

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Yum! Brands, Inc., based in Louisville, Kentucky, has over 50,000 restaurants in more than 150 countries and territories primarily operating the Company's brands – KFC, Pizza Hut, and Taco Bell – global leaders of the chicken, pizza, and Mexican-style food categories. Starting at end of the first quarter of 2020 the Company's family of brands includes The Habit Burger Grill, a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. Yum! Brands was included on the 2021 Bloomberg Gender-Equality Index. In 2020, Yum! Brands was named to the Dow Jones Sustainability Index North America and was ranked among the top 100 Best Corporate Citizens by 3BL Media.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2020	December 31 2020

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

- Australia
- Canada
- France
- Germany
- India
- Italy
- Netherlands
- Russian Federation
- Singapore
- South Africa
- Spain
- United Arab Emirates
- United Kingdom of Great Britain and Northern Ireland
- United States of America
- Viet Nam

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Vital	Direct use of sufficient amounts of good quality freshwater is vital to our operations because restaurants rely on it for many important functions such as products and sanitation and cannot operate without it. Indirect use of sufficient amounts of good quality freshwater is vital to our value chain because it's used to help produce many of our primary products, whether developing beverages, preparing meat or helping plants grow. However, Yum! is a global company with a diverse supply chain and adjustments can be made on sourcing to adapt to local conditions. We do not anticipate the future importance rating for direct or indirect operations to change based on the nature of water use in our business practices. Freshwater will continue to remain vital for our direct and indirect use, as it is a necessary component of our core product offerings.
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Not very important	Direct use of sufficient amounts of recycled, brackish and/or produced water is not very important to our operations because of its very limited use throughout our business. Indirect use of sufficient amounts of recycled, brackish and/or produced water is not very important to our value chain because of its limited use through our supply chain. In these extremely rare cases, recycled water has historically been used for waste conveyance and/or irrigation as permitted by local jurisdictions. If any suppliers depend on brackish water, and availability becomes an issue for individual suppliers, Yum!'s adjustments can be made in our diverse supply chain to adapt to local conditions. We do not anticipate the future importance rating for direct or indirect operations to change based on the nature of water use in our business practices, as recycled, brackish, and/or produced water are scarcely used within our business operations.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Current water withdrawal volumes are recorded from municipal water utility bills for equity restaurant and office locations, and data is requested for all equity restaurant locations. Distribution, including warehouses, is typically handled by third parties and therefore outside of the reporting boundary. The frequency of this activity is typically monthly or every other month depending on local practices. The frequency of Yum! reviewing data for withdrawals representing each store is completed on an annual basis. Although efforts have been made to collect data, estimations were by necessity completed in some areas. We look forward to refining our process in future years.
Water withdrawals – volumes by source	100%	Current water withdrawal is nearly entirely from municipal water sources. The frequency of requesting this data for all equity restaurant locations is typically completed on an annual basis. Although efforts have been made to collect data, estimations were completed by necessity in some areas. We look forward to refining our process in future years.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	Current water withdrawal is nearly entirely from municipal water sources and we depend on their quality monitoring systems. However, we also typically provide in-restaurant filtration of water used for drinking and product preparation (such as ice). Those in-restaurant filtration systems are maintained and monitored by local restaurant staff at a frequency according to local and manufacturer requirements.
Water discharges – total volumes	100%	Yum! Brands' water discharge volumes for equity locations are equal to a store's withdrawal, minus approximately 15% consumption. This calculated approach is completed on an annual basis and has been applied to our international locations as well. Although efforts have been made to collect data, estimation is the core part of this measurement. We look forward to refining our process in future years.
Water discharges – volumes by destination	100%	Discharges are returned to municipal facilities for treatment. Yum! Brands' water discharge volumes for equity locations are equal to a store's withdrawal, minus approximately 15% consumption. This calculated approach is completed on an annual basis and has been applied to our international locations as well. Although efforts have been made to collect data, estimation is the core part of this measurement. We look forward to refining our process in future years.
Water discharges – volumes by treatment method	100%	The majority of our discharges are returned to municipal facilities for treatment at their discretion. Our internal standard is to implement grease traps (primary treatment) for all effluents prior to discharging for municipal treatment. We review and comply with all local laws and regulation for frequency of monitoring, should it be required.
Water discharge quality – by standard effluent parameters	100%	Water discharge quality is monitored through regulatory permits. Restaurants are designed to produce discharges of an acceptable quality for treatment by municipal facilities. Municipalities test discharge according to their regulations. We follow all local laws and regulations for frequency of monitoring, should it be required.
Water discharge quality – temperature	Not relevant	We do not regularly measure or monitor water temperature as it relates to discharge quality, as this is not relevant to or required for our operations. The temperature of water released as a result of kitchen processes follow local jurisdictional requirements. It is not expected that discharge temperatures would exceed domestic hot water and therefore is not expected to become relevant in the future.
Water consumption – total volume	100%	Yum! Brands' equity location water consumption is approximately equal to 15% of total water withdrawal. This calculated approach has been applied to our international locations as well. The frequency of Yum! reviewing data for water consumption representing each store is completed on an annual basis. Although efforts have been made to collect data, estimations were completed by necessity in some areas. We look forward to refining our process in future years.
Water recycled/reused	Not relevant	We do not regularly measure or monitor water recycling or reuse as this is not relevant to or required for our operations. Use of recycled/reused water is extremely rare and limited to test buildings. It is not expected to become relevant in the future.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Yum! Brands requires clean water for drinking, cooking and cleaning purposes, adequate facilities for excreta purposes, solid waste management and drainage, and general hygiene purposes. Employees also are educated to follow hygiene requirements. WASH facilities are in place in existing workplaces and are built into new restaurant design by our Development teams, and continue to be included in our Food Safety Facilities and Equipment Standards. Monitoring is completed by our Quality Assurance teams in the field, and is typically reviewed twice per year as part of our Restaurant food safety audits.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	2575.56	Higher	Total water withdrawals in 2020 increased from 2019. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted "higher" to be within approximately 40% of 2019 volumes. We experienced an 18% increase in total withdrawal volumes for global equity locations (inclusive of equity restaurants and corporate offices) in 2020. This change is largely attributed to the addition of Habit Burger, a new brand that we acquired in 2020. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Our expectation within the near future is that water withdrawals will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.
Total discharges	2189.23	Higher	Total water discharges in 2020 increased from 2019. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted "higher" to be within approximately 40% of 2019 volumes. We experienced an 18% increase in total discharge volumes for global equity locations (inclusive of equity restaurants and corporate offices) in 2020. This change is largely attributed to the addition of Habit Burger, a new brand that we acquired in 2020. Water discharge data represents all global equity markets and is calculated as Total Withdrawal minus Total Consumption at the brand-level based on data acquired via our international market surveys on an annual basis. Our expectation within the near future is that water discharges will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.
