Yum! Brands, Inc. - Climate Change 2019

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Yum! Brands, Inc., based in Louisville, Kentucky, has over 48,000 restaurants in more than 140 countries. The company's restaurant brands - KFC, Pizza Hut and Taco Bell - are global leaders of the chicken, pizza and Mexican-style food categories. Worldwide, the Yum! Brands system opens over eight new restaurants per day on average, making it a leader in global retail development. In 2018, Yum! Brands was named to the Dow Jones Sustainability North America Index and ranked among the top 100 Best Corporate Citizens by Corporate Responsibility Magazine. In 2019, Yum! Brands was named to the Bloomberg Gender-Equality Index for the second consecutive year.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	No	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Australia
Brazil
Canada
France
India
Russian Federation
South Africa
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	As the top operational decision-maker and member of the Board of Directors, the CEO has ultimate responsibility for climate-related issues. The Audit Committee of the Board of Directors is also updated annually on the Company's environmental commitments and progress. Within the management structure, the CEO entrusts the Vice-President of Global Citizenship and Sustainability to drive company strategy relating to climate change. This individual is responsible for: • Leveraging sustainability to promote business growth, drive brand equity and minimize business, social and financial risks of Yum! Brands' global business enterprise; • Focusing on the scope of the business model for the entire business enterprise globally (Franchisee and Corporate); • Ensuring Yum! Brands operates efficiently and sustainably to drive shareholder value and brand positioning. • Updating of the Audit Committee on an annual basis regarding the Company's environmental commitments and progress.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Yum! Brands believes that good corporate governance is a critical factor in achieving business success and embraces practices that align with management and shareholder interests. Oversight for environmental, social and governance (ESG) issues ultimately resides with the Yum! Brands Board of Directors, which is briefed through its Audit Committee on an annual basis. Issues related to climate change are brought to their attention as warranted and elevated by governance and management mechanisms within the company. Not all climate-related issues are elevated nor do all business actions have material climate-related impact. Historically, the brief has been conducted by our Vice President of Global Citizenship and Sustainability and/or General Counsel. Key topics for the reporting year included setting of our updated sustainability strategy, and reporting progress against goals including our energy and climate targets.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Sustainability Officer (CSO)	Both assessing and managing climate-related risks and opportunities	Annually

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Vice President of Global Citizenship and Sustainability is responsible for leading the execution of the ESG strategy, including climate-related issues. Oversight of climate-related issues falls within this individual's responsibilities to ensure centralized alignment and execution of our strategy, including collaboration with other position(s) and/or committees, as appropriate. This position reports to the Global Chief Communications and Public Affairs Officer and ultimately to the Chief Executive Officer and chairs our ESG Council which consists of senior leaders across the company including:

• Vice President of Global Citizenship and Sustainability

• Vice President, Supply Chain

• Global Chief Food Safety Officer

• Global Chief Communications and Public Affairs Officer

• Chief Food Innovation Officer

• Chief Transformation and People Officer

• General Counsel/Associate General Counsel

Oversight for environmental, social and governance (ESG) issues ultimately resides with the Yum! Brands Board of Directors, which is briefed through its Audit Committee on an annual basis. The brief, on behalf of the ESG Council, typically is performed by our Vice President of Global Citizenship and Sustainability and/or General Counsel.

Additional duties of the Vice President of Global Citizenship and Sustainability include the representation of sustainability issues, such as climate change, on the Yum! Risk Committee. This senior level committee is responsible for the evaluation and reporting (as appropriate) of possible corporate risk to the Audit Committee of the Board of Directors for inclusion in our public filings. This committee, which looks at short, medium and long term risks, prioritizes risks based on a number of factors that impact the business including, but not limited to, financial, operational and reputational factors. More specifically, the size and scope of the potential impact are considered as are the possible duration, and whether the impact is likely to be a one-time occurrence or recurring in nature. The effect of the risk on business strategy given the risks and opportunities in both the short and long term is then considered.

Our global citizenship and sustainability strategy reflects Yum! Brands' priorities for socially responsible growth, risk management and sustainable stewardship of our food, planet and people. We call it our Recipe for Good.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?
Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?
Chief Sustainability Officer (CSO)

Types of incentives
Monetary reward

Activity incentivized
Energy reduction target

Comment
The Vice President of Global Citizenship and Sustainability is responsible for leading the execution of the Yum! sustainability strategy, including climate change. Performance of the corporation is factored into incentives.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Energy reduction target

Comment
Climate related goals are delegated to the appropriate business management units/divisions and teams within those business management units/divisions. Performance against these goals impact overall performance scores and compensation adjustments for employees who are accountable for our goals. As one example, members of our Global Sustainability Team were directly responsible for surpassing our energy reduction target to reduce energy consumption in Company-owned restaurants 22% by the end of 2017. The team's performance against these targets were evaluated at a six-month progress review and an annual performance review. We continue to apply this approach to our ongoing efforts.

Who is entitled to benefit from these incentives?
All employees

Types of incentives
Recognition (non-monetary)

Activity incentivized
Energy reduction target

Comment
Achievements that drive business results, including those that reduce the Company's environmental impacts, are sometimes recognized by non-monetary recognition awards. Recognition is an integral part of the Yum! Brands culture and everyone across the Company is encouraged to celebrate the achievements of others. Awards are been given for progress in achieving sustainability targets. This starts at the top with the recognition award issued by our CEO. We also issue the "Positive Spark" award to employees for their contributions toward our sustainability targets. For example, associates in the U.S., Australia, China, and France have received the "Positive Spark" award for sustainability initiatives such as LEED restaurant development. We also have given our "Green Apple" award for contributions toward sustainability education within the company. Individuals in the U.K., China, Australia and the U.S. have received this recognition.

Who is entitled to benefit from these incentives?
All employees

Types of incentives
Other non-monetary reward

Activity incentivized
Energy reduction target

Comment
Employees who contribute to the success of Yum! Brands are eligible for the "Achieving Breakthrough Results" award. This award involves recognition and a monetary award or equity grant for efforts that drive breakthrough results for the Company. For example, it has been awarded to certain employees who are helping to achieve our sustainability targets through efforts such as our Citizenship and Sustainability Report and CDP responses.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	2	All time horizons are intended to be directional in nature. Forward looking time frames or statements are not predictions nor guarantees of future events or performance. They are subject to change and no assurance that they will represent future outcomes or events is provided.
Medium-term	2	5	All time horizons are intended to be directional in nature. Forward looking time frames or statements are not predictions nor guarantees of future events or performance. They are subject to change and no assurance that they will represent future outcomes or events is provided.
Long-term	5	25	All time horizons are intended to be directional in nature. Forward looking time frames or statements are not predictions nor guarantees of future events or performance. They are subject to change and no assurance that they will represent future outcomes or events is provided.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Annually	>6 years	We disclose annually on our sustainability progress and include risk evaluation into our standard review processes to better manage our environmental footprint as a global company. Our VP of Citizenship and Sustainability represents sustainability issues, such as climate change, on the Yum! Risk Committee. This senior level committee is responsible for the evaluation and reporting (as appropriate) of possible corporate risk to the Audit Committee of the Board of Directors for inclusion in our public filings.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

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. At the company level, oversight for environmental, social and governance (ESG) issues ultimately resides with the Yum! Brands Board of Directors, which is briefed through its Audit Committee on an annual basis. The brief, on behalf of the ESG Council, historically has been conducted by our Vice President of Global Citizenship and Sustainability and/or General Counsel. The Vice President of Global Citizenship and Sustainability chairs the ESG Council and is responsible for coordinating risk management and opportunity identification, including climate change. This senior leader also works with sustainability leads at KFC, Pizza Hut, and Taco Bell to develop and lead the execution of the strategy which addresses risk and opportunities at the brand level. Brand sustainability leads work within individual markets and departments such as Development, Operations, and Supply Chain.

Additional duties of Vice President of Global Citizenship and Sustainability include the representation of sustainability issues, such as climate change, on the Yum! Risk Committee. This senior level committee is responsible for the evaluation and as appropriate, reporting of possible corporate risk to the Audit Committee of the Board of Directors for inclusion in our public filings. This committee, which looks at short, medium and long-term risks, prioritizes risks based on a number of factors that impact the business including, but not limited to, financial, operational and reputational factors. More specifically, the size and scope of the potential impact are considered as are the possible duration, and whether the impact is likely to be a one-time occurrence or recurring in nature. The effect of the risk on business strategy given the risks and opportunities in both the short and long term is then considered.

Working groups determine the magnitude and timelines for impact. The Company assesses alternatives and determines an appropriate next step and action plan. For example, we assess the impact of shortages or interruptions in the supply of food items and other supplies to our restaurants which could adversely affect the availability, quality and cost of items we buy and the operations of our restaurants. Another example is our standing ESG Working Group a cross functional team which includes representation from government affairs, legal, finance and communications, that engages in ongoing efforts such as our materiality assessment, disclosures to sustainability rating and ranking agencies, and our citizenship report. Yum! Global Sustainability is responsible for managing this group as well as ESG metrics, analysis and disclosures.

We have started an evaluation of our greenhouse gas mitigation efforts and their impact on climate-related risks as part of a review of the feasibility of setting targets in accordance with the Science-Based Target Initiative. Yum! Brands has also endorsed the New York Declaration on Forests in 2019 as we understand that reducing emissions from deforestation and increasing forest restoration will contribute to limiting global warming and the risks that that entails. To help solve problems we have joined the NextGen Consortium to help advance food-service packaging solutions that are recoverable.

Our organization currently defines "substantive financial or strategic impact" in the area of climate change as shortages or interruptions in the availability and delivery of food and other supplies that may increase costs or reduce revenues; increases in food prices which have an adverse impact on profit margins; changes in operating costs that adversely affect our results of operations, including energy, governmental regulations that may adversely affect our business operations, growth processes, or financial condition; health concerns arising from outbreaks of viruses or other diseases; or events that would potentially disrupt our corporate reputation.

Our global citizenship and sustainability strategy reflects Yum! Brands' priorities for socially responsible growth, risk management and sustainable stewardship of our food, planet and people. We call it our Recipe for Good.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Our Government Affairs, Sustainability and Supply Chain teams consistently monitor for adopted climate related regulations to include in our corporate risk analysis. Our Risk Assessment process for current regulatory risks is consistent with our overall risk management framework: corporate and brand cross-functional teams collaborate to identify, study, and rank new and/or emerging risks. Once risks are identified, teams will develop mitigation plans. These risk assessments are then included in strategic business reviews as well as Compliance Oversight Committee and Audit Committee meetings as appropriate. One example of a current regulatory risk is increased regulation around packaging. To proactively address and account for such regulatory risks, Yum! Brands has established increased focus teams to address solutions that are currently available and proactively develop new solutions. For example, we recently replaced plastic straws and provided more environmentally-friendly alternatives in our Taiwanese restaurants in response to the Taiwan Environmental Protection Agency's planned ban on the use of single-use plastic drinking straws. We have also joined the Next Gen Consortium to help advance food-service packaging solutions that are recoverable. These actions will hopefully ensure continued regulatory compliance, a reduction of climate-related risks, and reduced emissions in the long-term.
Emerging regulation	Relevant, always included	Our Government Affairs, Sustainability and Supply Chain teams monitor for adopted climate related regulations to include in our corporate risk analysis. Our Risk Assessment process for emerging regulatory risks is consistent with our overall risk management framework: corporate and brand cross-functional teams collaborate to identify, study, and rank new and/or emerging risks. Once risks are identified, teams will develop mitigation plans. These risk assessments are then included in strategic business reviews as well as Compliance Oversight Committee and Audit Committee meetings as appropriate. One example of an emerging regulatory risk is increased regulation around packaging, including straws. To proactively address and account for such regulatory risks, Yum! Brands has established increased focus teams to address solutions that are currently available and proactively develop new solutions, such as implementing alternatives to plastic straws in our Pizza Hut UK restaurants. We have also joined the Next Gen Consortium to help advance food-service packaging solutions that are recoverable. These actions will hopefully ensure continued regulatory compliance, a reduction of climate-related risks, and reduced emissions in the long-term.
Technology	Relevant, always included	Our Yum! Chief Information Security Officer is responsible for risk evaluation and deploying a number of strategies consistent with common industry practices to mitigate cybersecurity risk, including: companywide policies and standards, risk assessments, and risk based security and encryption protocols. Our Risk Assessment process for Technology risks is consistent with our overall risk management framework: corporate and brand cross-functional teams collaborate to identify, study, and rank new and/or emerging risks. Once risks are identified, teams will develop mitigation plans. These risk assessments are then included in strategic business reviews as well as Compliance Oversight Committee and Audit Committee meetings as appropriate. Supply Chain and Sustainability teams look for new technology to address risks. We have joined the Next Gen Consortium to help advance food-service packaging solutions that are recoverable. These actions will hopefully ensure collaborative technology developments, a reduction of climate-related risks, and reduced emissions in the long-term.
Legal	Relevant, always included	Our Concepts and their franchisees are subject to numerous laws and regulations around the world. These laws change regularly and are increasingly complex. These include many areas of sustainability including but not limited to environmental laws and regulations, health, sanitation, food, and workplace safety. Our Risk Assessment process for Legal risks is consistent with our overall risk management framework: corporate and brand cross-functional teams collaborate to identify, study, and rank new and/or emerging risks. Once risks are identified, teams will develop mitigation plans. These risk assessments are then included in strategic business reviews as well as Compliance Oversight Committee and Audit Committee meetings as appropriate. One example of a current legal risk is increased regulation around packaging. To proactively address and account for such regulatory risks, Yum! Brands has established increased focus teams to address solutions that are currently available and proactively develop new solutions. We have replaced plastic straws as current regulations require, resulting in continued regulatory compliance, a reduction of climate-related risks, and reduced emissions in the long-term.
Market	Relevant, always included	The Vice President of Global Citizenship and Sustainability works with sustainability leads at KFC, Pizza Hut, and Taco Bell to develop and lead the execution of our climate strategy which addresses risk and opportunities. Brand sustainability leads work within individual markets and departments including Development, Operations, and Supply Chain. Our Risk Assessment process for Market risks is consistent with our overall risk management framework: corporate and brand cross-functional teams collaborate to identify, study, and rank new and/or emerging risks. Once risks are identified, teams will develop mitigation plans. These risk assessments are then included in strategic business reviews as well as Compliance Oversight Committee and Audit Committee meetings as appropriate. For example, consumers are showing preferences for sustainable packaging, and the resulting market forces have encouraged us to take action. KFC announced a new global pledge that all plastic-based, consumer-facing packing will be recoverable or reusable by 2025. Such actions will hopefully ensure continued customer preference, a reduction of climate-related risks, and reduced emissions in the long-term.
Reputation	Relevant, always included	The financial implications of a damaged reputation could negatively impact our market share, stock price and brand equity. For example, same-store sales for our China division declined 18% in the fourth quarter of 2014 following a supply chain issue in July of that year which adversely impacted our reputation with our customers. Following this incident we took actions that included removal of the supplier, increased oversight, and communications to earn the trust of consumers. Our Risk Assessment process for reputational risks is consistent with our overall risk management framework: corporate and brand cross-functional teams collaborate to identify, study, and rank new and/or emerging risks. Once risks are identified, teams will develop mitigation plans. These risk assessments are then included in strategic business reviews as well as Compliance Oversight Committee and Audit Committee meetings as appropriate.
Acute physical	Relevant, always included	Acute physical risks resulting from climate change can impact the availability and price of our products that are contingent on stable precipitation patterns. For example, a significant amount of our annual spend in our U.S. supply chain is with food products. Impacts of any event would be determined by geographical extent and severity of the drought. As a result, we continue to source from a diversified supplier base which helps to minimize potential impacts. Our Risk Assessment process for acute physical risks is consistent with our overall risk management framework: corporate and brand cross-functional teams collaborate to identify, study, and rank new and/or emerging risks. Once risks are identified, teams will develop mitigation plans. These risk assessments are then included in strategic business reviews as well as Compliance Oversight Committee and Audit Committee meetings as appropriate.

	Relevance & inclusion	Please explain
Chronic physical	Relevant, always included	Restaurants are a relatively energy-intensive business based on the size of our operations, and cost to procure energy varies significantly in different countries across the globe. Disruptions in energy supply and general cost increases can lead to financial burdens on restaurants, such as down-time, loss of product, and operational interruptions. Examples of markets for our restaurants that tend to be subject to high energy prices or supply disruptions are India, South Africa and numerous countries in our Latin America and Caribbean markets. In India, where the availability of grid electrical power is a chronic problem in many locations, restaurants have taken action to provide alternative means of procuring power such as generators, as well maintain procedures for adjusting to outages. The result is our ability to often stay in operation during outages and continue to serve our customers. Our Risk Assessment process for chronic physical risks is consistent with our overall risk management framework: corporate and brand cross-functional teams collaborate to identify, study, and rank new and/or emerging risks. Once risks are identified, teams will develop mitigation plans. These risk assessments are then included in strategic business reviews as well as Compliance Oversight Committee and Audit Committee meetings as appropriate.
Upstream	Relevant, always included	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 consumers and employees. In the event of a crisis, we have global Crisis Core Teams (CCTs) and a community outbreak detection system in place that constantly monitors foodborne illnesses, contamination and other food safety issues worldwide. CCTs monitor potential risks for appropriate mitigation and response coordination. We supplemental this process with our overall risk management framework: corporate and brand cross-functional teams collaborate to identify, study, and rank new and/or emerging risks. Once risks are identified, teams will develop mitigation plans. These risk assessments are then included in strategic business reviews as well as Compliance Oversight Committee and Audit Committee meetings as appropriate. We have joined the Next Gen Consortium to help advance food-service packaging solutions by partnering and working with upstream suppliers. The result of this these actions over the long term will hopefully be a reduction of climate-related risks.
Downstream	Relevant, always included	We work to continually maintain a diverse supply chain and positive relationships with supply chain partners by proactively establishing mitigation practices that include menu management and portfolio diversification. This minimizes the impacts on any one part of a country or distribution system due to changes in physical climate parameters. We continually evaluate the impact climate change has on our business and understand that as a large food retailer, changes in precipitation extremes have the potential to influence the price, quality and supply of materials in targeted regions. Our Risk Assessment process for downstream risks is consistent with our overall risk management framework: corporate and brand cross-functional teams collaborate to identify, study, and rank new and/or emerging risks. Once risks are identified, teams will develop mitigation plans. These risk assessments are then included in strategic business reviews as well as Compliance Oversight Committee and Audit Committee meetings as appropriate. We have joined the Next Gen Consortium to help advance food-service packaging solutions are downstream recoverability. The result of this these actions over the long term will hopefully be a reduction of climate-related risks.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

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. At the company level, oversight for environmental, social and governance (ESG) issues ultimately resides with the Yum! Brands Board of Directors, which is briefed through its Audit Committee on an annual basis. The brief, on behalf of the ESG Council, typically is performed by our Vice President of Global Citizenship and Sustainability and/or General Counsel. The Vice President of Global Citizenship and Sustainability chairs the ESG Council and is responsible for coordinating risk management and opportunity identification, including climate change. This senior leader also works with sustainability leads at KFC, Pizza Hut, and Taco Bell to develop and lead the execution of the strategy which addresses risk and opportunities at the brand level. Brand sustainability leads work within individual markets and departments such as Development, Operations, and Supply Chain.

Additional duties of Vice President of Global Citizenship and Sustainability include the representation of sustainability issues, such as climate change, on the Yum! Risk Committee. This senior level committee is responsible for the evaluation and as appropriate, reporting of possible corporate risk to the Audit Committee of the Board of Directors for inclusion in our public filings. This committee, which looks at short, medium and long term risks, prioritizes risks based on a number of factors that impact the business including, but not limited to, financial, operational and reputational factors. More specifically, the size and scope of the potential impact are considered as are the possible duration, and whether the impact is likely to be a one-time occurrence or recurring in nature. The effect of the risk on business strategy given the risks and opportunities in both the short and long term is then considered. Working groups determine the magnitude and timelines for impact. The Company assesses alternatives and determines an appropriate next step and action plan. For example, we assess the impact of shortages or interruptions in the supply of food items and other supplies to our restaurants which could adversely affect the availability, quality and cost of items we buy and the operations of our restaurants. Another example is Yum!'s ESG Working Group that that engages in ongoing efforts such as our materiality assessment, disclosures to sustainability ratings and rankings agencies, and our citizenship report. Yum! Global Sustainability is responsible for managing this group as well as ESG metrics, analysis and disclosures.

One example of how this process has been applied to a transition risk is the monitoring and management of changes in regulation. Our Concepts and their franchisees are subject to numerous laws and regulations around the world, which change regularly and are increasingly complex. In order to mitigate and manage the regulatory mandates and increased compliance costs that this risk can cause, we utilize a multi-lateral approach focused on managing our carbon reduction efforts that includes our Global Sustainability and Government Affairs teams as well as brand and market teams. We routinely work with key stakeholders to mitigate impacts that could be created by current or expected regulations concerning climate change. For example, our Global Sustainability team developed a green restaurant design standard that has been implemented, reducing carbon emissions as well as decreasing the corresponding carbon taxes where they apply such as in the U.K.

Another example of how this process has been applied to a physical risk is the prevention and mitigation of virus and disease outbreaks within our global restaurants. Food safety starts with our leadership and cascades to our franchise partners and restaurant employees. 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 consumers and employees. In the event of a crisis, we have global Crisis Core Teams (CCTs) and a community outbreak detection system in place that constantly monitors foodborne illnesses, contamination and other food safety issues worldwide. CCTs monitor potential risks for appropriate mitigation and response coordination. We also have a global monitoring and alerting process in place for social listening to assist in identifying risks in real-time.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Risk 1

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact
<Not Applicable>

Company- specific description
Our Concepts and their franchisees are subject to numerous laws and regulations around the world. These laws change regularly and are increasingly complex. These include many areas of sustainability including but not limited to environmental laws and regulations, health, sanitation, food, and workplace safety such as GHG regulations in the U.K. One example is the ongoing development of single use plastic bans that impact restaurants. We have seen this in state and city jurisdictions in the United States as well as oversees such as the plastic bag, utensils and straw ban in Taiwan. As a result, we recently replaced plastic straws and provided more environmentally-friendly alternatives in our Taiwanese restaurants in response to the Taiwan Environmental Protection Agency's planned ban on the use of single-use plastic drinking straws. We have also joined the Next Gen Consortium to help advance food-service packaging solutions that are recoverable. These actions will hopefully ensure continued regulatory compliance, a reduction of climate-related risks, and reduced emissions in the long-term.

Time horizon
Long-term

Likelihood
Unlikely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Compliance with new or existing laws and regulations could impact our Concepts' franchisees' operations. Compliance costs associated with these laws and regulations can be variable depending on the law and regulation. Increased regulation could result in higher energy costs at a local, national or international level. This could either directly impact restaurants or be embedded in the supply chain. Increase energy costs could adversely affect the financial performance of franchisees. Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. Yum! Brands and it franchise partners operate over 48,000 restaurants in more than 140 countries worldwide, each required to comply with varying levels of governmental regulations. As such, we cannot predict nor quantify the impact of regulatory changes that may or may not occur in the future.

Management method
Our Government Affairs and Sustainability teams routinely work with key stakeholders to understand current and potential future regulations regarding greenhouse gas emissions and climate change. Our Global Sustainability team developed a green restaurant design standard that has been implemented in the U.K., reducing carbon emissions by over 20% and resulted in a reduction in the carbon taxes paid.

Cost of management

Comment
Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. The cost of

climate-risk management largely included in broader and risk management efforts. Specific costs would be primarily driven by investing in education and training of key stakeholders, especially our employees, to adopt and implement our strategy to mitigate risk.

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Reputation: Shifts in consumer preferences

Type of financial impact
<Not Applicable>

Company- specific description
Our success depends in large part upon our ability and our Concepts' franchisees' ability to maintain and enhance the value of our brands and our customers' loyalty to our brands. Brand value is based in part on consumer perceptions on a variety of subjective qualities. Business incidents, whether isolated or recurring, and whether originating from us, franchisees, competitors, suppliers or distributors, can significantly reduce brand value and consumer trust, particularly if the incidents receive considerable publicity or result in litigation. For example, our Concepts' brands could be damaged by claims or perceptions about the quality or safety of our products or the quality or reputation of our suppliers, distributors or franchisees, regardless of whether such claims or perceptions are true. Similarly, entities in our supply chain may engage in conduct, human rights abuses or environmental wrongdoing, and any such conduct could damage our or our Concepts' brands' reputations. The risk for this driver occurs in both Direct Operations and in the Supply Chain as reputation is important for all components of our value chain. As such it is important to all of stakeholders including customers and investors. Examples of actions that we have undertaken that contribute to manage brand reputation in regard to sustainability, including climate change includes our joining of the NextGen Consortium alongside other food and beverage brands, industry experts and innovators to help advance food-service packaging solutions that are recoverable across global infrastructure. KFC has also announced a new global sustainability pledge that all plastic-based, consumer-facing packaging will be recoverable or reusable by 2025.

Time horizon
Long-term

Likelihood
Unlikely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The financial implications of a damaged reputation could negatively impact our market share, stock price and brand equity. For example, same-store sales for our China division declined 18% in the fourth quarter of 2014 following a supply chain issue in July of that year which adversely impacted our reputation with our customers. Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. Yum! Brands and it franchise partners operate over 48,000 restaurants in more than 140 countries worldwide, each required to comply with varying levels of governmental regulations. As such, we cannot predict nor quantify the impact of regulatory changes that may or may not occur in the future.

Management method
We have resources including our VP of Citizenship and Sustainability, Chief Communications and Public Affairs Officer as well as General Counsel to actively monitor and engage in this area. Brand teams are focused on building three iconic brands people trust and champion. To deliver this commitment to our consumers, our teams focus on developing great-tasting product options at

affordable prices built on our rigorous quality and safety standards. Oversight for environmental, social and governance (ESG) issues ultimately resides with the Yum! Brands Board of Directors, which is briefed through its Audit Committee on an annual basis. The brief typically is performed by our General Counsel and/or our Vice President of Global Citizenship and Sustainability. We proactively communicate the Company position on being good corporate stewards through our Citizenship and Sustainability Report and other public disclosures such as CDP. For example, when launching we have held multiple Twitter Chats through a third-party media company called Triple Pundit to share our progress against key environmental goals to engaged stakeholders to demonstrate our commitment to transparency and maintaining a positive brand position.

Cost of management

Comment
Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. The cost of climate-risk management largely included in broader and risk management efforts. Specific costs are primarily driven by investing in education and training of key stakeholders, especially our employees, to adopt and implement our strategy to mitigate risk.

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Supply chain

Risk type
Physical risk

Primary climate-related risk driver
Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact
Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description
The products sold by our Concepts and their franchisees are sourced from a wide variety of domestic and international suppliers. We, along with our Concepts' franchisees, are also dependent upon third parties to make frequent deliveries of food products and supplies that meet our specifications at competitive prices. A shortage or interruption in the availability of certain food products or supplies could increase costs and limit the availability of products critical to restaurant operations, which in turn could lead to restaurant closures and/or a decrease in sales. This risk can impact the availability and price of our products that are contingent on stable precipitation patterns. Our ability to source from a diversified supplier base helps to minimize potential impacts. Regulations regarding the use of antibiotics vary and are changing across jurisdictions. We follow all local requirements and continue to make progress beyond local regulations. KFC U.S. met its public commitment to remove antibiotics important to human medicine from its poultry supply chain at the end of 2018. The brand is the first major chicken restaurant to extend its antibiotic-free commitment to bone-in chicken. Shortages or interruptions in the supply of food items and other supplies to our Concepts' restaurants could adversely affect the availability, quality and cost of items we use and the operations of our restaurants. Such shortages or disruptions could be caused by inclement weather, natural disasters, other a variety of other issues. An example, although not related to an extreme weather event was when in 2018 our KFC UK restaurants temporarily experienced shortages of chicken due to issues with a delivery partner. As a result, our supply chain group monitors potential shortages and/or interruptions so that alternative supply sources can be obtained if needed. An advantage of our global supply chain is the ability to adapt to localized shortages and/or interruptions.

Time horizon
Long-term

Likelihood
Unlikely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
A shortage or interruption in the availability of certain food products or supplies could increase costs and limit the availability of products critical to restaurant operations, which in turn could lead to restaurant closures and/or a decrease in sales. This risk can impact the availability and price of our products that are contingent on stable precipitation patterns. Our ability to source from a diversified supplier base helps to minimize potential impacts. Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. Yum! Brands and its franchise partners operate over 48,000 restaurants in more than 140 countries worldwide, each required to comply with varying levels of governmental regulations. As such, we cannot predict nor quantify the impact of regulatory changes that may or may not occur in the future.

Management method
We continually work to maintain a diverse supply chain and positive relationships with supply chain partners by proactively establishing mitigation practices that include menu management and portfolio diversification. This minimizes the impacts on any one part of a country or distribution system due to changes in physical climate parameters. We continually evaluate the impact climate change has on our business and understand that as a large food retailer, changes in precipitation extremes have the potential to influence the price, quality and supply of materials in targeted regions.

Cost of management

Comment
Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. The cost of climate-risk management largely included in broader and risk management efforts. Specific costs are primarily driven by investing in education and training of key stakeholders, especially our employees, to adopt and implement our strategy to mitigate risk.

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Supply chain

Risk type
Physical risk

Primary climate-related risk driver
Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact
Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description
Our and our Concepts’ franchisees’ businesses depend on reliable sources of large quantities of raw materials such as proteins (including poultry, pork, beef and seafood), cheese, oil, flour and vegetables (including potatoes and lettuce). Raw materials purchased for use in our Concepts’ restaurants are subject to price volatility caused by any fluctuation in aggregate supply and demand, or other external conditions. Our supply chain group monitors potential adverse cost factors so that alternative supply sources can be obtained if needed. An advantage of our global supply chain is the ability to adapt to better adapt to localized fluctuations.

Time horizon
Long-term

Likelihood
Unlikely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Historical prices of raw materials used in the operations of our Concepts’ restaurants have fluctuated for a variety of reasons. We

cannot provide assurance that our Concepts' franchisees will continue to be able to purchase raw materials at reasonable prices, or that the cost of raw materials will remain stable in the future. If we and our Concepts' franchisees are unable to manage the cost of raw materials or to increase the prices of products proportionately, our and our franchisees' profit margins may be adversely impacted. Due to the diverse and broad nature associated with this risk, it is not possible to estimate the potential financial impact. Yum! Brands and its franchise partners operate over 48,000 restaurants in more than 140 countries worldwide, each required to comply with varying levels of governmental regulations. As such, we cannot predict nor quantify the impact of regulatory changes that may or may not occur in the future.

Management method
We work continually to maintain a diverse supply chain and positive relationships with supply chain partners by proactively establishing mitigation practices that include menu management and portfolio diversification. This minimizes the impacts on any one part of a country or distribution system due to changes in physical climate parameters. We continually evaluate the impact climate change has on our business and understand that as a large food retailer, changes in precipitation extremes have the potential to influence the price, quality and supply of materials in targeted regions.

Cost of management

Comment
Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. The cost of climate-risk management largely included in broader and risk management efforts. Specific costs are primarily driven by investing in education and training of key stakeholders, especially our employees, to adopt and implement our strategy to mitigate risk.

Identifier
Risk 5

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Physical risk

Primary climate-related risk driver
Acute: Other

Type of financial impact
Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

Company- specific description
Restaurants are a relatively energy intensive business based on the size of our operations. Cost to procure energy vary significantly in different countries across the globe. Disruptions in supply and general cost increases can lead to financial burdens on restaurants. Examples of markets for our restaurants that tend to be subject to high prices or supply disruptions are India, South Africa and numerous counties in our Latin America and Caribbean market. Although these impacts are acute at one scale they tend to be widespread and persistent.

Time horizon
Long-term

Likelihood
Unlikely

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
An increase in operational costs from a variety of factors (including energy) could adversely affect our operating results. Given the franchise nature of our business, increased costs would more directly impact franchisees and therefore remains a risk for our organization. Increased energy costs for the supply chain could also adversely affect operation results. For example, a significant

increase in gasoline prices could result in the imposition of fuel surcharges by our distributors. Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. Yum! Brands and its franchise partners operate over 48,000 restaurants in more than 140 countries worldwide, each required to comply with varying levels of governmental regulations. As such, we cannot predict nor quantify the impact of regulatory changes that may or may not occur in the future.

Management method

Continue to monitor policy closely and its impact on our business, while continuing to manage sustainability impacts that are most material to our supply chain. One example is that our purchasing co-op in the U.S. actively manages electricity contracts in deregulated markets to secure competitively priced sources of power.

Cost of management

Comment

Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. The cost of climate-risk management largely included in broader and risk management efforts. Specific costs are primarily driven by investing in education and training of key stakeholders, especially our employees, to adopt and implement our strategy to mitigate risk.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Other

Type of financial impact

Reduced revenues from lower sales/output

Company- specific description

While many factors contribute to disease outbreaks, it has been reported that changes in global climate and bring about the spread of diseases into new, previously impacted areas. Our business could be materially and adversely affected by the outbreak of a widespread health epidemic, including various strains of avian flu or swine flu, such as H1N1. The occurrence of such an outbreak of an epidemic, illness or other adverse public health developments could materially disrupt our business and operations. Such events could also significantly impact our industry and cause a temporary closure of restaurants, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

Time horizon

Long-term

Likelihood

Unlikely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Operations could be disrupted if any of our employees or business partners were suspected of having avian flu, swine flu, or other illnesses since this could potentially require the quarantine or disinfection our restaurant facilities. Outbreaks of avian flu occur sporadically around the world, including confirmed human cases. It is possible that outbreaks could reach pandemic levels. Public concern over avian flu may cause fear about the consumption of chicken, eggs and other products derived from poultry, which could cause customers to consume less of our products. Outbreaks could also adversely affect the price and availability of poultry, which could negatively impact our profit margins and revenues. We could also be adversely affected if governments impose mandatory closures, seek voluntary closures or impose restrictions on operations of restaurants. Due to the diverse and broad nature associated with this risk, it is not possible to estimate the potential financial impact.

Management method
Food safety starts with our leadership 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 value chain. 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 consumers and employees. In the event of a crisis, we have global Crisis Core Teams (CCTs) and a community outbreak detection system in place that constantly monitors foodborne illnesses, contamination and other food safety issues worldwide. CCTs monitor potential risks for appropriate mitigation and response coordination. Our restaurants also provide fully functioning WASH services for all workers. WASH facilities are in place in existing workplaces It is built into new restaurant design by our Development teams, included in our Food Safety Facilities and Equipment Standards and monitored by our Quality Assurance teams in the field. Employees are educated to follow hygiene requirements These WASH services are part of commitment to food safety as well as general disease prevention.

Cost of management

Comment
Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. The cost of climate-risk management largely included in broader and risk management efforts. Specific costs are primarily driven by investing in education and training of key stakeholders, especially our employees, to adopt and implement our strategy to mitigate risk.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Move to more efficient buildings

Type of financial impact
Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description
As a growth company who opens eight buildings a day with our franchisees, we understand the built environment has a climate change impact. Our fundamental approaches to designing and building more efficient new buildings is contained in our global green building standard called Blueline. It provides a framework for our system to build restaurants with reduced environmental impact.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
20600000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
New building financial savings are dependent on current market design, green approaches selected and local utility costs. Savings come from either full implementation of the Blueline standard or partial as reported by the marked. For full implementation, it is expected, based on detailed study and test projects that between 10% and 30% utility savings will be realized per restaurant. In 2018, it is estimated that we and our franchise partners implemented technologies in new buildings that are expected to save $20.6MM over the first year of their use. This number is an approximation based on market reports and included both Blueline implementation and approaches reported through our annual Conservation survey.

Strategy to realize opportunity
Implementation is conducted by local development teams in conjunction with corporate brand oversight. Yum! global sustainability maintains the Blueline standard using a website. Brands may also incorporate standards into their Development guidelines. Three levels of progressive attainment are possible within the system. Brands conduct periodic market reviews to access compliance and provide feedback. Brands and markets are responsible for execution of the standards. The foundation of this whole-building solution for new restaurants are third party systems such as LEED as well as detailed in-restaurant testing and sub-metering conducted throughout the world. The cost to realize this opportunity has been calculated based on implementation costs for each technology type as reported in our annual Blueline analysis and Conservation survey.

Cost to realize opportunity
51500000

Comment
The costs associated with the implementation of these methods primarily represent the initial capital costs. In 2018, it is estimated that we and our franchise partners invested approximately $51.5 MM in new green building development throughout our global system. The cost to realize this opportunity has been calculated based on implementation costs for each technology type as reported in our annual Blueline analysis and Conservation survey.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Reduced water usage and consumption

Type of financial impact
Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description
More energy efficient approaches implemented in our existing restaurants enable Yum! Brands and its franchisees to take advantage of energy savings and opportunities thereby endeavor to reduce greenhouse gas output. The establishment of product efficiency standards for equipment and products has incentivized the market to develop more efficient products. We and our franchisees have invested in these technologies and look for additional opportunities. Examples of our approaches include more efficient hoods and walk-in refrigeration equipment.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
3500000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Since 2006, Yum! Brands has been actively implementing energy conservation projects in existing buildings. Savings vary according to market and technology used. In 2018 it is estimated that we and our franchise partners implemented technologies that are expected to save $3.5 MM over the first year of their use. This number is an approximation based on market reports and included both Blueline implementation and approaches reported through our annual Conservation survey.

Strategy to realize opportunity
Yum! Brands employs sub-metering to identify the largest areas of opportunity in our restaurants. Once the areas of opportunity are identified, energy conservation measures are thoroughly researched and tested. Once these measures are validated, they are retrofitted into existing restaurants throughout the system by our markets where feasible. The cost to realize this opportunity has been calculated based on implementation costs for each technology type as reported in our annual Blueline analysis and Conservation survey.

Cost to realize opportunity
1900000

Comment
The costs associated with the implementation of these methods are the initial capital costs. In 2018, it is estimated that we and our franchise partners implemented technologies that cost an estimated $1.9MM for existing and or remodeled buildings. The cost to realize this opportunity has been calculated based on implementation costs for each technology type as reported in our annual Blueline analysis and Conservation survey. In addition to these projects, we also complete other approaches that do not include added capital expense. An example of this was the energy management program that has been implemented in 92 restaurants throughout India.

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Type of financial impact
Reduced operational costs (e.g., through use of lowest cost abatement)

Company-specific description
Renewable energy projects, enabled by renewable energy regulations, may create opportunities that result in a cost savings for the company, reducing utility costs.

Time horizon
Medium-term

Likelihood
About as likely as not

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
6000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The exact financial implications vary according to market and the scope of the installation. The financial estimate provided is based on the average savings from test buildings in Australia and may or may not be indicative of future results. Reduced operational costs as well increased resilience in some markets may be opportunities in the upcoming years.

Strategy to realize opportunity
The ability to source energy from renewable sources may result in a positive financial return for Yum and its franchisees. However, there are inherit limitations for our application of on-site solar due to the small size of our buildings. We are currently testing on-site solar energy at KFC Australia. The cost to realize this opportunity has been calculated as the average cost based on test buildings in Australia and may or may not be indicative of future results.

Cost to realize opportunity
29000

Comment
The costs associated with the implementation of these methods are primarily the initial capital costs although maintenance costs may be expected. The financial estimates provided are based on cost and savings averages from test buildings in Australia and may or may not be indicative of future results.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Not yet impacted	One identified risk was health concerns arising from outbreaks of viruses or other diseases. While many factors contribute to disease outbreaks, it has been reported that changes in global climate and bring about the spread of diseases into new, previously impacted areas. Our business could be materially and adversely affected by the outbreak of a widespread health epidemic, including various strains of avian flu or swine flu, such as H1N1. The occurrence of such an outbreak of an epidemic, illness or other adverse public health developments could materially disrupt our business and operations. Such events could also significantly impact our industry and cause a temporary closure of restaurants, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential timeframe or financial impact. The cost of management largely included in broader and risk management efforts. Specific costs are primarily driven by investing in education and training of key stakeholders, especially our employees, to adopt and implement.
Supply chain and/or value chain	Not yet impacted	Increases in food pricing may have an adverse impact on our and our concepts' franchisees' profit margins. We work continually to maintain a diverse supply chain and positive relationships with supply chain partners by proactively establishing mitigation practices that include menu management and portfolio diversification. This minimizes the impacts on any one part of a country or distribution system due to changes in physical climate parameters. We continually evaluate the impact climate change has on our business and understand that as a large food retailer, changes in precipitation Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential timeframe or financial impact. The cost of management largely included in broader and risk management efforts. Specific costs are primarily driven by investing in education and training of key stakeholders, especially our employees, to adopt and implement.
Adaptation and mitigation activities	Impacted	One identified risk was health concerns arising from outbreaks of viruses or other diseases. While many factors contribute to disease outbreaks, it has been reported that changes in global climate and bring about the spread of diseases into new, previously areas not impacted. Food safety starts with our leadership 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 value chain. 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 consumers and employees. In the event of a crisis, we have global Crisis Core Teams (CCTs) and a community outbreak detection system in place that constantly monitors foodborne illnesses, contamination and other food safety issues worldwide. CCTs monitor potential risks for appropriate mitigation and response coordination. Our restaurants also provide fully functioning WASH services for all workers. WASH facilities are in place in existing workplaces It is built into new restaurant design by our Development teams, included in our Food Safety Facilities and Equipment Standards and monitored by our Quality Assurance teams in the field. Employees are educated to follow hygiene requirements These WASH services are part of commitment to food safety as well as general disease prevention. Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. The cost of management largely included in broader and risk management efforts. Specific costs are primarily driven by investing in education and training of key stakeholders, especially our employees, to adopt and implement.
Investment in R&D	Impacted	Recognizing the opportunity for energy conserving, GHG reducing technologies and approaches resulted in increased R&D. During the preparation of our green building standard, Blueline Yum! our brands and selected franchisees invested in building R&D. This included extensive sub-metering of utilities and green and not green buildings to gather and study the most effective approach. Together we built a series 33 LEED certified to test our approaches. The result of this work was the creation of our green building standard, Blueline, and the inclusion of sustainably measures into thousands of our restaurants. We are currently evaluating our greenhouse gas mitigation efforts and their impact on climate-related risks by conducting a review of the feasibility of setting targets in accordance with the Science-Based Target Initiative. In partnership with industry peers, we have joined the NextGen Consortium to help advance food-service packaging solutions that are recoverable thereby contributing to greenhouse gas mitigation efforts.
Operations	Impacted	Energy conserving, GHG reducing technologies and approaches as identified as opportunities are being implemented in thousands of our restaurants. These include more efficient hoods, refrigeration equipment, HVAC and lighting. Higher efficiency equipment increases our resiliency to adapt to specific events including challenges with local utility supplies
Other, please specify	Not evaluated	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Not yet impacted	One identified risk was health concerns arising from outbreaks of viruses or other diseases. While many factors contribute to disease outbreaks, it has been reported that changes in global climate and bring about the spread of diseases into new, previously unimpacted areas. Our business could be materially and adversely affected by the outbreak of a widespread health epidemic, including various strains of avian flu or swine flu, such as H1N1. The occurrence of such an outbreak of an epidemic, illness or other adverse public health developments could materially disrupt our business and operations. Such events could also significantly impact our industry and cause a temporary closure of restaurants, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential timeframe or financial impact.
Operating costs	Impacted for some suppliers, facilities, or product lines	Energy conserving, GHG reducing technologies and approaches as identified as opportunities are being implemented in thousands of our restaurants. These include more efficient hoods, refrigeration equipment, HVAC and lighting. Higher efficiency equipment increases our resiliency to adapt to specific events including challenges with local utility supplies. In 2018, we estimate that we and our franchise partners implemented green building technologies and approaches that saved an estimated $20.6 MM. The risk of changes in operating costs due to energy our factored into our standard planning proses as energy is a component of the restaurant profit and loss statement. Restaurants are a relatively energy intensive business based on the size of our operations. Cost to procure energy vary significantly in different countries across the globe. Disruptions in supply and general cost increases can lead to financial burdens on restaurants. Examples of markets for our restaurants that tend to be subject to high prices or supply disruptions are India, South Africa and numerous counties in our Latin America and Caribbean market. Although these impacts are acute at one scale they tend to widespread and persistent. We have also identified risks or shortage or interruptions in the availability and delivery of food and other supplies as well as increased food prices. We work continually to maintain a diverse supply chain and positive relationships with supply chain partners by proactively establishing mitigation practices that include menu management and portfolio diversification. This minimizes the impacts on any one part of a country or distribution system due to changes in physical climate parameters. We continually evaluate the impact climate change has on our business and understand that as a large food retailer, changes in precipitation.
Capital expenditures / capital allocation	Impacted for some suppliers, facilities, or product lines	Taking advantage of more efficient new buildings and incorporating energy savings approaches into existing buildings is factored into capital expenditures during the annual planning process. The costs associated with the implementation of these methods are primarily the initial capital costs. In 2017, an estimated 19.3MM dollars were invested in new green building development in our system throughout the world by the company and franchisees. This number is an approximation based on market reports. In 2018 it is estimated that we and our franchise partners implemented technologies that cost an estimated $1.9MM in existing and or remodeled buildings. This number is an approximation based on market reports.
Acquisitions and divestments	Not impacted	The risks and opportunities that have been identified are not typically impacting acquisition and divestment.
Access to capital	Not impacted	The risks and opportunities that have been identified have not historically impacted our access to capital.
Assets	Impacted for some suppliers, facilities, or product lines	Energy conserving, GHG reducing technologies and approaches as identified as opportunities are being implemented in thousands of our restaurants. These include more efficient hoods, refrigeration equipment, HVAC and lighting. Higher efficiency equipment increases our resiliency to adapt to specific events including challenges with local utility supplies.
Liabilities	Not impacted	The risks and opportunities that have been identified have not had a material impact on our liabilities.
Other	Not evaluated	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, and we do not anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

i. Yum! Brands' business strategy is focused on building three global iconic brands that people trust and champion. In 2010, our business made the strategic decision to establish the Yum! Global Sustainability team with alignment from our then CEO and Chairman of the Board. In 2016, the importance of sustainability was further recognized within the Company. As part of our transformational reorganization designed to focus efforts enabling delivery of ongoing, long-term results, each of our three brands now have dedicated resources to further drive sustainability, including climate change, within the Company and with our franchise partners. We have started an evaluation of our greenhouse gas mitigation efforts and their impact on climate-related risks as part of a review of the feasibility of setting targets in accordance with the Science-Based Target Initiative.

ii. Our sustainability strategy is fundamentally linked our corporate strategy that is designed to unlock our potential. It is called our "Recipe for Growth" and begins with a set of shared values. Our values challenge and inspire us to elevate our brands, our culture, our performance and our impact on customers and the communities that we serve. In response to our Recipe for Growth we have developed our Global Citizenship and Sustainability Strategy. This strategy focuses uses the strength of our brands and franchisees to make a powerful impact on the world, and included our absolute emissions reduction target (which has now been achieved) to reduce 22% of our Scope 1 and 2 emissions by the end of 2017 as compared to our 2005 base year. We will continue to work on energy conservation and GHG emission reduction by striving to reduce average restaurant energy and GHG emissions by 10% from our current levels by the end of 2025. In addition, we are currently evaluating our greenhouse has mitigation efforts and their impact on climate-related risks by starting a review of the feasibility of setting targets in accordance with the Science-Based Target Initiative. Working to reduce greenhouse gas emissions is part of our mission to build the world's most loved, trusted & fastest growing restaurant brands.

iii. The most substantial business decision made during the reporting year that has been influenced by climate change starting of an evaluation of our greenhouse gas mitigation efforts and their impact on climate-related risks as part of a review of the feasibility of setting targets in accordance with the Science-Based Target Initiative. This is in support of our long-term sustainability strategy. Working to reduce greenhouse gas emissions is part of our mission to build the world's most loved, trusted & fastest growing restaurant brands. This business decision was directly influenced by stakeholder feedback that was incorporated into our materiality assessment, which identified our three priority ESG topics to address: Food Safety, Nutrition and Energy-Emissions and Climate Change.

iv. Our sustainability strategy is influenced by our overarching belief that we have a responsibility to reduce our environmental impact and the resulting greenhouse gas emissions that contribute to climate change. We do so in order to build and maintain trust with our stakeholders, comply with the law, and realize cost savings accompanied with environmental efficiency projects. The resulting strategy includes several climate-related aspects, including energy reductions, GHG emissions, and sustainable sourcing. Working to reduce greenhouse gas emissions is part of our mission to build the world's most loved, trusted & fastest growing restaurant brands.

v. Energy, emissions, and climate change has been an integral component of our environmental strategy and Yum! has a track record of over a decade of investment and progress in this area. During this journey we have set various long and short-term goals. In 2018, we and our franchisees invested approximately $51.5 MM in innovative technologies for new building construction to reduce energy usage and our associated greenhouse gas emissions. In the short term we will work to enhance the ease of data gathering across our system in all ESG areas, including those related to climate change.

vi. Our fundamental, long term strategy is twofold: First, it is to design, build and operate restaurants to be measurably more sustainable using green building standards to drive reductions in energy, GHG emissions, waste and water use and to report progress annually through CDP disclosures. To demonstrate our commitment to reducing greenhouses gases, we have undertaken a feasibility study for setting science-based targets. This is in alignment with our long-term strategy of building the world's most loved, trusted & fasted growing restaurant brands.

vii. Second is to work elevate the supply chain to reduce deforestation though objectives including the sourcing 100% of palm oil used for cooking and paper-based packaging from responsible and sustainable sources. To demonstrate our commitment to minimizing deforestation risk, we endorsed the New York Declaration on Forests (NYDF).

viii. Our commitment to a process of continual improvement in all that we do, including efforts to reduce our impact on the environment, gives us a strategic advantage over our competitors. We continually seek means of addressing margin improvement and the wishes of customers who desire to enjoy our products while minimizing our impact on the climate. Being responsive to shareholder, customer and NGO interests contribute to our achieving our mission to build the world’s most loved, trusted & fasted growing restaurant brands which a strategic advantage.

ix. We acknowledge the global trend as demonstrated by the Paris Agreement, and growing expectations from investors and consumers for businesses to address global climate change. Our Company is monitoring global efforts and will continue to work toward reducing energy consumption and study additional appropriate measures to incorporate into future goals. The Paris Agreement and subsequent discussions has influenced our business strategy as we have started an evaluation of the feasibility of setting targets in accordance with the Science-Based Target Initiative.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

At the time of questionnaire submittal, Yum! Brands has not yet incorporated climate scenario analysis into business strategy planning. While we recognize the use of this tool for climate planning and strategy setting, our historical approach has been to focus our limited resources and team efforts on initiatives that yield the largest impact toward our overall progress and commitment to reducing our environmental impact. Our current prioritized strategy is to focus on reviewing our targets and goals and optimizing current environmental performance rather than primarily focusing on future scenarios. To do so, we have started an evaluation of our greenhouse gas mitigation efforts and their impact on climate-related risks as part of a review of the feasibility of setting targets in accordance with the Science-Based Target Initiative. This evaluation will include our readiness for science-based targets and the possible future application of climate scenario analysis to inform our strategy and business decisions across the value chain.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Scope
Scope 1+2 (location-based)

% emissions in Scope
100

Targeted % reduction from base year
10

Base year
2018

Start year
2018

Base year emissions covered by target (metric tons CO2e)
203485.72

Target year
2025

Is this a science-based target?
No, but we anticipate setting one in the next 2 years

% of target achieved
0

Target status
New

Please explain
Since 2005 we have demonstrated a steady track record of progress of reducing energy consumption and emissions. Our 2017 goal which we achieved was to achieve a 22% reduction by the end of 2017 as compared to our base year. To be consistent with past reporting and to take a system approach for those franchisees who opt to participate, China savings were included. We are committed to continuing our progress in this area and will be looking to further reduce our average restaurant energy and Scope 1 and 2 GHG emissions by an additional 10% by the end of 2025. In light of significant transformational changes in our business, including but not limited to refranchising of restaurants, we have made the decision to reset our Base Year to 2018. We have started an evaluation of our energy reduction efforts, assessing whether and how science-based targets would work with our business strategy. The results of this work may lead to future adjustments in this target.

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number
Int 1

Scope
Scope 1+2 (location-based)

% emissions in Scope
100

Targeted % reduction from base year
10

Metric
Other, please specify (Metric tons of CO2e per Restaurant)

Base year
2018

Start year
2018

Normalized base year emissions covered by target (metric tons CO2e)
203485.72

Target year
2025

Is this a science-based target?
No, but we anticipate setting one in the next 2 years

% of target achieved
0

Target status
New

Please explain
Since 2005 we have demonstrated a steady track record of progress of reducing energy consumption and emissions. Our 2017 goal which we achieved was to achieve a 22% reduction by the end of 2017 as compared to our base year. To be consistent with past reporting and to take a system approach for those franchisees who opt to participate, China savings were included. We are committed to continuing our progress in this area and will be looking to further reduce our average restaurant energy and Scope 1 and 2 GHG emissions by an additional 10% by the end of 2025. In light of significant transformational changes in our business, including but not limited to refranchising of restaurants, we have made the decision to reset our Base Year to 2018. We have started an evaluation of our energy reduction efforts, assessing whether and how science-based targets would work with our business strategy. The results of this work may lead to future adjustments in this target.

% change anticipated in absolute Scope 1+2 emissions
10

% change anticipated in absolute Scope 3 emissions

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target
Waste

KPI – Metric numerator
Amount of back-of-house operation waste diverted by restaurants in the U.S. (tons) in the reporting year

KPI – Metric denominator (intensity targets only)
Amount of back-of-house operation waste generated by restaurants in the U.S. (tons) in the reporting year

Base year

2017

Start year
2018

Target year
2018

KPI in baseline year
885082

KPI in target year
442451

% achieved in reporting year
22

Target Status
Underway

Please explain
Yum! Brands is committed to first reducing, and then mindfully reusing or recycling, the waste generated at our restaurants. We have set an aspirational goal to divert 50% of the back-of-house operational waste generated by weight in our U.S. restaurants by 2020. To achieve this goal, we first determined our heaviest sources of waste: spent cooking oil, cardboard and food. Our baseline for this is rolling. In other words, we seek to divert 50% of the waste generated in the reporting year. Pursuant to the CDP Guidance for year-on-year rolling targets, we have reported our base year as the previous reporting year (2017) and the start year and target year as the reporting year (2018). Reducing wasted food—our highest emitter of methane—is where Yum! Brands has made the most significant strides. We adhere to the EPA'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 through our Harvest program. Through Harvest, Pizza Hut and KFC stores donate surplus food from our restaurants to food banks, soup kitchens and other nonprofits.

Part of emissions target
We use the EPA's WARM tool to calculate the CO2e avoidance related to our waste diversion activities. Results are included in our emission reduction results.

Is this target part of an overarching initiative?
Other, please specify (U.S. EPA Food Recovery Challenge (FRC))

Target
Other, please specify (Sustainable Palm Oil)

KPI – Metric numerator
Volume of non-palm oil and sustainable palm oil purchased (metric tons)

KPI – Metric denominator (intensity targets only)
Volume of cooking oil purchased (Metric tons)

Base year
2017

Start year
2018

Target year
2018

KPI in baseline year
165033

KPI in target year
165003

% achieved in reporting year
96

Target Status

Underway

Please explain
Yum! Brands is committed to eliminating deforestation. We have endorsed the New York Declaration on Forests. Our sustainable paper-based packaging and palm oil sourcing strategies and policies are important parts of this commitment. We disclose progress toward meeting our commitments to sustainable sourcing of paper-based packaging and palm oil in our CDP responses on Climate Change and Forests, as these policies contribute directly to reducing our environmental impact. Pursuant to the CDP Guidance for year-on-year rolling targets, we have reported our base year as the previous reporting year (2017) and the start year and target year as the reporting year (2018). Sustainable palm oil sourcing is a priority at Yum! Brands. Our goal is to source 100% of palm oil used for cooking from sustainable and responsible sources by the end of 2018. Our Sustainable Palm Oil Policy gives preference to third-party certification by the Roundtable on Sustainable Palm Oil (RSPO).

Part of emissions target
Not included.

Is this target part of an overarching initiative?
Other, please specify (New York Declaration on Forests)

Target
Other, please specify (Paper Based Packaging)

KPI – Metric numerator
Volume of certified wood product and recycled content purchased (metric tons)

KPI – Metric denominator (intensity targets only)
Volume of paper-based packaging purchased (Metric tons)

Base year
2017

Start year
2018

Target year
2018

KPI in baseline year
727866

KPI in target year
727866

% achieved in reporting year
70

Target Status
Underway

Please explain
Yum! Brands is committed to eliminating deforestation. We have endorsed the New York Declaration on Forests. Our sustainable paper-based packaging and palm oil sourcing strategies and policies are important parts of this commitment. We disclose progress toward meeting our commitments to sustainable sourcing of paper-based packaging and palm oil in our CDP responses on Climate Change and Forests, as these policies contribute directly to reducing our environmental impact. Pursuant to the CDP Guidance for year-on-year rolling targets, we have reported our base year as the previous reporting year (2017) and the start year and target year as the reporting year (2018).

Part of emissions target
Not included.

Is this target part of an overarching initiative?
Other, please specify (New York Declaration on Forests)

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	25800	740789
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Energy efficiency: Building services

Description of initiative

Other, please specify (New Construction (combination of approaches))

Estimated annual CO2e savings (metric tonnes CO2e)

221

Scope

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

51500

Investment required (unit currency – as specified in C0.4)

58200

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Using our global green building standard, called Blueline, technologies and practices that reduce energy consumption and greenhouse gas emissions from design and construction or new restaurants are being used globally. With our system opening eight buildings a day, designing and constructing these buildings is a focus of reducing our environmental impact. We include energy reducing technologies in areas including high-efficiency HVAC, optimized hoods, interior lighting, parking lot lighting, signage lighting, hot water generation, cooking equipment as well as key construction practices such as HVAC. Our goal is to have equity restaurants comply with the standards. Brands and countries incorporate standard components into their templates as feasible. As we do not track Scope 1 and Scope 2 savings and investment specifically, we have allocated a percentage of overall savings and investment levels as reported together and divided according the percentage of GHG emissions reported for Scope 1 and Scope 2.

Initiative type

Energy efficiency: Building services

Description of initiative
Other, please specify (New Construction (combination of approaches):)

Estimated annual CO2e savings (metric tonnes CO2e)
698

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
163200

Investment required (unit currency – as specified in C0.4)
184200

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
Using our global green building standard, called Blueline, technologies and practices that reduce energy consumption and greenhouse gas emissions from design and construction or new restaurants are being used globally. With our system opening eight buildings a day, designing and constructing these buildings is a focus of reducing our environmental impact. We include energy reducing technologies in areas including high-efficiency HVAC, optimized hoods, interior lighting, parking lot lighting, signage lighting, hot water generation, cooking equipment as well as key construction practices such as HVAC. Our goal is to have equity restaurants comply with the standards. Brands and countries incorporate standard components into their templates as feasible. As we do not track Scope 1 and Scope 2 savings and investment specifically we have allocated a percentage of overall savings and investment levels as reported together and divided according the percentage of GHG emissions reported for Scope 1 and Scope 2.

Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (New Construction (combination of approaches))

Estimated annual CO2e savings (metric tonnes CO2e)
97457

Scope
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
20400000

Investment required (unit currency – as specified in C0.4)
51200000

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
Using our global green building standard, called Blueline, technologies and practices that reduce energy consumption and greenhouse gas emissions from design and construction or new restaurants are being used globally. With our system opening eight buildings a day, designing and constructing these buildings is a focus of reducing our environmental impact. We include energy reducing technologies in areas including high-efficiency HVAC, optimized hoods, interior lighting, parking lot lighting, signage lighting, hot water generation, cooking equipment as well as key construction practices such as HVAC. Our goal is to have equity restaurants comply with the standards. Brands and countries incorporate standard components into their templates as feasible, Franchisees are encouraged to participate.

Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (Existing Construction (combination of approaches))

Estimated annual CO2e savings (metric tonnes CO2e)
169

Scope
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
38300

Investment required (unit currency – as specified in C0.4)
21300

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
The principles that we use to reduce emissions in new buildings also apply in existing buildings. During remodel programs and retrofitting projects these are implemented in restaurants across the globe. The nature and scope of these projects vary from year to year but data is reported annually. For this reporting cycle examples include upgrades in cooking equipment in Taco Bell United States.

Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (Existing Construction (combination of approaches))

Estimated annual CO2e savings (metric tonnes CO2e)
535

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
121200

Investment required (unit currency – as specified in C0.4)
67700

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
The principles that we use to reduce emissions in new buildings also apply in existing buildings. During remodel programs and retrofitting projects these are implemented in restaurants across the globe. The nature and scope of these projects vary from year to year but data is reported annually. For this reporting cycle examples include walk-in freezer measures from KFC South Africa, and LED lighting in India

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Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (Existing Construction (combination of approaches))

Estimated annual CO2e savings (metric tonnes CO2e)
15964

Scope
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
3300000

Investment required (unit currency – as specified in C0.4)
1800000

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
The principles that we use to reduce emissions in new buildings also apply in existing buildings. During remodel programs and retrofitting projects these are implemented in restaurants across the globe. The nature and scope of these projects vary from year to year but data is reported annually. For this reporting cycle examples include heat pump water heaters in Pizza Hut China, high efficiency HVAC units in KFC India as well as LED lighting in KFC South Africa.

Initiative type
Other, please specify (Waste Recovery - Food Donation)

Description of initiative
<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)
11887

Scope
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
<1 year

Estimated lifetime of the initiative
Ongoing

Comment
Reducing wasted food—our highest emitter of methane—is where Yum! Brands has made the most significant strides. We adhere to the EPA'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 through our Harvest program. Through Harvest, Pizza Hut and KFC stores donate surplus food from our restaurants to food banks, soup kitchens and other nonprofits. Emissions reduction calculated used EPA Waste Reduction Model (WARM) spreadsheet. Cost and savings not calculated.

Initiative type
Other, please specify (Waste recovery-Recycling)

Description of initiative

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

613858

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

Yum! Brands is committed to first reducing, and then mindfully reusing or recycling, the waste generated at our restaurants. We have set an aspirational system goal to divert 50% of the back-of-house operational waste generated by weight in our U.S. restaurants by 2020. To achieve this goal, we first determined our heaviest sources of waste: spent cooking oil, cardboard and food. Emissions reduction calculated used EPA Waste Reduction Model (WARM) spreadsheet. Cost and savings not calculated.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Financial optimization calculations	For both holistic green buildings and individual energy efficiency measures, financial calculations are completed to determine the financial payback and confirm that the initiative has an acceptable ROI. One example comes from the development building standard, Blueline. During this process the sub-metering of both green and non-green restaurants, in nearby locations, allowed for detailed utility consumption measurements. These measurements were normalized for factors including sales levels when appropriate so that financial calculations could be done. This process was repeated in countries such as the U.S., Australia, China, France and the U.K. The results of this works assists in driving investment in emission reduction activities.
Internal incentives/recognition programs	At Yum! our values challenge and inspire us to elevate our brands, our culture, our performance and our impact with customers and in the communities, that we serve. Providing recognition to those who lead with heart and courage to drive results is a valued part of what it means to be part of the Yum! family. Achievements that drive business results, including those that reduce the Company's environmental impacts, are recognized by non-monetary recognition awards. Recognition is an integral part of the Yum! Brands culture and everyone across the Company is encouraged to celebrate the achievements of others. All leaders in the Company have unique personal recognition awards. Awards that have been given for progress in achieving sustainability targets include our “Positive Spark” award which has been presented to employees for their contributions toward our sustainability targets. For example, associates in China and France have received the "Positive Spark" award for sustainability initiatives such as LEED restaurant development. We also have given our “Green Apple” award for contributions toward sustainability education within the company. Individuals in the U.K., China, Australia and the U.S. have received this recognition. In addition, project that have demonstrated commitment and achievement receive our Blueline award in recognition to their dedication to our green building initiative.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
48046.5

Comment
Since 2005 we have demonstrated a steady track record of progress of reducing energy consumption and emissions. Our 2017 goal which we achieved was to achieve a 22% reduction by the end of 2017 as compared to our base year. To be consistent with past reporting and to take a system approach for those franchisees who opt to participate, China savings were included. We are committed to continuing our progress in this area and will be looking to further reduce our average restaurant energy and Scope 1 and 2 GHG emissions by an additional 10% by the end of 2025. In light of significant transformational changes in our business, including but not limited to refranchising of restaurants, we have made the decision to reset our Base Year to 2018. Calculated Scope 1 emissions for 2018 were 48,046.50 MT CO2e.

Scope 2 (location-based)

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
155439.22

Comment
Since 2005 we have demonstrated a steady track record of progress of reducing energy consumption and emissions. Our 2017 goal which we achieved was to achieve a 22% reduction by the end of 2017 as compared to our base year. To be consistent with past reporting and to take a system approach for those franchisees who opt to participate, China savings were included. We are committed to continuing our progress in this area and will be looking to further reduce our average restaurant energy and Scope 1 and 2 GHG emissions by an additional 10% by the end of 2025. In light of significant transformational changes in our business, including but not limited to refranchising of restaurants, we have made the decision to reset our Base Year to 2018. Calculated Scope 2 (location-based) emissions for 2018 were 155,439.22 MT CO2e.

Scope 2 (market-based)

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
159402.58

Comment
Since 2005 we have demonstrated a steady track record of progress of reducing energy consumption and emissions. Our 2017 goal which we achieved was to achieve a 22% reduction by the end of 2017 as compared to our base year. To be consistent with past reporting and to take a system approach for those franchisees who opt to participate, China savings were included. We are committed to continuing our progress in this area and will be looking to further reduce our average restaurant energy and Scope 1 and 2 GHG emissions by an additional 10% by the end of 2025. In light of significant transformational changes in our business, including but not limited to refranchising of restaurants, we have made the decision to reset our Base Year to 2018. Calculated Scope 2 (market-based) emissions for 2018 were 159,402.58 MT CO2e.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
US EPA Mandatory Greenhouse Gas Reporting Rule
Other, please specify (International Energy Agency (IEA 2016) (Published 2018) and RE-DISS - European Residual Mixes (Published 2019))

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

In addition to The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and The US EPA Mandatory Greenhouse Gas Reporting Rule, we have also utilized International Energy Agency (IEA 2016) (Published 2018) and RE-DISS - European Residual Mixes (Published 2019) for the calculation of our Scope 1 and Scope 2 emissions.

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
48046.5

Start date
January 1 2018

End date
December 31 2018

Comment
Our total Scope 1 emissions for 2018 were 48,046.50 MT CO2e.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
Utilized residual mix emission factors for markets in Europe.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
155439.22

Scope 2, market-based (if applicable)
159402.58

Start date
January 1 2018

End date
December 31 2018

Comment
Utilized residual mix emission factors for markets in Europe.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
20167076

Emissions calculation methodology
In 2018, for the first time, we estimated GHG emissions for purchased goods and services. Due to data availability, U.S. data has the served as the basis of the estimate. Furthermore it was limited to food, cooking oil, plastic packaging, service wares, and fiber packaging. A per restaurant average, by brand, was developed and applied to our global store count for company owned and franchise restaurants. We anticipate refining our process in upcoming years.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation
We recognize that purchased goods and services are a source of Scope 3 emissions for Yum! Brands. Our large and decentralized supply chain presents challenges in the collection of this data. We have focused on the significant and core areas of food, cooking oil plastic packaging and service wares, and fiber packaging in this, our first attempt at making such an estimate. It should be anticipated that reported emissions from purchased good and services will vary as we continue refining our process in upcoming years.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

We are not a manufacturer of products. Our organization is 98% franchise-based organization and as such, the material quantity of equipment is owned by other franchisees.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Energy related activities are included in Scope 1 and 2.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

941842

Emissions calculation methodology

In 2018 we estimated upstream transportation by including transportation from the manufacturer to distribution warehouses, when transportation provided by the distributor, as well as transportation from the warehouses to the restaurants. Due to data availability, U.S. data has served as the basis of the estimate. A per restaurant average, by brand, was calculated based on fuel per store and applied to our global store count for company owned and franchise restaurants. All calculations were completed utilizing emission factors presented in EPA Federal Register; Revisions to the Greenhouse Gas Reporting Rule, 2013.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

We recognize that transportation is a source of Scope 3 emissions for Yum! Brands. Our large and decentralized system presents challenges in the collection of this data. This is our first attempt at making such an estimate. It should be anticipated that reported emissions from transportation will vary as we continue refining our process in upcoming years.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

146522

Emissions calculation methodology

In 2018 we estimated waste generated in operations. Due to data availability, U.S. data has served as the basis of the estimate. A per restaurant average, by brand, was calculated based on waste generated per store in our sample and applied to our global store count for company owned and franchise restaurants. Please note that this value represents operational waste disposed, operational waste recycled, food donated, and products and packaging removed by customers. GHG emissions have been estimated using the EPA's WARM tool using the best available categories. We anticipate refining our process in upcoming years.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

We recognize that waste generated in operations is a source of Scope 3 emissions for Yum! Brands. Our large and decentralized system presents challenges in the collection of this data. This is our first attempt at making such an estimate. It should be anticipated that reported emissions from transportation will vary as we continue refining our process in upcoming years.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

22035

Emissions calculation methodology

Emissions include air and ground travel for all corporate employees as reported in our 2018 Global Surveys. For non-reporting markets, an estimate of emissions was calculated using U.S. data. All calculations were completed utilizing emission factors presented in EPA Federal Register; Revisions to the Greenhouse Gas Reporting Rule, 2013 and DEFRA UK Government Greenhouse gas reporting: conversion factors 2017.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Employee commuting

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions from leased assets for offices, warehouses and other uses are reflected in our scope 1 and 2 values.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

579715

Emissions calculation methodology

In 2018 we estimated downstream transportation, otherwise known as delivery from the restaurant to consumers. Due to data availability, U.S. data has served as the basis of the estimate. A per restaurant average, by brand, was calculated based on fuel per store and applied to our global store count for company owned and franchise restaurants. All calculations were completed utilizing emission factors presented in EPA Federal Register; Revisions to the Greenhouse Gas Reporting Rule, 2013.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

All the products sold by our restaurants are consumed immediately without any further processing.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

All the products sold by our restaurants are consumed immediately.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
All the products sold by our restaurants are consumed immediately.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Yum! Brands does not lease any downstream assets.

Franchises

Evaluation status
Relevant, calculated

Metric tonnes CO2e
7084677

Emissions calculation methodology
We have estimated franchise restaurant GHG emissions for all countries. These estimates were calculated on a per restaurant average for energy use and GHG emissions according to data provided from our global survey. The survey included equity restaurants and a sampling of franchise units and included emissions data for electricity, fuels, heating/cooling, HFC, and distribution. We anticipate refining our process in upcoming years.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation
We recognize that franchise restaurants is a source of Scope 3 emissions for Yum! Brands. Our large and decentralized system presents challenges in the collection of this data. It should be anticipated that reported emissions from transportation will vary as we continue refining our process in upcoming years.

Investments

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation

Other (upstream)

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation

Other (downstream)

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.00003577

Metric numerator (Gross global combined Scope 1 and 2 emissions)
203485.72

Metric denominator
unit total revenue

Metric denominator: Unit total
5688000000

Scope 2 figure used
Location-based

% change from previous year
54

Direction of change
Decreased

Reason for change
Our overall decrease in emissions intensity per revenue was due to emission reduction activities as well as a 42% decrease in global equity store count compared to 2017.

Intensity figure
173.92

Metric numerator (Gross global combined Scope 1 and 2 emissions)
203485.72

Metric denominator
Other, please specify (Per restaurant)

Metric denominator: Unit total
1170

Scope 2 figure used
Location-based

% change from previous year
18

Direction of change
Decreased

Reason for change
Our overall decrease in emissions intensity per revenue was due to emission reduction activities as well as a 42% decrease in global equity store count compared to 2017.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	43097.97	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	98.05	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	18.56	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	4831.92	Other, please specify (GHG Protocol (2015) Refrigeration and Air Conditioning Equipment calculation tool)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Australia	426.04
Brazil	655.37
Canada	122.32
France	233.96
India	3027.81
Russian Federation	863.83
South Africa	396.5
United Kingdom of Great Britain and Northern Ireland	3093.11
United States of America	39227.56

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
KFC	9370
Pizza Hut	8115.7
Taco Bell	29501
Corporate	1059.8

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Australia	15672.33	15672.33	20570.06	0
Brazil	83.48	83.48	693.95	0
Canada	123.65	123.65	822.12	0
France	331.03	334.68	6293.36	0
India	15302.74	15302.74	20945.45	0
Russian Federation	3371.13	3371.13	9395.56	0
South Africa	17730.51	17730.51	18663.69	0
United Kingdom of Great Britain and Northern Ireland	10009.62	13445.92	35294.85	0
United States of America	92814.73	93338.14	204922.54	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
KFC	68764.36	71955.66
Pizza Hut	7973.14	8304.53
Taco Bell	74481.23	74898.1
Corporate	4220.49	4244.29

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable>		
Other emissions reduction activities	62597.5	Decreased	13.65	Other emissions reduction activities for new and existing equity locations provided an annualized reduction of 62,597.50 MT CO2e in 2018. This value represents an estimate based on the total emissions reductions between 2017 and 2018 (255,258.68 MT CO2e) minus the change in emissions associated with the divestment of approximately 1,000 equity locations. Our gross total Scope 1 and 2 emissions were 458,744.4 MT CO2e in 2017 and 203,485.72 MT CO2e in 2018, equivalent to an associated reduction of 255,258.68 MT CO2e. Per CDP Guidance, we calculated the emissions reduction attributed to other emissions reduction initiatives as follows: (62,597.50 / 458,744.4)*100 = 13.65%.
Divestment	192661.18	Decreased	42	Yum! Brands divested approximately 1,000 equity locations between 2017 and 2018. We estimate that the divestment of global equity stores accounted for an emissions reduction of 192,661.18 MT CO2e based on a per restaurant emissions average for 2017 and 2018. Our gross total Scope 1 and 2 emissions were 458,744.4 MT CO2e in 2017 and 203,485.72 MT CO2e in 2018, equivalent to an associated reduction of 255,258.68 MT CO2e. Per CDP Guidance, we calculated the emissions reduction attributed to divestment as follows: (192,661.18 / 458,744.4)*100 = 42.00%.
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	194559	194559
Consumption of purchased or acquired electricity	<Not Applicable>	50868	266734	317602
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	399	<Not Applicable>	399
Total energy consumption	<Not Applicable>	51267	461293	512560

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Natural Gas

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
192251

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
192251

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment
A total of 192,251 MWh of Natural Gas was consumed for the self-generation of heat in 2018.

Fuels (excluding feedstocks)
Diesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
2308

MWh fuel consumed for self-generation of electricity
2308

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment
A total of 2,308 MWh of Diesel was consumed for the self-generation of electricity in 2018.

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor
2692.34

Unit
kg CO2e per m3

Emission factor source
World Resources Institute (2015). GHG Protocol tool for stationary combustion. Version 4.1

Comment

Natural Gas

Emission factor
202.543

Unit
kg CO2e per MWh

Emission factor source
World Resources Institute (2015). GHG Protocol tool for stationary combustion. Version 4.1

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	2707	2707	399	399
Heat	192251	192251	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor
No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

Low-carbon technology type
<Not Applicable>

Region of consumption of low-carbon electricity, heat, steam or cooling
<Not Applicable>

MWh consumed associated with low-carbon electricity, heat, steam or cooling
<Not Applicable>

Emission factor (in units of metric tons CO2e per MWh)
<Not Applicable>

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
KPMG Report with Statement.pdf

Page/ section reference
Whole document

Relevant standard
Attestation standards established by AICPA (AT105)

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
KPMG Report with Statement.pdf

Page/ section reference
Whole document

Relevant standard
Attestation standards established by AICPA (AT105)

Proportion of reported emissions verified (%)
100

Scope
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
KPMG Report with Statement.pdf

Page/ section reference
Whole document

Relevant standard
Attestation standards established by AICPA (AT105)

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope
Scope 3- all relevant categories

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
KPMG Report with Statement.pdf

Page/section reference
Whole document

Relevant standard
Attestation standards established by AICPA (AT105)

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

UK carbon price floor

C11.1c

(C11.1c) Complete the following table for each of the tax systems in which you participate.

UK carbon price floor

Period start date

January 4 2018

Period end date

March 31 2019

% of emissions covered by tax

6

Total cost of tax paid

217906

Comment

Our U.K. Market participates in The CRC Energy Efficiency Scheme, as regulated by the United Kingdom Carbon Price Floor. Submissions under this Scheme do not align directly with the reporting period of this disclosure, however our most recent submission covered the period of 1 April 2018 – 31 March 2019. The percentage of emissions covered by the tax represents the proportion of total global Scope 1 and 2 (location-based) emissions reported for 2018.

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

The Yum! Government Affairs team actively monitors developing climate regulations. Any developments are brought to the attention of the Yum! and brand sustainability teams. At warranted, pending developments are reviewed and if deemed necessary included in our corporate risk analysis process. As done with other risks they are evaluated by the Yum! Risk Committee and elevated as necessary to the Audit Committee. For regulations already enacted, our market financial, tax and legal team work to ensure our compliance with all laws. The U.K. Carbon Price Floor is a good example of how this has worked and we have integrated fulfillment of our obligations into our standard procedures.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Other, please specify (Suppliers follow our policy to remain suppliers. For example: Preference is given to RSPO certified palm oil)

% of suppliers by number
4

% total procurement spend (direct and indirect)
10

% Scope 3 emissions as reported in C6.5
4

Rationale for the coverage of your engagement
Our Global Supplier Code of Conduct requires suppliers to ensure compliance with Yum's sustainability policies and positions in our Global Citizenship and Sustainability Report. Suppliers are also expected to develop appropriate environmental management systems that recognize the environmental impacts of their specific business processes and monitor and report performance against improvement targets. Suppliers are expected to be leaders in meeting or exceeding environmental standards and demonstrating year-over-year progress towards reducing the relative environmental footprint of their operations. We engage with suppliers where we feel that we have the most potential to have impact. Our engagement, through our sustainability survey is to drive progress. Palm oil and timber are two key supplier groups for Yum! that have the potential to impact deforestation and impact climate change. Therefore we have prioritized these suppliers. We have long standing and clear policies and goals associated for each of these areas and have a clear definition of success. Success is defined by meeting our goals. We believe that working with our peers, suppliers, NGOs, and other internal and external stakeholders is essential to achieving our goal. That's why we give preference to suppliers who are certified by the Roundtable on Sustainable Palm Oil (RSPO) field. Yum! Brands will not knowingly buy paper-based packaging products that were made with fiber that comes from illegal or the following unwanted sources: a. Wood harvested from forests that have been converted to plantations or non-forest use b. Wood from high conservation value forests, unless those forests are credibly certified c. Wood where the source forest and species are unknown d. Wood harvested in a manner that violates human rights e. Wood harvested that violates local or international laws

Impact of engagement, including measures of success
We are engaging with markets and suppliers on compliance with our policy to transition to sustainable palm oil and paper-based packaging. This policy contributes to reducing our environmental impact from undesirable palm in agricultural processes that have a negative impact on climate change. We conduct an annual survey of suppliers to measure progress, identify issue and create corrective actions. Results are reported in CDP-Forests. As a result of this process we have removed suppliers from our value chain and encouraged others to act more sustainability. Increasing procurement of certified fiber sources as well as recycled content is one of our climate change strategies. Success of this engagement is measured via our annual surveys which inform our progress against our fiber and palm oil goals.

Comment
Scope 3 emissions are estimated for corporate restaurants only. It is an approximation and subject to refinement as methods of estimation improve.

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

In addition to engaging with our suppliers on climate-related issues, Yum! Brands will also engage other partners in the value chain, such as shareholders and NGOs. Shareholder engagement occurs during the annual Proxy Vote as proposals are received and also occurs on an as-needed basis as groups bring relevant areas of interest to our attention. Our engagement strategy typically includes a comprehensive review of shareholder and NGO positions, often completed through conversations and written correspondence.

For example, in November 2018 Yum! Brands received a shareholder proposal from The Sisters of Charity of the Blessed Virgin Mary, with a request for Yum! Brands to issue a report on climate change mitigation strategies, assessing the feasibility of adopting quantitative, company-wide goals for increasing Yum! Brands' use of renewable energy and any other measures to substantially reduce the company's greenhouse gas emissions. We reviewed, discussed and explored the proposal with the shareholder and associated groups. In recognition of our past progress and a new commitment to further study our greenhouse gas footprint and the feasibility of setting science-based targets, the shareholder withdrew the proposal. We are currently undertaking this work and maintain our commitment to our publicly-stated goal of reducing average restaurant energy use and greenhouse gas emissions by an additional 10 percent by the end of 2025.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Food Donation energy efficiency and GHG Reduction)	Support	In 2018 we launched our updated Citizenship and Sustainability Report that contained our Recipe for Good. As part of the launch we held an event in Washington, D.C. to gather stakeholders illustrating our commitment to, among other things, addressing energy efficiency, GHG and food donations. In particular, our food donation program, Harvest, is focused on donating wholesome, surplus food from our restaurants to local food agencies, which diverts food waste from our restaurants and landfills. To encourage food donation programs like Harvest, we engage with policy makers at the local, state and federal level, in addition to trade associations and other industry partners to enact policy that not only addresses food insecurity, but also supports a sustainable environment. Prepared food donation programs are EPA-verified as reducing Greenhouse Gas Emissions (GHG) from landfills and waste combustion. For every 5,100 pounds of prepared food product donated, 5 tonnes of GHG emissions are saved from the atmosphere, equal to one passenger vehicle. The program is currently most advanced in the US, however, we are working to expand it internationally. In 2018, we were also able to donate food in countries including Australia, Bahamas, Canada, Cost Rica, Ecuador, Guyana, Hong Kong, Italy, Malta, Mexico, Panama, Poland, Romania, Serbia, South Africa, Spain, Suriname, Thailand, Turkey and the United Kingdom. In the previous year, Our VP of Citizenship and Sustainability attended the food waste meeting at the G7 in Bologna to advocate for food donation and its positive implications for feeding the hungry and GHG avoidance.	In 2015, legislation providing a permanent food donation tax deduction was passed at the federal level and similar legislation has been proposed in Kentucky, Massachusetts, Minnesota, New Jersey, New York, Ohio and Pennsylvania. The enactment of a restaurant charitable food donation tax credit helps address food insecurity, assists in moving towards a more sustainable environment and streamlines small business restaurant operations. Yum! Brands is also seeking ways to expand the Harvest program overseas. For example, in 2017 our Government Affairs team, in conjunction with our global consultants and trade association partners, undertook education efforts in Italy to raise awareness for the Harvest program. The efforts highlighted both the economic and environmental opportunities the program provides and potential legislative changes required for wide-scale implementation. Our hope is to broaden the work out across the EU in upcoming years.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

U.S. Green Building Council

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The USGBC is committed to the development of green buildings with one of the goals being to combat global climate change. The promotion of the LEED rating system helps to mitigate the contribution of buildings to climate change by promoting reductions through building operations energy use, transportation energy use, embodied energy and materials, water use, use of clean energy supplies, and promoting non-energy related drivers such as reforestation and refrigerant purchases.

How have you influenced, or are you attempting to influence their position?

We have with the USGBC in support of the development of the LEED rating system and sat on the Retail User Group-Retail and the LEED Pilot Credit Committee during the reporting year.

Trade association

National Restaurant Association (NRA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The NRA is committed to educating their members about environmental sustainability in the restaurant business and including how to minimize food waste. That's why they have taken a leadership role, in partnership with the Food Waste Reduction Alliance, Grocery Manufacturers Association and the Food Marketing Institute, to reduce food waste in our industry. One of the main objectives of the group is to recycle unused food waste by diverting it from landfills.

How have you influenced, or are you attempting to influence their position?

We partner closely with the NRA to encourage more food donation. Specifically, the NRA succeeded in getting Congress and the White House to encourage more food donation by permanently extending the enhanced tax deduction for food donations to smaller corporations. We currently serve on a number of committees including Sustainability Education, Supply Chain and Federal Affairs. Additionally, we partner with state and local restaurant associations to explore how the federal tax credit can apply at the state level.

Trade association

Roundtable for Sustainable Palm Oil (RSPO)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Roundtable for Sustainable Palm Oil pursues the use of sustainable palm oil products across the globe. They maintain environmental and social criteria which companies must comply to produce sustainable palm oil. RSPO looks to prevent tropical rainforest deforestation and peatland conversion which are contributors to global climate change

How have you influenced, or are you attempting to influence their position?

Yum! Brands promotes the use of RSPO certified sustainable palm oil by continuing to report progress toward meeting our goal and discussing the importance of sustainable palm oil in combatting deforestation and GHG emissions. We also continue to engage with the RSPO, including through participation in the Jurisdictional Working Group, in support of market transformation.

Trade association

US Chamber of Commerce

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Chamber believes that the climate is changing and humans are contributing to the changes. They also would like to see policymakers "seize on an approach that rises to the challenge of climate change, leveraging business leadership and expertise"

How have you influenced, or are you attempting to influence their position?

We look for every opportunity to engage with stakeholders to educate and elaborate on our sustainability vision, strategy, and goals to make a positive impact.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

We communicate with the United States Department of Energy through the Better Building Alliance via conferences and seminars on ways to measure energy consumption and reduce the use of energy by retail businesses. In particular, among other topics we discuss are issues related to sustainable, recyclable or decreased takeout food packaging. Overall, we advocate for public policy that addresses climate change in a way that recognizes the real economic and operational challenges faced by our business.

Yum! Brands has been a member of the U.S. Green Building Council since 2008 and supports their mission to transform the design and construction industry to provide for a greener future. Our support includes participation in ongoing continuous improvement efforts in support of the LEED rating system through participation in the LEED User Group-Retail and LEED Pilot Committee where we advocate for clarity of process and the inclusion of sustainability issues relevant to the restaurant industry.

We are also engaged in creating connecting and convening businesses, non-profits, government agencies and individuals in support of sustainability in our corporate home-town of Louisville, Kentucky where actively support the efforts of the Louisville Sustainability Council. The efforts of this organization along with Metro Louisville, enabled the city to be recognized for its four-star sustainability efforts, including on climate change action, by Star Communities.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our strategy is influenced by our belief that we have a responsibility to reduce our environmental impact and the resulting greenhouse gas emissions that contribute to climate change, and we recognize that direct engagement with policy makers has the potential to drive changes in legislation that will support our efforts along this journey. Our sustainability governance structure helps to ensure that any activities which may influence policy (direct or indirect) are consistent with our overall environmental sustainability strategy. The Yum! Brands Government Affairs team and Global Sustainability team are closely linked and managed by our VP of Citizenship and Sustainability. In addition, our Yum! Communications team manages communications to coordinate consistent communications regarding ESG issues such as climate change. All three groups are part of our ESG Council whose activities include avocation for solutions that are consistent with our strategy and coordination with the brands to execute against goals associated with the strategy.

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
2018-Yum-AR.pdf

Page/Section reference
2019 Proxy Statement, Matters Requiring Shareholder Action Section

Content elements
Governance
Strategy

Risks & opportunities
Emissions figures
Emission targets

Comment
Yum! Brands takes our role as a global citizen and our impact on society and the environment seriously. In addition to our CDP disclosures, we report in mainstream reports such as our Annual Report. Our 2018 Annual Report included climate-related topics such as governance, strategy, risks, and emissions performance/targets as part of our most recent Proxy Statement and shareholder engagements.

Publication
In voluntary sustainability report

Status
Complete

Attach the document
2018+Recipe+for+Good+Progress+Update.pdf

Page/Section reference
Planet and Citizenship Sections

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment
Yum! Brands takes our role as a global citizen and our impact on society and the environment seriously. In addition to our CDP disclosures, we report our progress and performance in voluntary communications such as our biennial Global Citizenship & Sustainability Report. As such, we have attached our 2018 Progress Update.

Publication
In voluntary communications

Status
Complete

Attach the document
Yum Brands to reduce greenhouse gas emissions - Bizwomen.pdf

Page/Section reference
Entire Article

Content elements
Strategy

Comment
We recently announced our commitment to pursue a study to evaluate the feasibility science-based target to reduce greenhouse gas emissions from our operations, franchises and supply chain, as well as to explore purchasing renewable energy.

Publication
In voluntary communications

Status
Complete

Attach the document
Yum! Focused on Sustainable Packaging Initiatives.pdf

Page/Section reference
Entire Article

Content elements
Strategy

Comment
We recently announced several pledges and partnerships as part of our Sustainable Packaging initiative, including our partnership with NextGen Consortium; the KFC Plastics Pledge; Taco Bell’s recyclable cups and lids; and Yum!’s Paper-Based Packaging goals.

Publication
In voluntary communications

Status
Complete

Attach the document
Yum! Brands named to Corporate Responsibility Magazine’s 100 Best Corporate Citizens list.pdf

Page/Section reference
Entire Article

Content elements
Other, please specify (Recognition)

Comment
Yum! Brands has been named to the 100 Best Corporate Citizens list by Corporate Responsibility Magazine for our continued commitment to being a good corporate steward.

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	President	President

Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below
I have read and accept the applicable Terms