

W0. Introduction

---

W0.1

---

**(W0.1) Give a general description of and introduction to your organization.**

Yum! Brands, Inc., based in Louisville, Kentucky, has over 50,000 restaurants in more than 150 countries and territories primarily operating the Company’s brands – KFC, Pizza Hut, and Taco Bell – global leaders of the chicken, pizza, and Mexican-style food categories. Starting at end of the first quarter of 2020 the Company’s family of brands includes The Habit Burger Grill, a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. In 2019, 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.

W0.2

---

**(W0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date
Reporting year	January 1 2019	December 31 2019

W0.3

---

**(W0.3) Select the countries/areas for which you will be supplying data.**

- Australia
- Canada
- France
- Germany
- India
- Italy
- Netherlands
- Russian Federation
- Singapore
- South Africa
- Spain
- United Arab Emirates
- United Kingdom of Great Britain and Northern Ireland
- United States of America

W0.4

---

**(W0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

W0.5

---

**(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.**

Companies, entities or groups over which operational control is exercised

W0.6

---

**(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?**

No

W1. Current state

---

W1.1

---

**(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.**

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Vital	Direct use of sufficient amounts of good quality freshwater is vital to our operations because restaurants rely on it for many important functions such as products and sanitation and cannot operate without it. Indirect use of sufficient amounts of good quality freshwater is important to our value chain because it's used to help produce many of our primary products, whether developing beverages, preparing meat or helping plants grow. However, Yum! is a global company with a diverse supply chain and adjustments can be made on sourcing to adapt to local conditions. We do not anticipate the future importance rating for direct or indirect operations to change based on the nature of water use in our business practices. Freshwater will continue to remain vital for our direct and indirect use, as it is a necessary component of our core product offerings.
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Not very important	Direct use of sufficient amounts of recycled, brackish and/or produced water is not very important to our operations because of its very limited use throughout our business. Indirect use of sufficient amounts of recycled, brackish and/or produced water is not very important to our value chain because of its limited use through our supply chain. In these extremely rare cases, recycled water has historically been used for waste conveyance and/or irrigation as permitted by local jurisdictions. If any suppliers depend on brackish water, and availability becomes an issue for individual suppliers, Yum!'s adjustments can be made in our diverse supply chain to adapt to local conditions. We do not anticipate the future importance rating for direct or indirect operations to change based on the nature of water use in our business practices, as recycled, brackish, and/or produced water are scarcely used within our business operations.

**W1.2**

**(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?**

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Current water withdrawal volumes are recorded from municipal water utility bills for equity restaurant and office locations, and data is requested for all equity restaurant locations. Distribution, including warehouses, is typically handled by third parties and therefore outside of the reporting boundary. The frequency of this activity is typically monthly or every other month depending on local practices. The frequency of Yum! reviewing data for withdrawals representing each store is completed on an annual basis. Although efforts have been made to collect data, estimations were by necessity completed in some areas. We look forward to refining our process in future years.
Water withdrawals – volumes by source	100%	Current water withdrawal is nearly entirely from municipal water sources. The frequency of requesting this data for all equity restaurant locations is typically completed on an annual basis. Although efforts have been made to collect data, estimations were completed by necessity in some areas. We look forward to refining our process in future years.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	Current water withdrawal is nearly entirely from municipal water sources and we depend on their quality monitoring systems. However, we also typically provide in-restaurant filtration of water used for drinking and product preparation (such as ice). Those in-restaurant filtration systems are maintained and monitored by local restaurant staff at a frequency according to local and manufacturer requirements.
Water discharges – total volumes	100%	Yum! Brands' water discharge volumes for U.S. KFC and Taco Bell equity stores are equal to a store's withdrawal, minus approximately 15% consumption. U.S. Pizza Hut equity stores have negligible consumption volumes, so its discharge volume is generally equal to its withdrawal. This calculated approach is completed on an annual basis and has been applied to our international locations as well. Although efforts have been made to collect data, estimation is the core part of this measurement. We look forward to refining our process in future years.
Water discharges – volumes by destination	100%	Discharges are returned to municipal facilities for treatment. Yum! Brands' water discharge volumes for U.S. KFC and Taco Bell equity stores are equal to a store's withdrawal, minus approximately 15% consumption. U.S. Pizza Hut equity stores have negligible consumption volumes, so its discharge volume is generally equal to its withdrawal. This calculated approach is completed on an annual basis and has been applied to our international locations as well. Although efforts have been made to collect data, estimation is the core part of this measurement. We look forward to refining our process in future years.
Water discharges – volumes by treatment method	Less than 1%	We do not regularly measure and monitor water discharge volumes by treatment method because discharges are returned to municipal facilities for treatment at their discretion. We review and ensure compliance with all local laws and regulation for frequency of monitoring, should it be required.
Water discharge quality – by standard effluent parameters	100%	Water discharge quality is monitored through regulatory permits. Restaurants are designed to produce discharges of an acceptable quality for treatment by municipal facilities. Municipalities test discharge according to their regulations. We follow all local laws and regulations for frequency of monitoring, should it be required.
Water discharge quality – temperature	Not relevant	We do not regularly measure or monitor water temperature as it relates to discharge quality, as this is not relevant to or required for our operations. The temperature of water released as a result of kitchen processes follow local jurisdictional requirements. It is not expected that discharge temperatures would exceed domestic hot water and therefore is not expected to become relevant in the future.
Water consumption – total volume	100%	Yum! Brands' U.S. KFC and Taco Bell equity store water consumption is approximately equal to a store's withdrawal, minus 15% consumption. U.S. Pizza Hut equity stores have negligible consumption volumes in aggregate. This calculated approach has been applied to our international locations as well. The frequency of Yum! reviewing data for water consumption representing each store is completed on an annual basis. Although efforts have been made to collect data, estimations were completed by necessity in some areas. We look forward to refining our process in future years.
Water recycled/reused	Not relevant	We do not regularly measure or monitor water recycling or reuse as this is not relevant to or required for our operations. Use of recycled/reused water is extremely rare and limited to test buildings. It is not expected to become relevant in the future.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Yum! Brands requires clean water for drinking, cooking and cleaning purposes, adequate facilities for excreta purposes, solid waste management and drainage, and general hygiene purposes. Employees also are educated to follow hygiene requirements. WASH facilities are in place in existing workplaces and are built into new restaurant design by our Development teams, and continue to be included in our Food Safety Facilities and Equipment Standards. Monitoring is completed by our Quality Assurance teams in the field, and is typically reviewed twice per year as part of our Restaurant food safety audits.

