in its beef supply.
- Yum! joined the Roundtable for Sustainable Poultry & Eggs.
- KFC, Pizza Hut (chicken for its pizza) and Taco Bell all met commitments to remove antibiotics important to human medicine from U.S. poultry supply (Pizza Hut U.S. will remove in chicken used for wings by 2022.)
- Taco Bell announced global chicken welfare KPIs.
- Yum! established its Food Standards Council to sharpen food safety practices.
- Taco Bell began sourcing whole eggs from cage-free hens for its breakfast menu in all U.S. restaurants (expanded to entire menu in U.S. and Canada in 2018).
- Taco Bell launched fresco menu, which offers signature items all under 350 calories and 10 grams of fat.
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- Taco Bell became the first quick-service restaurant to offer an American Vegetarian Association (AVA)-certified menu.
- Taco Bell launched nutritional calculators on U.S. menus.
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- Taco Bell launched Fresco Menu, which offers signature items all under 350 calories and 10 grams of fat.
- Taco Bell removed XL 40-ounce beverage cup size from its menu.
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- Taco Bell removed XL 40-ounce beverage cup size from its menu.
- Yum! expanded its animal welfare strategy to include beef in its U.S. supply chain.
- Taco Bell began sourcing whole eggs from cage-free hens for its breakfast menu in all U.S. restaurants (expanded to entire menu in U.S. and Canada in 2018).
- Taco Bell removed XL 40-ounce beverage cup size from its menu.
Q: How has Yum!’s approach to food safety evolved over the past year?

A: It requires us to develop existing suppliers rather than continually searching for new ones. It also brings lasting benefits to our suppliers, particularly for small businesses and companies in countries that don’t yet have established supply chains. Meeting Yum!’s global standards often qualifies them to serve as a vendor to other large businesses, which, in turn, helps grow economies throughout the world.

Q: What are the benefits of this risk-based approach?

A: From Yum!’s standpoint, prioritizing continuous improvement has made us more efficient because it requires us to develop existing suppliers rather than continually searching for new ones. It also brings lasting benefits to our suppliers, particularly for small businesses and companies in countries that don’t yet have established supply chains. Meeting Yum!’s global standards often qualifies them to serve as a vendor to other large businesses, which, in turn, helps grow economies throughout the world.

Q: How did Yum! maintain high levels of safety in restaurants during the COVID-19 outbreak?

A: We’ve made significant investments in technology, including a food safety and quality management system that provides real-time, global transparency on the status of all of our food and packaging suppliers. These improvements allow us to quickly visualize performance, measure risk, as well as respond quickly to supply chain disruptions, which was critical during the COVID-19 pandemic.

We also transitioned from a compliance to a risk-based approach when assessing our suppliers. That is, rather than scoring suppliers with a “pass” or “fail,” we assign them a tiered ranking. We then provide a path to achieve the level of performance necessary to be a Yum! supplier.

Q: How did Yum!’s approach to food safety evolve over the past year?

A: We’ve made significant investments in technology, including a food safety and quality management system that provides real-time, global transparency on the status of all of our food and packaging suppliers. These improvements allow us to quickly visualize performance, measure risk, as well as respond quickly to supply chain disruptions, which was critical during the COVID-19 pandemic.

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Balanced Choices

We continue to be transparent and improve the nutritional value of our food. In line with Yum!’s global nutrition standards, we’re committed to providing consumers with more access to balanced food choices that meet their lifestyles and dietary preferences and are less processed or modified. Our recent efforts have focused on collecting data to help inform our work when it comes to offering more balanced choices and where we can make improvements.

<table>
<thead>
<tr>
<th>NUTRIENTS WE ENCOURAGE</th>
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<td>In 2019</td>
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<td>42% of Yum! food offerings met our global nutrition criteria for meal options.*</td>
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*Nutmilks to use calories as the primary measurement within our nutrition criteria to drive improvements and align with the World Health Organization and the Dietary Guidelines for Americans, and in alignment with the U.S. recommended Daily Allowances. To align with these guidelines, Yum!’s global nutrition criteria is a side item at 200 calories, a main item at 450 calories, and a combination at 750 calories.

In 2019, Taco Bell pledged to reduce antibiotics important to human health in its U.S. and Canada beef supply chain.

**25% by 2025**

This new policy around Taco Bell’s dominant menu protein, beef, will better protect human, animal and environmental health. As part of this new policy, Taco Bell will give preference to suppliers that are making measured reductions in their use of antibiotics, increasing veterinary oversight when it is required to medically treat sick animals and participating in the Beef Quality Assurance system. While we do not expect to have quantitative progress to share until 2022, promising work is underway as we engage with U.S. Round Table for Sustainable Beef (USRSB), suppliers, industry groups including the Beef Alliance and National Cattlemen’s Beef Association, veterinary groups, academic partners and more to address this challenge.

This is in addition to the existing work we have done to date to make progress on our antimicrobial stewardship journey. KFC, Pizza Hut (chicken for its pizzas) and Taco Bell in the U.S. have met public commitments to remove antibiotics important to human medicine from their U.S. poultry suppliers. Pizza Hut U.S. is on track to remove antibiotics important to human medicine from chicken used for wings by 2022.

