

OUR RECIPE FOR GOOD

2017 GLOBAL CITIZENSHIP & SUSTAINABILITY REPORT



FOOD

PLANET



PEOPLE



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Ingredients for Creating

OUR RECIPE FOR GOOD

Yum! Brands is building the **world's most loved, trusted and fastest growing** restaurant brands with a **carefully crafted recipe**.



We start with a commitment to **socially responsible growth**, mixed with people who **lead with heart**.

We act responsibly and courageously when it comes to the **food** we serve, our impact on the **planet** and the way we treat our customers, our **people** and our communities.

We put it all together to make the world better and create a world with:
More choices.
More transparency.
More innovation.

A World With More Yum!

That's OUR RECIPE FOR **GOOD**





CITIZENSHIP

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CORPORATE PROFILE

Yum! Brands is focused on building KFC, Pizza Hut and Taco Bell to be the world's most loved, trusted and fastest growing restaurant brands. As a global company, we aim to make the world better by acting responsibly with respect to food, planet and people. Yum! is headquartered in Louisville, Ky., and trades on the New York Stock Exchange under the ticker symbol YUM.

OUR BRANDS



In 2017, Yum! Brands marked the first year of our multi-year transformation journey that began with the spinoff of our China business in October 2016 and continues as we execute our growth strategy of becoming a company that is more focused, franchised and efficient. As of the end of 2017, 97 percent of our restaurants were franchise owned and at least 98 percent will be franchised by the end of 2018.

To unlock our potential, we have developed a strategic Recipe for Growth. This recipe begins with a set of shared values. Our values challenge and inspire us to elevate our brands, culture, performance and impact on customers and the communities that we serve.

These values are:

- Champion the customer experience
- Serve up trust in every bite
- Adopt and share the best ideas
- Deliver results, overnight and over time
- Be focused and stay hungry
- Recognize wins, big and small
- Lead with smart, heart and courage
- Believe in all people
- Make the world better

The next component of our Recipe for Growth is a set of four key growth drivers that serve as the foundation upon which our sustainable, long-term results are being built.

These drivers will allow us to keep our promises to serve delicious food, make our food accessible to customers, give employees a place to grow and make a difference, offer profitable partnership opportunities for franchisees and deliver strong returns and long-term value.

OUR GROWTH DRIVERS



Distinctive, Relevant & Easy Brands

Innovate and elevate iconic restaurant brands people trust and champion



Bold Restaurant Development

Drive market and franchise unit expansion with strong economics and value



Unmatched Franchise Operating Capability

Recruit and equip the best restaurant operators in the world to deliver great customer experiences






Unrivaled Culture & Talent

Leverage culture and people capability to fuel brand performance and franchise success

135+ COUNTRIES & TERRITORIES

RESTAURANTS BY BRAND*

	KFC	21,487
	Pizza Hut	16,748
	Taco Bell	6,849

*As of year-end 2017

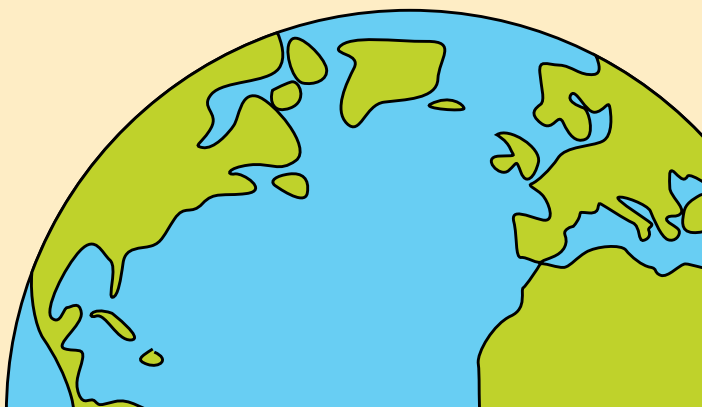
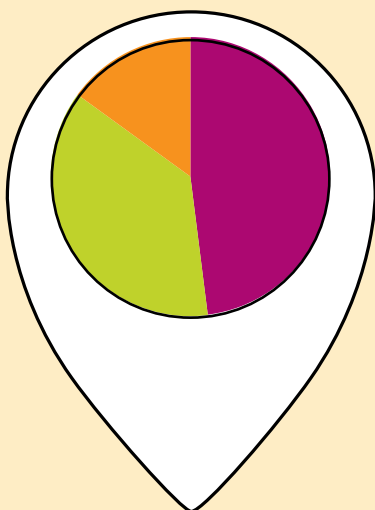
45,000+ RESTAURANTS

97%

FRANCHISED

18,000+

RESTAURANTS IN EMERGING MARKETS



1.5+ MILLION FRANCHISE SYSTEM EMPLOYEES



60,000 YUM! BRANDS EMPLOYEES

\$5.88 BILLION 2017 TOTAL REVENUE

RECOGNITION

BARRON'S 100 MOST SUSTAINABLE COMPANIES

BLOOMBERG GENDER-EQUALITY INDEX

CDP CLIMATE, FORESTS AND WATER

CR 100 BEST CORPORATE CITIZENS LIST

DOW JONES SUSTAINABILITY NORTH AMERICA INDEX

FORBES AMERICA'S BEST EMPLOYERS FOR DIVERSITY

FORTUNE MAGAZINE WORLD'S MOST ADMIRABLE COMPANIES®

HEALTHIEST 100™ WORKPLACES IN AMERICA

ISS ENVIRONMENTAL & SOCIAL QUALITY SCORE

NEWSWEEK GREEN RANKINGS



MESSAGE FROM GREG CREED

Our Recipe for Good

As Yum! Brands grows KFC, Pizza Hut and Taco Bell around the world, we take our role as a global citizen and our impact on society and the environment seriously. That's why I'm pleased to share Yum! Brands' 2017 Global Citizenship & Sustainability Report, which highlights our progress fueling results and making the world better over the last two years. This period has been a transformative time for our company.

In 2016, we spun off our China business into an independent, publicly traded company and announced our Recipe for Growth, our multi-year growth strategy to become more focused, more franchised and more efficient. In doing so, we reset our mission to build the world's most loved, trusted and fastest-growing restaurant brands, redefined our global growth priorities and sharpened a shared set of values that inspire us to elevate our brands and business practices around the world.

In line with our Recipe for Growth, we created Yum! Brands' Recipe for Good – our updated Global Citizenship & Sustainability Strategy and public commitments concerning our food, planet and people. I'm proud of the progress we're making, as well as our growing efforts to listen and engage more intently with our stakeholders on priority issues, such as:

Food: We're simplifying our ingredients in different ways, for example, by removing artificial flavors, colors and trans fat. We are also providing more balanced options on our brands' menus, including meal items with less sodium and calories.

Planet: We're making strides in our sustainable sourcing practices and in our restaurant operations, including food donation, recycling and energy and water conservation.



People: We continue to believe in ALL people, from investing in programs that develop employee leaders to fostering a workplace that is inclusive. In our communities, strategic partnerships help us advance our priorities of hunger relief, literacy and youth education.

“Our Recipe for Good unites our employees, franchisees and suppliers on the priorities that matter and will keep us focused on socially responsible growth, managing risks and serving more goodness to our customers, shareholders, communities and the planet.”

Yum!'s Recipe for Growth will deliver business results as our evolution continues. But a growing company is only part of who we aspire to be. Our Recipe for Good unites our employees, franchisees and suppliers on the priorities that matter and will keep us focused on socially responsible growth, managing risks and serving more goodness to our customers, shareholders, communities and the planet.

Thank you for your support.

GREG CREED
Chief Executive Officer
Yum! Brands, Inc.

PERFORMANCE SUMMARY

An important way we fulfill our Global Citizenship & Sustainability Strategy is by sharing progress against our goals. Below is a summary of Yum!'s performance in 2016 and 2017 with respect to our overall strategy and governance, as well as our three focus areas of food, planet and people. These goals and progress are discussed in greater detail throughout our 2017 Global Citizenship & Sustainability Report.

COMMITMENTS

2016-2017 PERFORMANCE HIGHLIGHTS

GOVERNANCE & STRATEGY

Governance & Strategy

Build three iconic brands that people trust and champion by being open and transparent about our progress, challenges and outcomes

- Established Yum! Brands' multi-year global growth and transformation strategy (Recipe for Growth)
- Refreshed our Global Citizenship & Sustainability Strategy to reflect our food, planet and people priorities
- Conducted our first formal materiality assessment to identify our most important CSR issues
- Updated division enterprise risk management process to inform global growth strategy

FOOD

Food Safety

Maintain the safest, highest-quality food supply and preparation in the industry

- Provided restaurant team member training on employee health, product handling, ingredient and product management, and prevention of cross-contamination
- Conducted more than 230,000 restaurant food safety audits between 2015 and 2017
- Conducted approximately 3,000 food safety supplier audits in 2017

Choice & Nutrition

Be the preferred restaurant for consumers seeking delicious, balanced options by offering more choice, more transparency and nutritional improvements to our ingredients

- Removed artificial flavors from 70 percent of food ingredients, with a goal of removing 100 percent by 2020*
- Removed artificial colors from 78 percent of food ingredients, with a goal of removing 100 percent by 2020*
- Removed partially hydrogenated oil from 97 percent of food ingredients, with a goal of removing 100 percent
- Pursuing a goal of offering balanced meals by having 20 percent of meal options consistent with one-third of the Recommended Daily Allowance (RDA) or foreign equivalents by 2020; currently, nearly 50 percent of restaurants have met this goal
- Provided consumers with convenient access to allergen and nutrition information

Responsible Marketing

Promote transparency about our food through responsible labeling and advertising practices in our restaurants and beyond

- Published online nutrition calculators for all three brands' U.S. menus
- Followed U.S. and international guidelines to avoid marketing to children

*In key markets, excluding co-branded ingredients and beverages

COMMITMENTS

2016-2017 PERFORMANCE HIGHLIGHTS

PLANET

Green Buildings

Design, build and operate restaurants to be measurably more sustainable using green building standards to drive reductions in energy consumption, water use, greenhouse gas (GHG) emissions and waste

- Built 38 percent of new company-owned and franchise restaurants to green building standards
- Reduced energy consumption in our restaurants by 22 percent compared to a 2005 baseline
- Saved 4.3 million megawatt-hours (MWh) of electricity due to energy efficiency improvements between 2005 and 2017
- Reduced water consumption by 10 percent compared to a 2015 baseline
- Diverted 25 percent of restaurant waste from landfills in 2017, including cardboard, cooking oil, donated food and mixed recyclables

Supply Chain

Engage in building a responsible supply chain that protects forests, respects human rights, supports animal welfare and enables good antimicrobial stewardship

- Published Sustainable Animal Protein Principles and Good Antimicrobial Stewardship policy
- Began developing unified auditing systems and policies for poultry, beef and pork
- Required our suppliers to minimize use of antimicrobials important to human medicine
- Having a goal of sourcing 100 percent sustainable palm oil by 2018; currently sourcing 87 percent of cooking oil from sustainable palm oil or non-palm sources
- Sourced 69 percent of global paper-based packaging and service products from either certified virgin or recycled sources in 2017, with goal of 100 percent by 2020

PEOPLE

Culture & Talent

Create a culture of engagement that attracts, retains and grows the best people and creates high performance in our restaurants

- Delivered our Leading Culture to Fuel Results course to all leaders globally, with 95 percent participation for directors and above
- Launched Grow Yourself Week in 2017 to educate corporate employees on personal and professional wellness
- Launched brand-specific culture and leadership initiatives, including KFC's Leading With Heart program, Pizza Hut's Life Unboxed campaign and the Start With Us, Stay With Us platform at Taco Bell

Diversity & Inclusion

Build an inclusive culture among our employees, franchisees and suppliers to reflect the diversity of our customers

- Updated global strategy for diversity and inclusion, leading to a new diversity council and public diversity commitments
- Aligned with the Paradigm for Parity®, a coalition of companies working to increase the number of women in senior operating roles
- Achieved 41 percent representation of women in global management positions
- Conducted statistical analysis to confirm that we deliver pay parity across genders and ethnicities
- Signed on to CEO Action for Diversity & Inclusion™, a national coalition for workplace diversity

Ethics & Human Rights

Hold our employees, franchisees and suppliers to the highest standards of professional and ethical conduct

- Updated our Code of Conduct to reflect Yum! Brands' transformation
- Required our 2,000 most senior employees to complete a conflicts of interest questionnaire and certify that they have read our Code of Conduct
- Delivered annual compliance training to all company-owned restaurant employees
- Remained committed to our Supplier Code of Conduct, which addresses guidelines for working conditions consistent with international frameworks

Community & Philanthropy

Support global initiatives related to hunger relief, literacy and youth education, and nonprofits near our hometown headquarters

- Donated 6.9 million pounds of food through our Harvest program in 2017
- Provided financial support, time and materials valued at \$70 million in 2017

Unless otherwise noted, "KFC" and "Pizza Hut" refer to all global restaurants and "Taco Bell" refers to all U.S.-based restaurants

CORPORATE GOVERNANCE

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.

As of April 2018, the Yum! Board of Directors consisted of 11 directors, 10 of whom were independent based on New York Stock Exchange rules for director independence. In 2017, the Board was led by an independent non-executive Chairman and had four independent committees. Our Board believes that its independence and oversight of management are effectively maintained through a strong independent Chairman or Lead Director and through the Board's composition, committee system and policy of having regular executive sessions of nonemployee directors. The Board has four committees:

- Audit Committee
- Management Planning and Development Committee
- Nominating and Governance Committee
- Executive/Finance Committee

Only independent directors serve on the Audit, Management Planning and Development, and Nominating and Governance Committees in accordance with our Corporate Governance Principles.

A complete overview of corporate governance at Yum! Brands is provided on our [investor website](#) and [2017 Proxy](#).

The Board has instituted an annual self-evaluation process led by the Nominating and Governance Committee. This assessment focuses on the Board's contribution to the company and emphasizes those areas in which a better contribution could be made. In addition, our Audit, Management Planning and Development, and Nominating and Governance Committees conduct similar self-evaluations on an annual basis.

BOARD DIVERSITY

A diverse range of experiences and perspectives among our directors supports the success of the Board in overseeing our complex, varied global businesses. When recruiting new directors, we look for leaders from different backgrounds that combine a broad spectrum of experience and expertise with a reputation for integrity. For complete selection criteria and policies, please see our [Corporate Governance Principles](#). Currently, three of our 11 directors are women and two are minorities.

GOVERNANCE

Oversight for environmental, social and governance (ESG) issues ultimately resides with the Yum! Brands Board of Directors, briefed through its Audit Committee on an annual basis. At the operational level, the Chief Communications and Public Affairs Officer oversees the global reputation of Yum! and is responsible for shaping the Citizenship and Sustainability Strategy with the Vice President, Government Relations and Citizenship & Sustainability and the senior leaders who comprise our ESG Council (noted below) and through cross-functional and expert working groups at the corporate and brand division levels:

- Chief Communications and Public Affairs Officer
- Vice President, Government Relations and Citizenship & Sustainability
- Vice President, Supply Chain
- Chief Food Safety Officer
- Chief Food Innovation Officer
- Chief Transformation and People Officer
- General Counsel/Associate General Counsel

We also regularly convene 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.

GLOBAL CITIZENSHIP & SUSTAINABILITY STRATEGY

Our Global Citizenship & Sustainability Strategy reflects Yum! Brands' priorities for socially responsible growth, risk management and sustainable stewardship of our food, planet and people.

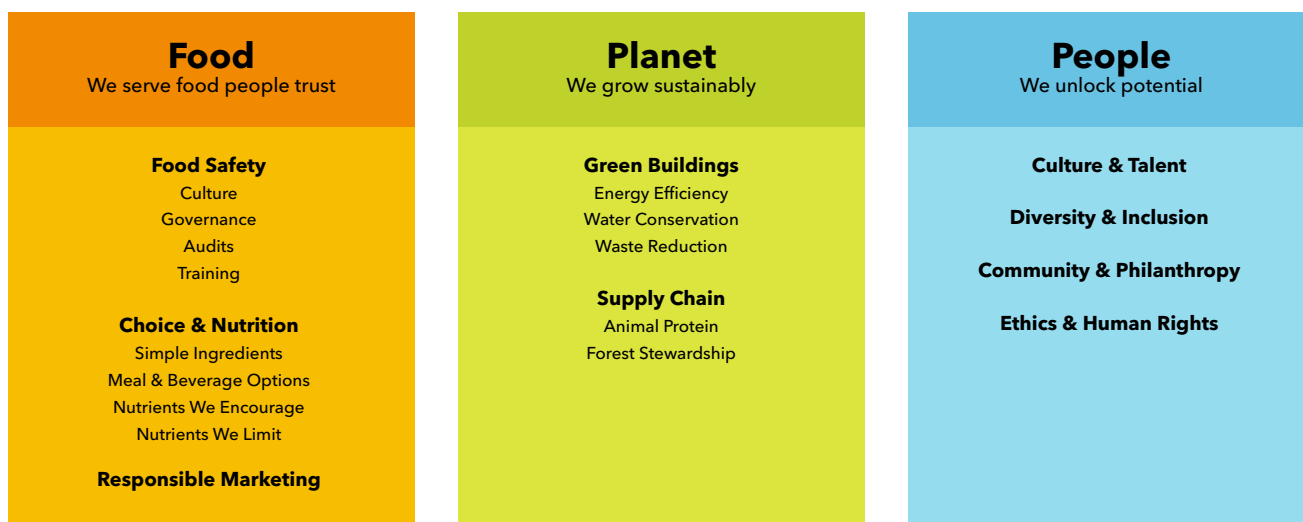
Yum! Brands is committed to delivering on our promises to our most important stakeholders – enhancing the customer experience, improving restaurant and franchise profitability, increasing employee engagement and rewarding investors and shareholders.

Our Citizenship & Sustainability priorities will concentrate on advancing progress and results in the most critical parts of our business: feeding people and being transparent about what's in our food, choosing responsible suppliers, operating our restaurants efficiently, hiring and developing the best talent in an inclusive workplace and giving back to our communities.

As a global restaurant company, we are well-positioned to address numerous United Nations Sustainable Development Goals, such as Zero Hunger, Decent Work and Economic Growth, Responsible Consumption and Production, and Climate Action.

As a globally franchised business, Yum! views franchisees as essential partners in the execution of our Citizenship & Sustainability priorities concerning our food, planet and people.

OUR RECIPE FOR GOOD



Governance | Ethics | Transparency



STAKEHOLDER ENGAGEMENT

Consistent, honest and transparent engagement with stakeholders is foundational to our Global Citizenship & Sustainability Strategy.

We pride ourselves on being good listeners of both positive and critical voices and consider engagement a key tool to keep abreast of food and restaurant industry trends and concerns. This helps us monitor risks, especially in the areas of food safety, global nutrition, supply chain management and challenges to our franchise business model. As an example, we are currently focused on projects in the areas of animal welfare, antibiotic use, deforestation (including palm oil), plastics use and supply chain risks.

As a first step in revising our Global Citizenship & Sustainability Strategy, we went through a rigorous process in 2017 that resulted in identifying and prioritizing the following as key stakeholders: employees, customers, franchisees, shareholders and communities. We considered this process to be foundational to assessing those issues most material to our business and then shaping our strategy and subsequent initiatives, including our reporting processes.

After identifying representative individuals and organizations within each of these stakeholder groups, we worked with a third-party consultant to develop an engagement process that included surveys and interviews with both internal and external stakeholders. In total, 75 survey responses were gathered from Yum! and brand leaders and conducted 31 interviews. These interviews gave us detailed insights into the opportunities each group sees for Yum! Brands, as well as risks we may face in key areas.

Our ongoing engagement focuses on working with stakeholders on priorities, identified through our materiality assessment, that address our three pillars of food, planet and people. There are many voices and points of view relative to these issues and our goal is to always be as inclusive as possible. This engagement varies from one-time discussions to regular interaction while working on joint projects. The table on page 11 provides examples of ongoing interactions with each of these groups and issues that are most relevant to them.

In addition to ongoing dialogue with key stakeholders, we participate in a wide range of trade associations. These relationships enable us to work across our industry to address common challenges, opportunities and public policy issues. Significant memberships include:

- 100,000 Opportunities Initiative
- Academy of Nutrition and Dietetics
- American Potato Trade Alliance
- CEO Action for Diversity & Inclusion
- Conference for Food Protection
- Consortium for Graduate Studies in Management
- Corporate Responsibility Association
- Dairy Management Incorporated™
- Feast on Equality
- Food Industry Asia
- Food Waste Reduction Alliance
- International Food Information Council Foundation
- 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®
- Paradigm for Parity
- Roundtable for Sustainable Palm Oil™
- Serving Europe
- USA Poultry and Egg Export Council
- U.S. Chamber Business Councils
- U.S. Green Buildings Council
- U.S. Roundtable for Sustainable Beef
- Women's Foodservice Forum



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 ▪ Culture & Talent ▪ Food Safety
Franchisees	<ul style="list-style-type: none"> ▪ Annual Franchise Conventions ▪ Direct Engagement 	<ul style="list-style-type: none"> ▪ Community & Philanthropy ▪ Culture & Talent ▪ 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 ▪ Culture & Talent ▪ 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"> ▪ Culture & Talent ▪ 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

MATERIALITY



We recognize that our actions take place in a global context that includes key stakeholders – employees, customers, franchisees, shareholders and communities.

For this reason, our material issues – or the topics that comprise our Global Citizenship & Sustainability Strategy and reporting – depend on stakeholder input. Focusing on materiality allows us to make decisions and set goals based on what matters to our [stakeholders](#), which helps build trust. Materiality also allows us to respond to global trends, such as changing consumer behaviors and increased investor interest in ESG topics. In fact, nearly all of Yum! Brands' top 10 shareholders were signatories to the UN Principles for Responsible Investment, a clear sign that performance on ESG factors is driving investor decisions to an increasing degree.

In 2017, we enlisted a third party to conduct our first formal materiality assessment based on guidance provided by the Global Reporting Initiative (GRI). This materiality assessment process determined our Global Citizenship & Sustainability Report content through the following six steps:

- 1. Identification** of topics and stakeholders to consider in the assessment. We reviewed publicly reported materials of stakeholders and peers regarding our industry and business, and as discussed issues with employees, investors and NGOs.
- 2. Prioritization** of stakeholder groups based on weighting relative to their importance to Yum! Brands and evidence gathering of internal and external documents to understand priority topics for Yum! and our stakeholders.
- 3. Engagement** through in-depth interviews and surveys with internal and external stakeholders to gather information, including opportunities and risks.
- 4. Synthesis and Analysis** of findings to aggregate and score evidence so that a materiality matrix could be created to document findings.
- 5. Validation** of findings with key Yum! leaders.
- 6. Stakeholder Engagement** through interviews with internal and external stakeholders to gather additional direct input to further prioritize key topics and develop final materiality matrix.

The result of this process was a focused set of 10 topics, pictured in the diagram below. As the matrix shows, these topics – led by Food Safety, Nutrition, and Energy, Emissions & Climate Change – are rated most important to Yum! Brands and most important to our stakeholders. These material topics helped inform our Global Citizenship & Sustainability Strategy for 2017 and are prominently featured in this report. In line with best citizenship reporting practices, we plan on repeating our materiality assessment every two to three years.

Yum! Brands

RELATIVE IMPORTANCE OF TOPICS TOP 10 IN BOLD



ABOUT THIS REPORT

This is Yum! Brands' seventh Global Citizenship & Sustainability Report. We are committed to disclosing our sustainability strategies and performance on an annual basis.

This report captures full-year sustainability results and progress primarily from Jan. 1 – Dec. 31, 2017, with some data dating back to 2016. Our previous report was released in 2016, covering our results and progress for calendar year 2015.

On Oct. 31, 2016, we completed the spinoff of our China business. Today, Yum China is an independent, publicly traded company on the New York Stock Exchange under the ticker symbol YUMC. Yum China's commitment to sustainability continues and their 2017 report can be found on their [company website](#).

We also announced our strategic multi-year transformation plans to strengthen and grow our brands around the world. At the same time, we embarked on a journey to develop a Global Citizenship & Sustainability Strategy aligned with our transformation plans, which included a formal materiality assessment, stakeholder engagement and the collection of progress to date against existing goals and programs, culminating in the identification of new priority areas of food, planet and people.

We value and welcome feedback from all interested stakeholders. Please send comments or questions about this report to citizenship@yum.com.

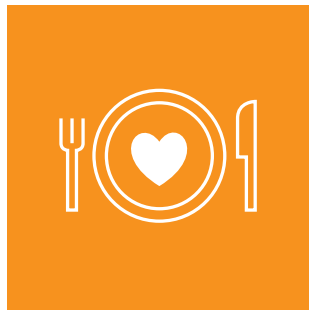
This report has been prepared in accordance with the GRI Standards: Core option. We recognize GRI as the most credible standard for reporting on environmental, social and governance issues reflecting the results of a materiality assessment. The GRI Content Index outlines the indicators included in this report and a link to their location in the report. Our GRI Content Index can be found [here](#). All restatements are noted where they appear throughout the report. We do not currently seek external assurance for our report.

We gather data directly for our corporate operations and company-owned restaurants. Data for the majority of our operations is supplied voluntarily by our franchisees through an annual global survey process. As a result, the scope for data presented in this report varies and is noted accordingly.

POLICIES & POSITIONS

Transparency is foundational to the execution of our Global Citizenship & Sustainability Strategy. Following are policies, public positions and other resources that are of interest to our stakeholders. Requests for additional information can be made to citizenship@yum.com.

- [Corporate Governance Principles](#)
- [Genetically Modified Foods Statement](#)
- [Global Code of Conduct](#)
- [Global Position on Good Antimicrobial Stewardship](#)
- [Human Rights and Key Supply Chain Commitments](#)
- [Human Rights and Labor Practices Policy](#)
- [Palm Oil Policy](#)
- [Paper-based Packaging Sourcing Policy](#)
- [Political Contributions and U.S. Government Advocacy Policy](#)
- [Sustainable Animal Protein Principles](#)
- [Tax & Trade Policy](#)
- [U.S. Supplier Code of Conduct](#)
- [Conflict Minerals Policy](#)



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FOOD

We Serve Food People Trust

GOALS



FOOD SAFETY

Maintain an industry-leading, safe, high-quality food supply and customer experience.



CHOICE & NUTRITION

- Remove artificial colors and flavors from core food ingredients by 2020*
- Remove all artificial trans fat from food ingredients by 2020*
- Offer 20 percent of meals consistent with one-third Recommended Daily Allowance (RDA) or foreign equivalents by 2020
- Seek continuous improvements in the nutrition of our food that are aligned with the World Health Organization (WHO) to improve health and reduce chronic disease
- Provide consumers with convenient access to food information regarding menu labeling and allergens



RESPONSIBLE MARKETING

Limit marketing communications to children under 12

OPPORTUNITIES & CHALLENGES

- Ensuring that food safety processes are aligned with an evolving, franchise-focused business model
- Providing consumers with more access to balanced food choices that are less processed or modified
- Labeling menu offerings clearly and marketing responsibly to meet consumers' desire for increased transparency

KEY TAKEAWAYS

- Food safety is our number one priority. A culture of food safety resonates from the top down into our restaurants and among our franchise partners and employees. Audits of our suppliers, distributors and restaurants are conducted regularly.
- Yum! Brands deployed a new global nutrition strategy that emphasizes transparency of ingredients, sodium reduction, simplified ingredients with increased vegetarian, high-protein, lower-calorie, and other offerings that promote a balanced diet.
- Choice is important at Yum! Brands. We offer millions of menu items every day and make it easy for consumers to customize orders to fit their dietary and lifestyle needs.
- We are committed to transparency and responsible labeling. Each of our brands publicly shares its nutritional profile, allergens and ingredients of its core menu items, which consumers can easily access online.

MATERIAL ISSUES

- Food Safety
- Nutrition
- Responsible Marketing

KEY STAKEHOLDERS

- Consumers
- Employees
- Franchisees
- NGOs
- Suppliers



*In key markets, excluding co-branded ingredients and beverages



FOOD SAFETY CULTURE

Trust in Every Bite

Our first priority – confirmed by stakeholders as part of the materiality assessment process – is to maintain an industry-leading, safe, high-quality food supply from farm to fork.

Serving food that is prepared in a clean and sanitary environment, and honestly presented, is a responsibility that we take seriously. To deliver on our vision of "Trust in Every Bite," Yum! upholds an industry-leading food safety program and stringent food safety standards that mitigate food safety risks for consumers who visit our more than 45,000 restaurants across more than 135 countries and territories.

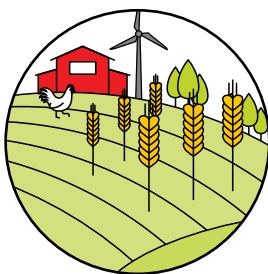
Food safety starts with our leadership team and cascades to our franchise partners and restaurant employees. Our approach is a holistic one, ensuring that food safety is considered at every step along the supply chain.

Our Food Safety Standards cover areas where key risk factors exist, such as employee health and hygiene, product handling, product temperature management, cross-contamination and more. While these standards do not differ among brands, food safety risks do differ from brand to brand and across global markets.

FARM TO FORK

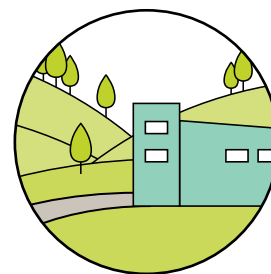


Trust in every bite™...



1 FARM

- Produce Standards
- Wholesome Food Animal Program



2 PROCESSING

- Supplier Audit Standards
- Auditor Certification & Approval
- Premiums

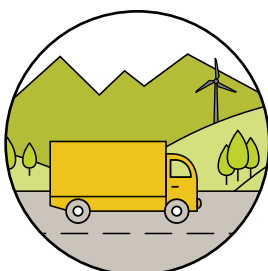


- Regulatory Affairs
- Crisis Management



3 DISTRIBUTION

- Supplier Audit Standards
- Auditor Certification & Approval



4 DELIVERY

- Supplier Audit Standards



5 RESTAURANTS

- Food Safety Facilities & Equipment Standard
- Food Standards Compliance Check (FSCC)
- Restaurant Food Safety Standards
- Restaurant Pest Standard



STAYING CURRENT ON EMERGING REGULATIONS

Yum! does not produce or manufacture ingredients in our food. Therefore, regulations that affect agricultural commodities and food products apply more directly to our local franchise partners, distributors or suppliers than they do to Yum!. We invest significant time and resources to validate that our distributors and suppliers meet and comply with applicable regulations and stringent food safety requirements set forth by Yum! and the industry.

For example, the U.S. Food Safety Modernization Act (FSMA) impacts our business in several ways that have resulted in suppliers making significant food safety changes, as well as countries revising their food codes. We work closely with distributors, importers and suppliers in these locations to make sure they will be compliant by FSMA enforcement dates.

We believe that proactive food safety and quality assurance requires maintaining a constant cycle of reviewing and modifying standards, introducing and deploying new systems, improving upon existing systems, coaching and compliance monitoring, and staying current on emerging food safety risks. As part of this commitment to continuous improvement, we conduct regular risk analyses and benchmark against other organizations within the restaurant industry to advance our food safety standards in a controlled, data-driven, proactive and scientific way. We closely track current and emerging food safety issues that affect our business. If changes occur in food safety regulation, science or technology, we immediately assess issues and adjust our strategy accordingly.

ENGAGING GLOBAL STAKEHOLDERS

In the U.S., we engage with stakeholders, such as the Food and Drug Administration (FDA), Centers for Disease Control and Prevention (CDC) and state health departments, to verify our food safety management approach is aligned with their expectations and to build their knowledge of Yum!'s food safety programs. In addition, Yum! influences state health



departments to adopt the model U.S. FDA Food Code. This enables consistent execution of science-based food safety practices to protect consumer health and mitigate risks. Outside the U.S., Yum! and our franchisees also engage with regulators and policymakers in their respective markets.

“Effective management of food safety risk starts with a tremendous culture of awareness about the primacy of food safety and expectations for high personal behavioral standards — all supported by strong restaurant surveillance routines and appropriate levels of training on a constantly refreshed basis.”

CLIVE NEWTON – Yum! Chief Food Safety Officer



We intentionally engage other companies and suppliers in our industry to help build a collective culture of food safety and share best practices. As an example, for the past seven years Taco Bell has hosted a meeting of industry peers on emerging issues in food safety. The meeting is held during the Produce Marketing Association's annual gathering, making it easy for companies to attend. Among the invited speakers have been experts on foodborne illness law and representatives from the United States Department of Agriculture (USDA) and CDC. By sharing knowledge with others, we position ourselves as a leader and elevate food safety practices industrywide.



Food Safety Governance

Creating Broad Accountability

As we have transformed our business to a predominantly franchised model – operating fewer company-owned restaurants in fewer markets – we have also adapted our food safety governance processes. We focus on putting the right people with the right capabilities in place at the global brand level so that individual business units can empower franchise

partners with clear metrics, goals and resources to successfully integrate our food safety policies and standards and deliver on our compliance programs. This transition means that our franchise partners have more responsibility to communicate our brands' food safety requirements to their organizations as they make sense for their situation.

FOOD SAFETY GOVERNING BODIES

Our food safety governing bodies certify that regulatory compliance, legal requirements and Yum!'s policies and standards for food safety are met and maintained by franchise partners, suppliers and local business unit teams.



Audit Committee

Responsible for:

- Risk Management
- Annual Performance Assessments



Compliance Oversight Committee

The Yum! executive group responsible for:

- Maintaining oversight of risks including food safety and other enterprise risks



Global Food Safety Council

A group of senior food safety, operations and supply chain leaders led by our Chief Food Safety Officer. Their responsibilities include:

- Food Safety Policies
- Food Safety Standards
- Quality Assurance
- Processes & Measurement Systems
- Awareness Initiatives Around New Food Safety Science
- Emerging Best Practices in Risk Mitigation



Internal Audit Team

Responsible for independently evaluating the adequacy and effectiveness of:

- Yum!'s Internal Control Processes
- Compliance with Yum! Policies & Procedures
- Compliance with Food Safety Laws & Regulations

RESPONDING EFFECTIVELY TO CRISIS

The Yum! Brands Crisis Management Program is dedicated to anticipating, identifying and managing potential emerging food safety issues at the local, regional and global levels to protect the health and safety of our employees and consumers. In the event of a crisis, such as foodborne illness or product contamination, Crisis Core Teams (CCTs) are immediately activated to support the restaurant, franchisee or business unit. CCTs are identified proactively before a crisis event occurs and each member knows their role and responsibility during an active crisis.

Key leadership and decision-makers receive training to become CCT members as part of Yum! Brands Crisis Management Program. Our online crisis training course and web application tools allow CCT members to quickly identify and successfully manage crises within the Yum! Brands system. This crisis training is regularly reviewed and updated by internal and external stakeholders, including medical and epidemiology experts, based on new and emerging food safety science and best practices.

Most of our franchise partners have defined crisis management teams, crisis response procedures and crisis communication plans that clearly outline how to communicate with their business unit and brand and what actions to take to mitigate a food safety issue.

When it comes to communicating about a crisis with the public, we maintain a Global Crisis Communications Repeatable Model that serves as a playbook for responding swiftly and with care. An important aspect of our approach is listening for and responding to crises on social media. Our global social media monitoring system – the Social Hive, along with a community outbreak detection program – is active 24-hours-a-day, seven-days-a-week and serves as an early warning system. The Social Hive tracks all mentions of Yum!, KFC, Pizza Hut and Taco Bell in more than 45 languages. This system also alerts the appropriate contacts if potential issues surface and assists in intelligence-gathering and communications planning.

Food Safety Audits

Creating Safety through Oversight

Our food safety auditing program is designed to promote effective control and risk mitigation throughout our global supply chain.

Supplier and distributor audits are conducted by certified auditors who undergo training and calibration. Auditors must be able to accurately and competently conduct food safety audits to minimize scoring variability and instill trust within the audit process.

We select our suppliers based on audit performance, risk assessments, people capability and key performance indicators for food safety preventive controls, including Good Manufacturing Practices (GMPs), Hazard Analysis Critical Control Point (HACCP), pest control, sanitation, operations and facility management, recall/withdraw plans and protection from contamination.

Our Supplier Tracking Assessment and Recognition (STAR) quality system facilitates a collaborative exchange of food safety information among suppliers, distributors and the franchisee community to provide compliance and performance visibility. Each Yum! division

quality assurance team manages food safety and quality monitoring of suppliers in both our processing facilities and our restaurants.

The auditing plan and audit visit frequency for each supplier depends on the results of our supplier risk assessment, performance level and perceived risk factors, including people and food safety capabilities. Suppliers that are audited receive feedback on their performance to drive continuous improvement and mitigate risk from defined food safety hazards. Each year, Yum! conducts approximately 3,000 food safety supplier audits.

Suppliers are also subject to quality systems audits that verify their systems and processes meet Yum! or legal standards for food safety and/or quality. Our distributors are subject to the same standards and expectations of food safety as our suppliers and receive distribution audits that cover transportation and warehouses.

Third-party food safety professionals conduct Food Standards Compliance Check audits at our restaurants twice per year at a minimum to promote compliance with our food safety standards and local regulatory requirements. In addition, restaurants must meet facility and equipment standards for

hygienic and food-safe restaurant design. In 2017, more than 80,000 restaurant food safety audits were completed across more than 45,000 restaurants, bringing the total number since 2015 to over 230,000 audits.

Food Safety Training

Engaging Every Employee on Food Safety

Employees are integral in maintaining the highest food safety standards in our restaurants.

Every Yum! division has technical and leadership capabilities in food safety to actively manage and effectively execute Yum! Food Safety Policies and Standards, and all Yum! restaurant employees are trained in food safety. Our Food Safety Standards set minimum requirements on the safe production of food using science-based data and regulatory requirements as a foundation. These standards guide employee training and are prepared in collaboration with food safety and quality assurance experts from across our organization so that food safety is consistently executed across our brands.

All restaurant employees worldwide receive food safety training as part of the onboarding process, as well as regular, recurring food safety training. This instruction focuses on illness prevention, personal hygiene, hand washing, temperature management and more.



YUM! PRODUCE SAFETY ADVISORY COUNCIL

The Yum! Produce Safety Advisory Council, an internal advisory group led by Taco Bell which continues to be an industry leader in produce safety, is made up of independent academics, competitors, suppliers, microbiologists, entomologists and other industry experts to share best practices and the latest science and technology in food safety in produce. The council brings these stakeholders together and asks, "What are we doing now, how can we do it better and what can we do collectively in the future to keep the produce in our supply chain safe?"



CHOICE & NUTRITION

Making Progress on Nutrition

Yum! Brands listens to our consumers, so we know they want options that can help them create balanced meals when visiting our restaurants. We're sharing more information than ever before about where our food comes from, what goes into it and how it's made.

One of the most material aspects of our business is to provide options that fit a diverse range of lifestyles, eating habits and preferences across the more than 135 countries and territories that we serve, all while keeping in mind a balanced diet. Yum! defines a balanced diet as that which contains a wide variety of foods, including grains, rice and cereals, vegetables, dairy, meat and beans, fats, fruits and optional calories from sweets.

Our team of expert nutritionists and food innovation professionals drive the strategy for nutritious choices and ingredient improvements across KFC, Pizza Hut and Taco Bell. This strategy focuses on making our products more balanced, giving customers choices and being transparent about what's in our food. While each brand has its own nutrition standards and accountability plans, we are working toward consistency in the nutritional quality of our food with new Global Nutrition Standards and Guidelines.

LISTENING TO CONSUMERS' CHANGING NEEDS AND HABITS

Food- and diet-related illnesses are on the rise, resulting in growing consumer awareness and concern about what they eat. This and other factors are changing consumers' eating habits, needs and desires at a rapid pace. We conduct regular market research to ensure that our business is aligned with these shifts in preference and lifestyle. As a baseline, we know our consumers want safe, quality food that doesn't compromise on flavor. Current trends and considerations that we are tracking closely include:

- **Plant-Forward and Simple:** Consumers are looking for ways to incorporate more plants (fruits, vegetables, whole grains) into their diets as well as options that are less processed. We are dedicated to incorporating fresh produce into our menus wherever possible and simplifying ingredients across all our brands.
- **Gen Z:** When it comes to the now-adolescent generation – “Gen Z” – and food, they aren't just simply thinking about healthy diets and simpler, fresher ingredients. They are also considering what food *means* to them personally, for society and for the planet. Gen Z is asking the tough questions such as, “How will the food choices I make impact me and others? Where do the ingredients in my meal come from and how are they grown?” Gen Z is focused on the experience of what they eat and making sure that it not only tastes good, but that it translates to positive impact.
- **Flexitarian Lifestyles:** Consumers are trying to eat better, but they also want choices that leave room for indulgence. One day, for example, a consumer might be in the mood for a vegetarian choice, and the next, his or her main priority may be getting a high-protein meal. We make sure to provide a range of nutritious options that accommodate the increasingly flexible eating habits of our consumers.

- **Value:** Our consumers seek delicious food that is affordable. While they want nutritious options on our menus, they expect those options to be offered at a value.
- **Snacking:** People are snacking more often and eating smaller portions throughout the day. Our brands are actively working to make our menus more customizable, so if a consumer wants a convenient snack instead of a full meal, they have plenty of options from which to choose.

“The theme we're seeing with consumers is that they want to eat better — but they also want choices. It's all about finding a balance between healthy options and indulgence. We want to offer menu items that provide choices for everyone and every mood.”

LIZ MATTHEWS – Taco Bell Global Chief Food Innovation Officer

Dietary & Lifestyle Needs

We help consumers “hack” our menus to customize their order to fit their dietary and lifestyle needs.

For instance, Pizza Hut allows every customer to customize their pizza with a variety of crusts and toppings. With Taco Bell's Fresco Menu, consumers can easily replace standard ingredients with lower-calorie options and at participating KFC restaurants consumers have the choice of grilled chicken over fried chicken.



High-Protein

- Protein-centric menu with chicken breasts, drumsticks, whole wings, thighs, strips and other options, including grilled chicken, at participating restaurants
- Provides high-protein offerings across 40 percent of its permanent core pizza and wings menu domestically and internationally
- Power Menu includes high-protein bowls and burritos under 510 calories and over 20 grams of lean protein

Vegetarian

- Vegetarian meals can be made out of out of a number of delicious sides, while vegans can choose from corn, potato wedges or, in the U.S., green beans
- With a range of four to eight vegetables as toppings, Pizza Hut offers a variety of vegetarian options that can account for more than 30 percent of its permanent core offerings. In certain countries like India, vegetarian options account for more than 50 percent of the menu. Examples of vegetarian core pizzas are Cheese Lovers, Veggie Lovers and Create Your Own combinations, where consumers can choose a wide variety of fresh vegetables for pizza toppings or at our salad bar.
- First quick-service restaurant to be certified by the American Vegetarian Association™ (AVA)
- 13 AVA-certified vegetarian menu items
- 38 vegetarian ingredients (28 of which are vegan)
- Over 8 million vegetarian customizable combinations

Made Without Gluten*

- Sides and dressings, including green beans, mashed potatoes, corn and cole slaw made without gluten
[Learn more](#)
- Gluten-free pizza made with Udi's Certified Gluten-Free crust and select gluten-free toppings
- Cheese-only and cheese-and-pepperoni gluten-free pizzas are prepared using procedures certified by the Gluten Intolerance Group
- Markets that have launched gluten-free pizzas include Australia, Canada, the U.K. and the U.S.
- 36 ingredients made without gluten
[Learn more](#)

Customizable

- Kentucky Grilled Chicken at participating restaurants as an alternative to the traditional fried options (and many international markets offer salads)
- Meals can be tailored with a variety of tasty sides
- “Create Your Own” menu has nearly endless different topping combinations, including a variety of crusts, cheeses, sauces, vegetables, fruits and proteins
- WingStreet Wings can be customized with eight different flavors
- Pizza Hut U.S. developed a Restaurant Quality Food Microsite at restaurantquality.pizzahut.com to promote increased transparency and choice
- Almost any item can be customized to “Fresco Style”
- Power Menu allows for customizing to incorporate lean proteins and nutrient-rich produce
- All menu items can be customized to fit within someone's lifestyle
- Make it Meatless by replacing meat with beans on almost any menu item

*Yum! Brands foods are not certified “gluten-free,” nor do we claim to be gluten-free across our brands. Special menu items made without gluten are available in the U.S. only.

TACO BELL'S “FOOD FOR ALL” JOURNEY

Taco Bell's “Food for All” journey aims to create a menu that offers the choices its consumers are asking for — from low-calorie and vegetarian to high-protein. Learn more about the Food for All journey in this video.

Watch video



PRESENTS

OUR
Food for All
JOURNEY



Nutrients We Encourage

Promoting Nutrition While Delivering on Taste

We encourage balanced options, while still offering food that delivers on flavor and craveability.

Our product development teams and suppliers follow nutrition and ingredient guidelines when beginning new product development. These guiding principles help to ensure that new menu items meet our nutrition targets and standards where possible. We also continue to expand menu offerings with more gluten-free, fruit- and vegetable-forward, lower-calorie and high-protein menu items and ingredients.



Kentucky Grilled Chicken and green beans



- A variety of vegetable sides are offered, including green beans, mashed potatoes, corn and cole slaw, each containing 10 grams of fat or less per serving.
- In the U.S., KFC continues to explore opportunities for improving the nutritional makeup of kids' meals. The brand now offers a variety of kids' meals under 300 calories.
- KFC in the U.K. and Ireland has a suite of lighter menu options, including its Rice Box menu line that replaces fries with rice.
- Participating KFC restaurants offer Kentucky Grilled Chicken (KGC) for consumers looking for products that are lower in calories, depending on the size of the piece. More specific nutritional information can be found [here](#) about KGC in the U.S. and [here](#) about KGC in the South Pacific and Africa regions.
- KFC Australia has developed a Honey Mustard Baked Tender Twister that is lower in calories, fat and sodium to meet specific nutrition criteria.



Udi's® Gluten-free Pizza at Pizza Hut



- Select international markets will launch a new "artisan" crust and new topping combinations that offer more vegetables and fresh ingredients by 2019.
- In 2017, Pizza Hut U.K. launched vegan cheese options as well as gluten-free pizzas – options which were already offered in Australia, Canada and the U.S.
- The brand offers a salad bar and delivery salads packed with fresh produce in almost every country around the world.



Taco Bell's 7-Layer burrito



- Nearly three-quarters of menu items are less than 500 calories, and over half of Taco Bell's breakfast menu is less than 400 calories.
- Ordering "Fresco style" replaces cheeses, mayo-based sauces, reduced-fat sour cream and guacamole with freshly prepared pico de gallo, at no additional cost. This switch can provide about a 25 percent reduction in fat. The signature Fresco Menu offers seven items with less than 350 calories and 10 grams of fat.
- The Power Menu includes high-protein burritos and bowls, all under 510 calories.
- Taco Bell is the first quick-service restaurant to offer menu items certified by the American Vegetarian Association.

Nutrients We Limit

Simplifying Our Ingredients

Our nutrition strategy focuses on simplifying ingredients by removing artificial flavors, colors, preservatives and additives such as trans fats, reducing sodium and lowering calories and fats.

We've made measurable progress toward our goals to eliminate 100 percent of partially hydrogenated oil, artificial flavors and artificial coloring by 2020. In 2017, based on data representing 75 percent of our global restaurant count, an estimated 97 percent of food items were free of partially hydrogenated oil, an estimated 70 percent were free of artificial flavors, and an estimated 78 percent had removed artificial coloring.

A major focus area has been reduction of sodium across our brands. Currently, 15 percent of Pizza Hut pizzas have just one-third of the daily recommended dietary allowance for sodium, and 20 percent of its pizzas will meet that criteria by 2020. Over the last five years, Pizza Hut has lowered the sodium content in all its core dough crusts globally by 25 percent, the lowest point possible without affecting functionality, as

well as lowering the sodium content in its cheeses globally by between 25 and 35 percent. Pizza Hut has provided country business units the option to choose between standard and low-sodium options, and markets in Asia, Australia, Canada, Europe and Korea have opted in.

Since 2008, Taco Bell has reduced sodium by 15 percent on average across the menu, the equivalent of 1.5 million pounds of salt removed each year from consumers' diets. By 2025, Taco Bell will expand that commitment to an additional 10 percent, for a total of 25 percent sodium reduction across the menu and is well on its way to achieving this goal. Meanwhile, KFC works with suppliers and nutrition experts to find opportunities to reduce sodium in its menu items where feasible.

NO ARTIFICIAL TRANS FATS (KFC U.K.)



- In the U.S., all KFC menu items are free of food dyes (with the exception of beverages and third-party products). In addition, artificial colors and flavors will be removed from our core products by the end of 2018.
- KFC U.K. products are free of artificial trans fats. The brand in the UK met its goal of removing artificial colors and flavors from its own brand ingredients by 2017.
- KFC China launched a new mayonnaise recipe for burgers that reduced fat content from 70 to 35 percent.
- Since 2010, KFC Australia has worked across its core menu offerings to reduce sodium, and in 2012 changed its cooking oil from sustainably sourced palm oil to locally sourced high-oleic canola oil, and also introduced side salads options as well as permanent grilled/baked menu choices. KFC Australia continues to look for ways in which it can make further improvements.
- KFC Australia products are free from artificial trans fats and is working to remove all artificial colors and flavors by the end of 2018.

NO MSG, BHA/ BHT OR HIGH FRUCTOSE CORN SYRUP



- In 2015, Pizza Hut U.S. became the first national pizza company to remove artificial flavors and colors from its core pizzas and WingStreet products, and is committed to the same goal internationally by 2018. As of 2017, Pizza Hut had removed approximately 72 percent and 78 percent of artificial flavors and coloring, respectively, from all food ingredients.
- Pizza Hut domestically and internationally has eliminated partially hydrogenated oils (PHOs) from its entire menu. Pizza Hut U.S. has eliminated MSG from its core menu and BHA/BHT from pepperoni.
- Pizza Hut U.S. adds no sugar or oil to its pizza marinara sauce, and its cheese is made from 100 percent whole milk mozzarella.

NO ARTIFICIAL FLAVORS & COLORS



- In 2015, Taco Bell removed all artificial flavors and colors, replacing them with natural alternatives. The brand also removed high-fructose corn syrup and partially hydrogenated oils (also known as artificial trans fats) from its food. These simplifications impact more than 95 percent of the Taco Bell menu, not including beverages and co-branded items.
- In 2017, Taco Bell eliminated the XL 40 oz. soda cup size, helping consumers remove 800 million grams of sugar and approximately 3.2 billion calories from their diets each year. It also replaced three full-calorie beverages with three zero-to-mid-calorie options, equivalent to a 15 percent reduction in added sugar across the beverage portfolio.
- By the end of 2018, Taco Bell will remove preservatives and other additives from its food, where possible.



RESPONSIBLE MARKETING

A Commitment to Transparency

We are committed to responsible labeling and advertising practices across our brands. We work closely with franchisees worldwide to promote transparency about our food, both in our restaurants and online.

Yum! Brands believes in responsible labeling and stays abreast of labeling regulations affecting our brands across the globe. In many countries, government guidelines inform our labeling and nutrition requirements per individual portion. Guidelines are already in place in Australia, Canada, Korea and the U.K., and appear to be on the horizon in Peru and Saudi Arabia. All of these countries have implemented labeling guidelines for sodium, fat and calories per portion specific to local regulations.

In the U.S., we comply with all federal regulations and guidelines for nutrition and menu labeling, such as the U.S. Nutrition Labeling Requirements set forth by the Food and Drug Administration, New York City's sodium labeling requirements and the Safe Drinking Water and Toxic Enforcement Act (California Proposition 65).

Our brands' websites and social media channels are an important way in which we educate consumers and other stakeholders about our progress against nutrition goals and the nutritional profile of our products. Taco Bell is a leader in this area as one of the first quick-service restaurants to voluntarily post its full nutrition information online in 2005. Today, all three of Yum!'s brands publicize nutrition information for their full U.S. menus and have nutrition calculators available online or through mobile apps. Pizza Hut and Taco Bell also list nutrition information for regional and limited-time-offer menu items. These tools list all ingredients, food allergens and nutrition for each permanent menu item, making it simple for consumers to understand what's in their food, customize their orders and make conscious choices about what to eat.

NUTRITION AT YOUR FINGERTIPS

(U.S. only)



[Nutrition Calculator](#)
[Interactive Nutrition Menu](#)



[Nutrition Calculator](#)
[Interactive Nutrition Menu](#)



[Nutrition Calculator](#)
[Interactive Nutrition Menu](#)

ADVERTISING TO CHILDREN

We understand that parents of young children have evolving preferences about the food they feed their families. While kids' meals are not a focus area for Yum! Brands and represent a very small percentage of our business, we are mindful of how we market to children and work to increase transparency around the ingredients we serve to our younger consumers. In the U.S., we do not advertise on television programs specifically aimed at children under 12 years old and encourage markets outside the U.S. to refrain from it as well.

- Taco Bell was the first national quick-service restaurant chain to discontinue kids' meals and toys in 2013.
- KFC Australia has been engaged with the Australian Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children as a founding member since 2009 and no longer targets advertising campaigns directly at children.
- KFC Australia and Africa have removed toys from kids' meals.



PLANET

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PLANET

We Grow Sustainably

GOALS



GREEN BUILDINGS

Design, build and operate green buildings to be measurably more sustainable using green building standards to drive reductions in energy consumption, water use, GHG emissions and waste, all while reporting annual progress.

- Reduce average restaurant energy and GHG emissions by an additional 10 percent by the end of 2025
- Reduce average restaurant water consumption by an additional 10 percent by the end of 2025 with a focus on high water-stress areas
- Divert 50 percent of back-of-house operational waste, measured by weight, generated in our U.S. restaurants by the end of 2020



SUPPLY CHAIN

Engage in building a responsible supply chain that protects forests, respects human rights, supports animal welfare and enables good antimicrobial stewardship.