**W1.2b**

**(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?**

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	2175.45	About the same	Total water withdrawals in 2019 remained about the same from 2018. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted "about the same" to be within 6% of 2018 volumes. We experienced a slight (2%) increase in total withdrawal volumes for global equity locations. This change is largely attributed to decreases due to refranchising that were offset by the addition of global office locations. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Our expectation within the near future is that water withdrawals will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.
Total discharges	1857.31	About the same	Total water discharges in 2019 remained about the same from 2018. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted "about the same" to be within 6% of 2018 volumes. We experienced a slight (1%) increase in total discharge volumes for global equity locations. This change is largely attributed to decreases due to refranchising that were offset by the addition of global office locations. Water discharge data represents all global equity markets and is calculated as Total Withdrawal minus Total Consumption at the brand-level based on data acquired via our international market surveys on an annual basis. Our expectation within the near future is that water discharges will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.
Total consumption	318.14	About the same	Total water consumption in 2019 remained about the same from 2018. Please note that CDP does not define the threshold for comparison with the previous reporting year. As such, we have interpreted "about the same" to be within 6% of 2018 volumes. We experienced a slight (6%) increase in total consumption volumes for global equity locations largely attributed to the addition of global office locations. Water consumption data represents all global equity markets and is acquired via our international market surveys on an annual basis. Total consumption is then calculated at the brand and company-level based on approximately 15% of total water withdrawals for KFC, Taco Bell, and corporate office locations with minimal amounts of water consumption at Pizza Hut locations. Our expectation within the near future is that water consumption will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.

**W1.2d**

**(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.**

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	11-25	Higher	WRI Aqueduct	In 2019, Yum! Brands, Inc. completed a comprehensive Water Risk Assessment for all global equity and franchise restaurant locations. Our Assessment utilized the WRI Aqueduct Water Risk Atlas 3.0 to map and analyze over 47,500 store locations and defined "water stressed areas" as any location with a composite water risk score greater than 3.75 based on the WRI Aqueduct Water Risk Atlas 3.0 parameters of overall water risk, baseline water stress, and projected 2030 water stress. The proportion of total withdrawals sourced from water stressed areas represents an aggregate estimate based on the number of equity stores whose composite water risk score was greater than 3.75. This proportion has increased 7% from our previous assessment in 2017, largely attributed to improved risk data and methodology updates associated with the new WRI Aqueduct Water Risk Atlas 3.0.

**W1.2h**

**(W1.2h) Provide total water withdrawal data by source.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Third party sources	Relevant	2175.45	About the same	All Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future. Withdrawals from third party sources in 2019 remained about the same from 2018. CDP does not define the threshold for comparison with the previous reporting year and as such, we have defined "about the same" to be within 6% of 2018 volumes. We experienced a slight (2%) increase in total withdrawal volumes for global equity locations. This change is largely attributed to decreases due to refranchising that were offset by the addition of global office locations. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Our expectation within the near future is that water withdrawals will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.

**W1.2i**

**(W1.2i) Provide total water discharge data by destination.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	This discharge destination is not relevant - all Yum! Brands water discharges are returned to groundwater (irrigation) and/or municipal facilities, and we anticipate that this will be consistent in the future.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	This discharge destination is not relevant - all Yum! Brands water discharges are returned to groundwater (irrigation) and/or municipal facilities, and we anticipate that this will be consistent in the future.
Groundwater	Relevant	630.99	About the same	All irrigation is discharged to groundwater. Irrigation is calculated to be approximately 35% of total withdrawals at all KFC, Taco Bell, and corporate office locations. Overall, U.S. Pizza Hut equity stores have negligible irrigation volumes. Data is acquired via our international market surveys on an annual basis. Discharges to groundwater in 2019 remained about the same from 2018. CDP does not define the threshold for comparison with the previous reporting year and as such, we have defined "about the same" to be within 6% of 2018 volumes. We experienced a slight (6%) increase in groundwater discharge volumes for global equity locations. This change is largely attributed to decreases due to refranchising that were offset by the addition of global office locations. Our expectation within the near future is that water discharges will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.
Third-party destinations	Relevant	1226.32	About the same	All discharge not related to irrigation is returned to municipal facilities and is calculated as withdrawal minus consumption minus irrigation. Irrigation is calculated to be approximately 35% of total withdrawals at all KFC, Taco Bell, and corporate office locations. Pizza Hut equity stores have negligible irrigation volumes. Data is acquired via our annual international market surveys. Total discharges to third-party destinations in 2019 remained about the same from 2018. CDP does not define the threshold for comparison and as such, we have defined "about the same" to be within 6% of 2018 volumes. We experienced a slight (1%) decrease in third-party discharge volumes for global equity locations largely attributed to decreased water withdrawals / discharges for global Pizza Hut locations. Our expectation within the near future is that water discharges will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures.

**W1.4**

**(W1.4) Do you engage with your value chain on water-related issues?**

Yes, our suppliers

**W1.4a**

**(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?**

**Row 1**

**% of suppliers by number**

51-75

**% of total procurement spend**

51-75

**Rationale for this coverage**

Yum! Brands recognizes the importance of evaluating water use, risks, and management in our agricultural supply chain. Within our Food Safety Quality Assurance (FSQA) team, suppliers are prioritized and selected based on Tier (direct vs. indirect), criticality, and relative risk to the system. They are incentivized and required to participate in our food safety auditing processes to maintain their status as a supplier. This team looks at many operational components including water. In addition to this work, encourage the management of forest resources which contributes to protecting watersheds and managing risks. Proper management of forest resources contributes to eliminating deforestation which helps to ensure watershed health and water security by stabilizing soils, reducing erosion, regulating water flow, and purifying water sources.

**Impact of the engagement and measures of success**

FSQA, whose review is focused on sanitation and food safety, evaluates the results of audits. Information is used to maintain food safety standards and determines supplier compliance and eligibility to maintain their status as a supplier. Regarding helping to protect watersheds, we collect data from suppliers regarding fiber-based packaging via our annual sustainability survey. We use this information to measure progress against our goal of buying 100% paper-based packaging from certified or recycled sources. Suppliers who are not meeting our deforestation prevention policies are subject to removal. We have removed both palm and paper suppliers from our system as a result of this work. Results of the survey are used by our internal supply chain teams to work toward meeting goals. It also assists Yum! Brands in the development of future supply chain-oriented water targets.

**Comment**

**W1.4b**

**(W1.4b) Provide details of any other water-related supplier engagement activity.**

**Type of engagement**

Innovation & collaboration

**Details of engagement**

Educate suppliers about water stewardship and collaboration

**% of suppliers by number**

1-25

**% of total procurement spend**

1-25

**Rationale for the coverage of your engagement**

Yum! Brands recognizes the importance of evaluating water use, risks and management of the agricultural supply chain. We therefore engage with suppliers to better understand their approach to sustainability, including water. This engagement includes the collection of data and conducting of Food Safety Quality Assurance site visits. Engagements are supported by the requirements for suppliers to follow the Yum! Supplier Code of Conduct. Suppliers must follow Yum! sustainability policies and positions as outlined in our Global Citizenship and Sustainability Report. Upon request suppliers provide information regarding environmental management systems, and leadership in meeting or exceeding environmental standards and demonstrating year-over-year progress towards reducing the relative environmental footprint of their operations.

**Impact of the engagement and measures of success**

Encouraging suppliers to report their water usage and collaborate in our ongoing education efforts assists Yum! Brands in the development of future supply chain oriented water and land management targets. We monitor the impact of these engagements based on improved sharing of best practices, increased awareness and understanding of water-related issues, and water-related KPIs for forests commodities including the volume of sustainably certified materials. Proper management of forest resources contributes to eliminating deforestation which helps to ensure watershed health and water security by stabilizing soils, reducing erosion, regulating water flow, and purifying water sources. Success of this engagement is measured via our annual surveys which inform our progress against our fiber and palm oil goals.

**Comment**

Percentage of suppliers by number and total procurement spend reflect the U.S. market only.

---

**W2. Business impacts**

---

**W2.1**

---

**(W2.1) Has your organization experienced any detrimental water-related impacts?**

Yes

**W2.1a**

---

**(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and the total financial impact.**

**Country/Area & River basin**

South Africa	Other, please specify (All basins in that country)
--------------	--

**Type of impact driver & Primary impact driver**

Physical	Drought
----------	---------

**Primary impact**

Increased operating costs

**Description of impact**

As a result of the drought, many restaurants experienced a throttling of the water supply, increased water costs (nearly tripling in some cases), and increased CAPEX costs in the form of investment in additional water conservation measures. In addition, there were costs resulting from education, training and procedure modification. We and our franchisees were fortunate and no operational time was lost due to the drought conditions. Although a significant event for South Africa, the impact on the corporation did not reach the substantive level.

**Primary response**

Adopt water efficiency, water reuse, recycling and conservation practices

**Total financial impact**

180000

**Description of response**

Estimate of the financial impact were calculated using materials provided by our South African market and includes increases in water costs, conservation measures, procedural modification, training, communications, philanthropic endeavors, and general management. Additional costs were likely incurred as conservation measures continued to be implemented. Provided costs directly borne by franchisees such as increased water costs and investments in conservation measures are not included in this estimate. As a result of the drought we and our franchisees are investing in additional conservation measures such as low-flow fixtures and storage tanks to mitigate the risk of outages. We conducted training surrounding water conservation, including the distribution of electronic newsletters, and modified procedures to encourage the use of less water while maintaining safety standards. We also engaged with the community through philanthropic activities with groups such as Afrika Takun, HOPE Worldwide, and MES.

**Country/Area & River basin**

India	Other, please specify (All basins in that country)
-------	--

**Type of impact driver & Primary impact driver**

Physical	Inadequate infrastructure
----------	---------------------------

**Primary impact**

Increased operating costs

**Description of impact**

As a result of challenging infrastructure in many locations it is necessary to transport water to the restaurants and/or conduct filtration and higher levels than typically done in many markets, thus resulting in increased operating costs. Although a chronic financial impact for our India market, the impact on the corporation did not reach the substantive level.

**Primary response**

Improve pollution abatement and control measures

**Total financial impact**

106000

**Description of response**

Our restaurants provide filtration, such as reverse osmosis, as required and make arrangements for water to be provided. We have estimated the financial impact, based on metering of a restaurant, the resulting process water, energy and maintenance costs. The number provided is an estimate of costs for equity locations.

**W2.2**

**(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?**

No

**W3. Procedures**

**W3.3**

**(W3.3) Does your organization undertake a water-related risk assessment?**

Yes, water-related risks are assessed

---

**(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.****Direct operations****Coverage**

Full

**Risk assessment procedure**

Water risks are assessed as a standalone issue

**Frequency of assessment**

Every two years

**How far into the future are risks considered?**

More than 6 years

**Type of tools and methods used**

Tools on the market

International methodologies

Other

**Tools and methods used**

WRI Aqueduct

Internal company methods

External consultants

**Comment**

In 2019, Yum! Brands researched industry-wide water risks and best practices and surveyed internal departments' awareness of water risks as we strengthened our existing water stewardship practices. We completed a global risk assessment of our restaurants using WRI's Aqueduct tool. This applies both to direct operations and franchisees. To ensure that our assessment adequately captures the company's exposure to risk, we anticipate updating our water stress review and water risk scores every two years.

**Supply chain****Coverage**

Full

**Risk assessment procedure**

Water risks are assessed as part of an enterprise risk management framework

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

More than 6 years

**Type of tools and methods used**

Databases

Other

**Tools and methods used**

Internal company methods

External consultants

Other, please specify (Supplier Management Tools)

**Comment**

The Board maintains overall responsibility for overseeing Yum!'s risk management. The Board delegates specific risk-related responsibilities to the Audit Committee and to the Management Planning and Development Committee. The Audit Committee discusses risk management regular committee meetings and receives functional risk review reports covering significant areas of risk from senior managers responsible for these functional areas, as well as reports from the General Counsel and the Vice President, Internal Audit. The Audit Committee then provides a summary to the full Board.

**Other stages of the value chain**

**Coverage**

Full

**Risk assessment procedure**

Other, please specify (Water availability and quality at the site level prior to site development)

**Frequency of assessment**

More than once a year

**How far into the future are risks considered?**

More than 6 years

**Type of tools and methods used**

Databases

Other

**Tools and methods used**

External consultants

National-specific tools or standards

Other, please specify (Interaction with local governance and water jurisdictions, Development Management Databases)

**Comment**

Water availability and quality is essential for stores' operation. During the development process for new restaurants, Development teams are responsible for assessing water availability. That is done through interaction with local governance bodies, consultants and water jurisdictions as appropriate. This occurs multiple times a year as restaurants are developed, but generally once for each location.

**W3.3b**

**(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?**

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Water availability is relevant because water is essential for stores' operation and food production. Therefore, water risk at the restaurant level is reviewed on a biennial basis using the WRI Aqueduct tool to evaluate risk. The assessment considers stores' water risk by location, brand, and withdrawal volume. This provides basin/catchment level information. During the development process for new restaurants, Development teams are responsible for assessing water availability. This includes current availability and the potential for future disruptions in supply. Actions are taken such as removing the site from development consideration or providing for alternative water sources. Our Quality Assurance team is responsible for responding to water availability in our restaurants as it is vital for food safety. Restaurants food safety audits are typically conducted two times per year. Restaurant teams take action on resulting findings to make necessary corrections to maintain food safety. For example, Quality Assurance teams would review the functionality of hand washing sinks. If any deficiencies were found, the result would include correction and/or replacement of deficient equipment. Our Supply Chain team monitors conditions and is able to adjust purchasing based on a variety of factors. Resulting actions would include finding alternative supplies to maintain the supply of the products to the restaurants. For example, if one supplier sourced from a region that was experiencing a drought and therefore lost or reduced their supplies, our Supply Chain team would then adjust our purchasing accordingly to identify and purchase from an alternative supply within a different/nonimpacted region.
Water quality at a basin/catchment level	Relevant, always included	Water quality is relevant because potable water is essential for stores' operation and food production. Therefore, water risk at the restaurant level is reviewed on a biennial basis using the WRI Aqueduct tool to evaluate risk. The assessment considers stores' water risk by location, brand, and withdrawal volume. This provides a basin/catchment level information. During the development process for new restaurants, Development teams can provide filtration systems for water withdrawn from the municipal system or take other measures to address water quality if needed. Water discharge quality is monitored through regulatory permits, and restaurants are designed to produce discharges of an acceptable quality for treatment by municipal facilities. Our Quality Assurance team is responsible for responding to water available in our restaurants. Our Supply Chain team monitors conditions is able to adjust purchasing based on a variety of factors to assure the supply of products to the restaurants.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Stakeholder conflicts concerning water are relevant as we strive to maintain positive relationships with all stakeholders. Development teams, local restaurant managers and our Quality Assurance team are responsible for monitoring and addressing stakeholder issues addressing water at the local level. For example, during the Development process the teams will work with local jurisdictions to address any stakeholder conflicts concerning water resources. In our WRI Aqueduct risk assessment, a higher Baseline Water Stress score indicates more competition amongst users for water at a particular location. We examine stores with high Baseline Water Stress scores to ensure they are not using a disproportionate amount of water to the community in order to maintain positive relationships with stakeholders.
Implications of water on your key commodities/raw materials	Relevant, always included	Yum! Brands acknowledges that the agricultural sector, which includes our supply chain, uses 70% of the world's freshwater resources globally. At Yum! Brands and our purchasing cooperative in the United States, RSCS, we are continually evaluating possible disruptions to our supply chain, including from the perspective of water. Our Supply Chain team monitors conditions and is able to adjust purchasing based on a variety of factors. Resulting actions would include finding alternative supplies to maintain the supply of the products to the restaurants. For example, if one supplier sourced from a region that was experiencing a drought and therefore lost or reduced their supplies, our Supply Chain team would then adjust our purchasing accordingly to identify and purchase from an alternative supply within a different/non-impacted region.
Water-related regulatory frameworks	Relevant, always included	Water-related regulatory frameworks are relevant because they are a factor in determining whether or not our store locations can be built. For new construction projections, our local development teams review the current local regulatory requirements and tariffs as part of the feasibility assessment for new sites. Our local brand teams use internal company methods to monitor and comply with new local regulations to avoid violations. Risks are identified and addressed by local teams as part of the development process.
Status of ecosystems and habitats	Relevant, always included	The status of ecosystems and habitats are relevant because we believe that protecting the environment is an important part of good corporate citizenship. We are committed to minimizing the impact of our businesses on the environment with methods that are socially responsible, scientifically based and economically sound. The Yum! Worldwide Code of Conduct requires employees to comply will all applicable environmental regulations. Local development teams are responsible for identifying and responding to risks in accordance with applicable regulations.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Yum! Brands requires clean water for drinking, cooking and cleaning purposes, adequate facilities for excreta purposes, solid waste management and drainage, and general hygiene purposes. Employees also are educated to follow hygiene requirements. 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 and their consultants in the field.
Other contextual issues, please specify	Not considered	Additional contextual issues are not considered at this time.

**W3.3c**



**(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?**

	Relevance & inclusion	Please explain
Customers	Relevant, always included	This stakeholder is included because customers incorporate considerations about a company's sustainability and restaurants' cleanliness into their purchasing decisions. We therefore consider customers' perception about our stores' water use in assessments. To engage with our customers, our marketing insights group collects thousands of data points from consumers in order to identify trends for our brands. This includes sustainability topics such as water.
Employees	Relevant, always included	Yum! Brands requires clean water for drinking, cooking and cleaning purposes, adequate facilities for excreta purposes, solid waste management and drainage, and general hygiene purposes. Employees are included as a stakeholder so that they are educated to follow hygiene requirements. 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. In addition, we include employee perspective water related issues in corporate materiality assessments as they are performed. To engage with our employees, we recently conducted a survey in our corporate headquarters to identify areas of sustainability interest for our associates. We also typically conduct bi-annual satisfaction and engagement surveys of our global employee population.
Investors	Relevant, always included	This stakeholder is included because many sustainable, responsible and impact (SRI) investors incorporate companies' preparedness and exposure to water risk into their investment theses. Yum! Brands therefore monitors investors' water-related concerns by attending relevant panels at conferences hosted by investor forums like Ceres and USSIF. We also track our scores on investor publications that monitor our environmental performance, like MSCI IVA and Sustainalytics reports, to ensure investors have the correct and most up-to-date information about our sustainability performance. We also have engaged in dialog with investor groups who are interested in water consumption. In addition, we include investor perspective water related issues in corporate materiality assessments as they are performed. We have numerous ways to engage with our investors. Our Investor Relations teams conduct quarterly investor calls to answer questions and share information regarding our journey, including our sustainability journey when needed. It is also not uncommon for us to receive shareholder requests for information or proposals on ESG areas of concern. Following receipt, we typically undertake a dialog with the investor groups on the topic to share information and discuss perceptions of associated risk.
Local communities	Relevant, always included	This stakeholder is included because local communities require water as an essential resource for daily living purposes. Our typical water intensity is not high but communities are engaged during the development process and we will listen to concerns raised during subsequent operational use of the restaurant. We consider ourselves as partners with the communities in which we work and live. During the development process, our teams engage with local communities through the permitting process to discuss areas of concern, which can include water supply and discharge. We work to understand the water risk to our business as well as how to be good community partners.
NGOs	Relevant, always included	This stakeholder is included because environmental NGOs evaluate Yum! Brands' sustainability performance and engage us on issues like water. Yum! Brands listens to NGOs' water concerns in personal dialogues, industry conferences, and the media as they arise. In addition, we include NGO perspective water related issues in corporate materiality assessments as they are performed. It is also not uncommon for us to receive NGO requests for information or proposals on ESG areas of concern. Following receipt, we typically undertake a dialog with the group to share information and discuss perceptions of associated risk.
Other water users at a basin/catchment level	Relevant, always included	This stakeholder is included because they can be important in our development efforts. Our brands engage with other local water users if they express in interest and/or if required by local regulations. In the event that we receive interest and/or are required to engage with other water users at a basin/catchment level, likely to occur during the development processes, local management teams would have conversations about how best to address concerns and needed actions at the site.
Regulators	Relevant, always included	The Yum! Brands Government Affairs team monitors emerging environmental regulations and engages regulators on these issues when they are relevant to the success of our business operations. This stakeholder is important as they are important in the development process. In the event that we receive interest and/or are required to engage with regulators, likely to occur during the development processes, local management teams would have conversations about how best to address concerns and needed actions at the site.
River basin management authorities	Relevant, always included	Our brands will engage with local management authorities if they express in interest and/or if required by local regulations. In the event that we receive interest and/or are required to engage with other water users at the river basin management level, likely to occur during the development processes, local management teams would have conversations about how best to address concerns and needed actions at the site. This stakeholder is important as they are important in the development process.
Statutory special interest groups at a local level	Relevant, always included	Our brands will engage with statutory special interest groups at local levels if they express in interest and/or if required by local regulations. In the event that we receive interest and/or are required to engage with statutory special interest groups, likely to occur during the development processes, local management teams would have conversations about how best to address concerns and needed actions at the site. This stakeholder is important as they are important in the development process.
Suppliers	Relevant, always included	Suppliers are an important stakeholder and risks to the supply chain are included in our assessments. Any water related issues that cause or have the potential to cause supply chain impact would be evaluated by our supply chain team. An example would be the South African drought where supply chains were monitored to ensure access to product. Yum! Brands would receive updates about suppliers' sustainability efforts and risks in our agricultural value chain. We do not currently globally track supplier sustainability initiatives in a systematic way. Enhancement of our approach to the issue of driving awareness of water use as well as improved management of water consumption in the supply chain will be evaluated and updated as we continue to evolve our processes.
Water utilities at a local level	Relevant, always included	Water utilities/suppliers at a local level are instrumental to Yum! Brands' understanding of water use in our direct operations since water withdrawal and consumption are collected from local utility bills. Yum! therefore engages with water utilities/suppliers at a local level on an as-needed basis, for example, when a water utility does not include adequate water usage information on its monthly bills or reports water usage in an unusual or inconsistent manner. During the development process our teams engage with local communities through the permitting process to discuss areas of concern, which can include water supply and discharge. We work to understand the water risk to our business as well as how to be good community partners.
Other stakeholder, please specify	Relevant, always included	Various shareholders have expressed an interest in water. We have engaged with a European based group to discuss our water conservation measures.

W3.3d

**(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.**

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 Board of Directors, which is briefed through its Audit Committee on an annual basis. The brief is typically performed by our General Counsel and/or our Vice President of Global Government Affairs and Sustainability (Chief Sustainability Officer).

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. In 2019 our CEO elevated the Recipe for Good to on par with our Recipe for Growth as an indication that both are critical operating and growing our company. Water related strategy, risks and opportunities are reviewed by our ESG Council, which consists of senior leaders across the company and is chaired by the Vice President of Global Government Affairs and Sustainability (Chief Sustainability Officer) who is responsible for coordinating risk management and opportunity identification, including water. This senior leader also works with sustainability leads at our brands to develop and lead the execution of the strategy which addresses risk and opportunities. Brand sustainability leads work within individual markets and departments. The duties of Vice President of Global Government Affairs and Sustainability (Chief Sustainability Officer) also include the representation of sustainability issues, such as water, on the Yum! risk committee. This senior level committee is responsible for the evaluation and as appropriate, reporting of possible corporate risk at least once per year to the Audit Committee of the Board of Directors for inclusion in our public filings.

The Company assesses alternatives and determines steps and action plans with working groups. One primary tool for evaluation of water risk in our direct operations is WRI Aqueduct.

In 2019, we completed a risk assessment using this tool for nearly all of our restaurants for the reporting year. Our intent is to conduct this review approximately every two years with the input of external consultants and utilization of our internal databases. We encourage the adoption of water conservation measures for locations included in high risk areas (defined by a composite risk score over 3.75 based on WRI Aqueduct parameters). Specific measures for restaurants are detailed in BlueLine, our green building standard. For example, principles such as higher efficiency ice machines, low-flow faucets and toilets were used to provide guidance regarding drought responses to our team in South Africa, resulting in reduced water consumption to comply with the mandate from local authorities.

**W4. Risks and opportunities**

**W4.1**

**(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?**

No

**W4.1a**

**(W4.1a) How does your organization define substantive financial or strategic impact on your business?**

For the current reporting cycle, CDP has requested information regarding risks that are substantive at the corporate level and not those at the facility or business unit level. As a global, decentralized, and franchise-focused organization with a diverse supply chain, many risks (such as water) can be important yet not rise to the provided benchmark of being financially or strategically important at a material, substantive level to the corporation. There is no single definition of what would rise to this level but for a corporation such as Yum! Brands, a system impact (including our direct operations, supply chain, or both) of approximately 5% of net income for the annual reporting period could be considered substantive at the corporate level. The definition of what would be considered as "substantive" for the company is applicable to both direct operations and supply chain and is reviewed at least annually and updated as necessary.

**W4.2b**

**(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?**

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	For the current reporting cycle, CDP has requested information regarding risks that are substantive at the corporate level and not those at the facility or business unit level. As a global, decentralized, and franchise-focused organization, water risk can be important yet not rise to the provided CDP benchmark of being financially or strategically important at a level that is substantive to the corporation. In 2019, Yum! Brands, Inc. completed a comprehensive Water Risk Assessment for all global equity and franchise restaurant locations. Our Assessment utilized the WRI Aqueduct Water Risk Atlas 3.0 to map and analyze over 47,500 store locations and defined "water stressed areas" as any location with a composite water risk score greater than 3.75 based on the WRI Aqueduct Water Risk Atlas 3.0 parameters of overall water risk, baseline water stress, and projected 2030 water stress. This process identified 154 locations within our direct operations that were identified as "high risk" (based on a composite water risk score greater than 3.75) located in multiple basins across the globe. If in the highly unlikely event that all of those locations were negatively impacted or closed by a water-related incident, it would not have a substantive financial or strategic impact on the corporation. Although such risk does not rise to the level of substantive, we continue to monitor our water risk and encourage restaurants in high-risk areas to incorporate water conserving measures, such as our recent efforts to reduce water consumption in South Africa. To ensure that our assessment adequately captures the company's exposure to risk, we anticipate updating our water stress analysis every two years. We currently plan to update our next Water Risk Assessment starting in Q4 2021 and will seek to include all global equity and franchise restaurants to be consistent with previous assessments.

**W4.2c**

**(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?**

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	For the current reporting cycle, CDP has requested information regarding risks that are substantive at the corporate level and not those at the facility or business unit level. As a global, decentralized, and franchise-focused organization, water risk can be important yet not rise to the provided CDP benchmark of being financially or strategically important at a material substantive level to the corporation. Direct use of sufficient amounts of good quality freshwater is important to our supply chain because it's used to help produce many of our primary products, whether developing beverages, preparing meat, or helping plants grow. However, Yum! is a global company with a diverse supply chain and adjustments can be made on sourcing to adapt to conditions impacting one or multiple water basins. In 2019 we completed a comprehensive Water Risk Assessment for global equity and franchise restaurant locations using the WRI Aqueduct tool. This process identified that approximately 17% of locations in different basins across the globe were considered to be "high risk" based on a composite water risk score greater than 3.75. This is 3% less exposure than in the previous assessment completed in 2017. It is highly unlikely that the number of potentially impacted locations would rise to have a substantive financial or strategic impact on the corporation. Although such risk does not rise to the level of substantive, we continue to monitor our water risk and encourage restaurants in high risk areas to incorporate water conserving measures. A recent example is our efforts to reduce water consumption in South Africa in partnership with franchisees. To ensure that our assessment adequately captures the company's exposure to risk, we anticipate updating our water risk analysis every two years. We currently plan to update our next Water Risk Assessment starting in Q4 2021 and will seek to include all global equity and franchise restaurants to be consistent with previous assessments.

**W4.3**

**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

No

**W4.3b**

**(W4.3b) Why does your organization not consider itself to have water-related opportunities?**

	Primary reason	Please explain
Row 1	Opportunities exist, but none with potential to have a substantive financial or strategic impact on business	There are water-related opportunities for our corporation but they do not currently rise to level of substantive at the corporate level. There is no single definition of what would rise to this level but for a corporation such as Yum!, a system impact of approximately 5% of net income for the annual reporting period could be considered substantive at the corporate level. The definition of what would be considered as substantive for the company is reviewed at least annually and updated as necessary. We focus on water related opportunities for the benefit of our customers, employees, franchisees and shareholders. These include: 1. Water Efficiency: Remodeling existing restaurants and building new restaurants that follow our green building standards reduces water consumption and realizes cost savings. The estimated potential financial impact for approaches implemented in 2019 for direction operations and franchise operations is 4.4 MM. This assessment is repeated each year. 2. Community Relations: There is opportunity for us to build positive community relations by being a good environmental steward, which includes our focus on water conservation. We evaluate the impact water has on our business and the communities we serve through tools like WRI Aqueduct and materiality assessments. For example, KFC Australia is very focused on water conservation and introduced water-saving measures including water efficient landscaping, high efficiency restroom fixtures, and rainwater harvesting tanks. 3. Increased Shareholder Value: PRI investors consider water risks and opportunities in their evaluation of our public securities through their consideration of ESG research from MSCI, Sustainalytics, Bloomberg, CDP, Ceres, and others. We pursue water efficiency efforts that generate a positive return on investment and disclose them as part of our targeted communications. Water opportunities are reviewed by the brands and Yum! on an ongoing basis as part of continual improvements in restaurant development/operations and our Citizenship & Sustainability reporting cycle.

**W6. Governance**

**W6.1**

**(W6.1) Does your organization have a water policy?**

Yes, we have a documented water policy that is publicly available

**W6.1a**

**(W6.1a) Select the options that best describe the scope and content of your water policy.**

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water stewardship and/or collective action Recognition of environmental linkages, for example, due to climate change	Our environmental sustainability strategy and policy is publicly available in our Citizenship and Sustainability Report and includes direct reference to our water stewardship goal to reduce water consumption (withdrawal) in Company-owned restaurants. As a global company, it is important that we have a company-wide water policy given our business dependency on water. We have will continue to improve our ability to collect data on usage and are committed to implementing water-saving technologies to ensure water optimization and conservation. In addition to specific water stewardship goals, we have an ongoing commitment to source 100% of our palm oil used for cooking from responsible and sustainable sources starting at the end of 2019 and to purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020. Both goals are in direct response our policy in those respective areas and can have a direct impact on forest health and watersheds. To further support making progress toward no deforestation and using our scale to positively impact we endorsed the New York Declaration on Forests (NYDF). Our policies provide a combination of direct reduction of operational costs in the case of restaurant water conservation, are in the interest of our stakeholders, and are beneficial to the environment.

**W6.2**

**(W6.2) Is there board level oversight of water-related issues within your organization?**

Yes

**W6.2a**

**(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.**

Position of individual	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 water-related issues. This reflects the importance that the company gives to the topic as part of our citizenship and sustainability strategy called the Recipe for Good. A water related decision that the CEO would be involved in would be setting a strategy such as how to address water risk in the organization. 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 Government Affairs and Sustainability (Chief Sustainability Officer) to drive company strategy relating to water-related issues. Together they are responsible for: <ul style="list-style-type: none"> <li>• Leveraging sustainability to promote business growth, drive brand equity and minimize business, social and financial risks of Yum! Brands' global business enterprise including water;</li> <li>• Focusing on the scope of the business model for the entire business enterprise globally (Franchisee and Corporate);</li> <li>• Ensuring Yum! Brands operates efficiently and sustainably to drive shareholder value and brand positioning.</li> <li>• Updating of the Audit Committee on an annual basis regarding the Company's environmental commitments and progress which include progress on our water commitments.</li> </ul>

**W6.2b**

**(W6.2b) Provide further details on the board’s oversight of water-related issues.**

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities	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, including water, ultimately resides with the Yum! Brands Board of Directors, which is briefed through its Audit Committee on an annual basis. Issues related to water are brought to their attention as warranted and are elevated using these governance and management mechanisms within the company. Not all water related issues are elevated, nor do all business actions have a material water-related impact. This brief has historically been conducted by our General Counsel and/or our Vice President of Global Government Affairs and Sustainability (Chief Sustainability Officer).

**W6.3**

**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

**Name of the position(s) and/or committee(s)**

Chief Sustainability Officer (CSO)

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Annually

**Please explain**

The Vice President of Global Government Affairs and Sustainability (Chief Sustainability Officer) chairs our ESG Council and is responsible for coordinating the execution of the strategy, including water-related issues. This senior leader works with sustainably leads at KFC, Pizza Hut, Taco Bell and Yum! corporate to execute the strategy. The duties of this position also include the annual representation of sustainability issues, including water, 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 prioritizes risks based on factors that impact the business. The CSO typically presents metrics that relay progress that the corporation has made toward its goals, such as progress on our water reduction goal of 10% per restaurant on average by 2025 as well as our sustainable fiber goal for 2020.

**W6.4**

**(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?**

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	The Vice President of Global Government Affairs and Sustainability (Chief Sustainability Officer) is responsible for leading the execution of the Yum! sustainability strategy, water-related issues. The bonus of this individual is linked to performance against corporate sustainability goals, including water-related issues. A key goal is to reduce our average water use by ten percent by the end of 2025 using a 2018 baseline and focused on high water-stressed areas.

**W6.4a**

**(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Chief Sustainability Officer (CSO)	Reduction of water withdrawals	The Vice President of Global Government Affairs and Sustainability (Chief Sustainability Officer) is responsible for leading the execution of the Yum! sustainability strategy, water-related issues. The bonus of this individual is linked to performance against corporate sustainability goals, including water-related issues. A key goal is to reduce our average water use by ten percent by the end of 2025 using a 2017 baseline and focused on high water-stressed areas.
Non-monetary reward	Chief Sustainability Officer (CSO)	Reduction of water withdrawals	The Vice President of Global Government Affairs and Sustainability (Chief Sustainability Officer) is responsible for leading the execution of the Yum! sustainability strategy, water-related issues. Non-monetary rewards (such as recognition and awards) for this individual is linked to performance against corporate sustainability goals, including water-related issues. A key goal is to reduce our average water use by ten percent by the end of 2025 using a 2018 baseline and focused on high water-stressed areas.

**W6.5**

**(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?**

- Yes, direct engagement with policy makers
- Yes, trade associations
- Yes, other

**W6.5a**

**(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?**

Yum! Brands drives consistency between our policies, commitments, and activities through the nature of our organizational structure. Our Vice President of Global Government Affairs and Sustainability (Chief Sustainability Officer) sets and maintains sustainability policies, coordinates policy efforts, and represents sustainability issues, including water, on the Yum! risk committee. Due to the global scale of our organization, there are multiple business divisions, geographies, and water-related engagement activities that occur across our operations. Maintaining cross-functional teams that ultimately report to this individual allows us to coordinate multiple policy agendas, company commitments, and strategic objectives for sustainability issues maintain a consistent approach for Yum! Brands. In the event that inconsistencies are discovered, the Vice President of Global Government Affairs and Sustainability (Chief Sustainability Officer) coordinates with the brand sustainability leads and ESG Council to address and take steps to build alignment.

**W6.6**

**(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?**

- Yes (you may attach the report - this is optional)
- 2019 Annual Report - Form 10K Yum! Brands.pdf

**W7. Business strategy**

**W7.1**

**(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	21-30	Our fundamental, long term environmental sustainability 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. 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. The setting of this strategy is the most substantial business decision made during the reporting year that has been influenced by water-related issues, including ensuring an adequate water supplies and WASH services in our restaurants. Failure to implement these objectives could potentially result in increased stakeholder attention, food safety concerns, and/or increased operating risk. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than 5 years. We have selected the threshold that best fits our definition.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	21-30	Our fundamental, long term environmental sustainability 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. 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. The setting of this strategy is the most substantial business decision made during the reporting year that has been influenced by water-related issues, including ensuring an adequate water supplies and WASH services in our restaurants. Failure to implement these objectives could potentially result in increased stakeholder attention, food safety concerns, and/or increased operating risk. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than 5 years. We have selected the threshold that best fits our definition.
Financial planning	Yes, water-related issues are integrated	21-30	Our fundamental, long term environmental sustainability 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. 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. The setting of this strategy is the most substantial business decision made during the reporting year that has been influenced by water-related issues, including ensuring an adequate water supplies and WASH services in our restaurants. Financial planning is primarily incorporated into our business planning in the short-term, however we continue to consider long-term implications as part of our overall strategy. Failure to implement these objectives could potentially result in increased stakeholder attention, food safety concerns, and/or increased operating risk. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than 5 years. We have selected the threshold that best fits our definition.

**W7.2**

**(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?**

**Row 1**

**Water-related CAPEX (+/- % change)**

58

**Anticipated forward trend for CAPEX (+/- % change)**

0

**Water-related OPEX (+/- % change)**

6

**Anticipated forward trend for OPEX (+/- % change)**

0

**Please explain**

In 2019, Yum! Brands invested in water-saving measures in for new and existing buildings as part of water conservation efforts in support of our goals. This included using more efficient building fixtures, improved process equipment, and better irrigation systems with local plant species, resulting in a 58% increase in CAPEX. OPEX had a 6% increase compared to 2018, largely attributed to an increase in total water withdrawals as well as improved water cost calculation methodologies for our global equity markets. We do not currently anticipate significant changes to these expenditures for the next reporting year.

**W7.3**

**(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?**

	Use of climate-related scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	Since 2005, Yum! Brands has demonstrated steady progress toward our sustainability and water-related goals. Our fundamental business 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. Second is to work elevate the supply chain to reduce deforestation through objectives including the sourcing 100% of palm oil used for cooking and paper-based packaging from responsible and sustainable sources. We currently plan on implementing climate-related scenario analysis tools to inform our business strategy within the next two years.

**W7.4**

**(W7.4) Does your company use an internal price on water?**

**Row 1**

**Does your company use an internal price on water?**

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

**Please explain**

Yum! Brands has not explored the relevancy of an internal price of water at the time of this disclosure. We will revisit this topic in the future as our programs continue to evolve and our markets gain experience in this area.

**W8. Targets**

**W8.1**

**(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.**

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Our 2017 materiality assessment confirmed that water was one of our top material issues. This materiality assessment was used in the renewal of our Global Citizenship and Sustainability Strategy that reflects our corporate mission to build the world's most loved, trusted & fastest growing restaurant brands. In 2017 we achieved our goal of reducing water consumption by 10% from our baseline of 2005. Subsequently, we have set the goal of reducing average restaurant water consumption by an additional 10% by the end of 2025 with a focus on high water-stress areas. Yum! has been on a journey to reduce our environmental footprint for years, including minimizing deforestation risk. Our endorsement of the New York Declaration on Forests (NYDF) is a milestone. We believe that endorsing the NYDF is an important step forward and we look forward to supporting and helping to meet the global private sector goal of eliminating deforestation from the production of agriculture commodities such as palm oil, soy, paper and beef products no later than 2020, in addition to at least halving the rate of loss of natural forest globally by 2020 and striving to end natural forest loss by 2030. Eliminating deforestation helps to ensure watershed health and water security by stabilizing soils, reducing erosion, regulating water flow, and purifying water sources.

**W8.1a**

**(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.**

**Target reference number**

Target 1

**Category of target**

Water withdrawals

**Level**

Company-wide

**Primary motivation**

Water stewardship

**Description of target**

In 2017 we achieved our goal of reducing water use by 10% from our baseline of 2005. Subsequently, we have set the goal of reducing average restaurant water use by 10% by the end of 2025 (as compared to a 2018 baseline) with a focus on high water-stress areas.

**Quantitative metric**

% reduction in total water withdrawals

**Baseline year**

2018

**Start year**

2018

**Target year**

2025

**% of target achieved**

0

**Please explain**

In 2017 we achieved our goal of reducing water use by 10% from our baseline of 2005. Subsequently, we have set the goal of reducing average restaurant water use by 10% by the end of 2025 (as compared to a 2018 baseline) with a focus on high water-stress areas. In 2019, we experienced a slight (2%) increase in total withdrawal volumes for global equity locations. This change is largely attributed to decreases due to refranchising that were offset by the addition of global office locations. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Our expectation within the near future is that water withdrawals will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.

**Target reference number**

Target 2

**Category of target**

Other, please specify (Watershed protection)



**Level**

Company-wide

**Primary motivation**

Brand value protection

**Description of target**

Use non-palm cooking oil and/or source 100% of palm oil from responsible and sustainable sources by the end of 2018. This goal is in direct response our policy and can have a direct impact on forest health and watersheds. Percent of target achieved is estimated based on market self-reporting from our global survey.

**Quantitative metric**

Other, please specify (Percent of palm oil procured from sustainable sources based on metric tonnes)

**Baseline year**

2014

**Start year**

2014

**Target year**

2019

**% of target achieved**

100

**Please explain**

In 2019, 100% of our palm oil used for cooking was certified sustainable palm oil. Percent of target achieved is estimated based on market self-reporting from our global survey. Please note that this target includes a rolling baseline that is continued on an annual basis. We will continue to strive to maintain our commitment in future years and will evaluate if additional measures should be taken.

---

**Target reference number**

Target 3

**Category of target**

Other, please specify (Watershed protection)

**Level**

Company-wide

**Primary motivation**

Brand value protection

**Description of target**

Purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020. This goal is in direct response our policy and can have a direct impact on forest health and watersheds. Percent of target achieved is estimated based on market self-reporting from our global survey.

**Quantitative metric**

Other, please specify (Percent of fiber source from sustainable sources)

**Baseline year**

2014

**Start year**

2014

**Target year**

2020

**% of target achieved**

76

**Please explain**

In 2019, markets reported an estimated total of 76% of fiber came from certified virgin or recycled sources with a goal of 100% by 2020. Percent of target achieved is estimated based on market self-reporting from our global survey. Please note that this target includes a rolling baseline that is continued on an annual basis with the intention of meeting the target by the end of 2020.

---

**W8.1b**

---

**(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.**

**Goal**

Providing access to safely managed Water, Sanitation and Hygiene (WASH) in workplace

**Level**

Company-wide

**Motivation**

Other, please specify (Employee health and safety and food safety standards)

**Description of goal**

Yum! Brands requires clean water for drinking, cooking and cleaning purposes, adequate facilities for excreta purposes, solid waste management and drainage, and general hygiene purposes. This requirement is built into the design of restaurants as well as into operational requirements. Employees also are educated to follow hygiene requirements. Our continuous goal is to remain compliant with all food safety and sanitation requirements, which have we have continued to monitor and improve upon since our inception. Restaurants must have reliable sources of water to operate therefore this goal covers 100% of buildings. If water availability becomes restricted, as became a concern during the recent drought in South Africa, restaurants could need to reduce operational hours or close.

**Baseline year**

2002

**Start year**

2002

**End year**

2020

**Progress**

WASH facilities are in place in existing workplaces. We monitor and assess our progress by building WASH facilities into new restaurant design by our Development teams; including implementation in our Food Safety Facilities and Equipment Standards; and monitoring our compliance by our Quality Assurance teams in the field. This is an ongoing goal to remain compliant with all food safety and sanitation requirements, which have we have continued to monitor and improve upon since our inception.

**W9. Verification**

**W9.1**

**(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?**

Yes

**W9.1a**

**(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?**

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Our 2019 water withdrawal volumes for equity restaurants have been verified by an independent third-party accountant in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Relevant questions including these verified volumes are W1.2b and W1.2h. Please note that the scope of this disclosure includes both equity restaurants and offices for 2019. Our verified water withdrawal volume for equity restaurants is 1,994.91 megaliters, comprising approximately 92% of total water withdrawals for 2019.	Other, please specify (Attestation standards established by AICPA: AT-C 105 with AT-C 210 for Review Engagements)	Our 2019 water withdrawal volumes for equity restaurants have been verified by an independent third-party accountant in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Relevant questions including these verified volumes are W1.2b and W1.2h. Please note that the scope of this disclosure includes both equity restaurants and offices for 2019. Our verified water withdrawal volume for equity restaurants is 1,994.91 megaliters, comprising approximately 92% of total water withdrawals for 2019.

**W10. Sign off**

**W-FI**

**(W-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.**

**W10.1**

**(W10.1) Provide details for the person that has signed off (approved) your CDP water response.**

	Job title	Corresponding job category
Row 1	Chief Executive Officer (CEO)	Chief Executive Officer (CEO)

W10.2

---

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

---

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms