

Strategy

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

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

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

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

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



ESG Governance

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

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

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

Risk & Issue Management

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

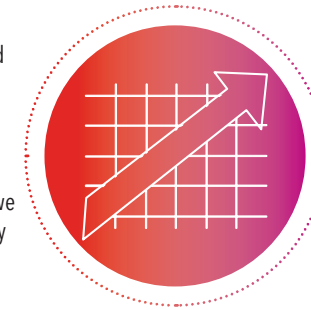


Policies & Positions

Transparency is foundational to the execution of our Global Citizenship & Sustainability Strategy. We make policies, public positions and other resources available to stakeholders so they know where we stand on issues. New additions since the last progress update include the [Yum! Sustainable Packaging Policy](#) and [KFC Global Chicken Welfare Guidelines](#). [View our full list of policies.](#)

Reporting

[Regular reporting](#) continues to be the primary way we share our progress and show transparency around our ESG practices. In addition to publishing annual updates on our Recipe for Good, which align with the Global Reporting Initiatives (GRI) standards, we participate in comprehensive voluntary disclosures including the Bloomberg Gender Equality Index; CDP Climate Change, Forests and Water Security; the Dow Jones Sustainability Index (DJSI), and the Roundtable on Sustainable Palm Oil (RSPO) Annual Communication of Progress. We continue to seek out ways to better meet the needs of our stakeholders. To that end, we are transitioning to the Sustainability Accounting Standards Board (SASB) framework, which investors have identified as useful for restaurant companies. We are encouraged by the efforts to harmonize and align the GRI and SASB, and we expect to have substantial implementation of SASB standards by the end of 2022.



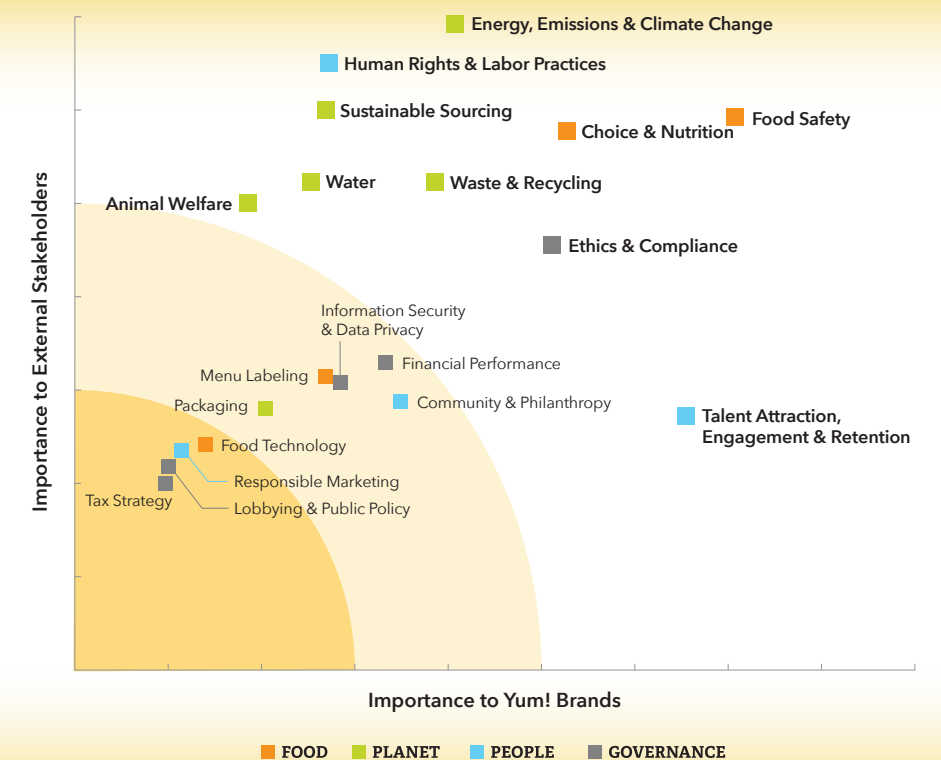
UN Sustainable Development Goals

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



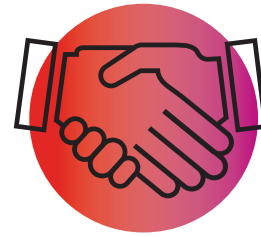
Materiality

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



Stakeholder Engagement

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



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

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

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



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



- JASON CLAY, SENIOR VICE PRESIDENT MARKETS, WORLD WILDLIFE FUND

The following table provides examples of ongoing interactions with each of these groups and issues that are most relevant to them.

STAKEHOLDER	TYPES OF ENGAGEMENT	MOST IMPORTANT ISSUES
Advocacy Groups/NGOs	<ul style="list-style-type: none"> • Direct Engagement • Organizational Membership • Roundtable Events • Shareholder Meetings • Strategic Issue Partnership 	<ul style="list-style-type: none"> • Choice & Nutrition • Energy, Emissions & Climate Change • Ethics & Compliance • Food Safety • Human Rights & Labor Practices • Sustainable Sourcing
Communities	<ul style="list-style-type: none"> • Corporate & Employee Giving • Employee Volunteerism • Local Nonprofit Partnerships 	<ul style="list-style-type: none"> • Choice & Nutrition • Community & Philanthropy
Consumers	<ul style="list-style-type: none"> • Social Media 	<ul style="list-style-type: none"> • Choice & Nutrition • Community & Philanthropy
Employees	<ul style="list-style-type: none"> • Anonymous Hotline • Development & Training Programs • Employee Engagement Survey • Quarterly Global Employee Webcasts • Town Hall Meetings 	<ul style="list-style-type: none"> • Community & Philanthropy • Talent Attraction, Engagement & Retention • Food Safety
Franchisees	<ul style="list-style-type: none"> • Annual Franchise Conventions • Direct Engagement 	<ul style="list-style-type: none"> • Community & Philanthropy • Talent Attraction, Engagement & Retention • Food Safety
Government Agencies	<ul style="list-style-type: none"> • Direct Engagement • Yum! Political Action Committee 	<ul style="list-style-type: none"> • Choice & Nutrition • Ethics & Compliance • Food Safety • Human Rights & Labor Practices
Industry Associations	<ul style="list-style-type: none"> • Annual Conferences • Industry Memberships 	<ul style="list-style-type: none"> • Choice & Nutrition • Talent Attraction, Engagement & Retention • Energy, Emissions & Climate Change • Food Safety
Investors	<ul style="list-style-type: none"> • Annual Report • Brand/Yum! Investor Days • Direct Engagement • Earnings/Investor Calls • Ratings/Rankings & Indices 	<ul style="list-style-type: none"> • Talent Attraction, Engagement & Retention • Energy, Emissions & Climate Change • Ethics & Compliance
Suppliers	<ul style="list-style-type: none"> • Annual Supplier Awards • Restaurant Supply Chain Solutions™ • Supplier Audits 	<ul style="list-style-type: none"> • Energy, Emissions & Climate Change • Food Safety • Waste & Recycling • Water
Thought Leaders	<ul style="list-style-type: none"> • Leverage Experts on Councils • Participate in Research & Studies 	<ul style="list-style-type: none"> • Ethics & Compliance • Human Rights & Labor Practices