

PLANET

We Grow Sustainably



PLANET DASHBOARD



ESTABLISHED GOALS

CLIMATE ACTION

- By 2030, reduce Scope 1 and 2 GHG emissions generated by corporate restaurants and offices to 46% below 2019 levels
- By 2030, reduce emissions per franchisee restaurant, and per metric ton of beef, poultry, dairy and packaging to 46% below 2019 levels
- Use 100% renewable energy in our corporate U.S. offices for 2020 and beyond
- Move 1,000 restaurants to renewable energy by the end of 2021
- End natural forest loss in our supply chain by 2030
- Reach net-zero emissions by 2050
- Reduce average restaurant energy and GHG emissions by an additional 10%, from our 2017 baseline, by the end of 2025

SUSTAINABLE PACKAGING & WASTE REDUCTION

- Purchase 100% of our paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2022
- By 2025, KFC plastic-based, consumer-facing packaging will be recoverable or reusable globally.
- By 2025, Taco Bell aims to make all consumer-facing packaging recyclable, compostable or reusable. Recycling and/or composting bins will be added to all restaurants, where infrastructure permits, and PFAS, Phthalates and BPA will be removed from all consumer-facing packaging materials.
- Yum! will remove expanded polystyrene from all packaging by the end of 2022.
- Divert 50% of back-of-house operational waste, measured by weight, generated in our U.S. restaurants by the end of 2025
- Reduce food loss waste 50% in the U.S. by 2030 in accordance with U.S. Food Loss and Waste 2030 Champions.

WATER

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

ANIMAL WELFARE

- Pizza Hut U.S. will remove antibiotics important to human medicine (per the World Health Organization) from its chicken wings by 2022.
- Taco Bell aims to reduce antibiotics used in human medicine by 25% in its U.S. and Canada beef supply chain by 2025.



OPPORTUNITIES & CHALLENGES

- Staying informed about the climate impacts of the products we source across multi-tiered and global supply chain
- As a franchisor, providing guidance to franchise business owners about how best to manage their restaurants' environmental footprints
- Keeping up with changing and often fragmented global regulations regarding the recyclability of materials used in our packaging



KEY TAKEAWAYS

- Following a multiyear process of collecting data and analyzing impacts across our value chain, we announced our first science-based targets.
- We produced our first-ever TCFD report to better understand our climate risks and opportunities across our restaurants and supply chain, building on our existing energy reduction work and recent science-based targets commitment.
- Restaurants are embracing green building technologies that save money and reduce environmental impact.
- We are engaging chicken, beef and dairy suppliers on ways to reduce emissions associated with animal agriculture.
- We continue to advance our sustainable packaging efforts, with Taco Bell leading the way – the brand launched an industry-first collaboration with international recycling leader TerraCycle to recycle its iconic hot sauce packets.



MATERIAL ISSUES

- Climate Impact
- Operational Waste & Recycling
- Packaging
- Sustainable Sourcing
- Water
- Animal Welfare

RECIPE NOTES

A PACKAGING STRATEGY BASED ON PARTNERSHIP



with Susan Miles,
Director of Global Sustainability, KFC

Q: Yum! and its brands are working on a number of packaging-related goals, including to remove expanded polystyrene from all restaurants globally by 2022 and to make KFC's plastic consumer packaging and all of Taco Bell's consumer packaging recoverable or reusable by 2025. How are you making progress toward multiple targets at once?

A: It's not an easy task. Government legislation and recycling infrastructure vary widely across the many parts of the world where we operate and can even change from city to city – so it can be hard to find common denominators. That said, we are on track for both our 2022 and 2025 goals. We're following the lead of markets like France and India, which have already significantly shifted from single-use plastics, to inform our recommendations for other markets. A major trend we're seeing in these markets is a shift away from plastics and toward fiber alternatives, including new materials like bamboo.

Q: What is Yum!'s internal process for thinking about packaging and ways to make it more sustainable?