- Source 100 percent of palm oil used for cooking from responsible and sustainable sources by the end of 2018
- Purchase 100 percent of our paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020
- Continue our commitments in the U.S. to source chicken raised without antibiotics important to human medicine
- Seek continuous improvement and establish a reporting mechanism to demonstrate our ongoing commitment to sustainable production systems that protect human, animal and environmental health as stated in our holistic Sustainable Animal Protein Principles & Good Antimicrobial Stewardship Program

MATERIAL ISSUES

- Animal Welfare
- Energy, Emissions & Climate Change
- Sustainable Sourcing
- Waste & Recycling
- Water

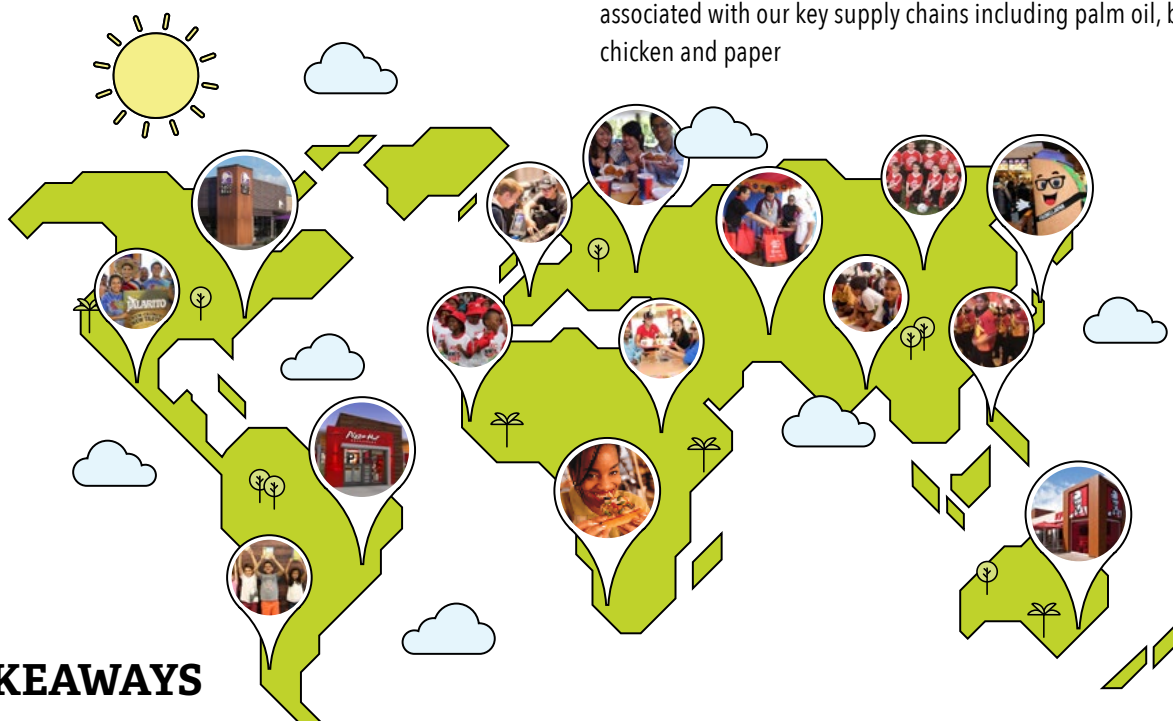
KEY STAKEHOLDERS

- Community Members
- Employees
- Franchisees
- Franchisee Employees
- Investors
- NGOs
- Suppliers



OPPORTUNITIES & CHALLENGES

- Responding to changes in regulation and operational costs related to GHG emissions and energy consumption throughout our value chain
- Evaluating and implementing new technologies and energy sourcing solutions that can reduce energy use and emissions
- Further understanding and addressing increasing levels of concern about the challenges of industry waste, including lack of infrastructure, lack of influence over consumer behavior and challenges with industry regulation
- Identifying regions of operation in which water scarcity issues are high and addressing water use
- Understanding and addressing the environmental and social risks associated with our key supply chains including palm oil, beef, chicken and paper



KEY TAKEAWAYS

- All of our environmental initiatives – from building improvements to efforts to source responsibly sourced timber and palm oil – are examined through the lens of reducing GHG emissions and addressing climate change.
- More than one-third of new restaurants are meeting the requirements of our green building efforts that provide guidelines for reducing energy and water consumption and constructing buildings to leave a smaller footprint on the planet.
- At restaurants worldwide, more efficient equipment – as well as tools that allow restaurants to monitor and manage their consumption – are leading to lower energy use and, therefore, lower emissions. Since 2005, these improvements have saved an estimated 4.3 billion MWh of electricity.
- Taking into account the needs of our diverse global markets, Yum! restaurants reduce water through smart building practices – such as high-efficiency irrigation and low-flow fixtures – that will save an estimated 1.3 billion gallons of water from 2017 initiatives alone.
- Yum! restaurants work to recycle used cooking oil, cardboard and plastic waste, and we are an industry leader in donation of wholesome, surplus food from our restaurants, with 6.9 million pounds of food donated in 2017.
- Yum! Brands works to minimize risk throughout our supply chain by requiring that suppliers follow our Supplier Code of Conduct and by engaging in periodic risk assessments and audits.
- Our Sustainable Animal Protein Principles guide our decisions regarding food safety and quality, animal health, environmental stewardship, food security and supplier relationships related to animal protein sourcing.
- We are aware of the rising global threat of antimicrobial resistance and support the One Health approach by working closely with suppliers on responsible, judicious use and reducing the use of antimicrobials important to human medicine where possible.
- By committing to source 100 percent of palm oil and paper-based packaging from sustainable sources by the end of 2018 and 2020, respectively, Yum! Brands is helping protect forests and the ecosystems and communities they support.

GREEN BUILDINGS

Smarter & More Sustainable Restaurants

Every day across the world, seven new Yum! Brands restaurants open for the first time. That's seven opportunities a day to think smart about building construction.

Yum!'s green building strategy is influenced by our belief that we have a responsibility to reduce our environmental impact and the resulting GHG emissions that contribute to climate change. Approximately 38 percent of new company- and franchisee-owned restaurants follow Yum!'s green building standards. As a result of green building activities in 2017, we expect to save an estimated 124,000 MWh of electricity and \$18.3 million across the Yum! system in 2018.

We believe in building restaurants that not only allow us to serve great-tasting food, but also are employee- and customer-friendly, produce fewer emissions and waste and complement the natural environments in which they operate. These goals are frequently aligned. For example, better cooking equipment prepares food for customers faster. It also uses less power and generates less heat, which means less air conditioning is required. This reduces GHG emissions and saves franchisees money at the same time.

Yum! Brands has long maintained rigorous standards for the design and construction of green buildings that aim to reduce energy consumption and GHGs. Our standards, which guide restaurant development and renovation, incorporate relevant aspects of the U.S. Green Building Council's globally recognized green building program, Leadership in Energy and Environmental Design (LEED) certification. We've tailored this globally recognized green building standard to the unique demands of our restaurants. We take into consideration green building methods, including energy-efficient equipment and practices, as well as guidance on minimizing urban heat islands, placing new restaurants near public transit services, using sustainable construction materials and educating both employees and consumers on green features.

A FLEXIBLE APPROACH

Our standards are designed to recognize franchisees for what they can do, not what they can't. We recognize that policies, utility pricing, approach feasibility and consumer preferences may differ greatly among our various markets, making various building standards more or less difficult to achieve. For this reason, brands and markets may adapt our recommendations to fit their unique workflows. KFC has done exactly this, creating a program using its own brand development standards referred to as KFC – Building Green. Building Green uses its own credit system to help KFC markets select credits that will make the greatest impact for the brand.

Our green building strategy focuses on new buildings, which allows us to build green from the start. We aim to make adoption easy by incorporating efficient operational features into restaurant templates and hosting workshops to explain the financial and environmental paybacks that are within franchisees' reach. Over time, lessons learned are incorporated into remodels and existing restaurants. In 2017, Yum! and our franchisees invested \$25 million in innovative technologies for new building construction to reduce energy usage and associated GHG emissions.

38%

Estimated new restaurants built using certified green building practices



Energy Efficiency

Great Taste with Less Impact

Yum! recognizes the global threat of climate change and supports the goals of the Paris Agreement. We also acknowledge our own responsibility to reduce our environmental impact and resulting GHG emissions that contribute to a changing climate.

This is why Energy, Emissions & Climate Change is among our most material issues. Our company is working to reduce our energy consumption in order to build and maintain trust with our stakeholders, realize cost savings and, most importantly, be part of the global community committed to reducing its GHG footprint.

A meaningful way we can accomplish these goals is by improving the efficiency of our restaurants. Restaurants are energy-intensive and open long hours, which makes energy efficiency a key part of our sustainable restaurant design. To minimize the impact of our restaurants on the environment, we employ a combination of new technologies and smart operating practices that allow us to use less energy. Decreasing energy use, in turn, lowers our GHG emissions, allowing us to address U.N. Sustainable Development Goal No. 13: Climate Action.

Since 2005, we have demonstrated a steady track record of reducing energy consumption. Through 2017, we were pleased to achieve a targeted 22 percent reduction in energy use compared to our 2005 base year for company-owned and participating franchise restaurants. Energy initiatives have resulted in saving an estimated 4.3 billion MWh of electricity.

Similarly, transitioning to better technology to reduce building energy usage also provides focus to reduce energy to an entire site. Over 75 percent energy reduction has been achieved while maintaining high security standards for the parking lot, drive-thru and entire site. Greater reduction of light pollution after sunset contributes to the overall sustainability goal.

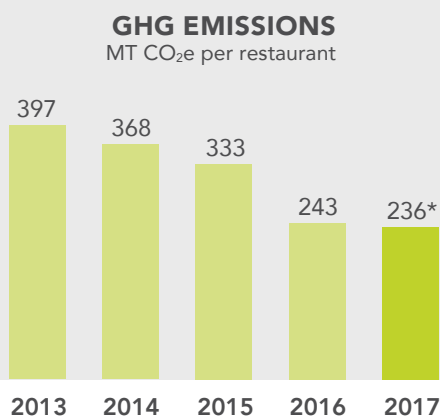
These system-level efficiencies have occurred even as our restaurant count has grown. We have also made steady improvements in GHG emissions intensity per restaurant. By the end of 2025, we hope to reduce our average restaurant emissions by an additional 10 percent and will continue to report our progress through CDP-Climate and other reporting frameworks.

Our current best practices are included in our green building standards. Although we have ample experience and well-documented strategies, innovations in lighting, air-conditioning, ventilation and cooking equipment are always evolving. We carefully evaluate and apply new technologies when they provide the right balance of environmental and economic benefits.

Yum!'s three brands offer very different menu options – and the opportunities and challenges they face regarding energy efficiency differ as well. On the following page, see how Yum! restaurants worldwide are finding ways to lower their emissions.

“As Yum! grows as a business, we aim to do so in a way that respects the planet. With our system quickly expanding, it’s more important than ever for us to minimize each restaurant’s environmental impact.”

JON HIXSON – Yum! Vice President, Government Relations and Global Citizenship & Sustainability



40,000
Energy- and water-saving technologies implemented in 2017

22%
Energy reduction compared to 2005 baseline

*Per-restaurant GHG emissions can be impacted by factors such as conservation measures, weather conditions and changes in store locations. Numbers are representative of reporting markets. This currently includes our China franchise market. For more information, see our CDP-Climate response.



Energy Efficiency Inside Yum! Buildings



Exhaust Hoods

Exhaust hoods capture heat and steam produced by our cooking equipment and are essential for the safe operation of our kitchens. They are also the primary driver of heating, ventilation and air conditioning (HVAC) energy use because they remove large quantities of air during operating hours. This air needs to be replaced, which uses energy. Restaurants can reduce the volume of air that passes through their hoods by using efficient equipment that generates less heat and by orienting hoods to decrease exhaust rates. At Pizza Hut restaurants in France and Germany, improved hood design reduced exhaust by more than 50 percent, with a payback of less than two years. Taco Bell has implemented higher efficiency HVAC systems in more than 1,000 restaurants from 2012–2017, reducing energy usage by approximately 25 percent.



Lighting

From kitchens to dining areas, parking lots to signage, lighting is an important part of all our restaurants. Transitioning to LED lights in both new and existing restaurants makes for a double win: The lights use less energy and last longer than traditional bulbs, so less material is wasted. When combined with daylight and motion sensors in strategic areas, we can further reduce our electricity use. Installing LED lights at all KFC restaurants in Australia led to a 50 percent decrease in lighting power consumption. Taco Bell is retrofitting its existing restaurants with LED light fixtures.



Pizza Ovens

As with all types of equipment, the design and performance of the ovens that Pizza Hut uses to bake its pizzas has improved greatly over the years. Newer ovens offer benefits in insulation and energy efficiency. Upgrading equipment brings not only cost- and energy-saving benefits, but it also ensures consistency, allowing Pizza Hut to deliver quality pizzas everywhere they operate. New high-efficiency ovens, as well as new HVAC and controls installed in 2017, are expected to save a total of roughly 832.4 MT CO₂e at Pizza Hut restaurants in the U.S.



Solar Energy

Frying KFC chicken uses significant amounts of energy, which is why KFC restaurants worldwide have begun to explore the use of solar energy to help power its restaurants. In Australia, more than 50 KFC restaurants, both franchisee- and company-owned, are joining together to get preferred rates on a solar rollout. Meanwhile, four KFC restaurants in South Africa recently installed solar panels, which will deliver a combined savings of more than 130 MT of CO₂ per year. At a Taco Bell restaurant in El Paso, Texas, a 3-kilowatt solar photovoltaic system produces 7 MWh of renewable energy per year. Taco Bell is testing self-contained parking lot lighting, site signage and building signage using off-the-grid solar harvesting methods.



Smart Devices

Operating more efficiently means not only upgrading individual pieces of equipment, but also improving the way that equipment and people work together. For example, motion sensors and set points for air conditioners reduce the possibility of using more energy than necessary. At KFC restaurants in Australia, extractor hoods and cookers are linked: The hood dynamically adjusts its extraction rate depending on how many cookers are venting. In certain geographies, both KFC and Pizza Hut restaurants can use smart energy monitoring tools that make them aware of peaks in energy usage and alert them to possible malfunctions. KFC Australia restaurants can monitor power use online in 15-minute intervals and receive a warning if usage spikes by more than 10 percent.



Smaller Footprints

What's left to do once equipment is fully optimized? Pizza Hut and Taco Bell have discovered that decreasing a restaurant's physical footprint is an effective way to lower its emissions. Pizza Hut's delivery-carryout (Delco) restaurants and Taco Bell's urban in-line locations are our smallest restaurants, which means there's less space to cool, heat and illuminate. Delco and in-line restaurants also share walls with existing buildings, which leads to greater energy efficiency and fewer construction materials needed. These new restaurant types have become popular both for their cost and energy benefits. More than five years ago, Pizza Hut introduced the "Delco Lite" restaurant concept, shaving several hundred square feet off its traditional Delco restaurants. Taco Bell's in-line restaurants are a newer introduction, and the brand plans to open up approximately 275 of these restaurant types annually around the world by 2022.

Water Conservation

Making a Difference Drop by Drop

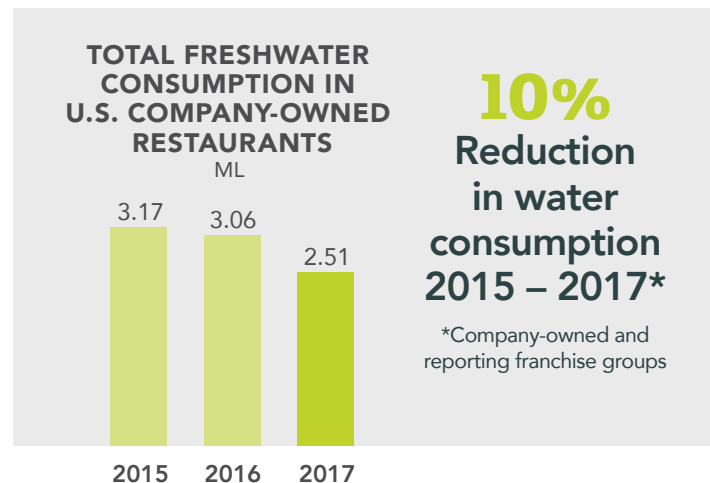
As a global company, some of our restaurants operate in water-stressed areas and are committed to pursuing investments that allow us to continually improve water efficiency.

Good water stewardship matters to employees, customers and shareholders, as underscored by the results of our materiality assessment. It also matters to Yum!. We have been addressing water use in our restaurants since 2005, when we set a goal to reduce water consumption in company-owned restaurants by 10 percent by 2015. Yum! reached our goal in 2017 and avoided using roughly 2.2 billion gallons of water during that time period. These savings have come through implementation of water conservation measures such as low-flow fixtures and improved irrigation techniques.

At Yum! corporate headquarters in Louisville, Ky., we have upgraded our irrigation system to reduce water use by 40 percent, saving about 1.1 million gallons of water annually. In 2018, we expect to save 1.3 billion gallons of water system-wide, resulting in roughly \$2.3 million in savings. Through these efforts, we are helping to address UN Sustainable Development Goal No. 6, which calls for ensuring access to water.

Yum!'s operations and supply chain are dependent on water for many important functions, so we continually monitor and look for ways to optimize its use. In 2017, we conducted a water risk assessment using the World Resources Institute (WRI) Aqueduct tool, which considers restaurants' water risk by location, brand and withdrawal volume. Due to the number of new restaurants opened by Yum! Brands and our franchisees each year, we plan to update this water stress review and risk scores every two years to maintain an adequate picture of our risk exposure. In 2017, restaurants in Cape Town, South Africa saw these risks come to life when drought conditions severely restricted water availability.

Yum! shares its water risks and conservation efforts with Carbon Disclosure Project (CDP) and received a Water Score of A minus for 2017. We have partnered with CDP since 2011 to report data for U.S. restaurants. International locations may be included in future reporting efforts as we improve our data collection methods.



