

FOOD

We Serve Food
People Trust

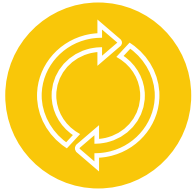


FOOD DASHBOARD



ESTABLISHED GOALS

- Build on our supplier audit track record and assess 100% of Tier 1 suppliers annually
- Offer lower-calorie menu options across main dishes, combos and sides, consistent with our global nutrition standards that align with the World Health Organization and the Dietary Guidelines for Americans. By 2030, we intend to offer 50% of menu items consistent with our company's global nutrition criteria for meal options.
- Continue clean labels efforts to remove artificial colors, artificial flavors and partially hydrogenated oils (PHOs) from core food ingredients globally by 2025



OPPORTUNITIES & CHALLENGES

- Maintaining food safety and quality, and trust in our food, despite business and supply chain disruptions throughout the pandemic
- Balancing customer preferences for craveable menu items with commitments to improve the nutritional profile of our food
- Creating transparency around how animals used in our food are cared for at every phase of life and communicating animal welfare practices to stakeholders



KEY TAKEAWAYS

- Despite travel limitations during the pandemic, we have maintained close contact with global suppliers and achieved our highest-ever level of audit compliance.
- We continue to meet customer demand for plant-based food. We are introducing new plant-based menu items throughout 2021, including items developed through a global strategic partnership with Beyond Meat, Inc.



MATERIAL ISSUES

- Food Safety
- Choice & Nutrition
- Food Technology & GMOs
- Responsible Marketing

RECIPE NOTES

KEEPING PLANTS IN PLANT-BASED FOOD



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with Missy Schaaphok, RDN
Senior Manager of Global Nutrition & Sustainability, Taco Bell

Q: What is Taco Bell's history with plant-based food?

A: We've been a leader in this space for years. About five years ago, Taco Bell became the first quick-service restaurant (QSR) brand to partner with the American Vegetarian Association to certify our vegetarian ingredients. Today, vegetarian menu items represent more than 14% of our total sales. These offerings include meatless proteins like black and refried beans, which have been on our menu for over 50 years, as well as veggies like our seasoned potatoes. While the term "plant-based" is often used to describe meat substitutes, it's worth remembering that plants – including vegetables, legumes and fruits – are plant-based, too.

Q: What are some recent menu innovations that you're excited about?

A: While Taco Bell has no shortage of choices for the veggie-curious, we have even more meatless options in store this year that even meat-eaters will love. In early 2021, we piloted the Cravetarian Taco, with a plant-based protein that tastes like seasoned beef but is made with peas and chickpeas. Recently, we also tested a plant-based alternative to the Naked Chicken Chalupa – The Naked Chalupa made with a Crispy Plant-based Shell. Additionally, Taco Bell is participating in Yum!'s national partnership with Beyond Meat, developing a one-of-a-kind product that we look forward to sharing with customers later this year.

Q: Besides new menu items, what are some other ways you're helping vegetarian, vegan or flexitarian customers find what they're looking for at Taco Bell?

A: We're increasing awareness and access through a more user-friendly ordering experience. In 2020, we introduced Veggie Mode at all of our in-store ordering kiosks, which instantly transforms our menu to show only vegetarian options. On our app and website, we've made it easy to see the many ways you can customize menu items to replace meat. Menu boards in restaurants and drive-thrus also feature a prominent green "V" next to all vegetarian items. Our data tells us that these small tweaks are making a big difference.



Food Safety

Food safety is foundational to us and our brands. We uphold an industry-leading food safety program, including processes for auditing suppliers, mitigating risk across our global supply chain and training employees. The benefits of having a rigorous program in place became even more evident during the COVID-19 pandemic, when business closures strained supply chains and reducing contamination was of the utmost importance. Our Global Food Safety team worked hand in hand with our company's operations, supply chain, communications, public relations and legal teams to create a safe and coordinated response. The team has contingency plans in place to make sure food products, as well as supplies like hand sanitizer and personal protective equipment, have remained available throughout the pandemic. When restaurants were required to close temporarily, employees followed strict cleaning procedures for safe shutdown and reopening. Best practices, including food safety protocols, were shared across the company through Core Crisis Teams.

