

CITIZENSHIP

We Feed the Future



Evolving our Recipe for Growth & Good

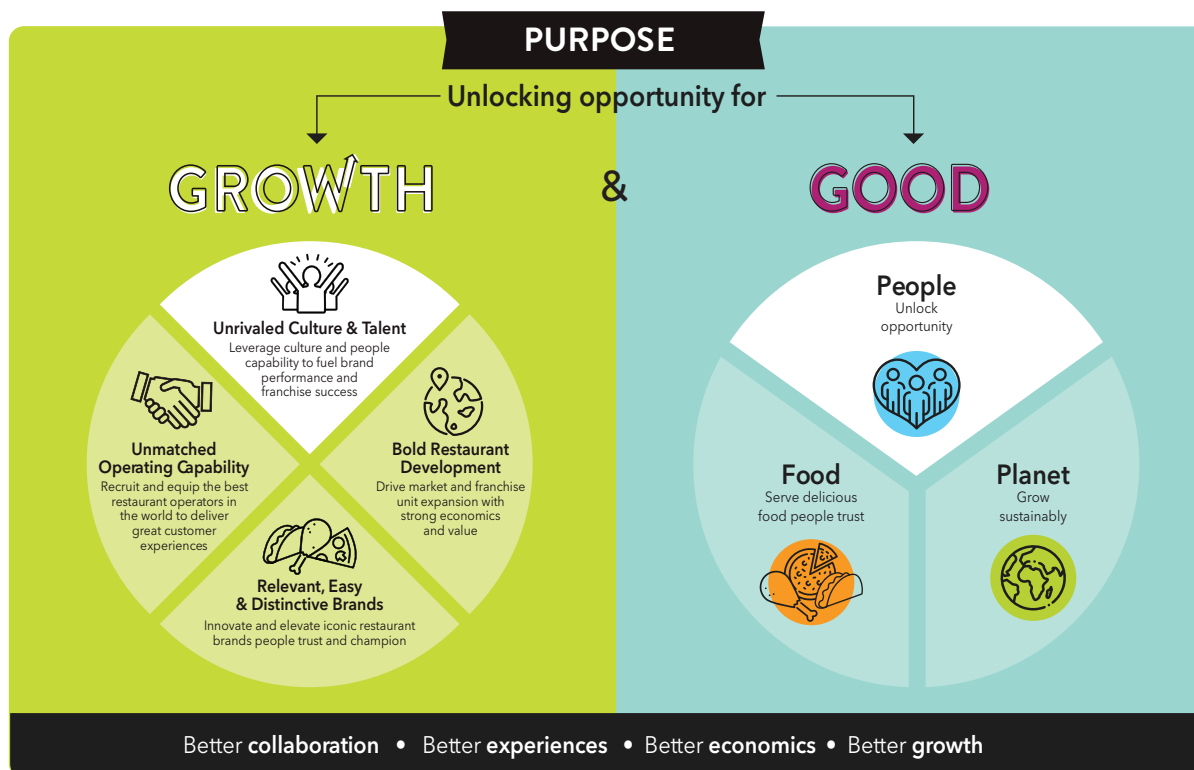
As a global company with more than **50,000** restaurants, at Yum!, we have a clear vision for building the world's most loved, trusted and fastest-growing brands in our industry. We're doing this through our Recipe for Growth – the core capabilities upon which we're building long-term results – and our Global Citizenship & Sustainability Strategy, known as our Recipe for Good. The Recipe for Good reflects our priorities for social responsibility, risk management and sustainable stewardship of our people, food and planet. Our 2020 Annual Report discusses our joint Recipe for Growth & Good, underscoring the importance of collaboration in unlocking the potential of our people, franchisees, customers and communities.

At Yum!, we continue to integrate citizenship and sustainability into our business processes, including enterprise risk management (ERM). We are focused on advancing progress and results in the most critical parts of our business:

- Creating a workplace where everyone feels welcomed and valued
- Attracting, developing and retaining the best talent
- Feeding people safely and responding to customers' evolving preferences
- Minimizing our climate impact, guiding by science-based targets and choosing responsible suppliers
- Operating our restaurants efficiently
- Creating opportunity and tackling inequalities faced by our front-line restaurant teams and communities



While all environmental, social and governance (ESG) topics are essential, the pandemic heightened our focus on global issues that are also core to Yum!. This includes increasing inequities around the globe, the elevated importance of social issues impacting our people and the urgent need for action to address climate change. These issues align with the ongoing evolution of our strategy, which emphasizes People as our primary focus for social responsibility. The introduction of Unlocking Opportunity, our new social purpose, aims to fight inequality for front-line team members and communities, and further reflects our company's long-term commitment to education, entrepreneurship, and equity and inclusion.



CITIZENSHIP



Corporate Governance

At Yum!, we believe that good corporate governance is a critical factor in achieving business success and embrace practices that align with management and shareholder interests. As of May 2021, the Yum! board of directors consisted of 12 directors, 11 of whom were independent, based on New York Stock Exchange rules for director independence. In 2020, the board was led by an independent, nonexecutive chairman. 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 three independent committees:

- Audit Committee
- Management Planning & Development Committee
- Nominating & Governance Committee

Only independent directors serve on the Audit, Management Planning & Development and Nominating & Governance Committees in accordance with our Corporate Governance Principles. The Board has instituted an annual self-evaluation process, led by the Nominating & Governance Committee, through which directors assess how the board can better contribute to the company. Our Audit, Management Planning & Development and Nominating & Governance Committees conduct similar self-evaluations.

Board Diversity

A diverse range of experiences and perspectives among our directors support the success of the board in overseeing our complex, varied global businesses. When recruiting new directors, we look for leaders from different backgrounds who 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, five of our 12 directors are women, and three are people of color.



ESG Strategy & Leadership

Oversight for ESG issues ultimately resides with the Yum! board of directors. The board is briefed at least annually on current issues and focus areas through its Audit Committee and is updated on a weekly basis through broader business updates. Our cross-brand Global Leadership Team, led by our chief executive officer, is regularly engaged with and updated on material topics.

At the operational level, the chief communications & public affairs officer oversees Yum!'s global reputation, assesses and manages ESG risks and shapes the Global Citizenship & Sustainability strategy in partnership with the chief sustainability officer & vice president of Global Government Affairs and other senior leaders who comprise our ESG Council, including:

- Chief Operating Officer & Chief People Officer
- Chief Financial Officer
- Chief Communications & Public Affairs Officer
- Chief Sustainability Officer & Vice President of Global Government Affairs
- Chief Strategy Officer
- Chief Food Safety Officer
- Chief Equity & Inclusion Officer
- Chief Legal & Franchise Officer & Corporate Secretary
- Chief Food Innovation Officer
- Chief Development Officer
- Vice President, Supply Chain

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

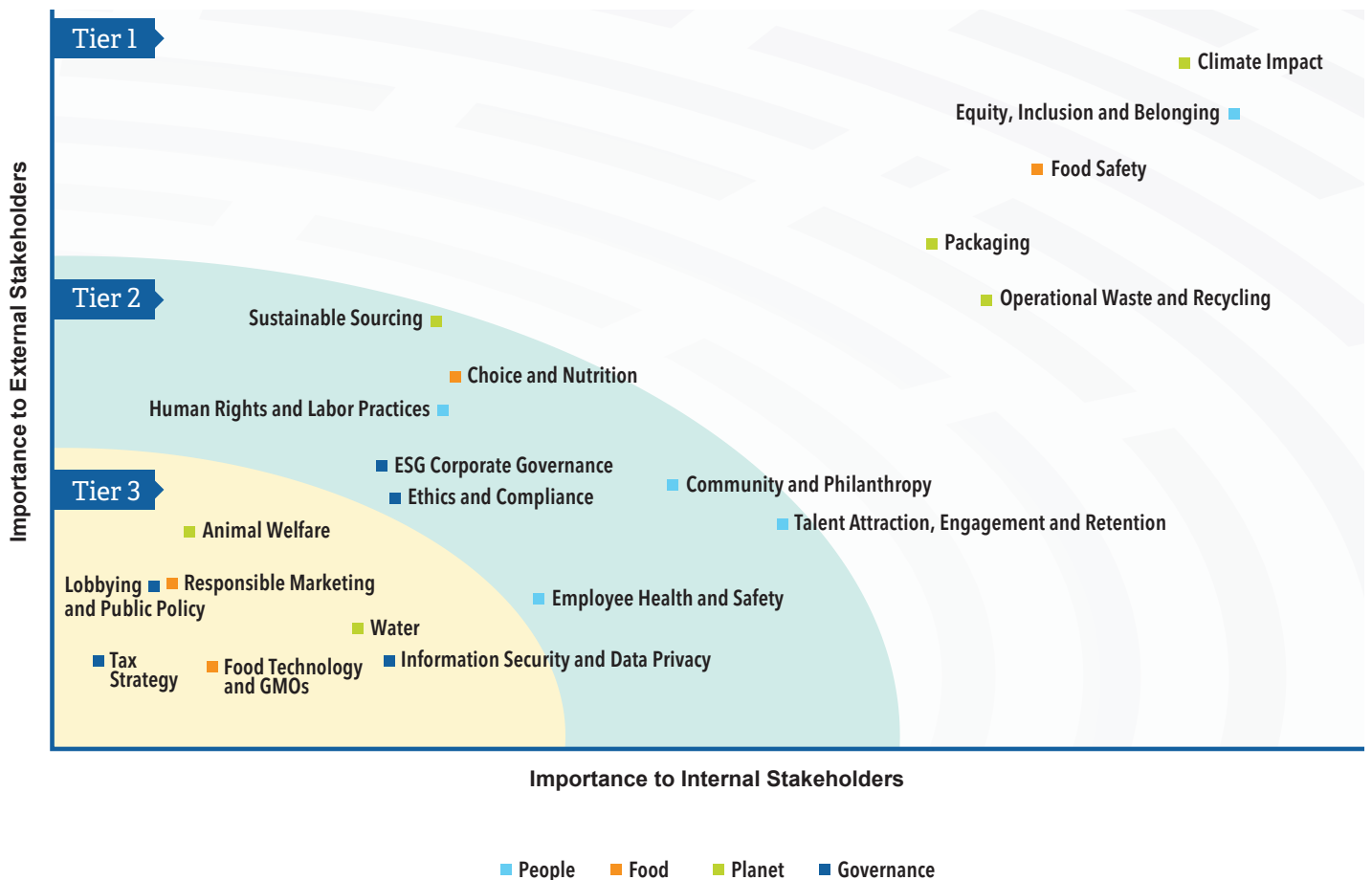
Materiality

At Yum!, we regularly conduct materiality assessments, which are designed to identify and prioritize our most significant ESG impacts, risks and opportunities for our business and stakeholders. In 2021, we worked with a third party to conduct a new materiality assessment, using the topic list from Yum!'s last materiality assessment as a starting point. We then benchmarked these topics against more recent internal and external sources to identify additional relevant topics. These topics were grouped into categories to capture broader impacts. For example, Climate Impact encompasses energy/energy consumption, climate change, renewable energy and emissions. Equity, Inclusion and Belonging and Employee Health and Safety, previously part of Talent Attraction, Retention and Engagement, are now separate topics. Through this exercise, a final list of 20 topics was identified, which we segmented into categories aligned with Yum!'s sustainability pillars (People, Food and Planet), as well as Governance.

The materiality assessment solicited the input of key internal and external stakeholders, including company leaders, investors, franchisees, suppliers, NGOs, industry associations and thought leaders. Based on the evidence provided through interviews and other source material, we mapped the relative priority of topics to Yum! and external stakeholders, as shown in the materiality matrix below.

Topics have been separated into three tiers, represented by the curved lines in the matrix. While all topics are important and can impact business success, the most important outcome of our assessment was the emergence of five clear Tier I topics: Climate Impact; Equity, Inclusion and Belonging; Food Safety; Packaging; and Operational Waste and Recycling. Each of these topics was judged to be highly important both to Yum! and our stakeholders, and we will provide the most robust discussion on these topics in our reporting going forward.

Yum! Materiality Matrix



RISK & ISSUE MANAGEMENT

According to the World Economic Forum's 2021 Global Risks Report, environmental and societal risks, such as extreme weather, infectious diseases and exclusion from economic opportunity, are some of the most likely risks that societies will face over the next few years. Attention to ESG issues, such as addressing climate change and inequality, must be part of any company's approach to risk management, and Yum! is no exception. For example, COVID-19 and other diseases could continue to limit store-level operations and increase restaurant operating costs. Food-borne illnesses could hurt our brands and reputation and potentially lead to litigation. Disruptions due to climate-related natural disasters could lead to substantial damage or restaurant closures.

At Yum!, we continue to evaluate how priority ESG issues integrate into our global ERM activities. Much like our materiality assessment process, this exercise allows us to sharpen our top ESG issues from an ERM perspective and prioritize them according to their importance to our business and stakeholders. Yum! has also prepared a climate change brief summarizing the physical and transition risks faced by our restaurants in regions around the world, leveraging recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD).

REPORTING & DISCLOSURES

Regular reporting is the primary way that we share our progress and show transparency around our ESG practices. In addition to publishing annual updates on our Recipe for Good, which is completed in accordance with core Global Reporting Initiative (GRI) standards, we participate in comprehensive voluntary disclosures including the Bloomberg Gender-Equality Index, CDP Climate Change, Forests and Water Security, the Dow Jones Sustainability Index, and the Roundtable on Sustainable Palm Oil (RSPO) Annual Communication of Progress.

To support further data transparency and disclosure, we've significantly increased investments in technology over the past year. TrueView, our new data collection tool, captures data gathered throughout the company, such as by our food safety and supply chain teams, providing a comprehensive picture of our business. The tool was used to collect sustainability data in 2021 and will be fully rolled out in 2022. We have also established a global membership in Sedex, an organization that works with businesses to improve working conditions in global supply chains. Our membership will provide a platform to communicate our sustainability agenda with suppliers and expand ESG issue management.

At Yum!, we continue to seek ways to better meet the needs of our stakeholders. To that end, and in step with our sharpened climate strategy, we are sharing our first-ever climate-related risks and opportunities through TCFD in this report. The results of our TCFD assessment, conducted in early 2021, provide an analysis of the physical and regulatory risks that directly impact our restaurants and supply chain across regions and brands. This will improve oversight and provide external stakeholders with more information about how we manage business risks and opportunities related to climate change.

In addition, we are transitioning to the Sustainability Accounting Standards Board (SASB) framework, which investors have identified as useful for restaurant companies. We are encouraged by the efforts to harmonize and align the GRI and SASB, and we expect to have substantial implementation of SASB standards by the end of 2022.



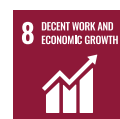
UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our company is well positioned to contribute to numerous United Nations Sustainable Development Goals that align closely with our work including:

People



Education is one of the focus areas of the Unlocking Opportunity Initiative, through which we will make investments to help employees and community members grow their skills.



Our franchise restaurants provide jobs for more than 1.5 million people worldwide, and we're constantly evaluating opportunities to address the development needs and aspirations of our restaurant teams and leaders.



As part of the Unlocking Opportunity Initiative, key markets in each brand are implementing programs that address local inequities in communities.

Food



Harvest, Yum!'s prepared food donation program, continues to feed people through donations to hunger relief organizations.



Harvest also allows us to address the challenge of food waste. We are reducing the amount of packaging waste sent to landfill with initiatives across our brands.

Planet



Yum! restaurants have taken steps to reduce water use, and we've conducted a global water risk assessment to better understand our footprint.



In 2021, we announced new science-based targets, which give us a roadmap for reducing GHG emissions to levels aligned with the Paris Agreement.



Yum! is partnering with the World Wildlife Fund (WWF) to identify and eliminate deforestation risk in our supply chain.



Policies & Positions

Transparency is foundational to the execution of our Global Citizenship & Sustainability Strategy. We make a range of policies, public positions and other resources available to stakeholders. Over the past year, we have enhanced our Human Rights and Labor Practices Policy. View our full list of policies and positions [here](#).

Stakeholder Engagement

Our key stakeholders include employees, customers, franchisees, shareholders, suppliers, NGOs and communities. We follow a process for identifying, prioritizing and engaging with stakeholders on a range of issues. To conduct our 2021 materiality assessment, our company held interviews with internal and external stakeholders to understand their perspectives on key topics. Interviewees shared input based on their experience and areas of expertise. Through other types of engagement ranging from one-time discussions to regular interaction on joint projects and annual surveys, we aim to be as inclusive as possible, listening to many points of view from both supportive and critical voices.

For example, in the first quarter of 2021, we worked with an advisory firm to conduct a global survey of quick service restaurant (QSR) workers (not just Yum! employees) to understand the challenges they face at work and at home.

Many workers shared safety concerns related to COVID-19, and an interest in greater support from employers and the government in the form of policies like sick leave, access to healthcare and training and education. The results of this study will inform our workplace efforts, including the development of the Unlocking Opportunity Initiative.

At Yum!, we have also expanded our partnership with WWF. In recent years, we conducted a landscape assessment to better understand deforestation risks in Brazil and are now in the early stages of our implementation plan. Additionally, WWF is serving as a consulting partner on our packaging strategy.



Our key partners include:

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



Lasting conservation is achieved through collaboration with a range of partners, including companies such as Yum!. We leverage the power of partnerships to drive meaningful change to reduce environmental threats and make a positive impact on nature. Yum! continues to take critical steps along this path with its commitment toward eliminating deforestation and creating sustainable circular material systems in its supply chains. WWF is proud to continue our work together to implement more sustainability in the food service industry.



Sheila Bonini

Senior Vice President, Private Sector Engagement, WWF