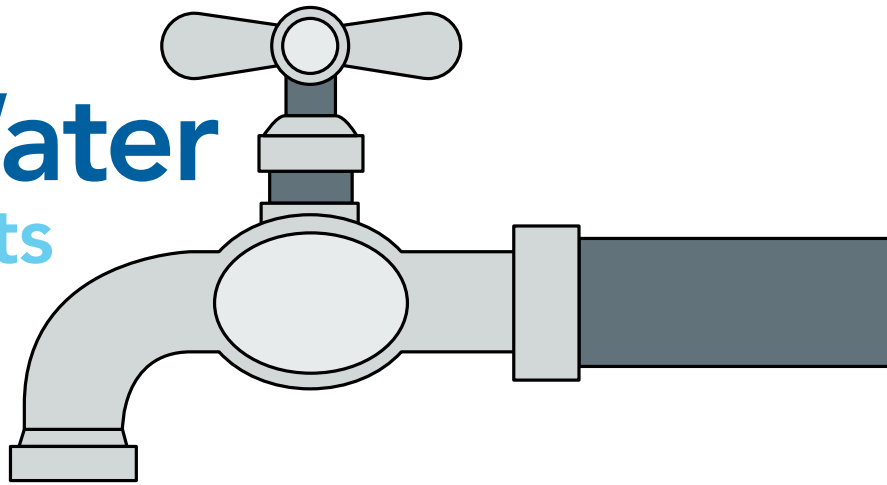
While our existing sustainable paper-based packaging and palm oil commitments are not directly related to our restaurant water reduction efforts, we are committed to procuring both from responsible and sustainable sources, which results in improved global forest health and watersheds.

CONSERVING WATER AT TACO BELL

Irrigation can account for up to 45 percent of a restaurant's water use. With water costs and awareness of water scarcity issues increasing, Taco Bell decided to take action to reduce its impact. After a conservation pilot program in 2012 successfully demonstrated a 40 percent reduction in irrigation water, Taco Bell overhauled the irrigation systems in over 900 of its company-owned restaurants and updated its specification for new construction to a new, less water-intensive standard. The brand's new 2017 landscape designs, being adopted by both company and franchise restaurants, focus on drought-resistant planting such as zero-scaping and reducing water use through irrigation controls and bioretention design, as well as consideration of regional precipitation and hardiness zones and providing local support as needs differ.



Reducing Water in Yum! Restaurants



WHAT AFFECTS WATER USAGE?

Restaurant Type

Our brands are very different. This is reflected in their water use. In 2017, the average Pizza Hut restaurant in the U.S. used about 3.5 times less water than a KFC restaurant.

Water Stress

Using the WRI Aqueduct tool, we evaluate global shed conditions for the 45,000 restaurants in our system. Approximately 20 percent depend on water supplies located in watersheds facing high levels of stress. In these areas, we implement measures to ensure we don't use more water than necessary.

Local Regulations

Local regulations, such as those put in place during severe droughts, affect which practices we employ. Jurisdictions with higher prices for water tend to encourage greater conservation by all users.

Green Building Features

Company-owned restaurants and franchisees who choose to participate in our green building efforts have access to market-based tools and best practices for improving water conservation.

HOW ARE WE USING LESS?

Irrigation

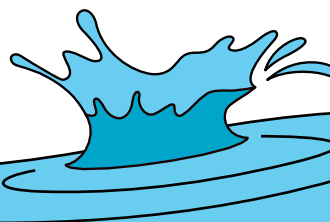
Irrigation system improvements, such as sensors that prevent irrigation when it is raining, and the addition of local and drought-tolerant plant species, decrease our need for irrigation water.

Equipment

From dishwashers in the kitchen to ice machines in the dining area, high-efficiency equipment helps us save money and minimize our water use.

Restrooms

Low-flow fixtures like toilets and faucet taps are inexpensive upgrades that make it easy to use less. Another option is to add sensors or time-limited metering devices to hand wash sinks.



Engagement and Education at KFC Australia

KFC restaurants in Australia have long been leaders in building efficiency. The restaurants go well beyond efficient equipment and sustainable building design – they also offer an opportunity to engage employees about the importance of sustainability. Each time a new KFC opens in Australia, employees receive a welcome letter describing the restaurant's sustainable features, plus a reusable coffee mug to encourage them to cut down on waste.

Efficient operation goes beyond simply installing efficient equipment. Restaurant general managers (RGMs) undergo training about the importance of reducing energy use, including instruction to switch on machinery only when it is needed, rather than upon arrival in the morning. RGMs also have access to online tools that track energy usage in 30-minute intervals, allowing them to make adjustments in real time. This system has been deployed across the majority of franchise restaurants.



LEED-certified KFC in Lidcombe, New South Wales

Restaurant owners also embrace initiatives that go beyond financial payback, such as tanks to collect rainwater for irrigation and bike racks to encourage environmentally friendly transportation. Low-VOC paints, adhesives and sealants create a healthier indoor environment, and windows installed in the cooking area help bring the outdoors into the kitchen. Franchisees are eager for more buildings like these: In 2018, KFC Australia hopes to achieve Building Green certification for 75 percent of its new restaurants.



Eco-friendly KFC in Nilai, Malaysia

KFC Malaysia LEEDs in Building Efficiency

When Malaysia's government announced a nationwide commitment to sustainable growth, KFC wanted to be part of the solution. The construction of a new restaurant in Nilai Square began with the ambitious goal of incorporating as many green elements as possible into one building. The result was KFC Malaysia's first green building, which opened in 2015. The restaurant uses solar energy to generate hot water for the kitchen. Natural sunlight, LED lighting and an integrated control system result in 35 percent less energy use than conventional lighting. Irrigation utilizes rainwater that is captured and reused. KFC is also working with upstream operators to convert used cooking oil into biodiesel and with local authorities on waste segregation.

Waste Reduction

Making the Most of Our Resources



Yum! Brands is committed to first reducing, and then mindfully reusing or recycling, the waste generated at our restaurants.

With Waste & Recycling identified as a material issue, we have set an aspirational goal to divert from landfills 50 percent of operational waste, as measured by weight, in our U.S. restaurants by 2020. To achieve this goal, we are focused on four main waste categories: used cooking oil, cardboard, food and packaging. In 2017, it is estimated that we generated 885,000 tons of operational waste in the U.S. and diverted approximately 25 percent of that quantity. We will continue to work to improve our diversion rate primarily through recycling used cooking oil, packaging and donating surplus food.

At KFC restaurants in the U.K. and Ireland, nearly all of our cooking oil is recycled into biodiesel or energy. In Australia, we partner with a third-party supplier who repurposes our used oil for biodiesel and animal feed. U.S. waste oil is also commonly reused. In 2017, it's estimated that over 9,000 tons of used cooking oil was converted to biodiesel or animal feed.

Packaging is both an opportunity and a challenge. It plays a vital role in reducing food waste by keeping food fresh, but excessive packaging contributes to nonfood and energy waste. We work continuously with our suppliers to remove, reuse or reduce packaging while maintaining products at the highest levels of quality. KFC Australia became the first quick-service restaurant to participate in a nationwide recycling initiative funded by the Australian Packaging Covenant. The market also recycles 98 percent of cardboard generated back-of-house in company-owned restaurants and the majority of cardboard from franchise restaurants.

Approximate KFC Restaurant Waste by Type

Food	40%
Corrugated Cardboard	15%
Paper	15%
Mixed Plastics	15%
Used Cooking Oil	10%
Other	5%

*As of year-end 2017

Reducing wasted food is where Yum! Brands has made the most significant strides. We adhere to the U.S. Environmental Protection Agency's Food Recovery Hierarchy, which shows that there are much better places for leftover food than the landfill or even the compost bin. According to this hierarchy, reducing food waste begins at the source. We work with suppliers to purchase only as much fresh food as we expect to sell to customers based on our projections.

The next best use for surplus food is to feed hungry people. That's exactly what Yum! has been doing for more than 25 years with our Harvest program in partnership with Food Donation Connection. Through Harvest, KFC and Pizza Hut restaurants donate surplus food from our restaurants to food banks, soup kitchens and other nonprofits. KFC and Pizza Hut's surplus foods are well-suited for donations since most are in meal-sized portions, like chicken drumsticks and whole pizzas.

Programs like Harvest are known to reduce GHG emissions from landfills and waste combustion. In 2017, the Yum! system avoided an estimated 14,500 MT of GHG emissions through food donation and recycling programs globally.

As our company transforms to comprise a greater proportion of franchise restaurants, we are sharing with franchisees the environmental, social and financial benefits of participating in this program. [Learn about the Harvest program's community benefits.](#)

The Harvest program is the longest-running food donation program in our industry and has made Yum! a leader among our peers. We participate in and co-chair the Food Waste Reduction Alliance (FWRA), a partnership between the Food Marketing Institute®, the Grocery Manufacturers Association and the National Restaurant Association. Yum! representatives recently joined the FWRA in briefing the U.S. Congress on the Alliance's mission to reduce food waste in the U.S. In the U.K., we are a member of the Waste & Resources Action Programme (WRAP).

We're also a member of the ReFED advisory council, a multi-stakeholder nonprofit organization committed to reducing the \$218 billion worth of food that is wasted each year in the U.S. ReFED works with businesses, investors, innovators and policymakers throughout the food system to implement solutions, envisioning a future where combatting food waste is a core driver of business profits, job creation, hunger relief and environmental protection. With Yum! Brands' input, ReFED published the Restaurant Food Waste Action Guide in 2018.

Yum! is the only quick-service restaurant that was invited to join the U.S. Food Loss and Waste Champions Group, committed to achieving the U.S. national goal of reducing food waste by 50 percent by 2030. This goal aligns with UN Sustainable Development Goal No. 12.3.

The Yum! Brands HARVEST PROGRAM

6.9 MILLION
Pounds donated in 2017

KFC
80 MILLION
Pounds donated since 1999

Pizza Hut
100 MILLION
Pounds donated since 1992

17
Countries

\$1 BILLION
Total value of donated
food since 1992
According to Restaurant Food Waste Action Guide



SUPPLY CHAIN

A Recipe for Sustainable Value

We work with thousands of suppliers across the globe. These suppliers are an extension of our brands and true partners in ensuring the availability and safety of the food we serve to millions of customers every day. Most of our U.S. purchases of food, packaging, equipment and other items are managed by Restaurant Supply Chain Solutions, our exclusive supply chain management partner for almost 20 years.

Because of this relationship, as well as our stakeholders' identifying Sustainable Sourcing as a material issue, an inherent part of our vision to serve "Trust in Every Bite" is a commitment to sustainable sourcing practices that are mindful of our suppliers' use of energy, water and waste and their impact on animal welfare and sourcing communities.

Yum! suppliers must adhere to our [Supplier Code of Conduct](#), which sets basic requirements for all of our suppliers whether they provide us with food or beverages, packaging or equipment. We support suppliers in their efforts to conduct business in an environmentally and socially responsible way, in accordance with our sustainability policies and practices.

Our current supply chain strategy focuses on four main pillars: food safety, supply continuity, cost-effective innovation and sustainability. We rely on third-party audits to monitor our supply chain. As Yum! becomes more franchised, third-party audits help to ensure consistent analyses across markets.

We also are conducting a supply chain sustainability assessment, which will identify, evaluate and prioritize the risk profile of key commodities and countries of origin. Following the assessment's findings, we will develop enterprise-wide recommendations for our supply chain sustainability strategy.

As one of the largest restaurant companies in the world, we are a large purchaser of animal protein and produce. We seek continuous improvement in our food sourcing and production systems across our agricultural supply chain, with a particular focus on animal welfare and forest stewardship.

Learn more about our management of Ethics & Human Rights

SUSTAINABLE SOURCING FOCUS AREAS



ANIMAL PROTEIN

Good Antimicrobial Stewardship
Cage-Free Eggs
Sustainable Beef



FOREST STEWARDSHIP

Paper-Based Packaging
Palm Oil

KFC has a supply chain council in each of its markets and is currently creating a global supply chain council to oversee the brand's sustainable supply chain strategy.

Sustainable Animal Protein

Supporting Responsibly Produced Animal Protein

As a global food company that serves millions of meals containing poultry, beef, dairy, pork and egg products every day, Animal Welfare is among our most material issues. We have a responsibility to be good stewards of the animals raised for food throughout our supply chain.

Our commitment to animal health and well-being is unwavering and guided by our holistic, science-based Sustainable Animal Protein Principles. These principles consider the interrelated, complex issues involved in maintaining sustainable food production systems.

We support the Five Freedoms for all animals used for food in our supply chain, which include:



Our animal protein sourcing is guided by a set of sustainable sourcing principles:

- 1. Food Safety & Quality:** Food safety and quality is our priority. That's why we regularly audit suppliers to ensure compliance with our standards for animal welfare. Learn more about our [food safety and quality governance and practices](#).
- 2. Animal Health & Well-Being:** We believe in the ethical and humane treatment of animals raised for food. Our Animal Welfare Advisory Council, along with our sustainability team, advocates continuous

improvement in the farm animal health and well-being practices of our suppliers and engagement with key animal welfare stakeholders. Ensuring animal health and well-being requires comprehensive, carefully considered health management programs that may at times use antimicrobials judiciously to maintain or restore good animal health.

- 3. Environmental Stewardship:** In collaboration with our suppliers, we are invested in implementing and maintaining sustainable, integrated livestock production systems that are mindful of air and water quality, land use and GHG emissions. We seek good livestock stewardship and continuous improvement to conserving environmental resources within our supply chain.
- 4. Food Security:** Global food security is a key part of the UN Sustainable Development Goals and remains at threat. Our sustainable sourcing practices help support the growing global need for more accessible sources of animal proteins like poultry. The safe and consistent production and availability of poultry is a major priority for Yum!, as consumer demand is expected to rise with population and economic growth.
- 5. Responsible Suppliers:** We partner with suppliers that are dedicated to producing safe and more animal proteins over the long term. Our suppliers must follow our Supplier Code of Conduct, which requires them to comply with our food safety and quality standards, maintain fair employment practices, and provide a safe, healthy and productive work environment. We offer third-party independent consultation and science-based education programs focused directly on strengthening their capability.

All chicken, eggs and dairy served domestically by Yum! Brands are USDA-inspected and supplied by domestic farms that operate according to industry-standard animal welfare guidelines. We are now in the process of synchronizing our animal welfare programs globally with the aim of adopting a foundational animal welfare auditing system and policies for poultry, eggs, beef, pork and dairy.

YUM! BRANDS ELEMENTS OF GOOD ANTIMICROBIAL STEWARDSHIP



Effective animal husbandry practices and alternate interventions that reduce risks to animal health



Responsible, judicious use of antimicrobials



Science-based solutions



Solutions tailored by country and region



Compliant with local government and regulators



Surveillance and monitoring of antimicrobial usage

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 are aware of 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. We believe AMR jeopardizes several UN Sustainable Development Goals and that responsible and judicious use of antimicrobials in agriculture is critical to world food security and beneficial to human, animal and environmental health. All of Yum!'s brands comply with the USDA guidelines that went into effect in 2017, to minimize antimicrobial resistance requiring that our U.S. suppliers remove medically important antimicrobials used for production purposes and ensuring that the use of such drugs for therapeutic treatment is overseen by a licensed veterinarian.

We have been working with our suppliers in recent years to minimize, where possible, the use of antimicrobials (including antibiotics) important to human medicine as defined by WHO. Each of our brands has made significant strides toward eliminating human crossover antibiotics in our poultry supply chain:

- **KFC:** By the end of 2018, all chicken purchased by KFC U.S. will be raised without antibiotics important to human medicine, as part of the brand's return to its roots, a journey called Re-Colonization. This effort aims to return KFC to Colonel Sanders' standards and includes KFC chicken tenders and popcorn chicken. The commitment will also make KFC the first major chicken chain to extend this commitment to its bone-in chicken, which includes the signature Original Recipe, Extra Crispy and Kentucky Grilled Chicken, as well as KFC wings.
- **Pizza Hut:** In 2017, Pizza Hut U.S. removed antibiotics important to human medicine from chicken served as pizza toppings. By 2022, the brand plans to remove antibiotics important to human medicine from its WingStreet wings. This makes Pizza Hut U.S. the first national pizza company to commit to removing medically important antibiotics from all the chicken it serves.
- **Taco Bell:** In 2016, Taco Bell committed to serving chickens raised without the use of antibiotics important to human medicine in all U.S. restaurants. The brand achieved this goal in 2017.

Learn more about our [Good Antimicrobial Stewardship](#) efforts.

SUSTAINABLE BEEF

We are currently exploring long- and short-term goals related to the sustainable sourcing of each of our key animal protein commodities. Taco Bell is one of the largest beef purchasers in the U.S., serving 290 million pounds of 100 percent USDA premium ground beef each year. Given the importance of beef on Taco Bell's menu, creating a more sustainable beef supply chain in the U.S. is a priority. To that end, Taco Bell is a member of the U.S. Roundtable for Sustainable Beef (USRSB), a network of beef experts from the supply chain, academia and research, environmental and animal welfare organizations and veterinarians. This stakeholder engagement will help Taco Bell ensure that the U.S.-grown beef it sources meets Yum!'s standards for sustainable sourcing.

CAGE-FREE EGGS

Taco Bell met its 2016 goal to exclusively serve 100 percent cage-free eggs in all U.S. Taco Bell corporate and franchise-owned restaurants, making the transition faster than any other national quick-service restaurant brand. Since then, the brand expanded and achieved its secondary goal to source 100 percent cage-free egg ingredients, meaning ingredients in all of its mayo-based sauces and desserts are now made using cage-free eggs.





Forest Stewardship

Minimizing Deforestation Risk

Yum! Brands is committed to preventing deforestation through our sustainable, paper-based packaging and palm oil sourcing strategies and policies.

Yum! sources a large volume of paper-based packaging, and we are committed to using environmentally preferable packaging that reduces our impact on the environment and the communities where we operate. We engage with stakeholders, including suppliers, manufacturers, converters, distributors and retailers to support our enterprisewide goal to purchase 100 percent of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020.

We are making progress. In 2017, markets reported that an estimated 69 percent of our global paper-based packaging and service products came from either certified virgin or recycled sources. Our [Paper-Based Packaging Sourcing Policy](#) establishes sustainable sourcing principles to guide our packaging procurement decisions and is based on four principles:

- We do not purchase products made with fiber from illegal or unwanted sources.
- We give preference to third-party-certified suppliers.
- We increase the amount of recycled content used in the paper-based packaging.
- We work to ensure compliance with our policies.

More Sustainable Packaging at Taco Bell

Taco Bell replaced its plastic bags with paper bags made from 100 percent recyclable and renewable raw materials, 100 percent sourced in the U.S. Other sustainable packaging measures include a switch to polypropylene (plastic) side item containers from polystyrene foam and packaging the Mini Skillet Bowl in a reusable and dishwasher-safe container.



SOURCING PALM OIL RESPONSIBLY

Yum!'s second important commodity that can impact deforestation is palm oil. Our policy for sustainably sourcing our palm oil used for cooking is guided by six principles:

- No development on High Conservation Value or High Carbon Stock forests
- No development on peatlands and use of best management practices where production already exists on peatlands
- Compliance with local laws and regulations
- Prevention and resolution of social and/or land conflicts in accordance with the principle of free, prior and informed consent
- Traceability to the extraction mill and validation of fresh fruit bunches
- Respect and protection of human rights, including not employing underage children or forced laborers and prohibiting physical punishment or abuse

Since 2015, Yum! has sought to reduce palm oil used for cooking oil. Certain brands and markets have already achieved this milestone: For example, KFC restaurants in the U.K. fully eliminated palm oil from their food production in 2015. As result of global partnerships among brands, franchisees and suppliers, approximately 80 percent of the palm oil volume purchased in 2017 was reported to be from sustainable sources – an improvement from the estimated 63 percent achieved in 2016. Many of our markets contributed to this progress, including China which moved to sustainable palm oil during the year. By the end of 2018, we will source 100 percent of our palm oil from responsible and sustainable sources.

Markets that continue to use palm oil purchase only from suppliers who meet our sourcing principles and give preference to those who are certified by the Roundtable on Sustainable Palm Oil (RSPO). RSPO works along the full palm oil supply chain to develop and implement global standards that minimize the negative impact of palm oil production on the environment and the communities from which it's sourced.

Yum! sustainable sourcing policies and principles are intended to mitigate our impact on climate change by reducing deforestation related to the timber and palm oil that we source. To track our progress, we survey business units worldwide regarding their accomplishments against our sustainable fiber and palm oil sourcing goals. The results of the survey are used to report on our commitments to sustainable sourcing in our CDP responses on Climate Change and Forests.

Since 2016, Pizza Hut and Taco Bell have also used certified sustainable palm oil as an ingredient in U.S. menu items such as in the Hershey's® Ultimate Chocolate Chip Cookie and the caramel apple empanada, respectively.





PEOPLE

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PEOPLE

We Unlock Potential

GOALS



LEADERSHIP, EMPLOYEE DEVELOPMENT, LABOR PRACTICES, CULTURE & TALENT

- Measure Yum! Brands' employee engagement
- Provide Yum! Brands' employees with training and development that builds world-class leaders and business results



DIVERSITY & INCLUSION

- Minimize or eliminate unconscious bias through employee education
- Significantly increase the number of women in senior leadership globally
- Significantly increase diverse representation of underrepresented minorities in U.S. brands
- Share successes and challenges with other companies
- Ensure our workplaces are places where employees can have complex conversations about diversity and inclusion



HUMAN RIGHTS & LABOR

- Remain committed to our [Global Code of Conduct](#) and [Supplier Code of Conduct](#), which addresses guidelines for working conditions consistent with frameworks such as those of the International Labour Organization (ILO)

OPPORTUNITIES & CHALLENGES

- Attracting and retaining talent in the quick-service restaurant sector
- Monitoring and adhering to laws that pertain to employee wages, immigration status and other employment issues
- Ensuring ethical practices across the entire business in more than 135 countries and territories

KEY TAKEAWAYS

- Yum!'s two biggest assets are our brands and our people. As we build the world's most loved, trusted and fastest growing restaurant brands, an essential driver of growth is our unrivaled culture and talent, which enables us to fuel brand performance and franchisee success.
- We encourage corporate and franchise team members around the world to grow professionally, personally and academically, believing that the strongest employees are those who can be themselves and are challenged to do their best.
- We aim to create an inclusive and ethical workforce in order to be a workplace of choice and to drive business results by connecting meaningfully with diverse employees, customers, franchisees and suppliers worldwide.
- We cultivate a workplace where diversity is welcomed, sought out and developed at all levels of the company and franchise leadership.
- As a global restaurant company whose franchisees are a major employer of young people, our giving priorities – hunger relief, literacy, and youth empowerment and education – are areas in which we have the greatest potential to make an impact.
- Yum! seeks to unlock the potential of the communities where we work and live. We ensure employees have the time and resources to give back to organizations that are meaningful to them and support nonprofits near our hometown corporate offices.

MATERIAL ISSUES

- Talent Attraction, Engagement & Retention
- Human Rights & Labor Practices
- Ethics & Compliance

KEY STAKEHOLDERS

- Employees
- Franchisees
- Franchisee Employees
- Local Communities



CULTURE & TALENT

Building a Workplace of Choice



Yum! Brands' culture of recognition, as well as opportunities to grow and to make a meaningful difference, are the primary reasons many employees at all levels of the company say that they choose to stay at Yum!, KFC, Pizza Hut and Taco Bell.

Likewise, talent attraction, engagement and retention are strategic to our business success and among our most material corporate social responsibility issues.

We have a values-driven culture. In the way we recognize wins and believe in all people, we've made sure Yum! remains a company that feels like a community. Our culture emphasizes fun, recognition for wins big and small, and a focus on breakthrough results. We take a tremendous amount of pride in every individual, which we demonstrate by encouraging all employees to master their skill sets and constantly expand their expertise. This mindset makes every day dynamic, which leads to long and rewarding careers.

We firmly believe that our culture gives us a competitive advantage and are committed to maintaining it going forward. To help, Yum! CEO Greg Creed created and teaches a leadership development course for corporate employees and franchisees worldwide called Leading Culture to Fuel Results. Creed created the course to inspire employees and franchisees to become leaders who lead and prioritize our values-driven culture. The course centers around the idea that, by using culture as a foundation for establishing strategy and structure, we can create an atmosphere for successful business results. Since the program launched in 2016, more

YUM! BRANDS' VALUES

We have a values-driven culture. Our values challenge and inspire us to elevate our brands, culture, performance and impact on customers and the communities that we serve. These values are:

- Champion the customer experience
- Serve up trust in every bite
- Adopt and share the best ideas
- Deliver results, overnight and over time
- Be focused and stay hungry
- Recognize wins, big and small
- Lead with smart, heart and courage
- Believe in all people
- Make the world better

than 95 percent of senior corporate leaders have taken part. Over the past two years, more than 15 courses have been conducted with employees and franchisees across more than 10 countries. In 2017 alone, courses were held in Hong Kong, India, Poland, the United Arab Emirates and the U.S. We plan to take Leading Culture to Fuel Results deeper into our organization over the coming years, including training more corporate employees and franchisees at various levels around the world.

At Pizza Hut, employees are encouraged to live “Life Unboxed,” fostering a culture where people can be their best, make friends and have fun. As part of this movement, the brand announced Life Unboxed EDU, an educational partnership that helps team members earn college degrees. Pizza Hut also updated its staff uniforms and launched the Heartstyles training program for its leaders.

It continues to award the Lou Folino Life Unboxed Award annually to a RGM who champions culture-driving initiatives in the restaurant and in the communities they serve. The campaign was recently awarded the Gold Award for Brandon Hall Group’s Excellence in Talent Management Awards and the WorkHappier Trailblazer Award from BI Worldwide.

Taco Bell’s leadership programs for RGMs, shift leads and area coaches – called theMark, theSpark and theQuest, respectively – are offered to all its restaurants in the U.S. These unique programs help individuals discover their leadership vision and how to lead at every level. More than 3,000 RGMs have flown to Taco Bell headquarters to attend theMark, where they also participate in community service projects and share ideas about how to create the best restaurant culture.

“Our people-first culture and investment in our employees is a top priority for us as we build the world’s most loved, trusted and fastest growing restaurant brands.”

TRACY SKEANS – Yum! Chief Transformation & People Officer

Since 2013, Taco Bell has consistently measured culture and engagement in restaurants with The Pulse. Nearly 35,000 team members take The Pulse survey three times a year, which helps restaurant leaders understand how they’re doing and provides tools to measure progress against goals.

A strong culture keeps high-performing employees at Yum! and our restaurants. Our retention rates are equal to or higher than those of our industry peers and results on our employee engagement survey show high levels of engagement among corporate employees. Sustained high scores on this survey were especially encouraging in 2017, given Yum!’s 2016 spinoff of the China business and announcement of our multi-year transformation plan to become a more focused, franchised and efficient company to drive future growth. This continued engagement during a time of great change is a testament to the power of our brands, strong culture and employees’ dedication to our mission.



LEADING WITH HEART AT KFC

KFC believes that for leaders to be successful, they must be “smart with heart,” meaning that when they are themselves with their teams, they build a more authentic, open and honest culture that delivers greater results. Leading With Heart was designed to enable leaders from CEO to RGM to gain insights into their own behavior and identify why they do the things they do through the use of the Heartstyles Indicator, a character development tool. The transformational, two-day workshop provides participants with the opportunity to gain insight about their own behaviors, develop strength of character through self-awareness activities and become more effective in both their personal and professional lives. The program is currently available in more than 25 countries and by the end of 2018 will be translated into 24 languages.

LEADING WITH HEART has the potential to reach **20,000** KFC RGMs who influence **800,000** team members who, in turn, impact **2 BILLION** customers every year.



TALENT DEVELOPMENT

Helping Our People Grow

We sustain our winning culture by recruiting the best people and developing their potential. No matter where employees are within our organization or in their careers, continuing development is an important focus.



Today, 97 percent of Yum! restaurants are owned by franchisees. This diversified, decentralized structure demands an approach to building people's capability that is customized and highly interactive. Yum! and our brands aim to create programs across the world that unlock individual talent, inspire growth and foster both business and personal development. Because we know that employees learn in different ways, we offer a variety of experiences from self-study to online classes to classroom training.



Opportunities for Restaurant Employees



Working at one of our restaurants is a first job for many of our team members. Whether our employees choose to pursue a career at Yum! or use our educational resources as a launchpad for other goals, we are proud to help them develop skills and capabilities on the job, further their education and build successful careers.

No matter an individual's aspirations, earning a high school diploma or GED is a critical step in the right direction. In the U.S., KFC, Pizza Hut and Taco Bell all offer free programs to help employees earn their GEDs. For example, the KFC Foundation's Rise with GEDWorks™, in partnership with the GED Testing Service, matches employees with a personal adviser to answer questions and help them prepare for the exam. All employees at participating KFC restaurants in the U.S. are eligible to enroll in the program.

KFC U.K. and Ireland creates career paths for restaurant teams and offers a range of training and accredited qualifications, including apprenticeships in hospitality management and a three-year bachelor's degree for employees. These programs are fully paid for, with no cost to the employee. To date, nearly 900 employees have participated in the hospitality management programs, and more than 100 employees have participated in the Business Management Degree Program, with 27 graduating in the first two cohorts.

40 MILLION
Working U.S. adults lack a
high school diploma

94%
of KFC U.S. restaurants participate
in the KFC Foundation's
education programs

650
KFC U.S. restaurant
employees enrolled

Scholarships & Academic Support

When restaurant employees are ready to pursue higher education, Yum! Brands is there to help.

Team members in the U.S. can receive scholarships through a variety of sources, such as Taco Bell Foundation's Live Más Scholarship, created for innovators, creators and dreamers – students whose passions lie outside the conventional academic or athletic categories. The Taco Bell Foundation set a bold goal of donating \$10 million in Live Más Scholarships by 2022.

The REACH Educational Grant Program helps KFC employees pursue their dreams of going to college. Employees can receive up to \$3,000 to help them attend a two-year or four-year college, trade or vocational school, or graduate degree program. Beginning in 2016, all employees at participating KFC U.S. restaurants were eligible to apply.

Another signature educational investment is the Andy Pearson Scholarship, established in honor of Yum!'s founding chairman. Since the inception of the scholarship in 2003, more than \$6.7 million has been awarded to more than 3,000 scholarship recipients across the U.S. In 2017, 96 employees or their eligible family members received a total of \$212,000 in scholarships, with 90 percent being awarded to field and restaurant employees.

A number of new education programs allow team members to turn their on-the-job restaurant training into college credit, giving employees even more opportunities to succeed. Pizza Hut's Life Unboxed EDU is offered to all U.S. corporate and franchisee employees and immediate family

members. It allows participants to apply their team member training courses as credits toward their chosen degree program at Excelsior College®, a fully accredited, private, nonprofit college with more than 40 degrees at the graduate and undergraduate levels. Undergraduate students can save more than 50 percent on tuition, while master's degree earners can save 15 percent.

Through Taco Bell's partnership with Guild Education, all Taco Bell corporate and franchise employees have access to coaches, discounts to Guild's education partners, as well as academic and financial aid. This includes a network of 80 online nonprofit universities and learning providers, offering bachelor's and master's degrees, high school completion and English-as-a-second-language programs, as well as a wide selection of certificates. Taco Bell corporate employees, along with employees of participating franchisees, also have access to up to \$5,250 per calendar year in tuition assistance. All employees can receive credit for their restaurant training, which could add up to an additional \$5,000 in savings. Evidence suggests that these programs not only strengthen resumes, they also make for satisfied employees who want to stay at Yum! restaurants.

TACO BELL REINFORCES LEADERSHIP IN EMPLOYEE EDUCATION

In 2016, Taco Bell officially launched Start with Us, Stay with Us, a platform and mentality to set Taco Bell apart as a category of one through its education and career-building programs. Whether employees stay for a year or stay for life, Taco Bell has made it a priority to offer benefits and programs that create innovators and leaders for our communities inside and outside of its restaurants. The platform includes the full spectrum of opportunities that Taco Bell offers, including Live Más Scholarships for employees and customers, GED certification program and partnership programs with Guild Education. The platform supports Taco Bell's goal of attracting and retaining top talent as it creates thousands of new jobs across the U.S.

98% of employees enrolled in Guild stayed at Taco Bell more than six months

34% increase over employees not enrolled



Opportunities for Corporate Employees

Yum! takes a personalized approach to developing people and growing their careers. In addition to providing robust development plans, programs and learning platforms, we invest in corporate employees around the world by giving them meaningful roles and challenging opportunities.

We encourage people to move through the organization to different brands and geographies and provide responsibilities that broaden employees' leadership capabilities. Experience has shown us that this approach is the fastest and most effective way to help our people develop.

Our performance management process, the Building People Capability (BPC) cycle, is designed to grow, develop and reward employees for their contributions. It has a strong focus on mentorship, including year-round coaching through one-on-one discussions between coaches and employees, plus specific times of the year when employees and coaches work together to set short- and long-term goals, create individual development plans and discuss performance results. Beyond guidance from their coaches, employees receive feedback from peers, direct reports and even customers through surveys and other methods.

There are also core educational programs and development opportunities in which employees are encouraged to participate. Companywide programs include Achieving Breakthrough Results, a course taught globally since 2008. The experience provides employees with tools and concepts aimed at high performance. It incorporates personal stories from senior leaders and is designed to help learners be intentional about their actions, use breakthrough thinking tools to take bold action to achieve results.

Another program, Leadership Accel, focuses on developing mid-level talent for future leadership roles. Lessons include how to align and engage others around a clear agenda, build other leaders, strategically influence the broader business and enhance critical thinking and decision-making skills.

In 2017, we launched Grow Yourself Week, a personal and professional development program for corporate employees based in Louisville, Ky. The spring and fall bi-annual programs offered nearly 70 interactive courses to hundreds of employees. During the programs, employees took advantage of development resources, networked with organizational leaders and connected to colleagues with similar interests and goals. Session topics ranged from personal branding and information security to strategies for limiting unconscious bias. A number of courses explored aspects of personal wellbeing including fitness, CPR, financial wellness, cultivating confidence and volunteering and serving on non-profit boards. The sessions were such successes that our office in Plano, Texas, followed suit. Several international markets are launching similar programs.



DIVERSITY & INCLUSION

Living Our Values



Having an inclusive and diverse culture is imperative in today's world. We are a global company with diverse employees, customers and franchisees and maintain an unwavering commitment to promoting a company culture where all people are valued and respected.

One of our core values is to believe in all people, understanding that for our brands to remain relevant, we need everyone at the table in all aspects of our organization. That's why we're working to reflect the diversity of the communities in which employees live and work, embracing diversity's potential to help us build brands that people trust and champion.

Yum! Brands is on a journey to ensure that inclusion and diversity, including gender equity, are integrated into all aspects of our business. Our goal is to build a culture that attracts, develops and retains diverse employees, franchisees and suppliers to drive global growth. Specifically, we aim to increase the number of women who hold senior leadership roles globally and increase representation of underrepresented minorities in our U.S. brands. We are also working to increase the multicultural competency of our existing corporate workforce through activities such as unconscious bias training and employee engagement through Employee Resource Groups (ERGs).

LEADING INCLUSION FOR TODAY & TOMORROW (LIFT²)

Oversight for diversity and inclusion at Yum! is managed at the highest levels with Leading Inclusion for Today & Tomorrow (LIFT²), a corporate diversity council led by CEO Greg Creed. The council meets twice a year and includes senior leaders from across Yum!, our brands, key franchisees and suppliers. LIFT²'s key objectives include:

- Demonstrating high-level commitment to diversity and inclusion
- Sharing diversity and inclusion best practices inside and outside our industry
- Identifying issues and opportunities through honest and robust dialogue
- Assisting with stakeholder engagement
- Promoting, protecting and supporting our people and brands

“At Yum!, diversity and inclusion are part of living and leading our culture, as well as key enablers to our success. We apply this cultural mindset to our people, our franchisees and our suppliers as we continuously work to reflect our ever-changing communities, customers and investors.”

JAMES FRIPP – Yum! Chief Diversity & Inclusion Officer

Employee Resource Groups

Yum!'s ERGs play a key role in driving a culture of diversity by providing networking, mentoring, educational workshops and leadership development opportunities across our system and the communities in which we do business. While each ERG has a specific focus area, all groups are open to all employees. ERGs vary by location, but examples include:

- **Yum! Era:** Yum!'s multi-cultural ERG advocates for inclusion in the workplace by providing cultural awareness education, connecting members with leadership, sharing customer insights and growing talent and leaders within the company.
- **g2:** g2 develops and connects young professionals throughout the Yum! family and the community.
- **Women in Networking (WIN):** WIN members build community, leverage cross-functional knowledge, and identify and address barriers to growth. Quarterly events provide opportunities for development and learning.
- **Yum! Pride Network (YPN):** YPN serves to engage and support lesbian, gay, bisexual, transgender and queer or questioning employees by communicating with employees, organizing events for members and attracting LGBTQ talent.

We engage with these groups in innovative ways. For example, Era members form focus groups to provide feedback on brands' marketing materials. Their wide-ranging perspectives allow us to better connect with our customer base and avoid potential insensitivities. G2 has participated in think tanks for KFC U.S., dividing into teams and pitching potential new products to KFC U.S. senior leadership, who then explored opportunities to bring the concepts to life.

Partnerships & Recognition

Yum! Brands is committed to greater inclusion and diversity for all people and is a place where differences are sought out and celebrated. That's why CEO Greg Creed signed onto the CEO Action for Diversity & Inclusion, a coalition of company CEOs committed to creating workplaces that not only have diverse representation, but are also places where employees are comfortable sharing their experiences and perspectives with one another.

We also established a target to advance more women into leadership and achieve gender parity in senior roles globally by 2030. Today, females account for 52 percent of our full-time and 58 percent of our part-time employees out of our approximately 60,000-member global workforce. This commitment aligns with the Paradigm for Parity coalition, a movement of Fortune 500 CEOs, senior business leaders and academics who are committed to achieving a new norm in corporate leadership: one in which women and men have equal power, status and opportunity. Additionally, we're proud to lead our industry in creating opportunities for women at all levels of our business.

More than 20 years ago, Yum! became a founding member of the Women's Foodservice Forum® (WFF), the industry's leading organization to advance female talent. Yum! Chief Transformation & People Officer Tracy Skeans serves on WFF's Board of Directors, and Yum! team members attend WFF's Annual Leadership Development Conference. Other organizations in which Yum! has taken an active role include:

- 100,000 Opportunities Initiative
- Bloomberg Gender Equality Index
- The Consortium for Graduate Study in Management
- Human Rights Campaign® Corporate Equality Index
- International Franchise Association
- Multicultural Foodservice & Hospitality Alliance
- National Black MBA Association®
- Prospanica®

Based on our current employment statistics, policies, external community support and engagement and product offerings, Yum! was named to the 2018 Bloomberg Gender Equality Index.



400th restaurant opening in Indonesia

Franchise Diversity

Yum! is dedicated to recruiting minority franchisees and is actively engaged in programs that support minority franchisee development, like the Latino Franchisee Symposium, a cross-industry franchisee recruiting event that we've hosted since 2015, bringing together more than 20 organizations. Since we began sponsoring the event three years ago, we've added nearly 50 Hispanic-owned restaurants to our system.

We helped develop and launch the International Franchise Association's MinorityFran Program, an initiative that provides a one-stop point of access for minority prospects who are exploring franchise opportunities. The program is a partnership with the National Urban League, UnidosUS, the Association of Small Business Development Centers and the U.S. Pan Asian American Chamber of Commerce.

Yum! has also established a minority lending assistance program focused on aiding qualified prospective ethnic minority franchisees, with a particular emphasis on African American and Latino individuals, in their efforts to enter the KFC, Pizza Hut and Taco Bell systems.

Supplier Diversity

In partnership with our exclusive supply chain management organization, Restaurant Supply Chain Solutions, Yum! Brands has built a leading corporate supplier diversity program. We actively seek qualified diverse suppliers for all possible product and service needs and encourage our majority-owned suppliers to use diverse suppliers, subcontractors and distribution services.

Yum! welcomes certified diverse suppliers of the following designations:

- Minority-Owned Business Enterprise
- Woman-Owned Business Enterprise
- Lesbian-, Gay-, Bisexual-, Transgender- and/or Queer-Owned Business Enterprise
- Business Enterprise Owned by People with Disabilities
- Veteran-Owned Business Enterprise
- Disabled Veteran-Owned Business Enterprise
- Small Business Administration [8(a), SDB, HUBZone]



COMMUNITY & PHILANTHROPY

Making the World Better

Yum!, KFC, Pizza Hut and Taco Bell partner with employees and franchisees to unlock the potential of communities where employees work and live. We believe in giving back by sharing our time, talents and money.



Yum!'s major philanthropic focus areas – hunger relief, literacy and youth education – are united by a common thread of unlocking potential in all people. We recognize that when individuals' basic needs are met, they can better achieve their goals and contribute to their communities – creating a continuous cycle of good.



Hunger Relief

Feeding People, Not Landfills

Yum!'s in the business of feeding people, so it makes sense that hunger relief is one of our key focus areas when it comes to supporting communities. The most visible way we do this is through the Harvest program, the world's first prepared food donation program.

Since 1992, the Yum! system contributed more than 180 million pounds of food to more than 3,000 nonprofit organizations – a fair market value of more than \$1 billion.

Instead of throwing away surplus food that is safe to eat, the Harvest program allows us to donate it to local hunger relief organizations in countries around the world. This delivers a triple benefit: Food stays out of landfills and prevents environmental impacts, thus reducing wasted resources, nonprofits benefit from the donations and our restaurants give back to local communities. In addition to our work with the Harvest program, and as part of our larger efforts to reduce food waste, Yum! also partners with FWRA and the ReFed advisory council.

Learn how Harvest benefits the environment.

Pizza Hut has partnered with the Harvest program continuously since 1992 and KFC began participating in 1999. In 2017, Pizza Hut reached a milestone of 100 million pounds of food donated to nonprofits in the communities it served. Harvest continues to add participating KFC and Pizza Hut restaurants and expand to new geographies, now in 17 countries and growing. As Harvest grows, we work with countries to ensure Good Samaritan laws are in place that provide basic legal protection for people and organizations to assist others. These laws help maximize the number of restaurants that can participate, ensuring more food is available to those in need.

Franchisee participation in Harvest is optional, and many have embraced the chance to limit waste and help their neighbors. Yum! encourages participation by sharing informational materials about Harvest and making it easy for franchisees to request additional support from our partners. One KFC franchisee who began participating in the Harvest program found that it not only strengthened their connections with the local community, but also simplified end-of-night operational routines. In three years across 29 participating restaurants, the franchisee provided more than 83,000 meals to people who would have otherwise gone hungry. The need to provide hunger relief is universal and the Harvest program is growing.

Business units in other parts of the world are finding other ways to make a difference. For example, KFC South Africa restaurants have a unique menu item: Add Hope. For just 2 South African Rand (approximately \$.17 USD), customers can “add hope” to their orders. This contribution, along with donations from the KFC Foundation, goes to feed a child through one of 138 charities, feeding 120,000 children every day. Add Hope has raised 387 million Rand (\$32 million USD) since 2009. In 2017, the program received a record high of 1.2 million Rand (nearly \$90,000 USD) in donations in a single week. The milestone came after a month-long campaign to raise awareness about International World Hunger Day. Add Hope has spread to other countries where KFC operates. KFC India, which began taking part in the program in 2016, feeds more than 10,000 children daily and has pledged to provide 20 million meals by 2020.

HARVEST

KFC franchisee Jason Zakaras recently began participating in the Harvest program. See how the program is transforming his restaurants' relationships with the community — and his employees.

Watch video 



ADD HOPE

For Sinanziwe Ndlovu, losing her mother almost meant losing the chance to earn an education. Then, KFC added hope.

Watch video 



Literacy

The Power of a Book

Yum! believes that education is the key to unlocking a person's full potential and recognizes that educational success is rooted in childhood reading skills.

Pizza Hut U.S. has been fostering a love of reading for more than 30 years through the BOOK IT! program. Since 1984, one in five Americans has participated in the free literacy program for schools. BOOK IT!, which runs from October through March of each school year, allows teachers to set monthly reading goals for their students. Students who meet their monthly goal are rewarded with a certificate for a free, one-topping Personal Pan Pizza and reading journal from Pizza Hut.

The basics of the program have stayed consistent for more than a generation, but BOOK IT! is getting an upgrade with innovative digital features that will be available to teachers and parents beginning in the 2018 – 2019 school year. A streamlined enrollment process and interactive dashboard will make it easier for teachers and parents to monitor children's reading progress and celebrate their success with digital award certificates.

BOOK IT! reached 14 million kids in 620,000 classrooms in 2017, with plans to expand to 1 million classrooms by 2020. It's a program with proven results: According to a recent study, former BOOK IT! participants are more likely to hold advanced degrees and earn higher wages than the general population. Most importantly, adults who went through the program as children are more likely to establish regular reading routines with their own kids.

While BOOK IT! has had widespread success, there are more opportunities to promote literacy in the U.S. and around the world. In 2016, Pizza Hut announced a commitment to expand on BOOK IT! with a new social impact campaign known as Pizza Hut: The Literacy Project. Through this effort, Pizza Hut has partnered with First Book to empower teachers with greater resources.

Customer Donations Make a Difference

\$3 Buys a new book

\$5 Provides school supplies

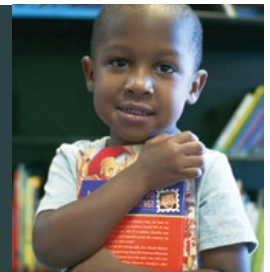
\$10 Purchases a backpack of books

Pizza Hut restaurants now fundraise to support this effort. Money raised provides teachers with credits to the First Book Marketplace, which they can use to purchase books and other educational resources at deeply discounted rates. In the first year of the campaign, The Literacy Project reached 15.9 million people and distributed more than 275,000 books and educational resources in the U.S., Brazil, Canada, Costa Rica and South Africa. Additional countries and locations will be added throughout the campaign, with the goal of reaching 100 million people over 10 years.

THE LITERACY PROJECT

Learn more about how Pizza Hut: The Literacy Project is unlocking potential through a love of reading.

Watch video 



Youth Education

Helping Young People Achieve More

Today's youth are tomorrow's business, political and community leaders – and the future leaders of our company.

Yum! Brands employs large numbers of teens and young adults in our restaurants, giving us both a unique understanding of and opportunity to address the needs of young people. Through our youth education efforts, we aim to equip youth with the resources to pursue their educational and professional aspirations.

Youth education is the Taco Bell Foundation's singular focus. Its hallmark program is the Live Más Scholarship, established in 2015. The program is designed to support young innovators, creators and dreamers – students with passion and drive who may not qualify for conventional academic or athletic scholarships. Students apply for the scholarship by submitting short videos telling the story of their life's passions and chosen applicants receive funding ranging from \$5,000 to \$25,000 to pursue their education.

working behind the scenes with Taco Bell's renowned social media and marketing teams at the MTV Video Music Awards, NBA All-Star Skills Challenge and Feed the Beat™ showcase in Austin, Texas.

In 2017, Taco Bell enlisted the first class of Live Más Scholarship recipients to help engage and support the next. Through the Feed a Dream promotion, for a limited time, every Doritos® Locos Taco sold in Taco Bell restaurants raised 10 cents for the Live Más Scholarship. To develop the campaign, scholarship recipients took part in a creative workshop in Chicago, where they worked side-by-side with veteran advertising and marketing creatives to formulate the campaign's ad concept and script. Students were involved in the filming of the commercial in California, performing key jobs ranging from behind-the-scenes strategizing and set development to starring roles. They also created three taco packaging designs for use during the promotion.

This was more than a fundraiser, just as the Live Más Scholarship is more than financial support. By connecting recipients to a community of like-minded peers and professionals and providing real-world opportunities to practice their craft, Taco Bell and the Taco Bell Foundation are giving students and employees the chance to turn their dream jobs into reality.

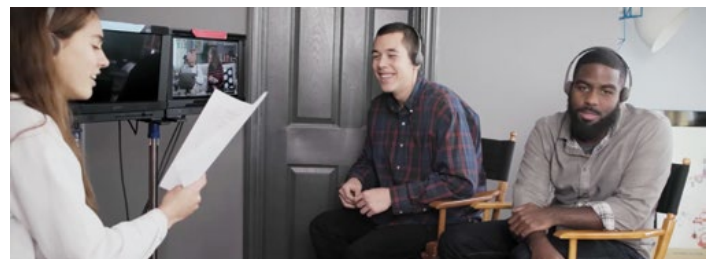
The Live Más Scholarship

\$10 MILLION
in Live Más Scholarship funding
by 2022

\$1-2 MILLION
per year

440 RECIPIENTS
2016-2017

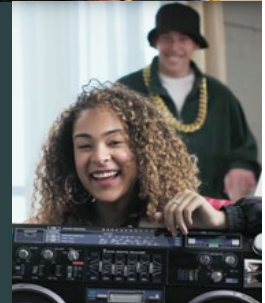
Both Taco Bell restaurant employees and customers are eligible to apply, and the Taco Bell Foundation recently added a renewal program to allow students to reapply for funding to further their education. The Live Más Scholarship not only helps fund educational dreams, but also creates practical mentoring opportunities outside the classroom. Scholarship recipients have learned from some of the best in their aspired industries,



LIVE MÁS SCHOLARSHIP

See how the commercial was developed, directed and acted by recipients of Taco Bell's Live Más Scholarship.

[Watch video](#)



Taco Bell Foundation's other activities have a similar focus of helping young people to pursue career and educational pathways through financial literacy resources, mentorship and job skill experiences, college readiness programming, creative and social innovation experiences and direct financial assistance. Grantees may apply for funding by invitation only. The Foundation's current partners include Boys & Girls Clubs of America, City Year AmeriCorps, Junior Achievement® and Moneythink.

The Taco Bell Foundation

\$5 MILLION

grants to youth-serving organizations in 2017

200,000

young people impacted



JUMP-STARTING CAREERS AT PIZZA HUT

Pizza Hut, along with Taco Bell, is a member of the 100,000 Opportunities Initiative, which engages young people ages 16 to 24 who face systemic barriers to jobs and education in apprenticeships, internships, training programs and employment. Employers in the coalition agree to share best practices with others and learn from leading experts and research how to connect with this untapped population.

In line with this commitment, Pizza Hut recently hosted a group of high school juniors from Uplift Education for a career immersion day at its corporate headquarters. Employees across Pizza Hut guided scholars through various parts of the business, where they learned firsthand about the wide array of careers within the company. The students took part in career panels, an office tour, a pizza lunch and hands-on sessions with Pizza Hut employees.



Taco Bell team member Mauricio Bejar wins a \$10,000 Live Mas Scholarship from the Taco Bell Foundation.



Employee Giving

Supporting Our Local Communities

Our employees are as diverse as our businesses and have their own causes and projects that matter to them.

In line with the transformation of our company, we have refreshed the Yum! Brands Foundation's strategy to support what matters to employees. All Yum! Brands corporate employees in the U.S. can now help their favorite causes through:

- **Matching Gifts:** Yum! matches employee gifts, dollar-for-dollar, to approved nonprofit organizations up to \$1,000.
- **Paid-time-off (PTO):** Employees may take up to two days of PTO to volunteer for the cause of their choosing. This does not include group volunteer activities organized by Yum! Brands, which do not require PTO.
- **Support for Board Participation:** Employees who give their time, talent and money to serve on nonprofit boards can have their financial contributions matched depending on a number of criteria.



The Yum! Foundation
\$350,000
 in employee gifts matched
Nearly \$300,000
 provided for U.S. hurricane
 relief in 2017

The Yum! Foundation also prioritizes support for the community surrounding our global headquarters in Louisville, Ky. Yum! has allocated \$600,000 in grant donations for each of three community partners: Dare to Care, Metro United Way™ and Fund for the Arts.

An important giving priority – which by its nature must be flexible and scalable – is expanding our capacity to support communities affected by natural disasters. In the spirit of giving back, Yum! Brands, our employees, franchisees and external partners have a tradition of assisting with

THE KFC FAMILY FUND HELPS IN TIMES OF NEED

The KFC Family Fund is a source of support for employees at participating KFC U.S. restaurants who have been directly impacted by a natural disaster, serious illness or other hardship. While money can't eliminate the sorrow, it can hopefully lessen some of the added stress that often accompanies a crisis. For example, when torrential rains led to major flooding in West Virginia in 2016, KFC team member Donald Blake received funding to help repair his home. Since the KFC Family Fund's launch in 2015, more than 350 KFC employees and their families have received more than \$272,000 in temporary financial relief.

national and global disaster relief efforts, providing hot meals, financial assistance, in-kind donations and time as needed. As disasters increase in frequency and severity worldwide, we are working with our brands to develop an improved response framework to allow for quick mobilization when tragedy strikes.



EMPLOYEE BENEFITS

Championing Wellness in Every Form



Yum! appreciates the work our employees do every day and is committed to building a workplace where our people can thrive.

We understand that our people will be at their best only when they and their families are healthy and secure, and when they have the freedom to enjoy all of the roles that they play, whether they are parents, caregivers or community volunteers.

Yum! and our franchisees offer restaurant employees a range of medical benefits, child care discounts, educational scholarships and tuition reimbursement, and gym discounts, as well as training and development opportunities.

Our corporate above-restaurant employees benefit from a total rewards package that includes wellness programs, flexible working hours, a generous 401(k) match and more. Highlights include:

Health Care & Insurance

- Medical, dental and vision insurance
- Prescription drug coverage
- Life insurance
- Accident and disability insurance
- Flexible spending accounts
- On-demand remote medical care
- Autism support services as part of the medical plan

Wellness

- On-site health and fitness center
- Fitness classes
- Dedicated personal trainers
- Weight management and nutrition programs
- Health assessments and screenings
- Company-sponsored recreational sports
- On-campus walking trail and basketball, volleyball and tennis courts
- On-site massage therapy
- Walking challenges

Work/Life Benefits

- Bonus and incentive programs
- 401(k) with a 6 percent matching contribution from Yum! Brands
- Paid vacation
- Flexible hours
- Parental time-off
- Onsite child care
- Legal services
- Adoption assistance program
- Onsite concierge
- Identity fraud protection

ETHICS & HUMAN RIGHTS

Doing What's Right

Yum! Brands' success is built on the integrity and high ethical standards of our employees, a fact confirmed by our stakeholders in our materiality assessment. Our ethics and compliance program, based on our Global Code of Conduct, demands the highest ethical standards in all of our operations around the globe.

Our Global Code of Conduct is more than a document – it is the foundation for the way we conduct ourselves and do business throughout the world. It calls for the highest standards of ethical behavior from our Board members and all employees of Yum! Brands and its subsidiaries. Every year, our Board of Directors and Yum!'s 4,000 most senior employees must certify in writing that they have read and understand the Code and complete a conflicts of interest questionnaire. The Code is available online in seven languages and was most recently updated in 2018 to reflect our company's transformation. Included as a supplement to our Global Code of Conduct is our International Anti-Corruption Policy. This policy applies to all directors, officers and employees of Yum!, as well as to our international agents, consultants, joint venture partners and any other third-party representatives acting on our behalf.

Beyond regularly reviewing the Global Code of Conduct, all company-owned restaurant employees are required to participate in annual compliance training. Different topics are covered each year, ranging from anticorruption to data security. Specific training areas and formats vary by brand and market.

We encourage employees to raise ethical concerns and provide multiple channels for them to do so safely and anonymously. An independent third party operates an ethics hotline, known as The Network, on our behalf. The Network is available 24/7 in more than 120 countries and territories. Once a call is received, the third party relays the information to Yum! management, who review every claim and investigate when necessary. The Audit Committee of our Board has established additional procedures for complaints and concerns of employees regarding accounting and auditing matters, including the confidential or anonymous submission of such complaints or concerns. More details on these procedures can be found [here](#). Yum! has a strict policy against retaliation for good-faith reports, regardless of their ultimate veracity.

When it comes to interacting with one another, employees are expected to demonstrate mutual respect in all professional relationships. Sexual, racial, ethnic and religious or any other type of harassment, has no place in the Yum! Brands work environment. Harassment includes conduct such as slurs, jokes, intimidation or any other verbal or physical attack upon a person because of gender, sexual orientation, race, religion, national origin or other legally protected status of a person.

It is Yum!'s policy to deal fairly with employees; provide equal opportunity for all in recruiting, hiring, developing, promoting and compensating without regard to race, religion, color, age, gender, disability, genetic information, military or veteran status, sexual orientation, gender identity and/or expression, citizenship, national origin or other legally protected status; maintain a professional, safe and discrimination-free work environment; recognize and compensate employees based on their performance; and provide a competitive array of benefits.

Yum! maintains a work environment that respects and supports human rights for all of our employees around the world. This issue, along with Labor Practices, was identified as among our most material issues in our survey of stakeholders. Basic tenets of our human rights policy include:

- We do not employ underage children or forced laborers.
- We prohibit physical punishment and abuse.
- We respect the right of all employees to associate or not to associate with any group as permitted by applicable laws and regulations.
- We require compliance with all local labor laws in every market where we operate.
- We promote, protect and help to ensure the equal rights of all persons, including minorities, women and those with disabilities.
- We partner with stakeholders to collect input and help guide our human rights efforts.

Yum! holds the same expectations of ethical, legal and socially responsible business practices for its suppliers. Suppliers must abide by all applicable laws, codes or regulations regarding wages and benefits, worker's compensation, working hours, equal opportunity, worker and product safety, and conflict minerals policies. Yum! Brands also expects that suppliers will conform their practices to the published standards for their industry.

Beyond these minimum standards, our Supplier Code of Conduct sets forth our expectations for suppliers and subcontractors. Topics covered include:

- **Working Hours & Conditions:** Suppliers are expected to provide their employees with safe and healthy working conditions and reasonable daily and weekly work schedules.
- **Nondiscrimination:** Suppliers should follow all laws prohibiting discrimination in hiring and employment on the grounds of race, color, religion, sex, age, physical disability, national origin, creed or any other basis prohibited by law.
- **Child Labor:** Suppliers should not use workers under the legal age for employment. In no event should suppliers use employees younger than 14 years of age.

- **Forced and Indentured Labor:** No supplier should perform work or produce goods for Yum! Brands using labor under any form of indentured servitude, nor should threats of violence, physical punishment, confinement or other form of physical, sexual, psychological or verbal harassment or abuse be used as a method of discipline or control.
- **Notification to Employees:** To the extent required by law, suppliers should establish companywide policies implementing the standards outlined in the Supplier Code of Conduct and post notices of those policies for their employees. The notices should be in all languages necessary to fully communicate the policy to employees.

We expect suppliers to review such requirements internally to verify compliance with the Code. In addition, we reserve the right to conduct unannounced assessments, audits and inspections of supplier facilities. To manage performance, audits of key suppliers are conducted annually, which include a review of the supplier's internal processes and site visits, as needed. Violations may lead to disciplinary action, including termination of the supplier relationship for repeated violations or noncompliance.

FORWARD-LOOKING STATEMENTS

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.

GRI INDEX

The 2017 Global Citizenship & Sustainability Report is prepared according to Global Reporting Initiatives (GRI) Standards Core option. GRI is the most widely recognized framework for sustainability reporting.

Disclosure Number	Disclosure Title	2018 Response
GENERAL DISCLOSURES		
Organizational Profile		
102-1	Name of the organization	Corporate Profile, pg. 3
102-2	Activities, brands, products and services	Corporate Profile, pg. 3
102-3	Location of headquarters	Corporate Profile, pg. 3
102-4	Location of operations	Corporate Profile, pg. 4
102-5	Ownership and legal form	Publicly traded company
102-6	Markets served	Corporate Profile, pg. 4
102-7	Scale of the organization	Corporate Profile, pg. 4
102-8	Information on employees and other workers	People: Diversity & Inclusion, pgs. 51-53
102-9	Supply chain	Planet: Supply Chain, pgs. 38-40 Yum! Brands 2017 Annual Report, Form 10-K, pg. 4
102-10	Significant changes to the organization and its supply chain	Yum! Brands 2017 Annual Report, Form 10-K, pg. 2
102-11	Precautionary Principle or approach	Yum! does not address the precautionary approach, but we do assess risks across our organization. Yum! Brands 2017 Annual Report, Form 10-K, pgs. 5-13
102-12	External initiatives	CDP, GRI, DJSI, UNSDGs, The U.S. Roundtable for Sustainable Beef (USRSB), The Roundtable for Sustainable Palm Oil (RSPO), Women's Foodservice Forum (WFF), Multi-Cultural Foodservice & Hospitality Alliance, Consortium for Graduate Studies in Management, Carbon Statement, The Paper Cup Recovery and Recycling Group (PCRRG), U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED), Food Waste Reduction Alliance (FWRA), World Resources Institute (WRI) Aqueduct tool, One Health, International Labour Organization (ILO) Stakeholder Engagement, pgs. 10-11
102-13	Membership of associations	Stakeholder Engagement, pgs. 10-11
Strategy		
102-14	Statement from senior decision-maker	CEO Message, pg. 5
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	People: Ethics & Human Rights, pgs. 61-62 Yum! Worldwide Code of Conduct
Governance		
102-18	Governance structure	Corporate Governance, pg. 8

Disclosure Number	Disclosure Title	2018 Response
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, pg. 10
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, pg. 10
102-43	Approach to stakeholder engagement	Stakeholder Engagement, pgs. 10-11
102-44	Key topics and concerns raised	Stakeholder Engagement, pgs. 10-11
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Yum! Brands 2017 Annual Report, Form 10-K, pg. 2
102-46	Defining report content and topic boundaries	Materiality, pgs. 12-13 About This Report, pg. 14
102-47	List of material topics	Materiality, pg. 13
102-48	Restatements of information	About This Report, pg. 14
102-49	Changes in reporting	About This Report, pg. 14
102-50	Reporting period	About This Report, pg. 14
102-51	Date of most recent report	About This Report, pg. 14
102-52	Reporting cycle	About This Report, pg. 14
102-53	Contact point for questions regarding the report	About This Report, pg. 14
102-54	Claims of reporting in accordance with the GRI Standards	About This Report, pg. 14
102-55	GRI content index	About This Report, pg. 14
102-56	External assurance	About This Report, pg. 14
SPECIFIC STANDARD DISCLOSURES		
GRI 201: Economic Performance		
103-1	Explanation of the material topic and its Boundary	Yum! Brands 2017 Annual Report, Form 10-K
103-2	The management approach and its components	Yum! Brands 2017 Annual Report, Form 10-K
103-3	Evaluation of the management approach	Yum! Brands 2017 Annual Report, Form 10-K
201-1	Direct economic value generated and distributed	Yum! Brands 2017 Annual Report, Form 10-K, pg. 17
201-2	Financial implications and other risks and opportunities due to climate change	2017 Climate Change CDP Response

Disclosure Number	Disclosure Title	2018 Response
GRI 205: Anti-corruption		
103-1	Explanation of the material topic and its Boundary	People: Ethics & Human Rights, pgs. 61-62
103-2	The management approach and its components	People: Ethics & Human Rights, pgs. 61-62
103-3	Evaluation of the management approach	People: Ethics & Human Rights, pgs. 61-62
205-2	Communication and training about anti-corruption policies and procedures	People: Ethics & Human Rights, pgs. 61-62
205-3	Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption during 2017.
GRI 206: Anti-competitive Behavior		
103-1	Explanation of the material topic and its Boundary	People: Ethics & Human Rights, pgs. 61-62
103-2	The management approach and its components	People: Ethics & Human Rights, pgs. 61-62
103-3	Evaluation of the management approach	People: Ethics & Human Rights, pgs. 61-62
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	No legal actions were taken for anti-competitive behavior, anti-trust or monopoly practices during 2017.
GRI 302: Energy		
103-1	Explanation of the material topic and its Boundary	Planet: Green Buildings, pg. 30 Planet: Energy Efficiency, pgs. 31-32
103-2	The management approach and its components	Planet: Green Buildings, pg. 30 Planet: Energy Efficiency, pgs. 31-32
103-3	Evaluation of the management approach	Planet: Green Buildings, pg. 30 Planet: Energy Efficiency, pgs. 31-32
302-1	Energy consumption within the organization	Total Energy Consumption Within the Organization: 1,126,543 MWh Total Fuel Consumption from Non-Renewable Sources: 435,813 MWh Total Fuel Consumption from Renewable Sources: 32 MWh Total Energy Consumption from Non-Renewable Sources: 611,960 MWh Total Energy Consumption from Renewable Sources: 78,738 MWh
302-4	Reduction of energy consumption	Planet: Energy Efficiency, pg. 31
GRI 303: Water		
103-1	Explanation of the material topic and its Boundary	Planet: Green Buildings, pg. 30 Planet: Water Conservation, pgs. 33-35
103-2	The management approach and its components	Planet: Green Buildings, pg. 30 Planet: Water Conservation, pgs. 33-35
103-3	Evaluation of the management approach	Planet: Green Buildings, pg. 30 Planet: Water Conservation, pgs. 33-35
303-2	Water sources significantly affected by withdrawal of water	Planet: Water Conservation, pgs. 33-34

Disclosure Number	Disclosure Title	2018 Response
GRI 305: Emissions		
103-1	Explanation of the material topic and its Boundary	Planet: Green Buildings, pg. 30 Planet: Energy Efficiency, pgs. 31-32
103-2	The management approach and its components	Planet: Green Buildings, pg. 30 Planet: Energy Efficiency, pgs. 31-32
103-3	Evaluation of the management approach	Planet: Green Buildings, pg. 30 Planet: Energy Efficiency, pgs. 31-32
305-4	GHG emissions intensity	Planet: Green Buildings, pg. 30 Planet: Energy Efficiency, pg. 31
305-5	Reduction of GHG emissions	Planet: Green Buildings, pg. 30 Planet: Energy Efficiency, pg. 31
GRI 306: Effluents and Waste		
103-1	Explanation of the material topic and its Boundary	Planet: Green Buildings, pg. 30 Planet: Waste Reduction, pgs. 36-37 Boundary for Effluents and Waste only includes US operations.
103-2	The management approach and its components	Planet: Green Buildings, pg. 30 Planet: Waste Reduction, pgs. 36-37
103-3	Evaluation of the management approach	Planet: Green Buildings, pg. 30 Planet: Waste Reduction, pgs. 36-37
306-2	Waste by type and disposal method	Planet: Waste Reduction, pgs. 36-37
GRI 308: Supplier Environmental Assessment		
103-1	Explanation of the material topic and its Boundary	Planet: Supply Chain, pgs. 38-40
103-2	The management approach and its components	Planet: Supply Chain, pgs. 38-40
103-3	Evaluation of the management approach	Planet: Supply Chain, pgs. 38-40
308-2	Negative environmental impacts in the supply chain and actions taken	Planet: Forest Stewardship, pgs. 41-42
GRI 401: Employment		
103-1	Explanation of the material topic and its Boundary	People: Culture & Talent, pgs. 45-46
103-2	The management approach and its components	People: Culture & Talent, pgs. 45-46
103-3	Evaluation of the management approach	People: Culture & Talent, pgs. 45-46
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People: Employee Benefits, pg. 60
GRI 402: Labor/ Management Relations		
103-1	Explanation of the material topic and its Boundary	People: Ethics & Human Rights, pgs. 61-62
103-2	The management approach and its components	People: Ethics & Human Rights, pgs. 61-62
103-3	Evaluation of the management approach	People: Ethics & Human Rights, pgs. 61-62
402-1	Minimum notice periods regarding operational changes	We require our franchisees to fully comply with applicable national and/or local legal requirements for minimum notice periods regarding significant operational changes.

Disclosure Number	Disclosure Title	2018 Response
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GRI 403: Occupational Health and Safety

103-1	Explanation of the material topic and its Boundary	People: Ethics & Human Rights, pgs. 61-62
103-2	The management approach and its components	People: Ethics & Human Rights, pgs. 61-62
103-3	Evaluation of the management approach	People: Ethics & Human Rights, pgs. 61-62
403-1	Workers representation in formal joint management-worker health and safety committees	There are no formal joint manager-worker health and safety committees in place.

GRI 404: Training and Education

103-1	Explanation of the material topic and its Boundary	People: Talent Development, pgs. 47-50
103-2	The management approach and its components	People: Talent Development, pgs. 47-50
103-3	Evaluation of the management approach	People: Talent Development, pgs. 47-50
404-2	Programs for upgrading employee skills and transition assistance programs	People: Talent Development, pgs. 47-50

GRI 405: Diversity and Equal Opportunity

103-1	Explanation of the material topic and its Boundary	People: Diversity & Inclusion, pgs. 51-53
103-2	The management approach and its components	People: Diversity & Inclusion, pgs. 51-53
103-3	Evaluation of the management approach	People: Diversity & Inclusion, pgs. 51-53

405-1 Diversity of governance bodies and employees

Gender		
	Female	Male
Board of Directors	27%	73%
Global Management	41%	59%

405-2 Ratio of basic salary and remuneration of women to men

We have a strong commitment to ensuring we do not have pay discrepancies based on gender and ethnicity and run statistical multi-variate regression analysis to evaluate potential gender and ethnicity disparities each year. Below is a table that shows the 2017 average levels of compensation between males and females in the U.S., which represents a bit less than half our global population. According to our statistical analyses, when variables used in making pay decisions are factored, we do not have any statistically significant variances in pay for gender or ethnicity.

	Female	Male
Executives	52%	48%
Management: Above-Restaurant	46%	54%
Management: Restaurant	51%	49%
Non-Management Above-Restaurant	52%	48%
Non-Management Restaurant	53%	47%

Disclosure

Number

Disclosure Title

2018 Response

GRI 407: Freedom of Association and Collective Bargaining

103-1	Explanation of the material topic and its Boundary	People: Ethics & Human Rights, pgs. 61-62
103-2	The management approach and its components	People: Ethics & Human Rights, pgs. 61-62
103-3	Evaluation of the management approach	People: Ethics & Human Rights, pgs. 61-62
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	People: Ethics & Human Rights, pg. 62

GRI 408: Child Labor

103-1	Explanation of the material topic and its Boundary	People: Ethics & Human Rights, pgs. 61-62
103-2	The management approach and its components	People: Ethics & Human Rights, pgs. 61-62
103-3	Evaluation of the management approach	People: Ethics & Human Rights, pgs. 61-62
408-1	Operations and suppliers at significant risk for incidents of child labor	People: Ethics & Human Rights, pg. 62

GRI 409: Forced or Compulsory Labor

103-1	Explanation of the material topic and its Boundary	People: Ethics & Human Rights, pgs. 61-62
103-2	The management approach and its components	People: Ethics & Human Rights, pgs. 61-62
103-3	Evaluation of the management approach	People: Ethics & Human Rights, pgs. 61-62
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	People: Ethics & Human Rights, pg. 62

GRI 412: Human Rights Assessment

103-1	Explanation of the material topic and its Boundary	People: Ethics & Human Rights, pgs. 61-62
103-2	The management approach and its components	People: Ethics & Human Rights, pgs. 61-62
103-3	Evaluation of the management approach	People: Ethics & Human Rights, pgs. 61-62
412-2	Employee training on human rights policies or procedures	People: Ethics & Human Rights, pgs. 61-62

GRI 414: Supplier Social Assessment

103-1	Explanation of the material topic and its Boundary	People: Ethics & Human Rights, pgs. 61-62
103-2	The management approach and its components	People: Ethics & Human Rights, pgs. 61-62
103-3	Evaluation of the management approach	People: Ethics & Human Rights, pgs. 61-62
414-1	New suppliers that were screened using social criteria	People: Ethics & Human Rights, pg. 62

Disclosure Number	Disclosure Title	2018 Response
GRI 416: Customer Health and Safety		
103-1	Explanation of the material topic and its Boundary	Food: Food Safety, pgs. 17-21 Food: Choice & Nutrition, pgs. 22-25
103-2	The management approach and its components	Food: Food Safety, pgs. 17-21 Food: Choice & Nutrition, pgs. 22-25
103-3	Evaluation of the management approach	Food: Food Safety, pgs. 17-21 Food: Choice & Nutrition, pgs. 22-25
416-1	Assessment of the health and safety impacts of product and service categories	Food: Choice & Nutrition, pgs. 22-25