Yum! Brands, Inc. - Water Security 2022

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 54,000 restaurants in more than 155 countries and territories, operating the Company’s brands – KFC, Pizza Hut and Taco Bell – global leaders of the chicken, pizza and Mexican-style food categories. The Company’s family of brands also includes The Habit Burger Grill, a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. Yum! Brands was named to the 2021 Dow Jones Sustainability Index North America and was ranked on Newsweek’s list of 2021 America’s Most Responsible Companies. In 2022, Yum! Brands was named to 3BL Media’s 100 Best Corporate Citizens.

W0.2

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

<table>
<thead>
<tr>
<th>Reporting year</th>
<th>Start date</th>
<th>End date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>January 1 2021</td>
<td>December 31 2021</td>
</tr>
</tbody>
</table>

W0.3

(W0.3) Select the countries/areas in which you operate.

- Australia
- Canada
- France
- Germany
- India
- Italy
- Netherlands
- Russian Federation
- Singapore
- South Africa
- Spain
- Thailand
- 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

W0.7
(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

<table>
<thead>
<tr>
<th>Indicate whether you are able to provide a unique identifier for your organization.</th>
<th>Provide your unique identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, a Ticker symbol</td>
<td>YUM</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Direct use importance rating</th>
<th>Indirect use importance rating</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sufficient amounts of good quality freshwater available for use</td>
<td>Vital</td>
<td>Vital</td>
</tr>
<tr>
<td>Sufficient amounts of recycled, brackish and/or produced water available for use</td>
<td>Not very important</td>
<td>Not very important</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>% of sites/facilities/operations</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water withdrawals – total volumes</td>
<td>100% Current water withdrawal volumes are recorded from municipal water utility bills for equity restaurants and offices. 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 necessary in some areas. We look forward to refining our process in future years.</td>
</tr>
<tr>
<td>Water withdrawals – volumes by source</td>
<td>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.</td>
</tr>
<tr>
<td>Entrained water associated with your metals &amp; mining sector activities - total volumes (only metals and mining sector)</td>
<td>&lt;Not Applicable&gt; &lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Produced water associated with your oil &amp; gas sector activities - total volumes (only oil and gas sector)</td>
<td>&lt;Not Applicable&gt; &lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Water withdrawals quality</td>
<td>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.</td>
</tr>
<tr>
<td>Water discharges – total volumes</td>
<td>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.</td>
</tr>
<tr>
<td>Water discharges – volumes by destination</td>
<td>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.</td>
</tr>
<tr>
<td>Water discharges – volumes by treatment method</td>
<td>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 regulations for frequency of monitoring, should it be required.</td>
</tr>
<tr>
<td>Water discharge quality – by standard effluent parameters</td>
<td>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.</td>
</tr>
<tr>
<td>Water discharge quality – temperature</td>
<td>Not monitored 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.</td>
</tr>
<tr>
<td>Water consumption – total volume</td>
<td>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, estimation was completed by necessity in some areas. We look forward to refining our process in future years.</td>
</tr>
<tr>
<td>Water recycled/reused</td>
<td>Not monitored 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.</td>
</tr>
<tr>
<td>The provision of fully-functioning, safely-managed WASH services to all workers</td>
<td>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 are educated to follow hygiene requirements. WASH facilities are in place in existing workplaces and are built into new restaurant designs 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.</td>
</tr>
</tbody>
</table>

(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?

<table>
<thead>
<tr>
<th>Volume (megaliters/year)</th>
<th>Comparison with previous reporting year</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total withdrawals</td>
<td>2434.77</td>
<td>Lower Total water withdrawals in 2021 decreased from 2020 by about 5% (inclusive of equity restaurants and corporate offices). Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted the change to be &quot;lower&quot;. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Our expectation is that water withdrawals will hopefully decrease overtime as we continue to invest in conservation measures and strive to reduce our water footprint.</td>
</tr>
<tr>
<td>Total discharges</td>
<td>2069.55</td>
<td>Lower Total water withdrawals in 2021 decreased from 2020 by about 5% (inclusive of equity restaurants and corporate offices). Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted the change to be &quot;lower&quot;. 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 is that water withdrawals will hopefully decrease overtime as we continue to invest in conservation measures and strive to reduce our water footprint.</td>
</tr>
<tr>
<td>Total consumption</td>
<td>365.22</td>
<td>Lower Total water consumption in 2021 decreased from 2020 by about 5% (inclusive of equity restaurants and corporate offices). Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted the change to be &quot;lower&quot;. Water discharge 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 is that water withdrawals will hopefully decrease overtime as we continue to invest in conservation measures and strive to reduce our water footprint.</td>
</tr>
</tbody>
</table>