Total consumption	386.33	Higher	Total water consumption in 2020 increased from 2019. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted "higher" to be within approximately 40% of 2019 volumes. We experienced a 21% increase in total consumption volumes for global equity locations (inclusive of equity restaurants and corporate offices) in 2020. This change is largely attributed to the addition of Habit Burger, a new brand that we acquired in 2020, as well as a change in our calculation methodology for total consumption. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Total consumption is then calculated at the company-level based on the estimation that approximately 15% of total water withdrawals is used for consumption. Our expectation within the near future is that water consumption will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	11-25	Higher	WRI Aqueduct	In 2019, Yum! Brands, Inc. completed a comprehensive Water Risk Assessment for all global equity and franchise restaurant locations. Our Assessment utilized the WRI Aqueduct Water Risk Atlas 3.0 to map and analyze over 47,500 store locations and defined "water stressed areas" as any location with a composite water risk score greater than 3.75 based on the WRI Aqueduct Water Risk Atlas 3.0 parameters of overall water risk, baseline water stress, and projected 2030 water stress. The proportion of total withdrawals sourced from water stressed areas represents an aggregate estimate based on the number of equity stores whose composite water risk score was greater than 3.75. This proportion has increased 7% from our previous assessment in 2017, largely attributed to improved risk data and methodology updates associated with the new WRI Aqueduct Water Risk Atlas 3.0. We currently plan to update our next biennial Water Risk Assessment starting in Q4 2021 and will seek to include all global equity and franchise restaurants to be consistent with previous assessments.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Third party sources	Relevant	2575.56	Higher	All Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future. Total water withdrawals from third party sources in 2020 increased from 2019. We have interpreted "higher" to be within approximately 40% of 2019 volumes. We experienced an 18% increase in total withdrawal volumes from third party sources for global equity locations (inclusive of equity restaurants and corporate offices) in 2020. This change is largely attributed to the addition of Habit Burger, a new brand that we acquired in 2020. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Our expectation within the near future is that water withdrawals will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	This discharge destination is not relevant - all Yum! Brands water discharges are returned to groundwater (irrigation) and/or municipal facilities, and we anticipate that this will be consistent in the future.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	This discharge destination is not relevant - all Yum! Brands water discharges are returned to groundwater (irrigation) and/or municipal facilities, and we anticipate that this will be consistent in the future.
Groundwater	Relevant	901.45	Higher	All irrigation is discharged to groundwater. Irrigation volumes are estimated to be approximately 35% of total withdrawals at all equity locations. Data is acquired via our international market surveys on an annual basis. We have interpreted "higher" to be within approximately 40% of 2019 volumes. We experienced a 43% increase in groundwater discharge volumes for global equity locations. This change is largely attributed to the addition of Habit Burger, a new brand that we acquired in 2020, as well as a change in our calculation methodology for irrigation volumes. Total irrigation volume is calculated at the company-level based on the estimation that approximately 35% of total water withdrawals is used for irrigation. Our expectation within the near future is that water discharges will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.
Third-party destinations	Relevant	1287.78	Higher	All discharge not related to irrigation is returned to municipal facilities and is calculated as withdrawal minus consumption minus irrigation volumes. Irrigation is calculated to be approximately 35% of total withdrawals at all equity locations. Data is acquired via our annual international market surveys. Total water discharges to third-party destinations in 2020 increased from 2019. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted "higher" to be within approximately 40% of 2019 volumes. We experienced a 5% increase in third-party discharge volumes for global equity locations in 2020. This change is largely attributed to the addition of Habit Burger, a new brand that we acquired in 2020. Our expectation within the near future is that water discharges will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	We follow all local regulatory requirements for the treatment of discharge. All volumes discharged to a third party for municipal treatment undergo primary treatment (grease traps) prior to discharge. No tertiary treatment is completed prior to discharge at this time.
Secondary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	We follow all local regulatory requirements for the treatment of discharge. All volumes discharged to a third party for municipal treatment undergo primary treatment (grease traps) prior to discharge. No secondary treatment is completed prior to discharge at this time.
Primary treatment only	Relevant	1287.78	Higher	91-99	We follow all local regulatory requirements for the treatment of discharge. Grease traps are a standard element of primary wastewater treatment that we currently use for all discharge volumes that are sent to third-party municipal facilities for further treatment. Total water discharges to third-party destinations in 2020 increased from 2019. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted "higher" to be within approximately 40% of 2019 volumes. We experienced a 5% increase in third-party discharge volumes for global equity locations in 2020. This change is largely attributed to the addition of Habit Burger, a new brand that we acquired in 2020. Our expectation within the near future is that water discharges will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.
Discharge to the natural environment without treatment	Relevant	901.45	Higher	91-99	We follow all local regulatory requirements for the treatment of discharge. All irrigation is discharged to groundwater (the natural environment) without further treatment. Please note that the water included in these discharges is potable freshwater from municipal sources and should therefore meet any applicable water quality standards. Irrigation volumes are estimated to be approximately 35% of total withdrawals at all equity locations. Total water discharges to groundwater in 2020 increased from 2019. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted "higher" to be within approximately 40% of 2019 volumes. We experienced a 43% increase in groundwater discharge volumes for global equity locations. This change is largely attributed to the addition of Habit Burger, a new brand that we acquired in 2020, as well as a change in our calculation methodology for irrigation volumes. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Total irrigation volume is then calculated at the company-level based on the estimation that approximately 35% of total water withdrawals is used for irrigation. Our expectation within the near future is that water discharges will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.
Discharge to a third party without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	We follow all local regulatory requirements for the treatment of discharge. All volumes discharged to a third party for municipal treatment undergo primary treatment (grease traps) prior to discharge.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	No other discharge treatment types are relevant at this time.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

51-75

% of total procurement spend

51-75

Rationale for this coverage

Yum! Brands recognizes the importance of evaluating water use, risks, and management in our agricultural supply chain. Within our Food Safety Quality Assurance (FSQA) team, suppliers are prioritized and selected based on Tier (direct vs. indirect), criticality, and relative risk to the system. They are incentivized and required to participate in our food safety auditing processes to maintain their status as a supplier. This team looks at many operational components including water. In addition to this work, encourage the management of forest resources which contributes to protecting watersheds and managing risks. Proper management of forest resources contributes to eliminating deforestation which helps to promote watershed health and water security by stabilizing soils, reducing erosion, regulating water flow, and purifying water sources.