**ANIMAL WELFARE**

KFC introduced new global chicken-welfare KPIs as a key next step in its animal welfare journey. The KPIs address mobility while chickens are raised, overall chicken health and minimization of medical interventions, chicken mortality, and mental and physical stress. Additionally, KFC U.K. & Ireland published its first annual animal welfare report, described as an honest and open review of its poultry supply chain. The report outlines the seven steps of the audit process and key data capture, which KFC U.K. & Ireland will use as a benchmark to track year-on-year progress and hold themselves and their suppliers accountable as they work toward improving the lives of chickens within the supply chain.

Raising Responsibly

We believe we have a responsibility to be a good steward of the animals raised for food throughout our supply chain. Our commitment to animal health and well-being is steadfast and guided by our holistic, science-based Sustainable Animal Protein Principles. Additionally, we support the Five Freedoms for all animals used for food in our supply chain.

**ANTIBIOTICS**

We continue our commitment to reduce antibiotics important to human medicine in our food production.

**25% by 2025**

This new policy around Taco Bell’s dominant menu protein, beef, will better protect human, animal and environmental health. As part of this new policy, Taco Bell will give preference to suppliers that are making measured reductions in their use of antibiotics, increasing veterinary oversight when it is required to medically treat sick animals and participating in the Beef Quality Assurance system. While we do not expect to have quantitative progress to share until 2022, promising work is underway as we engage with U.S. Round Table for Sustainable Beef (USRSB), suppliers, industry groups including the Beef Alliance and National Cattlemen’s Beef Association, veterinary groups, academic partners and more to address this challenge.

This is in addition to the existing work we have done to date to make progress on our antimicrobial stewardship journey. KFC, Pizza Hut (chicken for its pizzas) and Taco Bell in the U.S. have met public commitments to remove antibiotics important to human medicine from their U.S. poultry suppliers. Pizza Hut U.S. is on track to remove antibiotics important to human medicine from chicken used for wings by 2022.

**ANIMAL WELFARE**

KFC introduced new global chicken-welfare KPIs as a key next step in its animal welfare journey. The KPIs address mobility while chickens are raised, overall chicken health and minimization of medical interventions, chicken mortality, and mental and physical stress. Additionally, KFC U.K. & Ireland published its first annual animal welfare report, described as an honest and open review of its poultry supply chain. The report outlines the seven steps of the audit process and key data capture, which KFC U.K. & Ireland will use as a benchmark to track year-on-year progress and hold themselves and their suppliers accountable as they work toward improving the lives of chickens within the supply chain.

**Raising Responsibly**

We believe we have a responsibility to be a good steward of the animals raised for food throughout our supply chain. Our commitment to animal health and well-being is steadfast and guided by our holistic, science-based Sustainable Animal Protein Principles. Additionally, we support the Five Freedoms for all animals used for food in our supply chain.
Plant-based & Vegetarian

A trend we've been tracking for several years now is the accelerating shift toward plant-forward eating. Whether out of concerns for the environment, personal health or animal welfare, this lifestyle is now so mainstream that it can no longer be called a trend. From diners who choose exclusively vegan and vegetarian options, to flexitarians who enjoy a meat-free meal every now and then, KFC, Pizza Hut, Taco Bell and The Habit Burger Grill are responding to today’s preferences with menu items for everyone. Here are a few examples from our brands in the world of plant-based foods:

KFC is offering finger lickin’ good flavor without the meat in partnership with leading plant-based meat suppliers like Beyond Meat and Quorn. Following successful pilots in the U.S., U.K., Canada and elsewhere, the brand plans to expand these options in the years to come.

Pizza Hut U.K. has offered Vistilife vegan cheese pizza since 2017 – and in 2020, took it to the next level with vegan Stuffed Crust. In Australia, Pizza Hut launched a Pizzatarian campaign. The brand has also tested vegan pizza in China, Poland and Puerto Rico through a partnership with Beyond Meat. In the U.S., Pizza Hut conducted a limited test of a pizza featuring Incogmeato by MorningStar Farms Italian sausage.

Taco Bell’s American Vegetarian Association (AVA)-certified menu has individual ingredients that can be customized in nearly one million ways, including 36 vegetarian ingredients, 26 of which are also vegan. All AVA-certified vegetarian items are indicated by an easy-to-spot vegetarian green “V” symbol on menu boards.

Taco Bell continues looking for ways to make it easier for customers to order Taco Bell’s AVA-certified menu items, including the recent addition of “Veggie Mode,” a single swipe feature that instantly transforms the menu on self-service ordering kiosks across the U.S. to show only vegetarian items.

In Finland and Spain, Taco Bell launched the “Vegatous Taco,” made with an oat-based protein, to continue meeting the evolving preferences of customers around the world.

In 2019, Yum! reported that it was 84% of the way to meeting its goal.
We Grow Sustainably

We are balancing business growth with environmental sustainability. With the Yum! franchise system opening new restaurants every day, it’s important that we use our scale for good to minimize the environmental impact of our restaurants and supply chain.
Q: How has Yum!’s approach to environmental issues changed in recent years?
A: We’ve made strong progress on our sustainability agenda through efforts to operate green buildings and foster a responsible supply chain. Now, we’re taking a more focused look at climate change, the most important environmental issue that we manage and the one that encompasses all other issues. We’re asking ourselves questions like, "What are a global restaurant company’s most significant contributions to climate change?" and, "How can Yum! mitigate our impact and be part of the solution?"