W1.2b

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

<table>
<thead>
<tr>
<th>Withdrawals are from areas with water stress</th>
<th>% withdrawn from areas with water stress</th>
<th>Comparison with previous reporting year</th>
<th>Identification tool</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>11-25</td>
<td>About the same</td>
<td>WRI Aqueduct</td>
<td>In 2021, 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 53,600 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 stayed about the same since our previous assessment in 2019. We currently plan to update our next biennial Water Risk Assessment starting in Q4-2023 and will seek to include all global equity and franchise restaurants to be consistent with previous assessments.</td>
</tr>
<tr>
<td>No</td>
<td>11-25</td>
<td>About the same</td>
<td>Not Applicable</td>
<td>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.</td>
</tr>
<tr>
<td>Not relevant</td>
<td>Not applicable</td>
<td>About the same</td>
<td>Not Applicable</td>
<td>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.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Relevance</th>
<th>Volume (megaliters/year)</th>
<th>Comparison with previous reporting year</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh surface water, including rainwater, water from wetlands, rivers, and lakes</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>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.</td>
</tr>
<tr>
<td>Brackish surface water/Seawater</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>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.</td>
</tr>
<tr>
<td>Groundwater – renewable</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>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.</td>
</tr>
<tr>
<td>Groundwater – non-renewable</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>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.</td>
</tr>
<tr>
<td>Produced/Entrained water</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>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.</td>
</tr>
<tr>
<td>Third party sources</td>
<td>Relevant 2434.77</td>
<td>Lower</td>
<td>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 2021 decreased from 2020 by about 5% (inclusive of equity restaurants and corporate offices). Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted the change to be “lower”. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Our expectation is that water withdrawals will hopefully decrease overtime as we continue to invest in conservation measures and strive to reduce our water footprint.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Relevance</th>
<th>Volume (megaliters/year)</th>
<th>Comparison with previous reporting year</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh surface water</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>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.</td>
</tr>
<tr>
<td>Brackish surface water/Seawater</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>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.</td>
</tr>
<tr>
<td>Groundwater</td>
<td>Relevant 852.17</td>
<td>Lower</td>
<td>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. Total water discharges to groundwater in 2021 decreased from 2020. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted the change to be “lower”. We experienced a 5% decrease in ground water discharge volumes for global equity locations in 2021. Our expectation is that water discharges will hopefully decrease overtime as we continue to invest in conservation measures and strive to reduce our water footprint.</td>
</tr>
<tr>
<td>Third-party destinations</td>
<td>Relevant 1217.39</td>
<td>Lower</td>
<td>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. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted the change to be “lower”. We experienced a 5% decrease in third-party discharge volumes for global equity locations in 2021. Our expectation is that water discharges will hopefully decrease overtime as we continue to invest in conservation measures and strive to reduce our water footprint.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Relevance of treatment level to discharge</th>
<th>Volume (megaliters/year)</th>
<th>Comparison of treated volume with previous reporting year</th>
<th>% of your sites/facilities/operations this volume applies to</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tertiary treatment</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>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.</td>
</tr>
<tr>
<td>Secondary treatment</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>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.</td>
</tr>
<tr>
<td>Primary treatment only</td>
<td>Relevant</td>
<td>1217.39</td>
<td>Lower 91-99</td>
<td>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 2021 decreased from 2020. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted the change to be “lower”. We experienced a 5% decrease in third-party discharge volumes for global equity locations in 2021. Our expectation is that water discharges will hopefully decrease overtime as we continue to invest in conservation measures and strive to reduce our water footprint.</td>
</tr>
<tr>
<td>Discharge to the natural environment</td>
<td>Relevant</td>
<td>852.17</td>
<td>Lower 91-99</td>
<td>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 2021 decreased from 2020. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted the change to be “lower”. We experienced a 5% decrease in ground water discharge volumes for global equity locations in 2021. Our expectation is that water discharges will hopefully decrease overtime as we continue to invest in conservation measures and strive to reduce our water footprint.</td>
</tr>
<tr>
<td>Discharge to a third party</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>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.</td>
</tr>
<tr>
<td>Other</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>No other discharge treatment types are relevant at this time.</td>
</tr>
</tbody>
</table>