Impact of the engagement and measures of success

FSQA, whose review is focused on sanitation and food safety, evaluates the results of audits. Information is used to maintain food safety standards and determines supplier compliance and eligibility to maintain their status as a supplier. Regarding helping to protect watersheds, we collect data from suppliers regarding fiber-based packaging via our annual sustainability survey. We use this information to measure progress against our goal of buying 100% paper-based packaging from certified or recycled sources. Suppliers who are not meeting our deforestation prevention policies are subject to removal. We have removed both palm and paper suppliers from our system as a result of this work. Results of the survey are used by our internal supply chain teams to work toward meeting goals. It also assists Yum! Brands in the development of future supply chain-oriented water targets.

Comment

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Onboarding & compliance

Details of engagement

Requirement to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number

1-25

% of total procurement spend

1-25

Rationale for the coverage of your engagement

Yum! Brands recognizes the importance of evaluating water use, risks and management of the agricultural supply chain. We therefore engage with suppliers to better understand their approach to sustainability, including water. This engagement includes the collection of data and conducting of Food Safety Quality Assurance site visits. Engagements are supported by the requirements for suppliers to follow the Yum! Supplier Code of Conduct. Suppliers must follow Yum! sustainability policies and positions as outlined in our Global Citizenship and Sustainability Report. Upon request suppliers provide information regarding environmental management systems, and leadership in meeting or exceeding environmental standards.

Impact of the engagement and measures of success

Encouraging suppliers to report their impact on water basins assists Yum! Brands in the development of future supply chain-oriented water and land management targets. We monitor the impact of these engagements based on improved sharing of best practices, increased awareness and understanding of water-related issues, and water-related KPIs for forests commodities including the volume of sustainably certified materials. Proper management of forest resources contributes to eliminating deforestation which helps to promote watershed health and water security by stabilizing soils, reducing erosion, regulating water flow, and purifying water sources. Success of this engagement is measured via our annual surveys which inform our progress against our fiber and palm oil goals.

Comment

Percentage of suppliers by number and total procurement spend reflect the U.S. market only.

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

The restaurants of Yum! brands are 98% owned by franchisees and therefore critical to our success. We engage with select franchisees to gather water withdrawal data each year, as well other sustainability metrics such as energy. This engagement allows us to understand system performance and reinforce the importance of addressing sustainability issues including water.

Yum! Brands also recognizes the importance of evaluating water use, risks and management of the agricultural supply chain. We therefore engage with suppliers to better understand their approach to sustainability, including water. This engagement includes the collection of data and conducting of Food Safety Quality Assurance site visits. Engagements are supported by the requirements for suppliers to follow the Yum! Supplier Code of Conduct. Suppliers must follow Yum! sustainability policies and positions as outlined in our Global Citizenship and Sustainability Report. Upon request suppliers provide information regarding environmental management systems, and leadership in meeting or exceeding environmental standards.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

Yes

W2.1a

(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Country/Area & River basin

India	Other, please specify (All basins in that country)
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Type of impact driver & Primary impact driver

Physical	Inadequate infrastructure
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Primary impact

Increased operating costs

Description of impact

As a result of challenging infrastructure in many locations it is necessary to transport water to the restaurants and/or conduct filtration and higher levels than typically done in many markets, thus resulting in increased operating costs. Although a chronic financial impact for our India market, the impact on the corporation did not reach the substantive level.

Primary response

Improve pollution abatement and control measures

Total financial impact

106000

Description of response

Our restaurants provide filtration, such as reverse osmosis, as required and make arrangements for water to be provided. We have estimated the financial impact, based on metering of a restaurant, the resulting process water, energy and maintenance costs. The number provided is an estimate of costs for equity locations.

Country/Area & River basin

United States of America	Other, please specify (All basins in that region)
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Type of impact driver & Primary impact driver

Physical	Severe weather events
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Primary impact

Increased operating costs

Description of impact

The recent drought in the Western United States caused supply interruptions for our commodity ingredients, including impacts to our produce, dairy and beef supplies. The drought resulted in increased ingredient prices from our suppliers as well as our sourcing from alternative regions, where feasible. Please note that Yum! Brands has a diverse supplier base which typically enables us to mitigate the impact of such risks. Although a chronic financial impact for our US markets, the impact on the corporation did not reach the substantive level.

Primary response

Increase supplier diversification

Total financial impact

1300000

Description of response

The drought resulted in increased ingredient prices from our suppliers as well as our sourcing from alternative regions, where feasible. Please note that Yum! Brands has a diverse supplier base which typically enables us to mitigate the impact of such risks. Although a chronic financial impact for our US markets, the impact on the corporation did not reach the substantive level. Please note that the reported total financial impact represents a portion of the price impacts we experienced for produce supplies and is therefore not representative of all areas of the supply chain.

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Every two years

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
International methodologies
Other

Tools and methods used

WRI Aqueduct
Internal company methods
External consultants

Comment

In 2019, Yum! Brands researched industry-wide water risks and best practices and surveyed internal departments' awareness of water risks as we strengthened our existing water stewardship practices. We completed a global risk assessment of our restaurants using WRI's Aqueduct tool. This applies both to direct operations and franchisees. To adequately capture the company's exposure to risk, we anticipate updating our water stress review and water risk scores every two years.

Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Databases
Other

Tools and methods used

Internal company methods
External consultants
Other, please specify (Supplier Management Tools)

Comment

The Board maintains overall responsibility for overseeing Yum!'s risk management. The Board delegates specific risk-related responsibilities to the Audit Committee and to the Management Planning and Development Committee. The Audit Committee discusses risk management regular committee meetings and receives functional risk review reports covering significant areas of risk from senior managers responsible for these functional areas, as well as reports from the General Counsel and the Vice President, Internal Audit. The Audit Committee then provides a summary to the full Board.

Other stages of the value chain

Coverage

Full

Risk assessment procedure

Other, please specify (Water availability and quality at the site level prior to site development)

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Databases

Other

Tools and methods used

External consultants

National-specific tools or standards

Other, please specify (Interaction with local governance and water jurisdictions, Development Management Databases)