Q: Where are you finding answers to these questions?
A: Yum! learned much from our research on setting science-based targets (SBTs) for GHG emissions. Our research project involved six phases of work, which ultimately outline a path for Yum! to reduce our emissions to levels aligned with the Paris Agreement to limit global warming to 1.5 degrees Celsius. We are working 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.

Q: Supply chain emissions can be complex to manage because they involve many variables that are beyond your control. How will Yum! address these indirect climate impacts?
A: Prioritization and focus are important when it comes to addressing climate issues. Emissions from purchased goods and our buildings account for about 94% of our Scope 3 emissions. Within our 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 risk 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 (see chart on pg. 27).

We continue to engage with and improve all elements of our supply chain. In addition, through review of our own supply chain and global research, we will focus on the U.S. and a handful of tropical regions in Asia and Latin America that are critical to the world’s food supply. In partnership with WWF, we are exploring ways to identify and remove deforestation in our supply chain, which includes both shifting our sourcing and engaging with suppliers in higher-risk areas to promote more sustainable practices. It’s this kind of thinking that will allow Yum! to address climate change in a truly holistic way.

Yum!’s Path to a Science-Based Target

1. Determine GHG Footprint
   Determine Yum!’s Scope 1, 2, 3 GHG footprint based on Yum!’s survey data.

2. Develop a GHG Reduction Target
   Develop a GHG reduction target that aligns with the methodology and requirements of SBTi.

3. Identify Emissions Reduction Initiatives
   Review relevant GHG categories and abatement options. Develop marginal abatement cost curves that help us understand costs and prioritize various abatement measures.

4. Create Roadmap and Management Decision Package
   Show Yum! how to meet its GHG reduction target.

Renewable Energy

In 2020, we achieved our goal to shift our corporate U.S. offices to 100% renewable energy as a continued investment in green power. Additionally, markets around the world continue to leverage green technology. In Australia, 12 restaurants use on-site solar generation with a capacity of 279 KW.

Food System Contribution to National GHG Emissions

- Plant-based and Animal-based Agriculture
- Land Use, Land Use Change and Forestry
- Total

Sources cited on pg. 42.
Forest Stewardship

We have long been committed to reducing our environmental impact by minimizing deforestation risk. To support further progress toward our deforestation and using our scale to positively impact the broader industry, we 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. To meet this goal, we must strengthen our efforts related to all four of our key commodities: timber, palm, soy and beef.

Timber

We are making solid progress toward our goal, currently at 91%, to purchase 100% of our paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020.

Palm

In 2019, we achieved our goal of sourcing 100% of palm oil used for cooking from responsibly managed sources, with third-party certification from the Sustainable Palm Oil (RSPO). Companies are all members of the RSPO and offer publicly accountable internal operations.

Beef

A key part of our strategy is sourcing beef from areas of low risk when it comes to deforestation.

Soy

Soy, which is often used in chicken feed, contributes to deforestation, in certain parts of the world. We will focus initially on the direct sourcing of poultry purchasing. In 2019, 100% of Brazilian feed mills in our supply chain were converted to responsible sourcing with the Amazon Soy Mojaral.

Palm Oil Traceability

In line with our continued commitment to transparency, Yum!’s crude palm oil (CPO) mill list is available as a part of our CDP filing. In addition, for our disclosed suppliers, the following companies are all members of the RSPO and offer publicly available traceability programs for palm oil refineries and CPO mills:

- Walmart
- Sunco, Darby
- ConAgra
- CPO
- E&N
- Aonlai

Sustainable Soy Sourcing

When it comes to our sustainable soy sourcing journey, we are working to better understand this supply chain so we can provide more transparency and help identify and prioritize opportunities, with an initial focus on the direct sourcing of poultry purchasing. We recognize that the soy supply chain is very complex, and the process for accessing data and accurately reporting will require a phased approach.

Five Elements of Supply Chain Management

- Deforestation Conversion-Free Alignment
- Monitor, Verify & Report
- Supplier Engagement
- Internal Operations
- Risk Profile

Waste Reduction

Yum! is committed to first reducing, and then mindfully reusing or recycling the waste generated at our restaurants. Making meaningful progress in this area requires us to confront a number of challenges, from a changing global recycling market to a patchwork of regulations in the U.S. and countries worldwide. We are working across our industry solutions as a member of the Sustainable Packaging Coalition and NextGen Consortium. At the same time, packaging engineers at each of our brands are innovating solutions. At the Yum! corporate and brand levels, we plan to reach a number of packaging waste milestones over the next several years:

- 2020: By the end of the year, all plastic packaging used at our corporate headquarters will be reusable, recyclable or compostable.

- 2022: We will remove PFAS and expanded polystyrene from packaging at all KFC, Pizza Hut and Taco Bell locations globally.

- 2025: Taco Bell will make all its consumer-facing packaging recyclable, compostable or reusable, eliminate any PFAS, phthalates and BPA from its packaging, and add recycling and/or composting bins to restaurants globally where infrastructure permits.

- 2025: KFC will make all plastic-based, consumer-facing packaging recyclable or reusable globally.

To meet its goal, KFC has developed a roadmap that includes partnering with major suppliers and franchisees globally to identify plastic alternatives in each market. The brand is currently conducting an audit of existing systems, partnering with suppliers to identify sustainable packaging alternatives and setting market-specific goals to reduce, reuse and recycle. Several markets have already announced and implemented commitments, such as plastic straw bans in Singapore, Romania, France and Canada and removal of consumer plastic bags from KFC restaurants in India.