A: We try to start with the functionality we need from a package: How do we need it to perform with a product for our customers and our team members to create a great experience? This needs to take into consideration the product and the eating occasion. There was a huge shift to off-premise in 2020, and the teams are focused on making sure product quality and safety and trust remain our focus. The package engineers work with cross-functional teams and our suppliers to create or modify a package that moves us closer to our sustainability goals. This means looking at new materials, coatings and manufacturing processes. Overall, it's a shift in the mindset from a linear model to a more circular way of thinking. It could be changing from a less recyclable material to a more recyclable material, choosing a different coating or even finding ways to use fewer materials or include recycled content. Small changes can have a BIG impact over time. We recognize it's a journey, and we're mindfully working towards better choices across our packaging at each of our brands.

Q: What is the role of collaboration in increasing packaging recyclability?

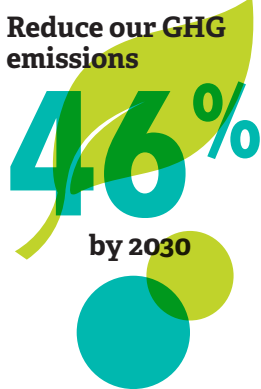
A: For recycling to be successful, customers must know how to dispose of packaging materials properly. At the same time, there must be end markets that will accept the materials to turn them into new products. Yum! is involved in partnerships that are helping contribute to both sides of this equation. Our U.S. brands have signed up for How2Recycle, a customer-friendly labeling system that clearly explains how to dispose of a range of materials. These labels will first be used on bags at KFC. Through organizations like the NextGen Consortium and the Sustainable Packaging Coalition, we are engaging with material recovery facilities, recycling companies and our suppliers to understand what materials they can accept. Additionally, collaboration across our brands is another important piece of the puzzle. We recently organized internal summits on sustainable packaging to discuss possible future commitments and next steps.

Climate Action

YUM!'S NEW SCIENCE-BASED TARGETS

For more than 15 years, we have been working to operate more sustainably. We have developed a range of green-building programs to conserve energy in our restaurants and have explored ways to reduce deforestation throughout our supply chain. And over the past two years, we have been laying the foundation for the next phase of our journey: our first science-based targets, which give us a roadmap for reducing GHG emissions to levels aligned with the Paris Agreement that limit global warming to **1.5 degrees** Celsius.

In early 2021, our company announced our target to reduce emissions by **46%** by 2030, compared to a 2019 baseline, and our ambition to achieve **net-zero** emissions by 2050. Arriving at this target required developing a comprehensive understanding of each of our areas of impact and our options for abatement. This includes impact areas both within our business, such as the efficiency of our offices and restaurants, and within our supply chain, such as the agricultural and land use practices employed when it comes to beef, chicken and dairy.



Yum!'s Primary Sources of Emissions

RESTAURANTS



SUPPLY CHAIN



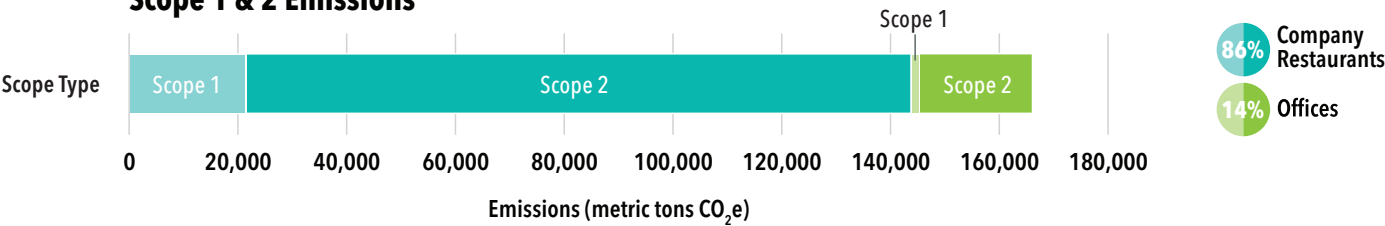
We will work closely with brands, franchisees, suppliers and producers to cut emissions from franchisee restaurants on a per-restaurant basis and on a per-metric ton basis for beef, poultry, dairy and packaging. Actions already underway include piloting energy optimization and building management systems at restaurants worldwide and converting **1,000** restaurants to renewable energy sources by the end of 2021.