(W1.3) Provide a figure for your organization’s total water withdrawal efficiency.

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Total water withdrawal volume (megaliters)</th>
<th>Total water withdrawal efficiency</th>
<th>Anticipated forward trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>658,400</td>
<td>2,434.77</td>
<td>2704156.8608123</td>
<td>We anticipate that in the near-term, our water withdrawal efficiency will remain about the same. Our expectation is that our water efficiency will hopefully improve over time as we continue to invest in conservation measures and strive to reduce our water footprint.</td>
</tr>
</tbody>
</table>

(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) 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

<table>
<thead>
<tr>
<th>% of suppliers by number</th>
</tr>
</thead>
<tbody>
<tr>
<td>76-100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% of total procurement spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>76-100</td>
</tr>
</tbody>
</table>

Rationale for this coverage

Yum! Brands recognizes the importance of evaluating water use, risks, and management in our agricultural supply chain. We therefore engage with suppliers to better understand their approach to sustainability, including water. This engagement includes conducting of Food Safety Quality Assurance site visits. Within our Food Safety Quantity Assurance (FSQA) team, suppliers are prioritized and selected based on Tier (direct vs. indirect), critically, 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.

Impact of the engagement and measures of success

FSQA, whose review is focused on sanitation and food safety, evaluates the results of audits and determines success. Information is used to maintain food safety standards and determine supplier compliance and eligibility to maintain their status as a supplier. This can include microbiological and chemical testing. One test metrics for water is to measure for the presence of coliform bacteria. If non-compliance is detected, measures must be implemented to ensure water potability.

Comment

For more information visit our Citizenship and Sustainability Report at https://www.yum.com/wps/portal/yumbrands/Yumbrands/citizenship-and-sustainability
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

<table>
<thead>
<tr>
<th>% of suppliers by number</th>
<th>76-100</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of total procurement spend</td>
<td>76-100</td>
</tr>
</tbody>
</table>

**Rationale for the coverage of your engagement**

Yum! Brands recognizes the importance of evaluating water use, risks and management of the agricultural supply chain. Suppliers must follow the Yum! Supplier Code of Conduct and thereby adhere to Yum!'s sustainability policies and positions as outlined in our Global Citizenship and Sustainability Report. Suppliers are prioritized and selected based on Tier (direct vs. indirect), criticality, and relative risk to the system. 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**

For more information visit our Citizenship and Sustainability Report at https://www.yum.com/wps/portal/yumbrands/Yumbrands/citizenship-and-sustainability

**Type of engagement**

Innovation & collaboration

**Details of engagement**

Encourage/incentivize innovation to reduce water impacts in products and services

<table>
<thead>
<tr>
<th>% of suppliers by number</th>
<th>1-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of total procurement spend</td>
<td>1-25</td>
</tr>
</tbody>
</table>

**Rationale for the coverage of your engagement**

Yum! Brands recognizes the importance of evaluating water use, risks and management of the agricultural supply chain. Our annual sustainability survey engagement with suppliers includes key 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**

Requesting suppliers to report annually through Yum!’s sustainability survey assists Yum! Brands in the development of future supply chain-oriented water and land management targets. We use collected 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**

For more information visit our Citizenship and Sustainability Report at https://www.yum.com/wps/portal/yumbrands/Yumbrands/citizenship-and-sustainability

**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

<table>
<thead>
<tr>
<th>Country/Area &amp; River basin</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
</tr>
<tr>
<td>Other, please specify (All basins in that country)</td>
</tr>
</tbody>
</table>

Type of impact driver & Primary impact driver

<table>
<thead>
<tr>
<th>Chronic physical</th>
<th>Inadequate infrastructure</th>
</tr>
</thead>
</table>

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

<table>
<thead>
<tr>
<th>Country/Area &amp; River basin</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States of America</td>
</tr>
<tr>
<td>Other, please specify (All basins in that country)</td>
</tr>
</tbody>
</table>

Type of impact driver & Primary impact driver

<table>
<thead>
<tr>
<th>Acute physical</th>
<th>Drought</th>
</tr>
</thead>
</table>

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 in 2020 estimated to be roughly similar for 2021. It is not representative of all areas of the supply chain nor should it be interpreted to be comprehensive.

Country/Area & River basin

<table>
<thead>
<tr>
<th>Country/Area &amp; River basin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
</tr>
<tr>
<td>Other, please specify (Sydney Basin)</td>
</tr>
</tbody>
</table>

Type of impact driver & Primary impact driver

<table>
<thead>
<tr>
<th>Acute physical</th>
<th>Heavy precipitation (rain, hail, snow/ice)</th>
</tr>
</thead>
</table>

CDP
Primary impact
Reduced revenues from lower sales/output

Description of impact
The heavy rainfall experienced in New South Wales in mid-March 2021 resulted in store closures, staff impacts, and disruptions in supply chains.

Primary response
Engage with local communities

Total financial impact
282000

Description of response
As the result of the floods, the Yum! Foundation distributed relief in support of restaurant employees who were impacted. The estimated financial impact represents an estimation of lost sales.

Country/Area & River basin

| United States of America | Other, please specify (Multiple basins) |

Type of impact driver & Primary impact driver

| Acute physical | Storm (including blizzards, dust and sandstorm) |

Primary impact
Reduced revenues from lower sales/output

Description of impact
The February 2021 winter storm in the Eastern United States temporary store closures, staff impacts, and disruptions in supply chains.

Primary response
Engage with local communities

Total financial impact
47200000

Description of response
Winter storm URI impacted 46 company owned locations. Direct damage to equity locations and loss in system sales have been estimated. In addition to the direct financial impact to Yum!, we donated over 2.7MM to efforts following the disaster.

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.

Value chain stage
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 and standards
Other

**Tools and methods used**
WRI Aqueduct
Internal company methods
External consultants

**Contextual issues considered**
Water availability at a basin/catchment level
Water quality at a basin/catchment level
Implications of water on your key commodities/raw materials
Status of ecosystems and habitats

**Stakeholders considered**
Customers
Employees
Investors
Local communities
NGOs
Regulators
Suppliers
Other water users at the basin/catchment level
Other, please specify (Franchisees)

**Comment**
In 2021, 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. For the first time we also included 1,450 suppliers in the water screening. To adequately capture the company’s exposure to risk, we anticipate updating our water stress review and water risk scores every two years.

---

**Value chain stage**
Supply chain

**Coverage**
Full

**Risk assessment procedure**
Water risks are assessed as part of an established 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)

**Contextual issues considered**
Implications of water on your key commodities/raw materials
Access to fully-functioning, safely managed WASH services for all employees

**Stakeholders considered**
Customers
Employees
Investors

**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.

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**Value chain stage**
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
W3.3b

(W3.3b) 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 at least two times a year. 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 of sustainability issues, including water. This senior leader also works with sustainability leads at our brands to develop and lead the execution of the strategy which addresses risks and opportunities.

We consider a variety of core contextual water issues and stakeholders in our assessment process. 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 educated to follow hygiene requirements. WASH facilities are in place in existing workplaces and are built into new restaurant designs 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. Water availability and quality at the basin/catchment level is essential for consumers and employees during a restaurant's operation. We can't operate without it. During the development process for each new restaurant, development teams are responsible for assessing water resources. That is done through interactions with local regulators, consultants, water utilities, NGOs, communities, and other stakeholders as appropriate. Water-related assessments are also critical for our suppliers engaged in agriculture. As key commodities, they are included in our water-assessment processes through vehicles such as the WRI Aqueduct tool and corporate risk management, which is also focused on investor perspectives and activities. This tool also provides visibility into the contextual water issue of ecosystems and habitats to provide a more holistic look at resource impacts.