Taco Bell is making progress by adding recycling and composting bins to its restaurants where infrastructure permits. The brand has committed to making all cups reusable by 2021 as an interim goal. It is also in the process of reducing the number of packaging items in its portfolio while reducing the weight of packaging it purchases in a given year through design efficiencies and light weighting.

Water Consumption

Yum! has a long history of working to reduce water consumption, and we continue to focus our efforts on high water-stressed areas. An important step forward in 2019 was the completion of an enterprise-wide water risk assessment of our 50,000 restaurant locations worldwide. We used the WRI Aqueduct Water Risk Atlas to map and analyze our restaurant locations, and the assessment identified more than 150 restaurants located in high risk water basins around the world. The assessment is helping to inform our water strategy moving forward when it comes to projecting 2030 water stress that considers physical, regulatory and reputational risks.
The first global survey of purchased plastics was conducted to collect 2019...  
In 2019, we reduced our company GHG emissions 8.5% on a per-restaurant average. Since 2018, we reduced our company GHG emissions 8.5% on a per-restaurant average. In 2019, our system environmental efforts for restaurants avoided the release of 723,922 MTCO2e, the equivalent of the annual emissions of 156,399 passenger vehicles driven for a year.

Yum’s corporate U.S. offices will use 100% renewable energy by the end of 2020. We purchased renewable energy credits, entered into a power purchasing agreement to offset our electricity use and are exploring onsite options for the future.

Reduce average restaurant energy and GHG emissions by an additional 10%, from our 2017 baseline, by the end of 2025. Since 2018, we reduced our company GHG emissions 8.5% on a per-restaurant average.

Reduce average restaurant water consumption by 10%, from our 2017 baseline, by the end of 2025. Since 2017, water consumption on a per-restaurant basis has increased due to the use of expanded reporting and more usage.

Divert 50% of all house operational waste, measured by weight, generated in our U.S. restaurants by the end of 2020. In 2019, we estimate that 964,739 tons of cold material was removed from our U.S. restaurants and we avoided the disposal of 20% of that waste.

Reduce food loss waste 50% by 2030 in accordance with U.S. Food Loss and Waste 2030 Champions. Yum! Brands and our franchises donated $9.5 million pounds of food in 2019, with 33 countries participating.

By 2025, KFC plastic-based, consumer-facing packaging will be recoverable or recyclable globally. By 2025, Taco Bell consumer facing packaging will be recyclable, compostable or reusable globally with chemical additives of concern removed. As an intermediate step, Taco Bell is committed to making all cups recyclable by 2021, and Yum will remove Styrofoam and expanded polystyrene from all packaging by 2022, as well as meet the goal in U.S. corporate offices by the end of 2020.

Source 100% of palm oil used for cooking from responsible and sustainable sources by the end of 2020. The first global survey of purchased plastics was conducted to collect 2019 data. While there is still work to do when it comes to refining our data collection, approximately 18% of grams come from recycled sources, 14% pre-consumer and 4% post-consumer. Expanded polystyrene, of which Styrofoam is a component, consists of 8% of the reported plastic used in our system.

Purchase 100% of our paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020.

In 2019, 100% of palm oil used for cooking was certified sustainable by the Roundtable for Sustainable Palm Oil. We continue to look for opportunities to reduce the environmental footprint of our palm oil use.

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.

In 2019, 100% of Brazilian feed mills in our supply chain were audited as compliant in aligning with the Amazon Soy Moratorium to help protect tropical forests. In 2019, 100% of Brazilian feed mills in our supply chain were audited as compliant in aligning with the Amazon Soy Moratorium to help protect tropical forests.

In 2019, 45% of our reported beef supply was sourced from origins of low-risk tropical deforestation in 2019. In 2019, we disclosed information on our beef usage and its supply chain. As of December 31, 2019, there were 50,150 restaurants in 152 countries and territories.

Yum! does not intentionally sell items that are banned in individual markets.

We purchased renewable energy credits, entered into a power purchasing agreement to offset our electricity use and are exploring onsite options for the future.

In 2019, we estimate that 964,739 tons of cold material was removed from our U.S. restaurants and we avoided the disposal of 20% of that waste.

Taco Bell will add recycling and/or composting bins to restaurants where infrastructure permits. KFC Australia diverted about 40% of its waste in 2019.

Yum! Brands and our franchises donated $9.5 million pounds of food in 2019, with 33 countries participating.

Yum! does not have an official policy as it pertains to the precautionary principle, but we do assess

2019 Performance Summary

Goal

Reduce average restaurant energy and GHG emissions by an additional 10%, from our 2017 baseline, by the end of 2025.

Reduce average restaurant water consumption by 10%, from our 2017 baseline, by the end of 2025.

Divert 50% of all house operational waste, measured by weight, generated in our U.S. restaurants by the end of 2020.

Reduce food loss waste 50% by 2030 in accordance with U.S. Food Loss and Waste 2030 Champions.

By 2025, KFC plastic-based, consumer-facing packaging will be recoverable or recyclable globally. By 2025, Taco Bell consumer facing packaging will be recyclable, compostable or reusable globally with chemical additives of concern removed. As an intermediate step, Taco Bell is committed to making all cups recyclable by 2021, and Yum will remove Styrofoam and expanded polystyrene from all packaging by 2022, as well as meet the goal in U.S. corporate offices by the end of 2020.

Source 100% of palm oil used for cooking from responsible and sustainable sources by the end of 2020.

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Date of most recent report The 2018 Global Citizenship & Sustainability Progress Update was released July 30, 2019.

Approach to stakeholder engagement Approach - Stakeholder Engagement, pg. 8

Identifying and selecting stakeholders Approach - Stakeholder Engagement, pg. 8

List of stakeholder groups Approach - Stakeholder Engagement, pg. 8

Collective bargaining agreements As of December 31, 2019, approximately 1.7% of employees reported to be represented by an independent trade union or covered by collective bargaining agreements.

Evaluation of the management approach

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

201-1 Direct economic value generated and distributed 2019 Form 10-K, pg. 52

201-2 Financial implications and other risks and opportunities due to climate change CDP-Climate Change, 2020 Response

201-3 Management actions taken CDP-Climate Change, 2020 Response

GRI 200: ECONOMIC

GRI 201: Economic Performance

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

201-1 Direct economic value generated and distributed 2019 Form 10-K, pg. 52

GRI 205: Anti-corruption

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

205-3 Confirmed incidents of corruption and actions taken There were no confirmed incidents of corruption during 2019.

GRI 206: Anti-competitive Behavior

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices No legal actions were taken for anti-competitive behavior, anti-trust or monopoly practices during 2019.

GRI 300: ENVIRONMENTAL

GRI 301: Materials

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

Yum! Islands sustainable sourcing policies seek to encourage the production of sustainable raw materials that support the environment and the communities that supply them. We are focused on eliminating deforestation in our global supply chains through key commodities of palm oil, paper, beef, and soy, as well as encouraging the more responsible use and production of plastics to benefit the planet.
Energy

Total company withdrawals for the reporting year are estimated to be 2,175.45 ML. All material withdrawals are from freshwater, third-party systems. Total water withdrawal for company locations located in water-stressed areas, as defined by WRI Aqueduct, is estimated to be 364.60 ML. For information regarding standards, methodologies, assumptions and calculations refer to our CDP Water Security 2020 Response.

303-1 Explanation of the material topic and its Boundary
Planet - Renewable Energy, pg. 27
Planet - 2019 Performance Summary, pg. 30
CDP Climate Change 2020 Response

103-1 The management approach and its components
103-2 Evaluation of the management approach

GRI 302: Energy

302-1 Energy consumption within the organization

<table>
<thead>
<tr>
<th>Energy Consumption from Renewable Sources</th>
<th>Energy Consumption from Non-Renewable Sources</th>
<th>Total Energy Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of Fuel (MWh)</td>
<td>108,961</td>
<td>108,961</td>
</tr>
<tr>
<td>Consumption of purchased or acquired heat (MWh)</td>
<td>76,668</td>
<td>212,644</td>
</tr>
<tr>
<td>Consumption of purchased or acquired steam (MWh)</td>
<td>-</td>
<td>11,607</td>
</tr>
<tr>
<td>Consumption of purchased or acquired cooling (MWh)</td>
<td>285</td>
<td>285</td>
</tr>
<tr>
<td>Total energy consumption (MWh)</td>
<td>76,953</td>
<td>333,242</td>
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<tr>
<td>Total energy consumption (GJ)</td>
<td>277,031</td>
<td>1,199,671</td>
</tr>
<tr>
<td></td>
<td>1,476,702</td>
<td></td>
</tr>
</tbody>
</table>

For information regarding standards, methodologies, assumptions and calculations, refer to our CDP Climate Change 2020 Response.

GRI 303: Water and Effluents

303-1 Explanation of the material topic and its Boundary
Planet - Water Consumption, pg. 29, 2019 Performance Summary, pg. 30
CDP Water Security 2020 Response

103-2 The management approach and its components
103-3 Evaluation of the management approach

GRI 305: Emissions

305-1 Direct (Scope 1) GHG emissions
Gross Direct (Scope 1) GHG emissions: 23,544.71 MT CO₂e (location based), CDP Climate Change 2020 Response, pg. 27

GHG emissions include four of the seven greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFCs). Perfluorocarbons (PFCs), nitrogen trifluoride (NF₃) and sulphur hexafluoride (SF₆) emissions have not been included in our reporting, as we do not use coolants that generate these greenhouse gases. Biogenic carbon is not relevant to our Scope 1 GHG emissions. Source emission factors can be viewed in our Statement of Greenhouse Gas Emissions and Water Withdrawal. For information regarding standards, methodologies, assumptions and calculations, refer to our CDP Climate Change 2020 Response, pp. 25-26.

305-2 Energy indirect (Scope 2) GHG emissions
Gross Indirect (Scope 2) GHG emissions: 140,341.33 MT CO₂e (market based), CDP Climate Change 2020 Response, pg. 27

Gross Indirect (Scope 2) GHG emissions: 144,112.92 MT CO₂e (market based), CDP Climate Change 2020 Response, pg. 27

GHG emissions include four of the seven greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFCs). Perfluorocarbons (PFCs), nitrogen trifluoride (NF₃) and sulphur hexafluoride (SF₆) emissions have been omitted from our Scope 2 reporting, as we do not generate material quantities of these greenhouse gases. Per the GHG Protocol, biogenic emissions are omitted since grid factors are already included. Source emission factors can be viewed in our Statement of Greenhouse Gas Emissions and Water Withdrawal. For information regarding standards, methodologies, assumptions and calculations, refer to our CDP Climate Change 2020 Response, pp. 25-26.

Recycled input materials used
As part of our approach to sustainable materials, we encourage the use of recycled sources of material in packaging and servicewares as feasible and as allowed by local regulations. Most of these are either fiber or plastic based and a directional estimate of used recycled input materials is provided below for each category. We collect this data as part of our annual sustainability survey and will continue to refine our data collection process.

Fiber from recycled sources: 29%
Plastic from recycled sources: 33%
305-3 Other indirect (Scope 3) GHG emissions

The total is comprised of the applicable category totals as follows:
- Purchased goods and Services (Food, Cooking OA, Plastic Service Ware, Fibre Based Packaging): 25,929,374 MT CO2e
- Franchisees (Buildings Scope 1 and 2): 7,883,091 MT CO2e
- Upstream Transportation and Distribution: 1,058,626 MT CO2e
- Waste Generated in Operations: 776,577 MT CO2e
- Downstream Transportation and Distribution: 394,335 MT CO2e
- End of Life Treatment of Sold Products: 92,815 MT CO2e
- Business Travel: 22,919 MT CO2e

GHG emissions include four of the seven greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O) and hydrofluorocarbons (HFCs). Perfluorocarbons (PFCs), nitrogen trifluoride (NF3) and sulphur hexafluoride (SF6) emissions have been omitted from our reporting, as we do not generate material quantities of these greenhouse gases. Biogenic emissions, included in the totals above, resulting from Waste Generated in Operations and End of Life Treatment, are estimated at 844,033 MT. Source emission factors can be viewed in our Statement of Greenhouse Gas Emissions and Water Withdrawal. For information regarding standards, methodologies, assumptions and calculations, refer to our CDP Climate Change 2020 Response, pgs. 27-31.

305-4 GHG emissions intensity

GHG emissions intensity: 0.00029 MT CO2e per unit total revenue for Scope 1 and 2 emissions
GHG emissions intensity: 185 MT CO2e per restaurant (based on average restaurant count) for Scope 1 and 2 emissions

For information regarding standards, methodologies, assumptions and calculations, refer to our CDP Climate Change 2020 Response, pgs. 27-31.

305-5 Reduction of GHG emissions

The anticipated annual quantity of reductions in GHG emissions that will be achieved as a result of conservation and efficiency measures implemented during the reporting year was 716,717 MT CO2e. This includes equity and franchise restaurants and includes all resulting gases. This estimate does not include materialized savings realized from activities contributing to savings from prior years. For information regarding standards, methodologies, assumptions and calculations, refer to our CDP Climate Change 2020 Response, pgs. 21-25.

305-6 Emission of ozone-depleting substances

We do not produce ozone-depleting substances (ODS). However, we do use refrigeration and air conditioning that contains ODS, and as while the equipment is operating according to manufacturer specifications, small amounts of leakage does occur. We estimate the following:
- Scope 1 HFC: 1.11 MT
- Scope 2 HFC, not applicable
- Scope 3 HFC (franchise restaurants): 46.22 MT

Source emission factors can be viewed in our Statement of Greenhouse Gas Emissions and Water Withdrawal.

305-7 Nitrogen oxides, sulfur oxides and other significant air emissions

The release of nitrous oxide and methane are calculated and included in our total MT CO2e calculations. The quantities of these gases are as follows:
- Scope 1 CH4: 14.49 MT
- Scope 2 CH4: 3.64 MT
- Scope 3 CH4: 755.82 MT
- Scope 1 N2O: 0.17 MT
- Scope 2 N2O: 2.17 MT
- Scope 3 N2O: 2.9 MT

Perfluorocarbons (PFCs), nitrogen trifluoride (NF3) and sulphur hexafluoride (SF6) emissions are not included in our reporting, as we do not knowingly generate material quantities of these greenhouse gases. Source emission factors can be viewed in our Statement of Greenhouse Gas Emissions and Water Withdrawal.

GRI 306: Waste

103-1 Explanation of the material topic and its Boundary

Planet: Waste Reduction, pg. 29; 2019 Performance Summary, pg. 30

103-2 The management approach and its components

103-3 Evaluation of the management approach

306-1 Waste generation and significant waste-related impacts

Planet: Waste Reduction, pg. 29; 2019 Performance Summary, pg. 30

306-2 Management of significant waste-related impacts

Planet: Waste Reduction, pg. 29; 2019 Performance Summary, pg. 30

306-3 Waste generated

The collection of data regarding waste is challenging, and estimates provided are based on data submitted by our U.S., Australian and United Kingdom business units and extrapolated, on a per-restaurant average basis, to provide a global view. The total weight of non-hazardous waste removed from restaurants, both company-owned and franchise, is an estimated 2,249,900 MT. We do not generate material quantities of hazardous waste. It does not account for products and packaging intended for consumer consumption outside of the restaurants. Although there is variation between brands and geographic localities, our analysis yields the following order of magnitude divisions, based on percentages, of generated waste from within restaurants:
- Organic waste: 899,960 MT
- Corrugated cardboard: 337,485 MT
- Paper packaging and other paper: 337,485 MT
- Mixed plastics: 337,485 MT
- Used cooking oil: 224,990 MT
- Other: 112,495 MT

Planet: Waste Reduction, pg. 29; 2019 Performance Summary, pg. 30

306-4 Waste diverted from disposal

The collection of data regarding waste diverted from disposal is challenging, and estimates are limited to data submitted by our U.S., Australian and United Kingdom business. This data has not been extrapolated due to the extreme variation in global diversion infrastructure. The total weight of non-hazardous waste diverted in those markets is estimated to be 176,048 MT. This does not include diverted waste from other markets, although it is known to occur. We do not generate material quantities of hazardous waste: It does not account for products and packaging intended for consumer consumption outside of the restaurants. The recovery options are represented by the following:
- Recycling: 159,707 MT
- Biofuel and/or animal feed: 26,825 MT
- Food donation (in markets listed above): 2,533 MT

Planet: Waste Reduction, pg. 29; 2019 Performance Summary, pg. 30

GRI 308: Supplier Environmental Assessment

103-1 Explanation of the material topic and its Boundary

Planet, pgs. 26-30
Yum! Brands Global Environmental Policy
Yum! Brands Global Forest Stewardship Policy
Yum! Brands, pgs. 10-17
Yum! Brands Paper-Based Packaging Sourcing Policy
CDP-FOrets, 2020 Response

103-2 The management approach and its components

103-3 Evaluation of the management approach

308-2 Negative environmental impacts in the supply chain and actions taken

Planet: Forest Stewardship, pg. 28
CDP-FOrets, 2020 Response

GRI 400: SOCIAL

GRI 401: Employment

103-1 Explanation of the material topic and its Boundary

People, pgs. 10-17
Food - Recipe Notes: Building Upon Our Safety Strengths, pg. 20
**GRI 401: Occupational Health and Safety**

| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees

Yum! and our franchisees offer restaurant employees a range of medical benefits, childcare discounts, educational scholarships and tuition reimbursement, and gym discounts, as well as training and development opportunities. Our corporate above restaurant employees benefit from a total rewards package that includes wellness programs, flexible working hours, a generous 401(k) match and more. Most of the employee programs and benefits are applicable in the U.S. Internationally, benefits are tailored by market and role.

**GRI 402: Labor/Management Relations**

| 103-1 | Explanation of the material topic and its Boundary

Yum! Brands is committed to maintaining a work environment that respects and supports human rights around the world. Our ethics and compliance program, based on our Global Code of Conduct, demands the highest ethical standards in all of our operations globally. This policy applies to all directors, officers and employees of Yum!, as well as to our international agents, consultants, joint venture partners and any other third-party representatives acting on our behalf.

We respect the right of all employees to be associated with or to not associate with any group, as permitted by applicable laws and regulations. We require compliance with all local labor laws in every market where we operate. We have and will continue to partner with various stakeholders to collect input and help guide our human rights efforts.

| 103-2 | The management approach and its components

Yum! Brands Human Rights & Labor Policy

**GRI 403: Occupational Health and Safety**

| 403-1 | Occupational and health and safety management system

Food - Recipe Notes: Building Upon Our Safety Strengths, pg. 20

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| 403-2 | Hazard identification, risk assessment, and incident investigation

Food - Recipe Notes: Building Upon Our Safety Strengths, pg. 20

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| 403-3 | Occupational health services

Food - Recipe Notes: Building Upon Our Safety Strengths, pg. 20

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| 403-4 | Worker participation, consultation, and communication on occupational health and safety

Food - Recipe Notes: Building Upon Our Safety Strengths, pg. 20

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| 403-5 | Worker training on occupational health and safety

Food - Recipe Notes: Building Upon Our Safety Strengths, pg. 20

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| 403-6 | Promotion of worker health

Food - Recipe Notes: Building Upon Our Safety Strengths, pg. 20

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| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Food - Recipe Notes: Building Upon Our Safety Strengths, pg. 20

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| 403-8 | Workers covered by an occupational health and safety management system

All company restaurants are governed by safety standards and employees undertake training on those standards.

### GRI 404: Training and Education

| 103-1 | Explanation of the material topic and its Boundary

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| 103-2 | The management approach and its components

Yum! Brands Human Rights & Labor Policy

| 103-3 | Evaluation of the management approach

Yum! Brands Human Rights & Labor Policy

### GRI 405: Diversity and Equal Opportunity

| 103-1 | Explanation of the material topic and its Boundary

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| 103-2 | The management approach and its components

Yum! Brands Human Rights & Labor Policy

| 103-3 | Evaluation of the management approach

Yum! Brands Human Rights & Labor Policy

### GRI 405: Diversity and Equal Opportunity

| 405-1 | Diversity of governance bodies and employees

Gender | Percent Female | Percent Male
--- | --- | ---
Board of Directors | 33% | 67%
Executive | 34% | 66%
Leadership | 44% | 56%
Management (Restaurant and Above Restaurant) | 48% | 52%
Non Management (Above Restaurant) | 54% | 46%
Non Management (Restaurant) | 55% | 45%

| Age Group | Percent Under 30 | Percent 30-50 | Percent over 50
--- | --- | --- | ---
Board of Directors | 0% | 8% | 92%
Total Employees | 59% | 31% | 10%
Above Restaurant | 15% | 67% | 18%
Restaurant | 65% | 26% | 9%

### GRI 405: Diversity and Equal Opportunity

| 405-2 | Ratio of basic salary and remuneration of women to men

At Yum!, we are committed to paying our employees fairly and equitably. Our pay practices are grounded in market competitive and performance-based principles to attract, retain and reward world-class talent. We leverage tools and processes to ensure equitable pay decisions, including salary ranges and bonus targets by level, objective performance goals and ratings, and clear guidelines for merit increases, bonuses and long-term incentives tied to performance.

In the United States, where a significant portion of our population resides, we run an annual statistical regression analysis to ensure that pay disparities by gender and ethnicity do not exist. Taking into account all job- and performance-related factors used in making pay decisions, the analysis finds we do not have any statistically significant variances in pay by any gender or ethnic group. We are committed to continuing to review and refine our practices and processes to ensure we are rewarding our employees fairly.
We believe that it is important to openly discuss policies that may impact our business operations, including fair employment practices. Yum! is committed to not using forced or compulsory labor. Suppliers are also required to follow this policy.

Yum! understands that in today’s digital environment, customer and employee privacy is important and we are committed to treating personal information with care. We invest significantly in tools, systems and people to help keep information secure as threats continue to evolve.

In 2019, we received a reported complaint for alleged non-compliance with advertising regulations. No actions have been taken against Yum! or its subsidiaries as a result of this pending complaint.

Yum! follow U.S. and international guidelines to avoid marketing to children and are transparent about our food choices. We promote transparency about our food and our suppliers through our Food Safety Standards and our “Trust in Every Bite” program. To do this, our Food Safety Standards cover areas where key risk factors exist, such as employee health and hygiene, product handling, restaurant temperature management, cross-contamination and more. Since 2016, Yum! has conducted more than 360,000 restaurant food safety audits. In the reporting year, we also assessed 66% of suppliers on our way to assessing 100% of Tier 1 suppliers annually by 2021.

Our first priority, confirmed by stakeholders as part of our materiality assessment, is to maintain an industry-leading, safe, high-quality food supply from farm to fork. Our vision is to deliver to society “Trust in Every Bite.” To do this, our Food Safety Standards cover areas where key risk factors exist, such as employee health and hygiene, product handling, restaurant temperature management, cross-contamination and more. Since 2016, Yum! has conducted more than 360,000 restaurant food safety audits. In the reporting year, we also assessed 66% of suppliers on our way to assessing 100% of Tier 1 suppliers annually by 2021.

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Employee training on human rights policies or procedures

The total number of hours dedicated to training employees on issues relating to human rights policies and the treatment of individuals was estimated to be 140,000 in the reporting year. This total covers employees, franchisees and suppliers. This covers approximately 23% of our full-time employee count at the end of the year.

People - 2019 Performance Summary, pg. 17

Yum! is committed to following all laws and providing guests with accurate information. Customers rely on that information to make decisions on where to dine as well as to make menu selections. Promoting transparency about our food empowers the customer to make personal choices. We work with our franchisees, industry and stakeholders. We adhere to all applicable laws that govern our interactions with public officials as well as our own Code of Conduct.

We believe that it is important to openly discuss policies that may impact our business operations, including fair employment practices. Yum! is committed to not using forced or compulsory labor. Suppliers are also required to follow this policy.

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We do not view our company operations as having significant risk for incidents related to non-compliance with advertising regulations. No actions have been taken against Yum! or its subsidiaries as a result of this pending complaint.

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ABOUT THIS REPORT

We remain committed to disclosing our sustainability progress. This report covers key commitments and initiatives that have been announced since our last report was published, in addition to full-year sustainability data from January 1–December 31, 2019. Data was gathered from our corporate operations, company-owned KFC, Pizza Hut and Taco Bell restaurants and select franchisees. The data do not include The Habit Burger Grill, as that acquisition was completed March 18, 2020.

This report has been prepared in accordance with the GRI Standards: Core Option. We recognize GRI as the most credible standard for reporting on environmental, social and governance issues reflecting the results of a materiality assessment. In future years, we intend to align our reporting with the SASB’s sector specific reporting framework and the Task Force on Climate-Related Financial Disclosures (TCFD)’s guidance for reporting on climate risk.

For more information about our citizenship and sustainability work, visit yum.com/citizenship.

Please send comments or questions about this report to citizenship@yum.com.

Forward-Looking Statements

This report may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend all forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the fact that they do not relate strictly to historical or current facts and by the use of forward-looking words such as “expect,” “expectation,” “believe,” “anticipate,” “may,” “could,” “intend,” “belief,” “plan,” “estimate,” “target,” “predict,” “likely,” “seek,” “project,” “model,” “ongoing,” “will,” “should,” “forecast,” “outlook,” “new store opening goals” or similar terminology. These statements are based on and reflect our current expectations, estimates, assumptions and/or projections, our perception of historical trends and current conditions, as well as other factors that we believe are appropriate and reasonable under the circumstances. Forward-looking statements are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks, uncertainties and assumptions that could cause our actual results to differ materially from those indicated by those statements. There can be no assurance that our expectations, estimates, assumptions and/or projections, including with respect to the future earnings and performance or capital structure of Yum! Brands, will prove to be correct or that any of our expectations, estimates or projections will be achieved.

The forward-looking statements included in this report are only made as of the date of this report, and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances.

Food System Contribution to National GHG Emissions Chart Sources

OUR RECIPE FOR
GOOD

Yum! KFC Pizza Hut Taco Bell Habit Restaurants