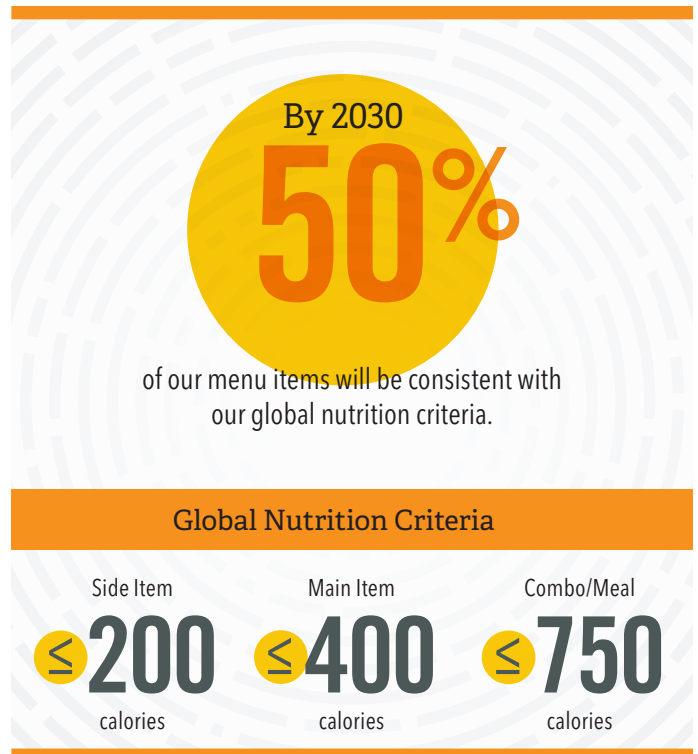
While in-person audits were challenging to achieve under certain restrictions during 2020, they remained a priority. In addition to training and certifying local auditors, recent investments in technology have allowed us to conduct virtual audits and not only maintain, but increase visibility into suppliers' performance. We have also strengthened and simplified communication of compliance requirements to better align with international frameworks like the Global Food Safety Initiative. As a result, more suppliers completed full audits in 2020, and achieved higher levels of performance on those audits, than in any previous year. We continue to audit all high-risk suppliers annually.

Limitations on travel also created an opportunity for us to connect more regularly with members of our supply chain. We formed virtual "colleges" that convened suppliers, franchisees and third-party auditors for continuing education and discussion of food safety topics. While we hope to resume in-person activities soon, we also plan to continue this more inclusive and sustainable virtual approach in some form.

Food safety is not a competitive advantage – it is a public health imperative. That's why Yum! regularly works with peers across the food industry to share best practices and build our collective knowledge. Groups with which we have been particularly active over the past year include a Quality Assurance Study Group of the National Restaurant Association and the Center for Food Safety at the University of Georgia, which is affiliated with the U.S. Centers for Disease Control and Prevention.

Balanced Choices

In line with our global nutrition standards, we're committed to providing customers with more access to balanced food choices that meet their lifestyles and dietary preferences. Our overarching nutritional commitment is:



We use calories to measure progress and track alignment with organizations that establish global nutrition criteria, with the goal of providing meals that contain no more than one-third of the Recommended Daily Allowance of calories. This standard is in line with recommendations from the World Health Organization and the Dietary Guidelines for Americans. We are working to gather data to assess how these criteria are reflected across menus, which vary greatly by brand and across markets.

Taco Bell is on track to meet its goal of offering at least 50% of its medium fountain beverages at 100 calories and 20 grams of sugar or less by 2022. The brands have also limited sodium in select products. Internationally, Pizza Hut is working to reduce sodium in its cheeses and is now using these cheeses in approximately 40% of international markets. Taco Bell U.S. is transitioning to lower-sodium cinnamon twists, accounting for a 50% reduction in sodium from the original ingredient.

FOOD

Plant-Based Options

Plant-based eating is here to stay. From diners who choose exclusively vegan and vegetarian options, to flexitarians who enjoy a meat-free meal every now and then, KFC, Pizza Hut, Taco Bell and The Habit Burger Grill are responding to today's preferences with menu items for everyone. The proof of our commitment is clear in our recently announced global strategic partnership with Beyond Meat, Inc. Through this partnership, we'll leverage our brands' industry-leading research and development

capabilities to co-create new plant-based protein menu items. Several of our brands have already launched products in collaboration with Beyond, such as KFC's Beyond Fried Chicken. Pizza Hut U.S. tested plant-based Italian sausage and ran a limited time offer nationwide on The Great Beyond and Beyond Italian Sausage pizzas in 2020. Our brands are also developing plant-based menu items outside of the Beyond partnership. Plant-based options were also offered in Pizza Hut restaurants in the U.K., Poland, Canada and Puerto Rico. Pizza Hut is actively working to add a permanent plant-based protein to its menu across multiple markets.

PLANT-BASED AROUND THE WORLD

Plant-based foods aren't limited to just one brand or one region – they're part of a global movement influencing menus at all of our restaurants. Here are a few of the plant-based menu items that customers are enjoying around the world.



KFC

Currently, KFC U.K. offers a vegan burger in select restaurants and KFC Canada has a plant-based sandwich on its permanent menu. KFC Malaysia and KFC Singapore offered the Zero Chicken Burger for a limited time, and five other markets have tested plant-based products to better understand customer preferences. KFC continues to explore products to bring the craveable taste of its iconic recipes like Original Recipe to customers that want more options.



Taco Bell

Taco Bell recently offered a Halloumi Crunchwrap in Cyprus and a pulled-oats vegan protein throughout Europe. The brand is exploring meat-alternative options with a number of different partners.



Pizza Hut



Pilots of plant-based cheeses and toppings are underway in 10 countries. For example, Canadian restaurants launched, not only the Great Beyond Pizza, but also Beyond Creamy Alfredo Pasta and a Beyond Italian Sausage flatbread. Pizza Hut U.K. has tested plant-based toppings including Pork and Sweet Chili, Italian Sausage Supreme and Beef Sizzler, as well as new menu items such as Tear & Share pizzas and Corn Nuggets.

The Habit Burger Grill



With a vast majority of restaurants in the U.S., Habit's menu features a vegan Veggie Burger and sides including Sweet Potato Fries and Tempura Green Beans — with more plant-forward menu items to come in 2021.