As mentioned, the primary tool for evaluation of water risk in our direct operations is WRI Aqueduct. In 2021, we completed a risk assessment using this tool for nearly all of our restaurants for the reporting year. For the first time, in 2021, we also include 1450 suppliers from chicken, beef, dairy and packaging categories. 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 Blueiline, 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.

In additional to WRI Aqueduct, we also utilize supplier management tools and national-specific standards to guide our water-risk management and relevant assessments in supply chain and other value chain stages. Our auditing programs are in place to help us ensure we capture the implications of water on key commodities/raw materials and ensure WASH services are provided in our supply chain. During the development process for new restaurants, Development teams are responsible for assessing water availability and quality, which are essential for stores' options. That is done through interaction with local governance bodies, consultants and water jurisdictions to ensure compliance with national-specific standards as appropriate.

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?

<table>
<thead>
<tr>
<th>Primary reason</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 1</td>
<td>Risks exist, but no substantive impact anticipated</td>
</tr>
<tr>
<td>1</td>
<td>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 2021, 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 53,000 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 272 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 completed our inaugural TCFD analysis in 2021 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 2023 and will seek to include all global equity and franchise restaurants to be consistent with previous assessments.</td>
</tr>
</tbody>
</table>

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?

<table>
<thead>
<tr>
<th>Primary reason</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 1</td>
<td>Risks exist, but no substantive impact anticipated</td>
</tr>
<tr>
<td>1</td>
<td>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 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 2021, 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 about the same as the previous assessment completed in 2019. 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 2023 and will seek to include all global equity and franchise restaurants to be consistent with previous assessments.</td>
</tr>
</tbody>
</table>

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?

<table>
<thead>
<tr>
<th>Primary reason</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities exist, but none with substantive financial or strategic impact on business</td>
<td>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 2021 for direct operations and franchise operations is 7.6 MM. The portion of that amount directly related to Yum! direct operations is less than $100,000 (&lt;5% of net income) and therefore does not rise to substantive. 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 &amp; Sustainability reporting cycle.</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Scope</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-wide</td>
<td>Description of business dependency on water</td>
</tr>
<tr>
<td></td>
<td>Description of business impact on water</td>
</tr>
<tr>
<td></td>
<td>Description of water-related performance standards for direct operations</td>
</tr>
<tr>
<td></td>
<td>Company water targets and goals</td>
</tr>
<tr>
<td></td>
<td>Commitment to align with public policy initiatives, such as the SDGs</td>
</tr>
<tr>
<td></td>
<td>Commitments beyond regulatory compliance</td>
</tr>
<tr>
<td></td>
<td>Commitment to water stewardship and/or collective action</td>
</tr>
<tr>
<td></td>
<td>Recognition of environmental linkages, for example, due to climate change</td>
</tr>
</tbody>
</table>

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. The policy includes our commitment to investing in water stewardship initiatives, complying with applicable standards, and aligning with public policy initiatives to address our impacts on watersheds and water-risks related to climate change. 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 sources supporting the production of sustainable palm oil and deforestation-free supply chains as well as to purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2022 outside of China. Both goals are in direct response to 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.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?
Yes
(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

<table>
<thead>
<tr>
<th>Position of individual</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer (CEO)</td>
<td>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 at least two times a year 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.</td>
</tr>
</tbody>
</table>

W6.2b

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

<table>
<thead>
<tr>
<th>Frequency that water-related issues are a scheduled agenda item</th>
<th>Governance mechanisms into which water-related issues are integrated</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled - some meetings</td>
<td>Monitoring implementation and performance</td>
<td>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 at least two times a year. 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.</td>
</tr>
</tbody>
</table>

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

<table>
<thead>
<tr>
<th>Board member(s) have competence on water-related issues</th>
<th>Criteria used to assess competence of board member(s) on water-related issues</th>
<th>Primary reason for no board-level competence on water-related issues</th>
<th>Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Experience in identifying and addressing risks and opportunities associated with sustainability, including water-related issues. Ability to engage stakeholders on relevant water issues.</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
</tbody>
</table>

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
Assessing future trends in water demand
Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Half-yearly

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 sustainability 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.

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

<table>
<thead>
<tr>
<th>Provide incentives for management of water-related issues</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>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 2017 baseline and focused on high water-stressed areas.</td>
</tr>
</tbody>
</table>

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)?

<table>
<thead>
<tr>
<th>Role(s) entitled to incentive</th>
<th>Performance indicator</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary reward</td>
<td>Chief Sustainability Officer (CSO)</td>
<td>Reduction of water withdrawals</td>
</tr>
<tr>
<td>Non-monetary reward</td>
<td>Chief Sustainability Officer (CSO)</td>
<td>Reduction of water withdrawals</td>
</tr>
</tbody>
</table>

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

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.
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?

<table>
<thead>
<tr>
<th>Are water-related issues integrated?</th>
<th>Long-term time horizon (years)</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, water-related issues are integrated</td>
<td>21-30</td>
<td>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.</td>
</tr>
<tr>
<td>Yes, water-related issues are integrated</td>
<td>21-30</td>
<td>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.</td>
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<tr>
<td>Yes, water-related issues are integrated</td>
<td>21-30</td>
<td>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.</td>
</tr>
</tbody>
</table>

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-relate CAPEX (+/- % change) 0

Anticipated forward trend for CAPEX (+/- % change) 0

Water-related OPEX (+/- % change) 0.6

Anticipated forward trend for OPEX (+/- % change) 0

Please explain

In 2021, Yum! Brands invested in water-saving measures 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. It is estimated that CAPEX was approximately on parity with the previous reporting year. OPEX was related to our water utility bills and remained about the same compared to 2020, primarily attributed to the formalization of including Habit Burger in our data collection 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 scenario analysis to inform its business strategy?

<table>
<thead>
<tr>
<th>Use of scenario analysis</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 1</td>
<td>Yes</td>
</tr>
</tbody>
</table>
(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization’s business strategy.

<table>
<thead>
<tr>
<th>Type of scenario analysis used</th>
<th>Parameters, assumptions, analytical choices</th>
<th>Description of possible water-related outcomes</th>
<th>Influence on business strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water-related Climate-related</td>
<td>Our 2030 science-based targets (SBTs) are consistent with reductions required to keep warming to 1.5°C and have been approved by the Science Based Targets initiative (SBTi). Yum! also aspires to reach Net-Zero emissions by 2050. Furthermore, Yum! has reviewed different scenarios and have identified that combinations of physical and transition risks will vary by geography versus being globally harmonized. This insight was used as a fundamental component of our comprehensive TCFD-aligned global risk and opportunity assessment of global restaurants and suppliers. If a business as usual (BAU) or Current Policy (CP) scenario plays out, then global temperatures will be well above 2°C and physical climate risks could be more frequent and intense. If, on the other hand, the transition to a low carbon economy is significantly accelerated, then global warming will be slowed and ultimately reversed. This scenario could result in physical risks being less frequent or intense with companies facing greater transition risks. The Yum! approach to assessing and managing climate-related risks and opportunities accounts for these different climate-related scenarios.</td>
<td>During the reporting year, we completed our inaugural TCFD analysis and report, which describes assessment results of our global climate risks and opportunities. Water-related impacts such as drought, storms, flooding, as well as transition risks were included. The analysis concluded that 3.1% of our global restaurants and 12.6% of our global suppliers are specified as ‘at risk’ for acute physical risks related to single extreme weather events (e.g. drought, persistent drought), which could potentially disrupt our operations or commodity supplies. The evaluation also indicated that 7.5% of our global restaurants and 8.8% of our global suppliers are considered as ‘at risk’ for acute physical risks related to single extreme weather events (e.g. floods, hurricanes, tornadoes). About 15.8% of our global restaurants and 39.2% of our global suppliers are deemed as ‘risk’ for transition and market risks associated with impacts from climate-related regulations and stakeholder perceptions. None 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.</td>
<td>Climate related, including those related to water, risks and opportunities in the supply chain have influenced our business. We have set a goal of reducing average restaurant water consumption by 10% by 2025 using a 2017 baseline. It has also led us to focus on efforts to eliminate deforestation. We have set goals, such as to purchase 100% of our paper-based packaging from responsibility managed forests and recycled sources. We also met our goal of supporting the production of sustainable palm oil for cooking thorough RSPO. To show our support Yum! Brands endorsed the New York Declaration on Forests (NYDF) with the sector goal of striving to end natural forest loss by 2030. We continually evaluate the impact climate change has on our supply chain, including water stresses. Increases in food and packaging pricing resulting from climate change and water stresses directly or indirectly impact the supply chain through commodity prices that impacts our concepts’ franchises’ profit margins. These can include impacts from events such as drought or impact through infectious diseases. We work continually to maintain a diverse supply chain and positive relationships with suppliers by proactively establishing mitigation practices that include menu management and portfolio diversification. This minimizes the impacts on any one part of a country or distribution system due to changes in physical climate parameters.</td>
</tr>
</tbody>
</table>

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.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

<table>
<thead>
<tr>
<th>Products and/or services classified as low water impact</th>
<th>Definition used to classify low water impact</th>
<th>Primary reason for not classifying any of your current products and/or services as low water impact</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 1</td>
<td>No, and we do not plan to address this within the next two years</td>
<td>&lt;Not Applicable&gt;</td>
<td>Important but not an immediate business priority</td>
</tr>
</tbody>
</table>

W8. Targets

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

<table>
<thead>
<tr>
<th>Levels for targets and/or goals</th>
<th>Monitoring at corporate level</th>
<th>Approach to setting and monitoring targets and/or goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-wide targets and goals</td>
<td>Targets are monitored at the corporate level</td>
<td>Our Global Citizenship and Sustainability Strategy reflects our corporate mission to build the world’s most loved, trusted &amp; 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 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.</td>
</tr>
<tr>
<td>Goals are monitored at the corporate level</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 2017 baseline) with a focus on high water-stress areas.

**Quantitative metric**
% reduction in total water withdrawals

**Baseline year**
2017

**Start year**
2017

**Target year**
2025

**% of target achieved**
34

**Please explain**
Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Our expectation is that water withdrawals will hopefully decrease overtime 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 sources supporting the production of sustainable palm oil and deforestation-free supply chains each year. This goal is a direct response to 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 supporting the production of sustainable palm oil and deforestation-free supply chains based on metric tonnes)

**Baseline year**
2021

**Start year**
2021

**Target year**
2021

**% of target achieved**
In 2021, 100% of our palm oil used for cooking was from sources supporting the production of sustainable palm oil and deforestation-free supply chains. 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 (2021). 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**
2025

**% of target achieved**
74

**Please explain**
As of 2021, we transitioned 74% of our fiber-based packaging supply from sustainable and recycled sources and have therefore extended our goal to purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2022 (China 2025). Percent of target achieved is estimated based on market self-reporting from our global survey.

**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 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**
2021

**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 regular audits by our Quality Assurance teams in the restaurants. Our restaurants have an excellent record of maintaining access. Restaurants must have WASH facilities in place to operate. 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.
Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?
Yes

Which data points within your CDP disclosure have been verified, and which standards were used?

<table>
<thead>
<tr>
<th>Disclosure module</th>
<th>Data verified</th>
<th>Verification standard</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>W1 Current state</td>
<td>Our 2021 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 2021. Our verified water withdrawal volume for equity restaurants is 2,309.36 megaliters, comprising approximately 95% of total water withdrawals for 2021.</td>
<td>Other, please specify (Attestation standards established by AICPA: AT-C 105 with AT-C 210 for Review Engagements)</td>
<td>Our 2021 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 2021. Our verified water withdrawal volume for equity restaurants is 2,309.36 megaliters, comprising approximately 95% of total water withdrawals for 2021.</td>
</tr>
</tbody>
</table>

Sign off

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.

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

<table>
<thead>
<tr>
<th>Job title</th>
<th>Corresponding job category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer (CEO)</td>
<td>Chief Executive Officer (CEO)</td>
</tr>
</tbody>
</table>

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

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

<table>
<thead>
<tr>
<th>Understand that my response will be shared with all requesting stakeholders</th>
<th>Response permission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Public</td>
</tr>
</tbody>
</table>
Please confirm below
I have read and accept the applicable Terms