Comment

Water availability and quality is essential for stores' operation. During the development process for new restaurants, Development teams are responsible for assessing water availability. That is done through interaction with local governance bodies, consultants and water jurisdictions as appropriate. This occurs multiple times a year as restaurants are developed, but generally once for each location.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Water availability is relevant because water is essential for stores' operation and food production. Therefore, water risk at the restaurant level is reviewed on a biennial basis using the WRI Aqueduct tool to evaluate risk. The assessment considers stores' water risk by location, brand, and withdrawal volume. This provides basin/catchment level information. During the development process for new restaurants, Development teams are responsible for assessing water availability. This includes current availability and the potential for future disruptions in supply. Actions are taken such as removing the site from development consideration or providing for alternative water sources. Our Quality Assurance team is responsible for responding to water availability in our restaurants as it is vital for food safety. Restaurants food safety audits are typically conducted two times per year. Restaurant teams take action on resulting findings to make necessary corrections to maintain food safety. For example, Quality Assurance teams would review the functionality of hand washing sinks. If any deficiencies were found, the result would include correction and/or replacement of deficient equipment. Our Supply Chain team monitors conditions and is able to adjust purchasing based on a variety of factors. Resulting actions would include finding alternative supplies to maintain the supply of the products to the restaurants. For example, if one supplier sourced from a region that was experiencing a drought and therefore lost or reduced their supplies, our Supply Chain team would then adjust our purchasing accordingly to identify and purchase from an alternative supply within a different/nonimpacted region.
Water quality at a basin/catchment level	Relevant, always included	Water quality is relevant because potable water is essential for stores' operation and food production. Therefore, water risk at the restaurant level is reviewed on a biennial basis using the WRI Aqueduct tool to evaluate risk. The assessment considers stores' water risk by location, brand, and withdrawal volume. This provides a basin/catchment level information. During the development process for new restaurants, Development teams can provide filtration systems for water withdrawn from the municipal system or take other measures to address water quality if needed. Water discharge quality is monitored through regulatory permits, and restaurants are designed to produce discharges of an acceptable quality for treatment by municipal facilities. Our Quality Assurance team is responsible for responding to water available in our restaurants. Our Supply Chain team monitors conditions is able to adjust purchasing based on a variety of factors to assure the supply of products to the restaurants.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Stakeholder conflicts concerning water are relevant as we strive to maintain positive relationships with all stakeholders. Development teams, local restaurant managers and our Quality Assurance team are responsible for monitoring and addressing stakeholder issues addressing water at the local level. For example, during the Development process the teams will work with local jurisdictions to address any stakeholder conflicts concerning water resources. In our WRI Aqueduct risk assessment, a higher Baseline Water Stress score indicates more competition amongst users for water at a particular location. We examine stores with high Baseline Water Stress scores to confirm that they are not using a disproportionate amount of water to the community in order to maintain positive relationships with stakeholders.
Implications of water on your key commodities/raw materials	Relevant, always included	Yum! Brands acknowledges that the agricultural sector, which includes our supply chain, uses 70% of the world's freshwater resources globally. At Yum! Brands and our purchasing cooperative in the United States, RSCS, we are continually evaluating possible disruptions to our supply chain, including from the perspective of water. Our Supply Chain team monitors conditions and is able to adjust purchasing based on a variety of factors. Resulting actions would include finding alternative supplies to maintain the supply of the products to the restaurants. For example, if one supplier sourced from a region that was experiencing a drought and therefore lost or reduced their supplies, our Supply Chain team would then adjust our purchasing accordingly to identify and purchase from an alternative supply within a different/non-impacted region.
Water-related regulatory frameworks	Relevant, always included	Water-related regulatory frameworks are relevant because they are a factor in determining whether or not our store locations can be built. For new construction projections, our local development teams review the current local regulatory requirements and tariffs as part of the feasibility assessment for new sites. Our local brand teams use internal company methods to monitor and comply with new local regulations to avoid violations. Risks are identified and addressed by local teams as part of the development process.
Status of ecosystems and habitats	Relevant, always included	The status of ecosystems and habitats are relevant because we believe that protecting the environment is an important part of good corporate citizenship. We are committed to minimizing the impact of our businesses on the environment with methods that are socially responsible, scientifically based and economically sound. The Yum! Worldwide Code of Conduct requires employees to comply will all applicable environmental regulations. Local development teams are responsible for identifying and responding to risks in accordance with applicable regulations.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Yum! Brands requires clean water for drinking, cooking and cleaning purposes, adequate facilities for excreta purposes, solid waste management and drainage, and general hygiene purposes. Employees also are educated to follow hygiene requirements. WASH facilities are in place in existing workplaces. It is built into new restaurant design by our Development teams, included in our Food Safety Facilities and Equipment Standards and monitored by our Quality Assurance teams and their consultants in the field.
Other contextual issues, please specify	Not considered	Additional contextual issues are not considered at this time.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	This stakeholder is included because customers incorporate considerations about a company's sustainability and restaurants' cleanliness into their purchasing decisions. We therefore consider customers' perception about our stores' water use in assessments. To engage with our customers, our marketing insights group collects thousands of data points from consumers in order to identify trends for our brands. This includes sustainability topics such as water.
Employees	Relevant, always included	Yum! Brands requires clean water for drinking, cooking and cleaning purposes, adequate facilities for excreta purposes, solid waste management and drainage, and general hygiene purposes. Employees are included as a stakeholder so that they are educated to follow hygiene requirements. WASH facilities are in place in existing workplaces It is built into new restaurant design by our Development teams, included in our Food Safety Facilities and Equipment Standards and monitored by our Quality Assurance teams in the field. In addition, we include employee perspective water related issues in corporate materiality assessments as they are performed. To engage with our employees, we recently conducted a survey in our corporate headquarters to identify areas of sustainability interest for our associates. We also typically conduct bi-annual satisfaction and engagement surveys of our global employee population.
Investors	Relevant, always included	This stakeholder is included because many sustainable, responsible and impact (SRI) investors incorporate companies' preparedness and exposure to water risk into their investment theses. Yum! Brands therefore monitors investors' water-related concerns by attending relevant panels at conferences hosted by investor forums like Ceres and USSIF. We also track our scores on investor publications that monitor our environmental performance, like MSCI IVA and Sustainalytics reports, to confirm that investors have the correct and most up-to-date information about our sustainability performance. We also have engaged in dialog with investor groups who are interested in water consumption. In addition, we include investor perspective water related issues in corporate materiality assessments as they are performed. We have numerous ways to engage with our investors. Our Investor Relations teams conduct quarterly investor calls to answer questions and share information regarding our journey, including our sustainability journey when needed. It is also not uncommon for us to receive shareholder requests for information or proposals on ESG areas of concern. Following receipt, we typically undertake a dialog with the investor groups on the topic to share information and discuss perceptions of associated risk.
Local communities	Relevant, always included	This stakeholder is included because local communities require water as an essential resource for daily living purposes. Our typical water intensity is not high but communities are engaged during the development process and we will listen to concerns raised during subsequent operational use of the restaurant. We consider ourselves as partners with the communities in which we work and live. During the development process, our teams engage with local communities through the permitting process to discuss areas of concern, which can include water supply and discharge. We work to understand the water risk to our business as well as how to be good community partners.
NGOs	Relevant, always included	This stakeholder is included because environmental NGOs evaluate Yum! Brands' sustainability performance and engage us on issues like water. Yum! Brands listens to NGOs' water concerns in personal dialogues, industry conferences, and the media as they arise. In addition, we include NGO perspective water related issues in corporate materiality assessments as they are performed. It is also not uncommon for us to receive NGO requests for information or proposals on ESG areas of concern. Following receipt, we typically undertake a dialogue with the group to share information and discuss perceptions of associated risk.
Other water users at a basin/catchment level	Relevant, always included	This stakeholder is included because they can be important in our development efforts. Our brands engage with other local water users if they express in interest and/or if required by local regulations. In the event that we receive interest and/or are required to engage with other water users at a basin/catchment level, likely to occur during the development processes, local management teams would have conversations about how best to address concerns and needed actions at the site.
Regulators	Relevant, always included	The Yum! Brands Government Affairs team monitors emerging environmental regulations and engages regulators on these issues when they are relevant to the success of our business operations. This stakeholder is important as they are important in the development process. In the event that we receive interest and/or are required to engage with regulators, likely to occur during the development processes, local management teams would have conversations about how best to address concerns and needed actions at the site.
River basin management authorities	Relevant, always included	Our brands will engage with local management authorities if they express in interest and/or if required by local regulations. In the event that we receive interest and/or are required to engage with other water users at the river basin management level, likely to occur during the development processes, local management teams would have conversations about how best to address concerns and needed actions at the site. This stakeholder is important as they are important in the development process.
Statutory special interest groups at a local level	Relevant, always included	Our brands will engage with statutory special interest groups at local levels if they express in interest and/or if required by local regulations. In the event that we receive interest and/or are required to engage with statutory special interest groups, likely to occur during the development processes, local management teams would have conversations about how best to address concerns and needed actions at the site. This stakeholder is important as they are important in the development process.
Suppliers	Relevant, always included	Suppliers are an important stakeholder and risks to the supply chain are included in our assessments. Any water related issues that cause or have the potential to cause supply chain impact would be evaluated by our supply chain team. An example would be the South African drought where supply chains were monitored to enable access to product. Yum! Brands would receive updates about suppliers' sustainability efforts and risks in our agricultural value chain. We do not currently globally track supplier sustainability initiatives in a systematic way. Enhancement of our approach to the issue of driving awareness of water use as well as improved management of water consumption in the supply chain will be evaluated and updated as we continue to evolve our processes.
Water utilities at a local level	Relevant, always included	Water utilities/suppliers at a local level are instrumental to Yum! Brands' understanding of water use in our direct operations since water withdrawal and consumption are collected from local utility bills. Yum! therefore engages with water utilities/suppliers at a local level on an as-needed basis, for example, when a water utility does not include adequate water usage information on its monthly bills or reports water usage in an unusual or inconsistent manner. During the development process our teams engage with local communities through the permitting process to discuss areas of concern, which can include water supply and discharge. We work to understand the water risk to our business as well as how to be good community partners.
Other stakeholder, please specify	Relevant, always included	Various shareholders have expressed an interest in water. We have engaged with a European based group to discuss our water conservation measures.