Collaboration with climate-forward partners will help us stay accountable. We are now a member of the Renewable Energy Buyers Alliance, a group of large energy buyers, energy providers and service providers that have joined together to accelerate the transition to a zero-carbon energy future. We have also joined more than **1,700** other global companies in the We Mean Business Coalition, which helps encourage meaningful corporate action such as setting science-based targets, committing to **100% renewable power** and embracing responsible climate policy.

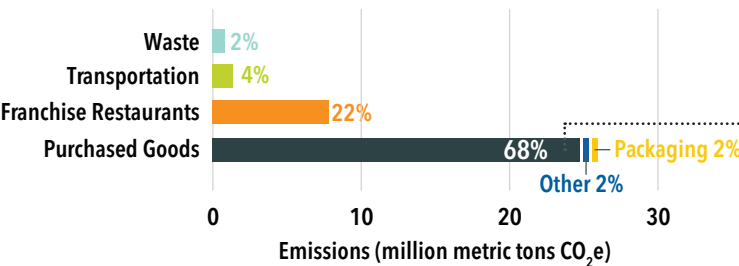
Yum!'s Total GHG Emissions

Our GHG emissions were over 36 million metric tons of CO₂e in 2019. Over 99% of those emissions were indirect emissions, Scope 3, while only about half of one percent came from energy use at company-owned restaurants and offices.

Scope 1 & 2 Emissions



Scope 3 Emissions



Purchased Goods - Food



PLANET

GREEN BUILDINGS

In many cases, actions that reduce energy use, water consumption and waste at restaurants also save owners money. As Yum!'s business becomes increasingly franchised, we are helping franchisees reap the environmental and financial benefits of sustainability – and contribute to our progress on climate action. Our approach is generally to lead by example, providing a list of recommendations that franchisees can take to meet our sustainable standards, known as Blueline, and allowing franchisees to choose which measures to implement. Our corporate restaurants have historically served as testbeds for innovation, allowing us to pilot new equipment and approaches that could eventually be introduced across our system, such as adopting renewable energy.

Increasingly, our brands and markets are taking action on their own and working closely with franchisees on areas for improvement. Pizza Hut International has developed a Green Building Playbook, based on Blueline guidelines, to improve sustainable building practices such as energy management systems that better manage energy and water use. Additionally, it's exploring opportunities to repurpose container units to build new restaurants in Africa and the Middle East to bring its delicious pizza closer to customers in a more sustainable way. Taco Bell is introducing Solar Stores to its franchise partners to incorporate renewable energy using solar panels to power exterior site lighting and all of its signs.

KFC has made significant progress over the past year with its KFC Building Green Program by releasing a list of standard practices that new buildings in over **140 markets** must incorporate starting in 2021. These **11 requirements** offer quick return on investment for franchisees and provide ongoing operational savings and will create a baseline across KFC's global system.

In the U.K. and Ireland, KFC is piloting building management systems (BMS) that automatically shut off equipment that is not needed and are calculated to reduce energy consumption by **30%** and has the potential to save approximately **\$26,000 per store per year**. The market is also working on a pilot with the University of Liverpool to determine what it would take to achieve zero-carbon restaurants using modeling and simulation of real energy data. KFC Australia is exploring a BMS that switches off non-essential loads during peak demand times, along with technologies including exhaust fan regulation. Restaurants in the country have also embraced solar energy – **15 sites** now using solar save thousands of dollars per year on energy costs.



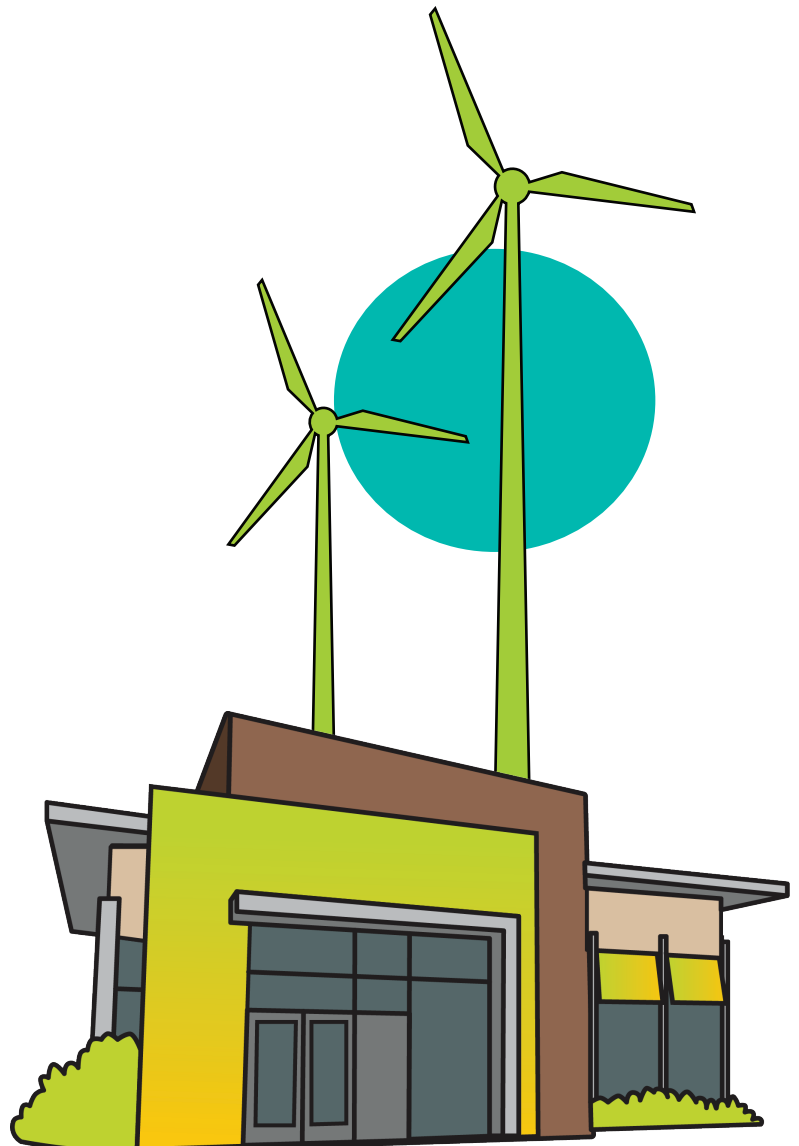
In 2021, we announced that we will convert

1,000
RESTAURANTS

to renewable energy by the end of the year.



In 2020, we successfully transitioned our corporate U.S. offices to **100%** renewable energy.



FIELD TO FORK: The Yum! Soy Supply Chain



SOYBEAN FARMER



SOYBEAN PROCESSOR



FEED MILL



CHICKEN SUPPLIER



YUM! RESTAURANT

SUPPLY CHAIN

Within our supply chain, our most significant source of GHG emissions is attributable to the food we purchase, most significantly animal products including chicken, beef and dairy. Raising of these animals contributes to methane, nitrous oxide and carbon dioxide emissions as a result of animals' natural processes of digestion.

To reduce our emissions from chicken, beef and dairy as part of our science-based target commitments, we will educate suppliers, recognize them for progress and encourage them to set emissions-reduction targets of their own. Areas for improvement could include practices such as improved fertilization and manure management, including the use of anaerobic digesters to produce heat and electricity from waste. Changing animals' diets can also have emissions-reduction benefits. For example, adding plant extracts known as tannins to cattle feed can reduce animals' release of methane. Reducing livestock mortality by better controlling or eradicating livestock diseases also lowers each emissions' intensity, because it allows animals to live longer, more productive lives. Through conversations with select suppliers, we know that some are already leaders in this space, and we plan to learn from and leverage these partnerships.

Beyond supporting improved farming practices, at Yum!, we will continue to focus on the origins of our animal products. The impact of animal agriculture is greater when animals are raised on or receive feed ingredients from freshly deforested or converted land, because carbon can no longer be sequestered by trees. Therefore, for the past several years, we have been working with the WWF to understand and address sourcing of beef and soy from areas with high risk for deforestation. Through close collaboration with our direct and indirect suppliers on traceability, we estimate that 99% of our beef supply was sourced from origins of lower risk of tropical deforestation in 2020 with 87% coming from the U.S. and Canada.

As a result of this work, we received a score of B in our first disclosure to CDP Forests for our cattle products. Soy, which is a primary ingredient in our chicken feed, has a more complex supply chain. While our business is at least five steps removed from the soybean field, we continue to work across our supply chain to achieve greater levels of visibility and accountability. To share this work with others, we are developing a case study describing our work with WWF and overall supplier engagement.

An additional source of emissions reduction will be the continued expansion of plant-based protein on [our menus](#). We expect significant growth for Taco Bell's plant-based beef alternative products in the U.S., Pizza Hut's plant-based pepperoni and KFC's chicken substitutes globally between now and 2030. As customers continue to choose these options over meat-based proteins, fewer animals will need to be raised for food, and their associated emissions will be avoided.

FOREST STEWARDSHIP

Yum!'s commitment to addressing climate change by reducing deforestation goes beyond the sourcing of our animal products. In 2019, we endorsed the New York Declaration on Forests (NYDF) and the private sector goal of eliminating deforestation from the production of agriculture commodities such as beef, soy, palm oil and paper products. NYDF members have collectively committed to ending natural forest loss by 2030. Jon Hixson, Yum!'s chief sustainability officer & vice president of Global Government Affairs, is a member of the NYDF review panel, working with stakeholders across sectors to refresh and support this important commitment.



In 2019, we achieved our goal of sourcing **100% of palm oil** used for cooking from responsibly managed sources, with third-party certification from the Roundtable on Sustainable Palm Oil (RSPO). We are also making progress toward our goal of purchasing **100% of paper-based packaging** with fiber from responsibly managed forests and recycled sources. Our brands have made progress by embracing alternative materials, such as a bamboo fiber bucket that is now used to serve meals at KFC in Canada.

Sustainable Packaging & Waste Reduction

At Yum!, we are committed to taking a more circular approach to sustainable packaging and waste, which starts with us first reducing, and then mindfully reusing or recycling, the waste generated at our restaurants. Reducing waste from packaging, as well as operational waste including cardboard, food and used cooking oil, are both Tier One material issues for our business. Our brands are working to develop packaging that can be diverted from landfills through recycling or composting, reducing food waste and donating surplus food to people in need, and recycling used cooking oil into biodiesel or energy.

At the Yum! corporate and brand levels, we have set a number of packaging and waste goals:

- 2022** Remove Styrofoam and expanded polystyrene from packaging at all KFC, Pizza Hut and Taco Bell locations globally
- 2022** Purchase 100% of our paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2022
- 2025** Divert 50% of back-of-house operational waste, measured by weight, generated in our U.S. restaurants
- 2025** KFC will make all plastic-based, consumer-facing packaging recoverable or reusable globally
- 2025** Taco Bell will make all its consumer-facing packaging recyclable, compostable or reusable, eliminate any PFAS, phthalates and BPA from its packaging, and add recycling and/or composting bins to restaurants globally where infrastructure permits
- 2030** Reduce food loss waste 50% by 2030 in accordance with U.S. Food Loss and Waste 2030 Champions

Taco Bell continues to reduce the number of packaging items in its portfolio and to design packaging that uses fewer materials. In 2021, the brand launched a collaboration with TerraCycle, a company that specializes in hard-to-recycle materials, to tackle recycling of its iconic hot sauce packets. The effort will be an industry first – no solution currently exists for recycling these packets, which are made of a flexible film. Details of a national U.S. recycling pilot program will be announced later in the year.

KFC Australia has been a member of the Australian Packaging Covenant Organization (APCO) for more than 10 years. As part of its membership, the brand uses APCO's online packaging evaluation tool to determine how to improve recyclability and manage packaging's environmental impact, and also extended its partnership to support the Australian Recycling Label, a program endorsed by all Australian governments to help make recycling easier. The brand is also exploring waste reduction opportunities that go beyond packaging, including options for diverting organic waste for use as compost or animal feed.



Also in 2021, we joined How2Recycle, the leading recycling labeling system in the U.S. and Canada. We will leverage How2Recycle's standardized labeling system on our consumer-facing packaging to provide clear instructions on how to recycle more and recycle better.

At Yum!, we are committed to being a leader in the reduction of food waste. We are a member of the U.S. Food Loss and Waste 2030 Champions, a group of organizations across the food value chain that have committed to reducing food loss and waste in their U.S. operations by 2030, as well as the Food Waste Reduction Alliance, the Waste & Resources Action Programme and the ReFED advisory council. Most of the food waste we divert is donated to nonprofits through the [Harvest](#) program. Through this program, Yum! and our franchisees have donated over **209 million** pounds of food to more than **5,000** charity partners since 1992. Beyond food donation, our brands are exploring other innovative ways to reduce wasted food. KFC U.K. is piloting smart equipment that predicts customer traffic throughout the day, ensuring that no more food is prepared than necessary.

Water

We have a long history of working to reduce water consumption, and we continue to focus our efforts on areas of high water stress. In 2019, we used the WRI Aqueduct Water Risk Atlas to complete an enterprise-wide water risk assessment of our **50,000** restaurant locations worldwide. The Atlas uses a robust, peer-reviewed methodology and the best available data to create customizable global maps of water risk. The assessment identified more than 8,000 restaurants located in high-risk water basins around the world and is helping to inform our water strategy for 2030 and beyond.

Strategies for reducing water use are included in our Blueline documentation. Our corporate- and franchise-owned restaurants continue to lower their water usage in a number of ways. High-efficiency and low-flow equipment in restaurant kitchens and bathrooms helps restaurants conserve water and save money. Irrigation system improvements, such as sensors that prevent irrigation when it is raining, and the addition of local and drought-tolerant plant species, decrease the need for irrigation water.



Animal Welfare

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

In 2020, KFC announced new global chicken key welfare indicators (KWIs) as a critical next step on its animal welfare journey. The KWIs address mobility while chickens are raised, overall chicken health, minimization of medical interventions, chicken mortality and mental and physical stress. These KWIs will serve as the foundation for animal welfare metrics across our company.

In 2020, KFC U.K. & Ireland published its first annual welfare progress report, described as an honest and open review of its poultry supply chain. The report outlines the seven steps of the brand's audit process and captures key data, which KFC U.K. & Ireland will use to benchmark progress and hold itself and its suppliers accountable.

In 2021, Taco Bell U.K. adopted the Better Chicken Commitment for the fresh, frozen and processed chicken used throughout its U.K. supply chain and plans to meet all applicable standards by the end of 2026. Pizza Hut International is also conducting a survey of suppliers of its most important pizza ingredients, including beef, pork and cheese to further understand animal welfare practices across its supply chain.

Limiting Antibiotic Use

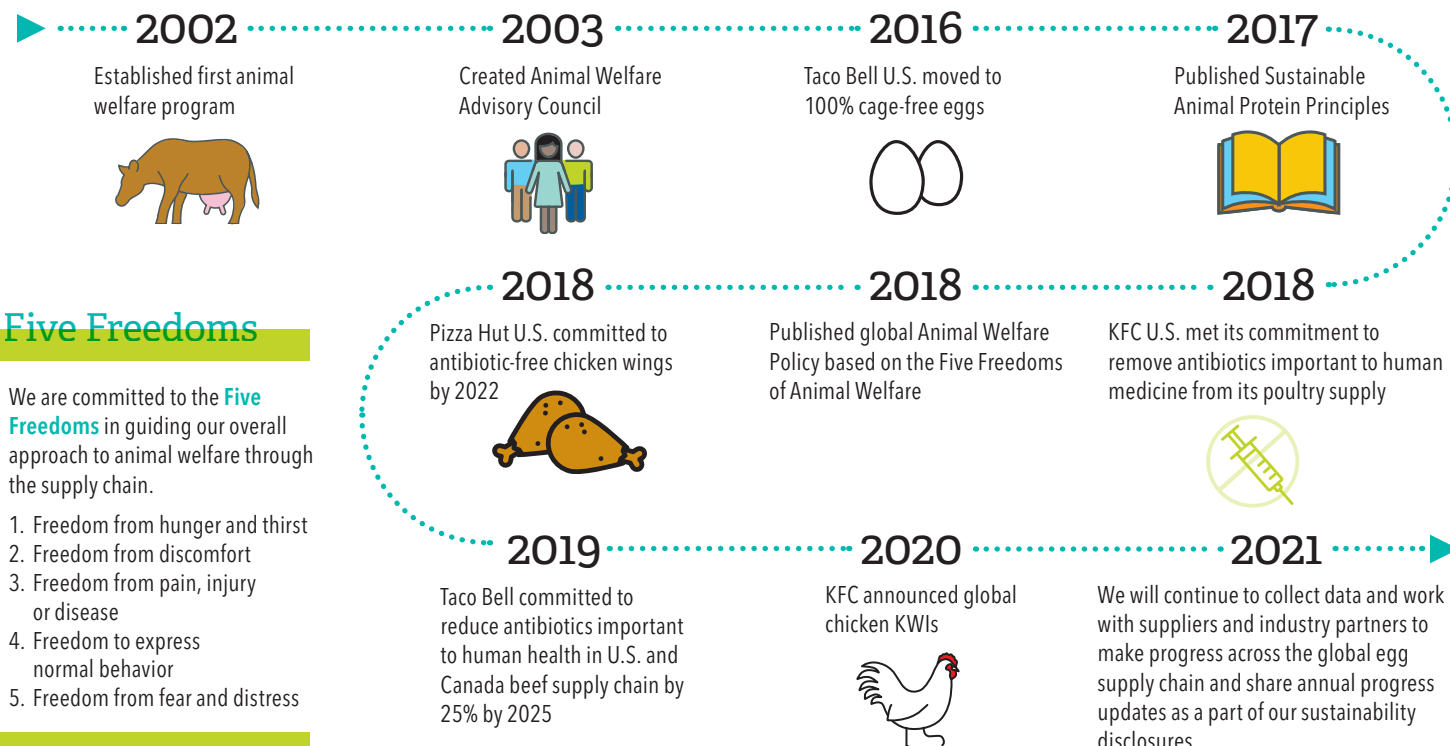
Our dedication to animal health and well-being requires thoughtful, comprehensive health management programs that may necessitate the use of antibiotics to maintain or restore good animal health. We share concerns regarding the rising threat of antimicrobial resistance (AMR) and support One Health, a holistic and multi-sectoral long-term effort to combat AMR by the United Nations World Health Organization (WHO), the Food and Agriculture Organization, the World Organisation for Animal Health and other key stakeholders.

Over the past several years, KFC, Pizza Hut and Taco Bell in the U.S. have met public commitments to reduce antibiotics important to human medicine in their U.S. poultry supply chains and have made new commitments to drive further progress. Pizza Hut U.S.'s original commitment applied only to chicken used for pizzas, and the brand is on track to remove these antibiotics from chicken used for wings by 2022. Taco Bell is working to reduce antibiotics used in human medicine by **25%** in its U.S. and Canada beef supply chain by 2025. The brand is engaging with internal and external stakeholders, including the U.S. Roundtable for Sustainable Beef and International Consortium for Antimicrobial Stewardship in Agriculture (ICASA) and will share progress in 2022. Later in 2021, we will publish a report covering the costs of antimicrobial resistance and how we plan to contribute to solutions to this pressing issue.



OUR ANIMAL WELFARE JOURNEY

Our animal welfare journey began nearly 20 years ago with the creation of our first animal welfare program. Since then, at Yum!, we've continued to elevate our animal welfare practices across our global footprint, enabling markets to have flexibility to evolve based on customer preferences, cultural needs and expectations and local regulations. We remain committed to making progress and sharing our work along the way. Here are some key milestones we've already made on our animal welfare journey:



Five Freedoms

We are committed to the **Five Freedoms** in guiding our overall approach to animal welfare through the supply chain.

1. Freedom from hunger and thirst
2. Freedom from discomfort
3. Freedom from pain, injury or disease
4. Freedom to express normal behavior
5. Freedom from fear and distress