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Yum! Brands believes that good corporate governance is a critical factor in achieving business success and embraces practices that align with management and shareholder interests. Oversight for environmental, social and governance (ESG) issues ultimately resides with the Board of Directors, which is briefed through its Audit Committee on an annual basis. The brief is typically performed by our General Counsel and/or our Chief Sustainability Officer. In addition, the Board of Directors receives weekly updates on the ESG issues, news, and trends that are occurring within our sector.

Our global citizenship and sustainability strategy reflects Yum! Brands' priorities for socially responsible growth, risk management and sustainable stewardship of our food, planet and people. We call it our Recipe for Good. In 2019, our CEO elevated the Recipe for Good to on par with our Recipe for Growth as an indication that both are critical operating and growing our company. Water related strategy, risks and opportunities are reviewed by our ESG Council, which consists of senior leaders across the company and is chaired by the Chief Sustainability Officer who is responsible for coordinating risk management and opportunity identification, including water. This senior leader also works with sustainability leads at our brands to develop and lead the execution of the strategy which addresses risk and opportunities. Brand sustainability leads work within individual markets and departments. The duties of Chief Sustainability Officer also include the representation of sustainability issues, such as water, on the Yum! risk committee. This senior level committee is responsible for the evaluation and as appropriate, reporting of possible corporate risk at least once per year to the Audit Committee of the Board of Directors for inclusion in our public filings.

The Company assesses alternatives and determines steps and action plans with working groups. One primary tool for evaluation of water risk in our direct operations is WRI Aqueduct. In 2019, we completed a risk assessment using this tool for nearly all of our restaurants for the reporting year. Our intent is to conduct this review approximately every two years with the input of external consultants and utilization of our internal databases. We encourage the adoption of water conservation measures for locations included in high risk areas (defined by a composite risk score over 3.75 based on WRI Aqueduct parameters). Specific measures for restaurants are detailed in Blueline, our green building standard. For example, principles such as higher efficiency ice machines, low-flow faucets and toilets were used to provide guidance regarding drought responses to our team in South Africa, resulting in reduced water consumption to comply with the mandate from local authorities.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

For the current reporting cycle, CDP has requested information regarding risks that are substantive at the corporate level and not those at the facility or business unit level. As a global, decentralized, and franchise-focused organization with a diverse supply chain, many risks (such as water) can be important yet not rise to the provided benchmark of being financially or strategically important at a material, substantive level to the corporation. There is no single definition of what would rise to this level but for a corporation such as Yum! Brands, a system impact (including our direct operations, supply chain, or both) of approximately 5% of net income for the annual reporting period could be considered substantive at the corporate level. The definition of what would be considered as "substantive" for the company is applicable to both direct operations and supply chain and is reviewed at least annually and updated as necessary.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	For the current reporting cycle, CDP has requested information regarding risks that are substantive at the corporate level and not those at the facility or business unit level. As a global, decentralized, and franchise-focused organization, water risk can be important yet not rise to the provided CDP benchmark of being financially or strategically important at a level that is substantive to the corporation. In 2019, Yum! Brands, Inc. completed a comprehensive Water Risk Assessment for all global equity and franchise restaurant locations. Our Assessment utilized the WRI Aqueduct Water Risk Atlas 3.0 to map and analyze over 47,500 store locations and defined "water stressed areas" as any location with a composite water risk score greater than 3.75 based on the WRI Aqueduct Water Risk Atlas 3.0 parameters of overall water risk, baseline water stress, and projected 2030 water stress. This process identified 154 locations within our direct operations that were identified as "high risk" (based on a composite water risk score greater than 3.75) located in multiple basins across the globe. If in the highly unlikely event that all of those locations were negatively impacted or closed by a water-related incident, it would not have a substantive financial or strategic impact on the corporation. In addition to our biennial Water Risk Assessment, we recently completed our inaugural TCFD analysis and report to analyze our global climate risks and opportunities. This analysis concluded that 3.1% of our global restaurants and 12.6% of our global suppliers are specified as 'at risk' for chronic physical risks and prolonged impacts from slow-onset climate shifts (e.g. water stress, persistent drought). Neither of these findings reach the threshold of substantive due to the nature of our organization and ability to source from a diverse global supply chain. Although such risk does not rise to the level of substantive, we continue to monitor our water risk and encourage restaurants in high-risk areas to incorporate water conserving measures, such as our recent efforts to reduce water consumption in South Africa. To adequately capture the company's exposure to risk, we anticipate updating our water stress analysis every two years. We currently plan to update our next Water Risk Assessment starting in Q4 2021 and will seek to include all global equity and franchise restaurants to be consistent with previous assessments.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	For the current reporting cycle, CDP has requested information regarding risks that are substantive at the corporate level and not those at the facility or business unit level. As a global, decentralized, and franchise-focused organization, water risk can be important yet not rise to the CDP benchmark of being financially or strategically substantive. Direct use of sufficient amounts of good quality freshwater is vital to our supply chain because it's used to help produce many of our primary products, whether developing beverages, preparing meat, or helping plants grow. However, Yum! is a global company with a diverse supply chain and adjustments can be made on sourcing to adapt to conditions impacting one or multiple water basins. In 2019, we completed a comprehensive Water Risk Assessment for global equity and franchise restaurant locations using the WRI Aqueduct tool. This process identified that approximately 17% of locations in different basins across the globe were considered to be "high risk" based on a composite water risk score greater than 3.75. This is a 3% decrease from the previous assessment completed in 2017. It is highly unlikely that the number of potentially impacted locations would rise to have a substantive financial or strategic impact on the corporation. In addition to our biennial Water Risk Assessment, we recently completed our inaugural TCFD analysis and report to analyze our global climate risks and opportunities. This analysis concluded that 3.1% of our global restaurants and 12.6% of our global suppliers are specified as 'at risk' for chronic physical risks and prolonged impacts from slow-onset climate shifts (e.g. water stress, persistent drought). Neither of these findings reach the threshold of substantive due to the nature of our organization and ability to source from a diverse global supply chain. Although such risk does not rise to the level of substantive, we continue to monitor our water risk and encourage restaurants in high risk areas to incorporate water conserving measures. A recent example is our efforts to reduce water consumption in South Africa in partnership with franchisees. To adequately capture the company's exposure to risk, we anticipate updating our water risk analysis every two years. We currently plan to update our next Water Risk Assessment starting in Q4 2021 and will seek to include all global equity and franchise restaurants to be consistent with previous assessments.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

No

W4.3b

(W4.3b) Why does your organization not consider itself to have water-related opportunities?

	Primary reason	Please explain
Row 1	Opportunities exist, but none with potential to have a substantive financial or strategic impact on business	There are water-related opportunities for our corporation but they do not currently rise to level of substantive at the corporate level. There is no single definition of what would rise to this level but for a corporation such as Yum!, a system impact of approximately 5% of net income for the annual reporting period could be considered substantive at the corporate level. The definition of what would be considered as substantive for the company is reviewed at least annually and updated as necessary. We focus on water related opportunities for the benefit of our customers, employees, franchisees and shareholders. These include: 1. Water Efficiency: Remodeling existing restaurants and building new restaurants that follow our green building standards reduces water consumption and realizes cost savings. The estimated potential financial impact for approaches implemented in 2020 for direct operations and franchise operations is 7.9 MM. This assessment is repeated each year. 2. Community Relations: There is opportunity for us to build positive community relations by being a good environmental steward, which includes our focus on water conservation. We evaluate the impact water has on our business and the communities we serve through tools like WRI Aqueduct and materiality assessments. For example, KFC Australia is very focused on water conservation and introduced water-saving measures including water efficient landscaping, high efficiency restroom fixtures, and rainwater harvesting tanks. 3. Increased Shareholder Value: PRI investors consider water risks and opportunities in their evaluation of our public securities through their consideration of ESG research from MSCI, Sustainalytics, Bloomberg, CDP, Ceres, and others. We pursue water efficiency efforts that generate a positive return on investment and disclose them as part of our targeted communications. Water opportunities are reviewed by the brands and Yum! on an ongoing basis as part of continual improvements in restaurant development/operations and our Citizenship & Sustainability reporting cycle.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Description of water-related performance standards for direct operations</p> <p>Company water targets and goals</p> <p>Commitment to align with public policy initiatives, such as the SDGs</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to water stewardship and/or collective action</p> <p>Recognition of environmental linkages, for example, due to climate change</p>	<p>Our environmental sustainability strategy and policy is publicly available in our Citizenship and Sustainability Report and includes direct reference to our water stewardship goal to reduce water consumption (withdrawal) in Company-owned restaurants. As a global company, it is important that we have a company-wide water policy given our business dependency on water. We will continue to improve our ability to collect data on usage and are committed to implementing water-saving technologies to promote water optimization and conservation. In addition to specific water stewardship goals, we have an ongoing commitment to source 100% of our palm oil used for cooking from responsible and sustainable sources and to purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2022. Both goals are in direct response our policy in those respective areas and can have a direct impact on forest health and watersheds. To further support making progress toward no deforestation and using our scale to positively impact, we endorsed the New York Declaration on Forests (NYDF). Our policies provide a combination of direct reduction of operational costs in the case of restaurant water conservation, are in the interest of our stakeholders, and are beneficial to the environment.</p>

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Chief Executive Officer (CEO)	<p>As the top operational decision-maker and member of the Board of Directors, the CEO has ultimate responsibility for water-related issues. This reflects the importance that the company gives to the topic as part of our citizenship and sustainability strategy called the Recipe for Good. A water related decision that the CEO would be involved in would be setting a strategy such as how to address water risk in the organization. The Audit Committee of the Board of Directors is also updated annually on the Company's environmental commitments and progress. Within the management structure, the CEO entrusts the Chief Sustainability Officer to drive company strategy relating to water-related issues. Together they are responsible for: • Leveraging sustainability to promote business growth, drive brand equity and minimize business, social and financial risks of Yum! Brands' global business enterprise including water; • Focusing on the scope of the business model for the entire business enterprise globally (Franchisee and Corporate); • Ensuring Yum! Brands operates efficiently and sustainably to drive shareholder value and brand positioning. • Updating of the Audit Committee on an annual basis regarding the Company's environmental commitments and progress which include progress on our water commitments.</p>

W6.2b

(W6.2b) Provide further details on the board’s oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities	Yum! Brands believes that good corporate governance is a critical factor in achieving business success and embraces practices that align with management and shareholder interests. Oversight for environmental, social and governance (ESG) issues, including water, ultimately resides with the Yum! Brands Board of Directors, which is briefed through its Audit Committee on an annual basis. In addition, the Board of Directors receives weekly updates on ESG issues, news, and trends that are occurring within our sector. Issues related to water are brought to their attention as warranted and are elevated using these governance and management mechanisms within the company. Not all water related issues are elevated, nor do all business actions have a material water-related impact. This brief has historically been conducted by our General Counsel and/or Chief Sustainability Officer.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Sustainability Officer (CSO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

The Chief Sustainability Officer chairs our ESG Council and is responsible for coordinating the execution of the strategy, including water-related issues. This senior leader works with sustainably leads at KFC, Pizza Hut, Taco Bell and Yum! corporate to execute the strategy. The duties of this position also include the annual representation of sustainability issues, including water, on the Yum! risk committee. This senior level committee is responsible for the evaluation and as appropriate, reporting of possible corporate risk to the Audit Committee of the Board of Directors for inclusion in our public filings. This committee prioritizes risks based on factors that impact the business. The CSO typically presents metrics that relay progress that the corporation has made toward its goals, such as progress on our water reduction goal of 10% per restaurant on average by 2025 as well as our sustainable fiber goal for 2022.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	The Chief Sustainability Officer is responsible for leading the execution of the Yum! sustainability strategy, including water-related issues. The bonus of this individual is linked to performance against corporate sustainability goals, including water-related issues. A key goal is to reduce our average water use by 10% by the end of 2025 using a 2018 baseline and focused on high water-stressed areas.

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Chief Sustainability Officer (CSO)	Reduction of water withdrawals	The Chief Sustainability Officer is responsible for leading the execution of the Yum! sustainability strategy, including water-related issues. The bonus of this individual is linked to performance against corporate sustainability goals, including water-related issues. An example of a key goal and performance indicator is to reduce our average water use by ten percent by the end of 2025 using a 2018 baseline and focused on high water-stressed areas.
Non-monetary reward	Chief Sustainability Officer (CSO)	Reduction of water withdrawals	The Chief Sustainability Officer is responsible for leading the execution of the Yum! sustainability strategy, including water-related issues. Non-monetary rewards (such as recognition and awards) for this individual is linked to performance against corporate sustainability goals, including water-related issues. An example of a key goal and performance indicator is to reduce our average water use by ten percent by the end of 2025 using a 2018 baseline and focused on high water-stressed areas.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

- Yes, direct engagement with policy makers
- Yes, trade associations
- Yes, other

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Yum! Brands drives consistency between our policies, commitments, and activities through the nature of our organizational structure. Our Chief Sustainability Officer sets and maintains sustainability policies, coordinates policy efforts, and represents sustainability issues, including water, on the Yum! risk committee. Due to the global scale of our organization, there are multiple business divisions, geographies, and water-related engagement activities that occur across our operations. Maintaining cross-functional teams that ultimately report to this individual allows us to coordinate multiple policy agendas, company commitments, and strategic objectives for sustainability issues maintain a consistent approach for Yum! Brands. In the event that inconsistencies are discovered, the Chief Sustainability Officer coordinates with the brand sustainability leads and ESG Council to address and take steps to build alignment.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

- Yes (you may attach the report - this is optional)
- Yum! Brands 2020 Annual Report - Form 10-K.pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	21-30	Our fundamental, long term environmental sustainability strategy is twofold: First, it is to design, build and operate restaurants to be measurably more sustainable using green building standards to drive reductions in energy, GHG emissions, waste and water use and to report progress annually through CDP disclosures. Second is to work elevate the supply chain to reduce deforestation through objectives including the sourcing 100% of palm oil used for cooking and paper-based packaging from responsible and sustainable sources. The setting of this strategy is the most substantial business decision made during the reporting year that has been influenced by water-related issues, including ensuring adequate water supplies and WASH services in our restaurants. Failure to implement these objectives could potentially result in increased stakeholder attention, food safety concerns, and/or increased operating risk. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than 5 years. We have selected the threshold that best fits our definition.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	21-30	Our fundamental, long term environmental sustainability strategy is twofold: First, it is to design, build and operate restaurants to be measurably more sustainable using green building standards to drive reductions in energy, GHG emissions, waste and water use and to report progress annually through CDP disclosures. Second is to work elevate the supply chain to reduce deforestation through objectives including the sourcing 100% of palm oil used for cooking and paper-based packaging from responsible and sustainable sources. The setting of this strategy is the most substantial business decision made during the reporting year that has been influenced by water-related issues, including ensuring adequate water supplies and WASH services in our restaurants. Failure to implement these objectives could potentially result in increased stakeholder attention, food safety concerns, and/or increased operating risk. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than 5 years. We have selected the threshold that best fits our definition.
Financial planning	Yes, water-related issues are integrated	21-30	Our fundamental, long term environmental sustainability strategy is twofold: First, it is to design, build and operate restaurants to be measurably more sustainable using green building standards to drive reductions in energy, GHG emissions, waste and water use and to report progress annually through CDP disclosures. Second is to work elevate the supply chain to reduce deforestation through objectives including the sourcing 100% of palm oil used for cooking and paper-based packaging from responsible and sustainable sources. The setting of this strategy is the most substantial business decision made during the reporting year that has been influenced by water-related issues, including ensuring adequate water supplies and WASH services in our restaurants. Financial planning is primarily incorporated into our business planning in the short-term, however we continue to consider long-term implications as part of our overall strategy. Failure to implement these objectives could potentially result in increased stakeholder attention, food safety concerns, and/or increased operating risk. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than 5 years. We have selected the threshold that best fits our definition.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

58

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

26

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

In 2020, Yum! Brands invested in water-saving measures in for new and existing buildings as part of water conservation efforts in support of our goals. This included using more efficient building fixtures, improved process equipment, and better irrigation systems with local plant species, resulting in a 58% increase in CAPEX. OPEX had a 26% increase compared to 2019, largely attributed to an increase in total water withdrawals created by adding Habit Burger (approximately 13% of the increase) as well as improved water cost calculation methodologies for our global equity markets. We do not currently anticipate significant changes to these expenditures for the next reporting year.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	We have completed a TCFD report, including the use of climate-related scenario analysis. Since 2005, Yum! Brands has demonstrated steady progress toward our sustainability and water-related goals. Our fundamental business strategy is twofold: First, it is to design, build and operate restaurants to be measurably more sustainable using green building standards to drive reductions in energy, GHG emissions, waste and water use and to report progress annually through CDP disclosures. Second is to work elevate the supply chain to reduce deforestation through objectives including the sourcing 100% of palm oil used for cooking and paper-based packaging from responsible and sustainable sources.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	RCP 2.6 IEA Sustainable Development Scenario Nationally determined contributions (NDCs)	We recently completed our inaugural TCFD analysis and report to analyze our global climate risks and opportunities. This analysis concluded that 3.1% of our global restaurants and 12.6% of our global suppliers are specified as 'at risk' for chronic physical risks and prolonged impacts from slow-onset climate shifts (e.g. water stress, persistent drought). Neither of these findings reach the threshold of substantive due to the nature of our organization and ability to source from a diverse global supply chain.	Although the identified water risks do not rise to the level of substantive, we continue to monitor our water risk and encourage restaurants in high-risk areas to incorporate water conserving measures, such as our recent efforts to reduce water consumption in South Africa. To adequately capture the company's exposure to risk, we anticipate updating our water stress analysis every two years. We currently plan to update our next Water Risk Assessment starting in Q4 2021 and will seek to include all global equity and franchise restaurants to be consistent with previous assessments.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

Yum! Brands has not explored the relevancy of an internal price of water at the time of this disclosure. We will revisit this topic in the future as our programs continue to evolve and our markets gain experience in this area.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Our Global Citizenship and Sustainability Strategy reflects our corporate mission to build the world's most loved, trusted & fastest growing restaurant brands. In 2017, we achieved our goal of reducing water consumption by 10% from our baseline of 2005. Subsequently, we have set the goal of reducing average restaurant water consumption by an additional 10% by the end of 2025 with a focus on high water-stress areas. Yum! has been on a journey to reduce our environmental footprint for years, including minimizing deforestation risk. Our endorsement of the New York Declaration on Forests (NYDF) is a milestone. We believe that endorsing the NYDF is an important step forward and we look forward to supporting and helping to meet the global 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, in addition to at least halving the rate of loss of natural forest globally by 2020 and striving to end natural forest loss by 2030. Eliminating deforestation helps to promote watershed health and water security by stabilizing soils, reducing erosion, regulating water flow, and purifying water sources.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Water stewardship

Description of target

In 2017, we achieved our goal of reducing water use by 10% from our baseline of 2005. Subsequently, we have set the goal of reducing average restaurant water use by 10% by the end of 2025 (as compared to a 2018 baseline) with a focus on high water-stress areas.

Quantitative metric

% reduction in total water withdrawals

Baseline year

2018

Start year

2018

Target year

2025

% of target achieved

0

Please explain

In 2017 we achieved our goal of reducing water use by 10% from our baseline of 2005. Subsequently, we have set the goal of reducing average restaurant water use by 10% by the end of 2025 (as compared to a 2018 baseline) with a focus on high water-stress areas. We experienced an 18% increase in total withdrawal volumes for global equity locations in 2020. This change is largely attributed to the addition of Habit Burger, a new brand that we acquired in 2020. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Our expectation within the near future is that water withdrawals will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.

Target reference number

Target 2

Category of target

Other, please specify (Watershed protection)

Level

Company-wide

Primary motivation

Brand value protection

Description of target

Use non-palm cooking oil and/or sourcing 100% of palm oil from responsible and sustainable sources each year. This goal is in direct response our policy and can have a direct impact on forest health and watersheds. Percent of target achieved is estimated based on market self-reporting from our global survey.

Quantitative metric

Other, please specify (Percent of palm oil procured from sustainable sources based on metric tonnes)

Baseline year

2020

Start year

2020

Target year

2020

% of target achieved

100

Please explain

In 2020, 100% of our palm oil used for cooking was certified sustainable palm oil. Percent of target achieved is estimated based on market self-reporting from our global survey. Please note that this target includes a rolling baseline that is continued on an annual basis. Pursuant to CDP Guidance, we have therefore reported the base year, start year and target year as the given reporting year (2020). We will continue to strive to maintain our commitment in future years and will evaluate if additional measures should be taken.

Target reference number

Target 3

Category of target

Other, please specify (Watershed protection)

Level

Company-wide

Primary motivation

Brand value protection

Description of target

Purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2022. This goal is in direct response our policy and can have a direct impact on forest health and watersheds. Percent of target achieved is estimated based on market self-reporting from our global survey.

Quantitative metric

Other, please specify (Percent of fiber source from sustainable sources)

Baseline year

2014

Start year

2014

Target year

2022

% of target achieved

81

Please explain

In 2020, markets reported an estimated total of 81% of fiber came from certified virgin or recycled sources with a goal of 100% by 2020. We have therefore extended this target to 2022. Percent of target achieved is estimated based on market self-reporting from our global survey.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Providing access to safely managed Water, Sanitation and Hygiene (WASH) in workplace

Level

Company-wide

Motivation

Other, please specify (Employee health and safety and food safety standards)

Description of goal

Yum! Brands requires clean water for drinking, cooking and cleaning purposes, adequate facilities for excreta purposes, solid waste management and drainage, and general hygiene purposes. This requirement is built into the design of restaurants as well as into operational requirements. Employees also are educated to follow hygiene requirements. Our continuous goal is to remain compliant with all food safety and sanitation requirements, which have we have continued to monitor and improve upon since our inception. Restaurants must have reliable sources of water to operate therefore this goal covers 100% of buildings. If water availability becomes restricted, as became a concern during the recent drought in South Africa, restaurants could need to reduce operational hours or close.

Baseline year

2002

Start year

2002

End year

2020

Progress

WASH facilities are in place in existing workplaces. We monitor and assess our progress by building WASH facilities into new restaurant design by our Development teams; including implementation in our Food Safety Facilities and Equipment Standards; and monitoring our compliance by our Quality Assurance teams in the field. This is an ongoing goal to remain compliant with all food safety and sanitation requirements, which have we have continued to monitor and improve upon since our inception. Please note that because this is a rolling goal, the end year has been reported as the current reporting year pursuant to CDP guidance.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Our 2020 water withdrawal volumes for equity restaurants have been verified by an independent third-party accountant in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Relevant questions including these verified volumes are W1.2b and W1.2h. Please note that the scope of this disclosure includes both equity restaurants and offices for 2020. Our verified water withdrawal volume for equity restaurants is 2,317.49 megaliters, comprising approximately 90% of total water withdrawals for 2020.	Other, please specify (Attestation standards established by AICPA: AT-C 105 with AT-C 210 for Review Engagements)	Our 2020 water withdrawal volumes for equity restaurants have been verified by an independent third-party accountant in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Relevant questions including these verified volumes are W1.2b and W1.2h. Please note that the scope of this disclosure includes both equity restaurants and offices for 2020. Our verified water withdrawal volume for equity restaurants is 2,317.49 megaliters, comprising approximately 90% of total water withdrawals for 2020.

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

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.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer (CEO)	Chief Executive Officer (CEO)

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms