

Yum! Brands, Inc. - Forests 2019

F0. Introduction

F0.1

(F0.1) Give a general description of 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.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1 2018	December 31 2018

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the stage(s) of the value chain which best represents your organization's area of operation pertaining to forest risk commodities.

	Stage of the value chain
Timber	Retailing
Palm Oil	Retailing
Cattle Products	Retailing
Soy	Retailing
Other - Rubber	Not applicable
Other	Not applicable

F0.5

(F0.5) Do you produce, use, or sell materials or products that contain any of the forest risk commodities?

	Produce/use/sell	Disclosing	Explanation if produce/use/sell but not disclosing
Timber	Yes	Yes	<Not Applicable>
Palm Oil	Yes	Yes	<Not Applicable>
Cattle Products	Yes	No	We have elected to focus on timber and palm oil during this reporting cycle as we have set and are working toward meeting goals in these areas. We acknowledge that all commodities which impact deforestation are important and are evaluating reporting in additional areas in the future. Our beef use is largely by our Taco Bell brand, and is primarily sourced from regions with low to no deforestation risk given that the vast majority of the brand's operations and sourcing are in the U.S. While historically we have directed our focus to other forest risk commodities, Taco Bell joined the U.S. Roundtable for Sustainable Beef in 2017, and is an active participant in the Engagement, Measurement, and Progress Working Group. We completed a Supply Chain Sustainability Risk Assessment in 2018 which included cattle products. The assessment confirmed that we source a minimal amount of beef from Brazil with the majority coming from Australia, Canada, New Zealand, South Africa and the United States. We are continuing to research sourcing in Brazil with WWF and this work will inform our future sourcing strategy and reporting.
Soy	Yes	No	We have elected to focus on timber and palm oil during this reporting cycle as we have set and are working toward meeting goals in these areas. We acknowledge that all commodities which impact deforestation are important and are evaluating reporting in additional areas in the future. Soy is used in our products as an oil, secondary ingredient, and as animal feed for our animal proteins. Most of soy is used as an embedded, secondary ingredient for which we don't have direct insight or control. Given this, historically we have focused on other forest risk commodities where we can have a more direct impact, but we conducted a Supply Chain Sustainability Risk Assessment in 2018 which included soy products (including animal feed). Our engagement with our partner WWF continues with a focus on the Brazil supply chain. This includes a landscape analysis and strategic plan to better understand how to reduce deforestation risks.
Other - Rubber	No	<Not Applicable>	<Not Applicable>
Other	Yes	No	We have elected to focus on timber and palm oil during this reporting cycle as we have set and are working toward meeting goals in these areas. We acknowledge that all commodities which impact deforestation are important and are evaluating reporting in additional areas in the future. Certain brands in certain markets are already sourcing other forest risk commodities sustainably, such as Taco Bell which uses Rainforest Alliance-certified coffee in its U.S. restaurants.

F0.6

(F0.6) Are there any parts of your direct operations not included in your disclosure?

Yes

F0.6a

(F0.6a) Identify the parts of your direct operations not included in your disclosure.

Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Facility	Corporate offices and back-of-house restaurant operations	Potential for forests-related risk but not evaluated	The timber data reported reflects our current sustainable fiber sourcing policy and goal which applies to paper-based food and beverage packaging used in our restaurants and not to our corporate offices, also known as Restaurant Support Centers (RSCs) or to packaging used in the back-of-house in our restaurants (e.g. to transport food packaging and for office supplies). Similarly, any palm oil used as an imbedded ingredient in food served or other products used in our corporate offices is not part of our policy and is excluded from this analysis.

F0.7

(F0.7) Are there any parts of your supply chain not included in your disclosure?

Yes

F0.7a

(F0.7a) Identify the parts of your supply chain not included in your disclosure.

Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Specific product line(s)	Palm oil used as a secondary ingredient	Potential for forests-related risk but not evaluated	The palm oil data reported reflects our current sustainable palm oil policy and goal which applies to palm oil used as cooking oil because the majority of our palm oil is used as cooking oil. Certain brands in certain markets such as Taco Bell US have applied the policy to all palm oil used – including that which is used as secondary ingredients, but that is not included in this disclosure.

F1. Current state

F1.1

(F1.1) How does your organization produce, use, or sell your disclosed commodity(ies)?

Forest risk commodity

Timber

Activity

Other, please specify (Buying manufactured product; Retail/onward sale of commodity or product containing commodity)

Form of commodity

Paper

Primary packaging

Source

Contracted suppliers (manufacturers)

Country/Region of origin

Australia

Austria

Belarus

Belgium

Bosnia and Herzegovina

Brazil

Bulgaria

Canada

Chile

China

Colombia

Costa Rica

Croatia

Czechia

Denmark

El Salvador

Estonia

Finland

France

Germany

Hungary

India

Indonesia

Italy

Japan

Latvia

Malaysia
Mexico
Netherlands
New Zealand
Norway
Peru
Poland
Republic of Korea
Russian Federation
Rwanda
Saudi Arabia
Serbia
Slovakia
Slovenia
South Africa
Spain
Sweden
Taiwan, Greater China
Thailand
Turkey
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Viet Nam

% of procurement spend

6-10%

Comment

Based on our position in the supply chain as a quick-service restaurant company, we procure paper-based packaging manufactured for our food products and in our own printed marketing materials. Paper-based packaging is then used to serve, transport, protect and market our food products. Our provided procurement spend has been estimated from submitted global survey responses and is used to approximate our total spend.

Forest risk commodity

Palm Oil

Activity

Other, please specify (Buying manufactured product; Retail/onward sale of commodity or product containing commodity)

Form of commodity

Refined palm oil

Source

Contracted suppliers (manufacturers)

Country/Region of origin

Cote d'Ivoire
Dominican Republic
Ecuador
Ghana
Indonesia
Malaysia
Nigeria
Thailand

% of procurement spend

1-5%

Comment

Based on our position in the supply chain as a quick-service restaurant company, we procure manufactured palm oil for use as cooking oil to prepare products such as fried chicken. Many markets use alternative cooking oils. Our procurement spend on palm oil has been estimated from submitted global survey responses. Countries of origin for palm oil are also based on information received through the global supplier survey. As such, there may be markets that receive supplies from additional countries.

F1.1a

(F1.1a) Indicate from which State/region(s) and municipality(ies) your disclosed commodity(ies) originate.

Forest risk commodity

Timber

Country/Region of origin

Brazil

State/Region

Specify state/region (Paraná, São Paulo, Santa Catarina, Rio Grande do Sul, Tres Lagoas, Bahia, Espirito Santo)

Municipality

Not disclosing

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on packaging products containing timber (via fiber used in paper packaging). In our 2018 survey, we requested all global timber suppliers to report the states, provinces, and regions within the country of origin (if known). Based on the results of the 2018 surveys, our network of suppliers sourced timber from the Paraná, São Paulo, Santa Catarina, Rio Grande do Sul, Tres Lagoas, Bahia, and Espirito Santo regions within Brazil. Detailed location information regarding the specific municipality of origin is not available at this time.

Forest risk commodity

Timber

Country/Region of origin

Colombia

State/Region

Specify state/region (Valle del Cauca)

Municipality

Not disclosing

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on packaging products containing timber (via fiber used in paper packaging). In our 2018 survey, we requested all global timber suppliers to report the states, provinces, and regions within the country of origin (if known). Based on the results of the 2018 surveys, our network of suppliers sourced timber from the Valle del Cuaca region within Colombia. Detailed location information regarding the specific municipality of origin is not available at this time.

Forest risk commodity

Timber

Country/Region of origin

Indonesia

State/Region

Specify state/region (Kediri)

Municipality

Not disclosing

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on packaging products containing timber (via fiber used in paper packaging). In our 2018 survey, we requested all global timber suppliers to report the states, provinces, and regions within the country of origin (if known). Based on the results of the 2018 surveys, our network of suppliers sourced timber from the Kediri region within Indonesia. Detailed location information regarding the specific municipality of origin is not available at this time.

Forest risk commodity

Timber

Country/Region of origin

Malaysia

State/Region

Specify state/region (Penang)

Municipality

Not disclosing

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on packaging products containing timber (via fiber used in paper packaging). In our 2018 survey, we requested all global timber suppliers to report the states, provinces, and regions within the country of origin (if known). Based on the results of the 2018 surveys, our network of suppliers sourced timber from the Penang region within Malaysia. Detailed location information regarding the specific municipality of origin is not available at this time.

Forest risk commodity

Timber

Country/Region of origin

Mexico

State/Region

Specify state/region (Tlaxcala, Nuevo Leon, Matamoros, Tamaulipas, Coahuila, Estado de México)

Municipality

Not disclosing

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on packaging products containing timber (via fiber used in paper packaging). In our 2018 survey, we requested all global timber suppliers to report the states, provinces, and regions within the country of origin (if known). Based on the results of the 2018 surveys, our network of suppliers sourced timber from the Tlaxcala, Nuevo Leon, Matamoros, Tamaulipas, Coahuila, and Estado de México regions within Mexico. Detailed location information regarding the specific municipality of origin is not available at this time.

Forest risk commodity

Timber

Country/Region of origin

Peru

State/Region

Specify state/region (Lima)

Municipality

Not disclosing

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on packaging products containing timber (via fiber used in paper packaging). In our 2018 survey, we requested all global timber suppliers to report the states, provinces, and regions within the country of origin (if known). Based on the results of the 2018 surveys, our network of suppliers sourced timber from the Lima region within Peru. Detailed location information regarding the specific municipality of origin is not available at this time.

Forest risk commodity

Palm Oil

Country/Region of origin

Ecuador

State/Region

Specify state/region (Esmeraldas, Sucumbios)

Municipality

Not disclosing

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on palm oil used for

cooking purposes in our restaurants. In our 2018 survey, we requested all global palm oil suppliers to report the states, provinces, and regions within the country of origin (if known). Based on the results of the 2018 surveys, our network of suppliers sourced palm oil from the Esmeraldas and Sucumbios regions within Ecuador. Detailed location information regarding the specific municipality of origin is not available at this time.

Forest risk commodity

Palm Oil

Country/Region of origin

Indonesia

State/Region

Specify state/region (North Sumatra, South Sumatra, Riau, East Borneo, West Borneo, Kalimantan)

Municipality

Not disclosing

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on palm oil used for cooking purposes in our restaurants. In our 2018 survey, we requested all global palm oil suppliers to report the states, provinces, and regions within the country of origin (if known). Based on the results of the 2018 surveys, our network of suppliers sourced palm oil from the North Sumatra, South Sumatra, Riau, East Borneo, West Borneo, and Kalimantan regions within Indonesia. Detailed location information regarding the specific municipality of origin is not available at this time.

Forest risk commodity

Palm Oil

Country/Region of origin

Cote d'Ivoire

State/Region

Specify state/region (Abidjan)

Municipality

Not disclosing

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on palm oil used for cooking purposes in our restaurants. In our 2018 survey, we requested all global palm oil suppliers to report the states, provinces, and regions within the country of origin (if known). Based on the results of the 2018 surveys, our network of suppliers sourced palm oil from the Abidjan region within Cote d'Ivoire. Detailed location information regarding the specific municipality of origin is not available at this time.

Forest risk commodity

Palm Oil

Country/Region of origin

Malaysia

State/Region

Specify state/region (Negeri Sembilan, Selangor, East Malaysia, Perak)

Municipality

Not disclosing

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on palm oil used for cooking purposes in our restaurants. In our 2018 survey, we requested all global palm oil suppliers to report the states, provinces, and regions within the country of origin (if known). Based on the results of the 2018 surveys, our network of suppliers sourced palm oil from the Negeri Sembilan, Selangor, East Malaysia, and Perak regions within Malaysia. Detailed location information regarding the specific municipality of origin is not available at this time.

Forest risk commodity

Please select

Country/Region of origin

Nigeria

State/Region

Specify state/region (Edo)

Municipality

Not disclosing

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on palm oil used for cooking purposes in our restaurants. In our 2018 survey, we requested all global palm oil suppliers to report the states, provinces, and regions within the country of origin (if known). Based on the results of the 2018 surveys, our network of suppliers sourced palm oil from the Edo region of Nigeria. Detailed location information regarding the specific municipality of origin is not available at this time.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber	<1%	Timber is used as a raw material for our paper-based packaging which is primarily a vehicle to serve, transport, protect, and market our food products. As such, revenue is not dependent on this commodity as alternative commodities could likely be sourced to supplement and/or replace paper-based packaging, if needed. We don't calculate revenues generated from our paper-based food packaging as it is not sold independently of our food products. Secondly, our policy and goal for paper-based packaging supports both the sustainable forest management of the raw material and the amount of recycled content going into the manufactured product; the two factors are weighted equally and not evaluated separately (e.g. one's impact on revenue compared to the other's). Therefore, we do not know the percent of revenue dependent on timber alone and have selected less than 1%.
Palm Oil	<1%	Palm oil is used primarily for cooking oil as well as an ingredient for some food products in some markets. As such, revenue is not dependent on this commodity as alternative commodities could likely be sourced to supplement and/or replace its use, if needed. We don't calculate revenues generated from palm oil alone because it is not sold as an independent final food product. As a result, we have selected less than 1%.
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>

F1.3

(F1.3) Do you own or manage land used for the production of your disclosed commodity(ies)?

Forest risk commodity

Timber

Own and/or manage land?

Don't own or manage land

Type of control

<Not Applicable>

Description of type of control

<Not Applicable>

Country/Region

<Not Applicable>

Land type

<Not Applicable>

Size (Hectares)

<Not Applicable>

Do you have a system in place to monitor forests-related risks?

<Not Applicable>

Type of monitoring system

<Not Applicable>

Description of monitoring system

<Not Applicable>

Recent infraction(s)

<Not Applicable>

Explanation of infraction

<Not Applicable>

Forest risk commodity

Palm Oil

Own and/or manage land?

Don't own or manage land

Type of control

<Not Applicable>

Description of type of control

<Not Applicable>

Country/Region

<Not Applicable>

Land type

<Not Applicable>

Size (Hectares)

<Not Applicable>

Do you have a system in place to monitor forests-related risks?

<Not Applicable>

Type of monitoring system

<Not Applicable>

Description of monitoring system

<Not Applicable>

Recent infraction(s)

<Not Applicable>

Explanation of infraction

<Not Applicable>

F1.4

(F1.4) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.

Timber

Do you collect data regarding compliance with the Brazilian Forest Code?

Yes, from suppliers

Please explain

Yum! Brands began collecting data regarding supplier compliance with the Brazilian Forest Code in 2017 through our annual Supplier Survey. Surveys are requested for all suppliers within each of our global markets and request the monitoring approach and key performance indicators for any supplier that designates Brazil as a country of origin for their timber commodities.

Palm Oil

Do you collect data regarding compliance with the Brazilian Forest Code?

No, we do not produce/source in/from Brazil

Please explain

F1.4b

(F1.4b) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure the compliance of your suppliers with the Brazilian Forest Code and their performance against these indicator(s).

Forest risk commodity

Timber

KPIs and performance

Other, please specify (Certifications from Forest Stewardship Council (FSC) Brazil and The Programme for the Endorsement of Forest Certification (PEFC); Certificates of Origin; Chain of Custody Certification Reports; and audits of the certification companies.)

Number of suppliers

17

Please explain

Yum! Brands began collecting data regarding supplier compliance with the Brazilian Forest Code in 2017 through our annual Supplier Survey. Surveys are requested for all suppliers within each of our global markets and request the monitoring approach and key performance indicators for any supplier that designates Brazil as a country of origin for their timber commodities. In 2018, approximately 71% of our Timber suppliers that sourced from Brazil reported that they monitor and ensure compliance with the Brazilian Forest Code. Compliance is tracked using Certifications from Forest Stewardship Council (FSC) Brazil and The Programme for the Endorsement of Forest Certification (PEFC); Certificates of Origin; Chain of Custody Certification Reports; and audits of the certification companies. The number of suppliers represents a rounded estimate based on the number of Timber suppliers that responded to the Survey for 2018.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber	Consumption data available, disclosing
Palm Oil	Consumption data available, disclosing
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Timber

Data type

Consumption data

Volume

544833

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on packaging products containing timber (via fiber used in paper packaging). Data from our business units included responses from franchisees and suppliers. We were pleased to include data representing 91% of our global store count of over 48,000 restaurants. For restaurants that were not represented by the survey results, we have either added an estimate based submitted data from the previous reporting period or added an estimate of consumption based on a per restaurant average from reporting restaurants. This methodology provides the means to ensure full representation. The resulting total volume collected from the global survey was cross-checked on an average volume per restaurant basis within our markets. This comparison confirmed that the total reported consumption was reasonable and within the bounds of expectations. Therefore, we are disclosing an estimate of our full consumption data using our partial actual data received in response to our survey.

Forest risk commodity

Palm Oil

Data type

Consumption data

Volume

157776

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

We issued a global survey for our entire business, through our brands, requesting that all countries report on palm oil used for cooking purposes in our restaurants in 2018. Data from our business units include responses from franchisees and suppliers. We were pleased to receive responses representing an estimated 97% of our global store count of over 48,000 restaurants. For restaurants that were not represented by the survey results, we added an estimate of consumption based on a per restaurant average from reporting restaurants. This methodology provides the means to ensure full representation. Therefore, we are disclosing an estimate of our full consumption data using our partial actual data received in response to our survey.

F1.6

(F1.6) Have you identified sufficient sources of sustainable materials to meet your current operational needs? If yes, what are you doing to ensure the security/continuity of this supply?

Timber

Sustainable source identified

Yes

Primary action to ensure supply

Engaging in capacity building activities in the value chain

Please explain

Our current operational need is to source 100% of our paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020. To meet this need, we're working with suppliers on capacity planning based on our current and future growth projections, or adding new suppliers to our system. We have also hosted regional supplier workshops to develop knowledge and understanding to align on innovation and sustainability needs. In 2018, we requested all of our global markets to indicate whether or not there are currently sufficient sources of sustainable fiber available to meet their current supply chain needs. Based on the information provided by the survey, the vast majority of our markets indicated that sufficient sources of sustainable fiber are available to meet current expectations of needs and that they are actively collaborating with their suppliers to ensure the security and continuity of their supply.

Palm Oil

Sustainable source identified

Yes

Primary action to ensure supply

Engaging in capacity building activities in the value chain

Please explain

Our current operational need is to source 100% of our palm oil used for cooking from responsible and sustainable sources by the end of 2018. Based on our 2018 global survey results, 94% of palm oil was sourced from sustainable sources in 2018. To continue our progress and achieve 100% sourcing from responsible and sustainable sources, we're working with suppliers on capacity planning based on our current and future growth projections or adding new suppliers to our system. Additionally, as part of our commitment to only working with supplier who meet our sourcing principles, we removed Indofood from our supply chain. We remain unwavering when it comes to all of our palm oil suppliers meeting our rigorous standards. Our brands have also hosted regional supplier workshops to develop knowledge and understanding to align on innovation and sustainability needs, and have been conducting R&D via product innovation and testing of alternative oil blends or replacements for palm cooking oil. In 2018, we requested all of our global markets to indicate whether or not there are currently sufficient sources of sustainable palm available to meet their current and future supply chain needs (if they were not using 100% certified palm oil already). Based on the information provided by the survey, the vast majority of our markets indicated that sufficient sources of sustainable palm are available, and that they are actively collaborating with their suppliers and/or seeking alternative oil sources to ensure the security and continuity of their supply.

F1.7

(F1.7) Has your organization experienced any detrimental forests-related impacts?

No

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**Timber****Value chain stage**

Supply chain

Coverage

Full

Risk assessment procedure

Assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used to identify and assess risks

Internal company methods

External consultants

Other, please specify (WWF's Global 200 priority ecoregions, Ramsar Sites, World Database on Protected Areas, and Alliance for Zero Extinction (AZE) sites)

Please explain

As part of our supply chain management process, we survey our business units around the world regarding their progress against our sustainable fiber sourcing goal annually. This frequency is based on the lengths of our packaging contracts and our public reporting cycle. This helps us identify potential deforestation risk relating to meeting our goal of 100% sustainable sourcing by the end of 2020. In addition, in 2018 we completed a long-term Supply Chain Sustainability Risk Assessment with WWF to identify and prioritize the environmental and social risks attributed to key commodities, including forest risks commodities. Tools, methods, and data sources referenced for biodiversity and forest risk include: WWF's Global 200 priority ecoregions, Ramsar Sites, World Database on Protected Areas, and Alliance for Zero Extinction (AZE) sites.

Palm Oil**Value chain stage**

Supply chain

Coverage

Full

Risk assessment procedure

Assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used to identify and assess risks

Internal company methods

External consultants

Other, please specify (WWF's Global 200 priority ecoregions, Ramsar Sites, World Database on Protected Areas, and Alliance for Zero Extinction (AZE) sites)

Please explain

As part of our supply chain management process, we survey our business around the world regarding progress against our sustainable palm oil sourcing goal annually. This frequency is based on the lengths of our palm oil sourcing contracts and our public reporting cycle. This helps us identify potential deforestation risk remaining relating to meeting our extended goal of 100% sustainable sourcing by the end of 2018. In addition, in 2018 we completed a long-term Supply Chain Sustainability Risk Assessment with WWF to identify and prioritize the environmental and social risks attributed to key commodities, including forest risks commodities. Tools, methods, and data sources referenced for biodiversity and forest risk include: WWF's Global 200 priority ecoregions, Ramsar Sites, World Database on Protected Areas, and Alliance for Zero Extinction (AZE) sites.

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?**Availability of forest risk commodities****Relevance & inclusion**

Relevant, always included

Please explain

As part of our supply chain management processes, we evaluate current and projected changes in commodity availability and quality, including palm oil and fiber (timber) used in our paper-based packaging. We assess risk related to availability and quality of these commodities according to their supplier classification, which is based on multiple factors, including food safety risk, brand criticality (e.g. required for a core product), and financial impact (e.g. percentage of total spend and/or volume needed). Information related to the availability of forest risk commodities is used within sustainability governance structures and processes to inform decision-making. For example, due to the global risk of deforestation our sustainability, risk, and leadership teams decided to strengthen our commitment to protect forests by endorsing the New York Declaration on Forests. We include such issues on an as-needed basis with our Risk Committee and groups in the governance structure. The Risk 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. It 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.

Quality of forest risk commodities**Relevance & inclusion**

Relevant, always included

Please explain

As part of our supply chain management processes, we evaluate current and projected changes in commodity availability and quality, including palm oil and fiber (timber) used in our paper-based packaging. We assess risk related to availability and quality of these commodities according to their supplier classification, which is based on multiple factors, including food safety risk, brand criticality (e.g. required for a core product), and financial impact (e.g. percentage of total spend and/or volume needed). Information related to the quality of forest risk commodities is used within sustainability governance structures and processes to inform decision-making. For example, due to the global risk of deforestation our sustainability, risk, and leadership teams decided to strengthen our commitment to protect forests by endorsing the New York Declaration on Forests. We include such issues on an as-needed basis with our Risk Committee and groups in the governance structure. The Risk 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. It 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.

Impact of activity on the status of ecosystems and habitats**Relevance & inclusion**

Relevant, sometimes included

Please explain

We rely on third-party certification to achieve our sustainable sourcing goals and policies. The RSPO certification for palm oil and FSC, SFI, and PEFC certifications for timber allow us to evaluate current impacts of the palm oil and timber (fiber for paper-based packaging) we source on ecosystems and habitats. Because we're still working towards our goals and only portions of our system utilize third-party certification, impact on ecosystems and habitats is only covered for those suppliers, facilities, or product lines with certification. This was included in our 2017-2018 Supply Chain Sustainability Risk Assessment completed with WWF which addresses the potential impacts of our palm oil and timber sourcing on ecosystems and habitats. We are continuing to evaluate impact of our purchasing in Brazil with WWF. Information related to the impact on ecosystems and habitats is used within sustainability governance structures and processes to inform decision-making. For example, due to the global risk of deforestation our sustainability, risk, and leadership teams decided to strengthen our commitment to protect forests by endorsing the New York Declaration on Forests. We include such issues on an as-needed basis with our Risk Committee and groups in the governance structure. The Risk 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. It 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.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

As a publicly-traded, multinational corporation, we continually assess changes to local regulations associated with our activities in local markets, including with regard to our sourcing of palm oil and timber. For example, the European Parliament passed a resolution in April 2017 aiming to limit the import of palm oil that has caused deforestation and new sustainability criteria for palm oil entering the European market, potentially leading to binding legislation in Europe. After closely monitoring developments in this area, it was downgraded as a risk factor as the regulation only applies to palm oil used as biofuel. Information related to regulations is used within sustainability governance structures and processes to inform decision-making. For example, due to the global risk of deforestation our sustainability, risk, and leadership teams decided to strengthen our commitment to protect forests by endorsing the New York Declaration on Forests. We include such issues on an as-needed basis with our Risk Committee and groups in the governance structure. The Risk 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. It 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.

Climate change

Relevance & inclusion

Relevant, sometimes included

Please explain

Our current sustainable sourcing of palm oil and timber is intended to reduce deforestation risk and therefore mitigate our greenhouse gas emissions and impact on climate change. This was included in our 2017-2018 Supply Chain Sustainability Risk Assessment completed with WWF which addresses the potential impacts of our palm oil and timber sourcing on ecosystems and habitats. We are continuing to evaluate impact of our purchasing in Brazil with WWF. In 2018 we have begun to include emissions from the procurement of fiber based products and palm oil production in our Scope 3 estimates. Information related to climate change is used within sustainability governance structures and processes to inform decision-making. For example, due to the global risk of deforestation our sustainability, risk, and leadership teams decided to strengthen our commitment to protect forests by endorsing the New York Declaration on Forests. We include such issues on an as-needed basis with our Risk Committee and groups in the governance structure. The Risk 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. It 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.

Impact on water security

Relevance & inclusion

Relevant, always included

Please explain

The impact of our forest related activities on watersheds is included in our planning. Our goals to source 100% of our palm oil used for cooking from responsible and sustainable sources by the end of 2018 and to purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020 can have a direct impact on forest health, watersheds, and water security through helping to stabilize soils, reduce erosion, regulate water flow, and purify water sources. Information related to the impact on water security is used within sustainability governance structures and processes to inform decision-making. For example, due to the global risk of deforestation our sustainability, risk, and leadership teams decided to strengthen our commitment to protect forests by endorsing the New York Declaration on Forests. We include such issues on an as-needed basis with our Risk Committee and groups in the governance structure. The Risk 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. It 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.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

Financial impact – including tariffs or price increases – is one of the key guidelines we use to assess supply risk. We subscribe to commodity services that provide regular updates on changes in production and pricing in different regions around the world. We also conduct our own internal monitoring of international trade policy and engage in advocacy and partnerships around trade issues of mutual concern. Information related to tariffs or price increases is used within sustainability governance structures and processes to inform decision-making. For example, due to the global risk of deforestation our sustainability, risk, and leadership teams decided to strengthen our commitment to protect forests by endorsing the New York Declaration on Forests. We include such issues on an as-needed basis with our Risk Committee and groups in the governance structure. The Risk 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. It 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.

Loss of markets

Relevance & inclusion

Not relevant, explanation provided

Please explain

In general, we assess the feasibility of starting and maintaining operations in a new market, but not potential loss of market due to deforestation. Loss of market due to deforestation has not been a significant risk in the past, nor is it anticipated to be in the future, compared to other potential risks to loss of market.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Because of the sensitivity around forest risk commodities, we continually assess brand damage related to these commodities and leverage our progress surveys to determine the level of potential risk measured against certain external factors we track such as complaints or campaigns against major suppliers or regions of forest risk commodities. Potential risk of brand damage is also evaluated as part of our Global Supply Chain Management Protocol, which assesses the importance of the commodity to the brand (e.g. used in a core product, lack of ingredient will result in loss of sales). Information related to brand damage is used within sustainability governance structures and processes to inform decision-making. For example, due to the global risk of deforestation our sustainability, risk, and leadership teams decided to strengthen our commitment to protect forests by endorsing the New York Declaration on Forests. We include such issues on an as-needed basis with our Risk Committee and groups in the governance structure. The Risk 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. It 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.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

Our Supplier Code of Conduct requires that all applicable local laws and regulations are adhered to, including anti-corruption protections. We continually audit and monitor for compliance with this criteria as part of standard procedures. Information related to corruption is used within sustainability governance structures and processes to inform decision-making. For example, due to the global risk of deforestation our sustainability, risk, and leadership teams decided to strengthen our commitment to protect forests by endorsing the New York Declaration on Forests. We include such issues on an as-needed basis with our Risk Committee and groups in the governance structure. The Risk 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. It 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.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

Our current sustainable sourcing and third-party certification of palm oil and timber is intended to mitigate potential social impacts. For example, our Palm Oil Sourcing Policy is consistent with the RSPO Principle of Free, Prior, and Informed Consent to prevent and resolve social and/or land conflicts. In addition to our existing sustainable sourcing strategy, we are currently conducting a Supply Chain Sustainability Risk Assessment which addresses the potential social impacts of our palm oil and timber sourcing. Information related to social impacts is used within sustainability governance structures and processes to inform decision-making. For example, due to the global risk of deforestation our sustainability, risk, and leadership teams decided to strengthen our commitment to protect forests by endorsing the New York Declaration on Forests. We include such issues on an as-needed basis with our Risk Committee and groups in the governance structure. The Risk 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. It 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.

Other, please specify

Relevance & inclusion

Not considered

Please explain

We do not consider any additional issues at this time.

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

As a company comprised of customer-facing brands, customers are one of our most important stakeholder groups and we are constantly monitoring and measuring insights to meet their expectations. While we don't frequently receive feedback from customers regarding palm oil and timber sourcing, we respond to the occasional inquiry, publicly disclose our sourcing commitments, and track changing customer awareness and expectations, for example through the media and research studies.

Employees

Relevance & inclusion

Relevant, always included

Please explain

Because the supply chain management function is responsible for global sourcing, they also provide key input on forests-related risk assessments such as priority commodities, countries of origin, and other potential supply risks. In addition, we included corporate employee perspectives on forests-related issues in our 2017 corporate materiality assessment.

Investors

Relevance & inclusion

Relevant, always included

Please explain

Many sustainable, responsible and impact (SRI) investors incorporate companies' preparedness and exposure to forests risks into their investment theses. In 2018, we received two shareholder proposal related to deforestation in our supply chain and engaged in a dialogue with the proponents. Yum! Brands also monitors investors' forests-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. In addition, we included investor perspectives regarding forests-related issues in our 2017 corporate materiality assessment.

Local communities

Relevance & inclusion

Relevant, sometimes included

Please explain

Our current sustainable sourcing and third-party certification of palm oil and timber is intended to mitigate potential social impacts, including to local communities. For example, our Palm Oil Sourcing Policy is consistent with the RSPO Principle of Free, Prior, and Informed Consent to prevent and resolve social and/or land conflicts within local communities. In addition to our existing sustainable sourcing strategy, we are currently conducting a Supply Chain Sustainability Risk Assessment which addresses the potential social impacts of our palm oil and timber sourcing. We understand the role we play in local communities in our supply chain.

NGOs

Relevance & inclusion

Relevant, always included

Please explain

Several prominent NGOs evaluate Yum! Brands' sustainability performance and engage with us on forests-related issues. We partnered with an NGO during our 2017-2018 Supply Chain Sustainability Risk Assessment to leverage their expertise and embed their recommendations. We also participate in several multi-stakeholder roundtables such as RSPO and USRSB where NGOs are included. Yum! Brands listens to NGOs' forests-related concerns in personal dialogues, industry conferences, and the media as they arise. In addition, we included NGO perspectives of forests-related issues in our 2017 corporate materiality assessment. NGOs have also been a vital part of discussions related to shareholder proposals in 2018.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, sometimes included

Please explain

Our brands will engage with other forest risk commodity users/producers if they express an interest, if there are opportunities to collaborate on shared issues or risks, and/or if required by local regulations. This can take the form of direct discussions with the suppliers in partnership with franchisees to address issues. An example was a recent engagement with a supplier not meeting our palm oil procurement practices in Southeast Asia.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

The Yum! Brands Government Affairs team monitors emerging forests-related regulations and engages regulators on these issues when they are relevant to the success of our business operations and supply chain.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

Yum! Brands currently receives updates about suppliers' sustainability efforts in our value chain. Suppliers are required to meet our product specifications and sourcing policies. Our annual supplier surveys request information regarding the status of certification schemes, traceability, and any gaps or challenges in transitioning supply so that we can engage with suppliers regarding these risks. Any forests-related issues that cause or have the potential to cause supply chain impacts would be evaluated by our supply chain team. In 2018 a palm oil supplier, Indofood, was removed from our supply chain as part of our commitment to only working with suppliers who meet our sourcing principles.

Other stakeholders, please specify

Relevance & inclusion

Not considered

Please explain

We do not consider any additional stakeholders at this time.

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber	Yes
Palm Oil	Yes
Cattle Products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

F3.1a

(F3.1a) How does your organization define substantive impact on your business?

The Audit Committee discusses risk management during regular committee meetings and receives risk review reports covering significant areas of risk from senior managers responsible for these functional areas, as well as reports from the General Counsel, Internal Audit. The Audit Committee then provides a summary to the full board.

The duties of VP of Global Citizenship and Sustainability include the representation of sustainability issues, including forest related issues, 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. We then consider the effect of the risk on business strategy given the risks and opportunities in both the short and long term. Therefore, forest related risks, which are embodied at the restaurant and supply chain level, are incorporated into the Company's broader risk management process.

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 forests) 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!, 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. While we do not believe that individual instances of forests-related risk would constitute a substantive risk to the corporation on their own due to the total size and decentralized nature of our organization as well as our ability to source from different regions of the globe if it became necessary, the potential cumulative impact of forests-related risks could become substantive over the long term.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber

Type of risk

Physical

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Declining ecosystem services

Primary potential impact

Supply chain disruption

Company-specific description

Shortages or interruptions in the availability and delivery of food and other supplies: The packaging 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 supplies that meet our specifications at competitive prices. Shortages or interruptions 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. Climate change influences several physical risk drivers that negatively impact timber production, including extreme weather events such as tropical cyclones and changes in precipitation and temperature, forest fires, loss of ecosystem services, reduced crop yields, and thus, availability of certified sustainable material, which is already limited. Inherent social risks such as land tenure changes and disputes, community opposition, and litigation/grievances also present risks, but have a greater potential to be mitigated than physical risk. 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.

Timeframe

>6 years

Magnitude of potential impact

Medium-low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (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 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. In addition, failure by a key supplier or distributor for our Concepts and/or our Concepts' franchisees to meet its service requirements could lead to a disruption of service or supply until a new supplier or distributor is engaged, and any disruption could have an adverse effect on our business. Impact of any event would be determined by geographical extent and severity of the drought. Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. Our ability to source from a diversified supplier base helps to minimize potential impacts.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

In 2014 we established our sustainable paper-based packaging goal to purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020. As of 2018, we transitioned 70% of our supply and believe that this has been an effective response to this risk driver. By making progress against this goal, we are improving our resilience to ecosystem vulnerability with the potential to impact our packaging supply. 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.

Cost of response

Explanation of cost of response

Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact of the cost of response. The cost of forest-risk management is 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 responsible for procurement, to adopt and implement our strategy to mitigate risk.

Forest risk commodity

Timber

Type of risk

Regulatory

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Regulatory uncertainty

Primary potential impact

Increased production costs

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. These regulations are applicable, for timber, especially international and national trade agreements and legislation, moratoria, import tariffs, reporting obligations, and product regulations and standards. Publicity relating to any such noncompliance could also harm our reputation and adversely affect our revenues.

Timeframe

>6 years

Magnitude of potential impact

Medium-low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (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 or our Concepts' franchisees' operations. The compliance costs associated with these laws and regulations could result in higher forest products costs. Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. This could either directly impact restaurants or be embedded in the supply chain.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

In 2014 we established our sustainable paper-based packaging goal to purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020. As of 2018, we transitioned 70% of our supply and believe that this has been an effective response to this risk driver. By making progress against this goal, we are improving our resilience to ecosystem vulnerability with the potential to impact our packaging supply. 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.

Cost of response

Explanation of cost of response

Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact of the cost of response. The cost of forest-risk management is 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 responsible for procurement, to adopt and implement our strategy to mitigate risk.

Forest risk commodity

Timber

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased cost of certified sustainable material

Primary potential impact

Increased production costs

Company-specific description

Because of the sensitive and controversial nature of forest-based commodities, we are exposed to inherent reputational risks such as negative media coverage, consumer market campaigns, community opposition, and land tenure changes and disputes. 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.

Timeframe

>6 years

Magnitude of potential impact

Medium-low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. The financial implications of a damaged reputation could negatively impact our market share, stock price and brand equity. For example, same-store sales for China 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.

Primary response to risk

Engagement with suppliers

Description of response

We have resources including our VP of Global Citizenship and Sustainability, Chief Communications Officer, and 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. We proactively publicly communicate the Company position on being good corporate stewards. 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. In addition, we regularly engage with stakeholders, including suppliers, to support our Enterprise-wide goal of sustainable sourcing of fiber for paper-based packaging and to better understand potential changes in supply and new product innovations. By continuing our supplier engagement and monitoring the progress against our sustainable sourcing goals, we are improving our resilience to reputational risks with the potential to impact our packaging supply.

Cost of response

Explanation of cost of response

Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact of the cost of response. The cost of forest-risk management is 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 responsible for procurement, to adopt and implement our strategy to mitigate risk.

Forest risk commodity

Palm Oil

Type of risk

Physical

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Declining ecosystem services

Primary potential impact

Supply chain disruption

Company-specific description

Shortages or interruptions in the availability and delivery of food and other supplies: The palm oil used by our Concepts and their franchisees is 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 supplies that meet our specifications at competitive prices. Shortages or interruptions to our Concepts' restaurants could adversely affect the availability, quality and cost of palm oil 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. Climate change influences several physical risk drivers that could negatively impact production, including extreme weather events such as tropical cyclones and changes in precipitation and temperature, forest fires, loss of ecosystem services, reduced crop yields, and thus, availability of certified sustainable material, which is already limited. Inherent social risks such as land tenure changes and disputes, community opposition, and litigation/grievances also present risks, but have a greater potential to be mitigated than physical risk. 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.

Timeframe

>6 years

Magnitude of potential impact

Medium-low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (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 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. In addition, failure by a key supplier or distributor for our Concepts and/or our Concepts' franchisees to meet its service requirements could lead to a disruption of service or supply until a new supplier or distributor is engaged, and any disruption could have an adverse effect on our business. Impact of any event would be determined by geographical extent and severity of the drought. Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. Our ability to source from a diversified supplier base helps to minimize potential impacts.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

In 2015 we established our sustainable palm oil sourcing policy and goal of sourcing 100% of our palm oil from responsible and sustainable sources by the end of 2018. As of 2018, we are sourcing 94% of our palm oil supply from sustainable sources and believe that this has been an effective response to this risk driver. By making progress against this goal, we are improving our resilience to ecosystem vulnerability with the potential to impact our palm oil supply. By making progress against this goal, we are improving our resilience to ecosystem vulnerability with the potential to impact our palm oil supply. 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.

Cost of response**Explanation of cost of response**

Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact of the cost of response. The cost of forest-risk management is 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 responsible for procurement, to adopt and implement our strategy to mitigate risk.

Forest risk commodity

Palm Oil

Type of risk

Regulatory

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Regulatory uncertainty

Primary potential impact

Increased production costs

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. These regulations are applicable, for timber, especially international and national trade agreements and legislation, moratoria, import tariffs, reporting obligations, and product regulations and standards. Publicity relating to any such noncompliance could also harm our reputation and adversely affect our revenues.

Timeframe

>6 years

Magnitude of potential impact

Medium-low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (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 or our Concepts' franchisees' operations. The compliance costs associated with these laws and regulations could result in higher forest products costs. Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. This could either directly impact restaurants or be embedded in the supply chain.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

In 2015 we established our sustainable palm oil sourcing policy and goal of sourcing 100% of our palm oil from responsible and sustainable sources by the end of 2018. As of 2018, we are sourcing 94% of our palm oil supply from sustainable sources and believe that this has been an effective response to this risk driver. By making progress against this goal, we are improving our resilience to ecosystem vulnerability with the potential to impact our palm oil supply. 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.

Cost of response

Explanation of cost of response

Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact of the cost of response. The cost of forest-risk management is 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 responsible for procurement, to adopt and implement our strategy to mitigate risk.

Forest risk commodity

Palm Oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased cost of certified sustainable material

Primary potential impact

Increased production costs

Company-specific description

Because of the sensitive and controversial nature of forest-based commodities, we are exposed to inherent reputational risks such as negative media coverage, consumer market campaigns, community opposition, and land tenure changes and disputes. 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.

Timeframe

>6 years

Magnitude of potential impact

Medium-low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact. The financial implications of a damaged reputation could negatively impact our market share, stock price and brand equity. For example, same-store sales for China 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.

Primary response to risk

Engagement with suppliers

Description of response

We have resources including our VP of Global Citizenship and Sustainability, Chief Communications Officer, 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. We proactively publicly communicate the Company position on being good corporate stewards. 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. In addition, we regularly engage with stakeholders, including suppliers, to support our Enterprise-wide goal of sustainable sourcing of fiber for paper-based packaging and to better understand potential changes in supply and new product innovations. By continuing our supplier engagement and monitoring the progress against our sustainable sourcing goals, we are improving our resilience to reputational risks with the potential to impact our packaging supply.

Cost of response

Explanation of cost of response

Due to the diverse and broad nature associated with this risk it is not possible to estimate the potential financial impact of the cost of response. The cost of forest-risk management is 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 responsible for procurement, to adopt and implement our strategy to mitigate risk.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber	Yes
Palm Oil	Yes
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Other parts of the value chain

Primary forests-related opportunity

Driving demand for sustainable materials

Financial incentives

<Not Applicable>

Company-specific description & strategy to realize opportunity

As we developed, published, and began to implement and monitor progress on sustainable sourcing of timber for our paper-based packaging over the past three years, the opportunity to increase demand for sustainable materials has helped increase supply and bring costs down as other companies take similar approaches. For example, the availability and affordability of FSC-certified supply in the U.S. when we started our initiative was less than it is today. Our strategy has been to implement a policy and phased approach allowing for a range of certifications, including SFI and PEFC, with a preference for FSC and over time, were able to increase our sourcing of FSC-certified supply because of the opportunity created by driving demand for more sustainable materials.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

Medium-low

Likelihood

More likely than not

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

Due to the diverse and broad nature associated with this opportunity it is not possible to estimate the potential financial impact. The financial implications of a driving demand for sustainable materials could positively impact our ability to source sustainable material and meet external stakeholder expectations to fulfill our public goal of sourcing 100% sustainable fiber for paper-based packaging by the end of 2020.

Forest risk commodity

Palm Oil

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Driving demand for sustainable materials

Financial incentives

<Not Applicable>

Company-specific description & strategy to realize opportunity

As we developed, published, and began to implement and monitor progress on sustainable sourcing of palm oil over the past three years, the opportunity to increase demand for sustainable materials has helped increase supply and bring costs down as other companies take similar approaches. For example, the availability and affordability of certified sustainable palm oil in China when we started our initiative was less than it is today. Our strategy has been to implement and phased approach and over time, were able to increase our sourcing of RSPO-certified supply from China because of the opportunity created by driving demand for more sustainable materials.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

Medium-low

Likelihood

More likely than not

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

Due to the diverse and broad nature associated with this opportunity it is not possible to estimate the potential financial impact. The financial implications of a driving demand for sustainable materials could positively impact our ability to source sustainable material and meet external stakeholder expectations to fulfill our public goal of sourcing 100% of the product used for cooking from responsible and sustainable sources starting in 2019.

F4. Governance

F4.1

(F4.1) Does your organization have a policy that includes forests-related issues?

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

(F4.1a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate deforestation and/or conversion Commitment to eliminate forests degradation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to align with public policy initiatives, e.g. SDGs Recognition of the overall importance of forests and other natural habitats Recognition of potential business impact on forests and other natural habitats Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement Reference to international standards and widely-recognized forests-related initiatives	<p>Yum! Brands, Inc. is committed to implementing several environmental policies, including our Palm Oil and Paper-Based Packaging Sourcing policies, to help prevent deforestation and forest degradation. Both policies are publicly available and apply to all stages of our value chain, including our equity restaurants, franchisees, and suppliers. For palm oil, we are committed to continuing our goal to source 100% of the product used for cooking from responsible and sustainable sources. We give preference to suppliers that are certified by the Roundtable on Sustainable Palm Oil (RSPO), and only source palm oil from suppliers whose operations meet our Palm Oil Policy principles, Yum! Brands Supplier Code of Conduct, and Human and Labor Rights Policy which address HCV, HCS, peatland, legality, certification, and human rights. For Timber, we implement a Paper-Based Packaging Sourcing Policy which addresses HCV, legality, certification, recycled content, and human rights. We give preference to suppliers with third-party certification, the most rigorous of which is FSC. We also recognize other national certifications endorsed by the Programme for the Endorsement of Forestry Certification (PEFC) and the Sustainable Forestry Initiative (SFI), provided the fiber avoids the unwanted sources listed in our Sustainable Sourcing Principles. Our policy is publicly-available on the Citizenship section of our company webpage. Typically we review the policy on a biannual basis. Our recent 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.</p>

F4.1b

(F4.1b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber	Yes	Company-wide	<p>Commitment to eliminate deforestation and/or conversion</p> <p>Commitment to eliminate forests degradation</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p> <p>Reference to international standards and widely-recognized forests-related initiatives</p>	<p>Yum! Brands, Inc. is committed to implementing our Paper-Based Packaging Sourcing policy to help prevent deforestation and forest degradation. This commitment is supported by our paper-based packaging sourcing principles, Yum! Brands Supplier Code of Conduct, and Human and Labor Rights Policy. Our current goal is to purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020. We give preference to suppliers with third-party certification, the most rigorous of which is FSC. We also recognize other national certifications endorsed by the Programme for the Endorsement of Forestry Certification (PEFC) and the Sustainable Forestry Initiative (SFI), provided the fiber avoids the unwanted sources listed in our Sustainable Sourcing Principles. We survey our markets and suppliers on an annual basis to assess progress. This policy is publicly available and applies to all stages of our value chain, including our equity restaurants, franchisees, and suppliers. Our policy is publicly-available on the Citizenship section of our company webpage. Typically we review the policy on a biannual basis. Our recent 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.</p>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Palm Oil	Yes	Company-wide	Commitment to eliminate deforestation and/or conversion Commitment to eliminate forests degradation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement Reference to international standards and widely-recognized forests-related initiatives	Yum! Brands, Inc. is committed to implementing our Palm Oil Sourcing policy to help prevent deforestation and forest degradation. This commitment is supported by Palm Oil Policy principles, Yum! Brands Supplier Code of Conduct, and Human and Labor Rights Policy. We are committed to continuing our goal to source 100% of the product used for cooking from responsible and sustainable sources. We survey our markets and suppliers on an annual basis to assess progress. We give preference to suppliers that are certified by the Roundtable on Sustainable Palm Oil (RSPO), and only source palm oil only from suppliers whose operations meet the principles outlined in our Palm Oil Policy. This policy is publicly available and applies to all stages of our value chain, including our equity restaurants, franchisees, and suppliers. Our policy is publicly-available on the Citizenship section of our company webpage. Typically we review the policy on a biannual basis. Our recent 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.
Cattle Products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F4.2

(F4.2) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.2a

(F4.2a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-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 forests-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 forests strategy. 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.

F4.2b

(F4.2b) Provide further details on the board’s oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	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. The brief typically is performed by our General Counsel and/or our Vice President of Global Citizenship and Sustainability. The governance and management mechanisms that have been implemented contribute to board oversight on forest issues. We utilize these mechanisms to directly identify, evaluate, manage and track forest issues. Key topics for the reporting year included setting of our updated sustainability strategy and progress against goals including our forests-related targets.

F4.3

(F4.3) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	Annually	The Vice President of Global Citizenship and Sustainability chairs our ESG Council and is responsible for coordinating the execution of the strategy, including forests-related issues. This senior leader works with sustainability leads at KFC, Pizza Hut, Taco Bell and Yum! corporate to execute the strategy. Duties include the annual representation of sustainability issues, including forests, on the Yum! risk committee. This senior level committee is responsible for the evaluation and as appropriate, annual reporting of possible corporate risk to the Audit Committee of the Board of Directors for inclusion in our public filings. The committee prioritizes short, medium and long-term risks based on factors that impact the business including, but not limited to, financial, operational and reputational factors. The CSO typically presents metrics that relay the progress we have made toward our goals. 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. We then consider the effect of the risk on business strategy given the risks and opportunities in both the short and long term. We regularly convene a ESG Working Group within Yum! corporate including representation from government relations, legal, finance and communications that engage in ongoing efforts such as our materiality assessment, disclosures to sustainability ratings agencies, and our citizenship report.

F4.4

(F4.4) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

Yes

F4.4a

(F4.4a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Who is entitled to benefit from these incentives?	Indicator for incentivized performance	Please explain
Monetary reward	Chief Sustainability Officer (CSO) Other, please specify (Environment/Sustainability Manager)	Achievement of commitments and targets	The Vice President of Global Citizenship and Sustainability is responsible for leading the execution of the Yum! sustainability strategy, including forests-related issues. Performance of the corporation is factored into incentives. Forests-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 the achievement of our goals. Monetary rewards (such as incentives) are distributed based on company performance and are awarded once we achieve our forests-related commitments and targets. Performance against these commitments and goals is reviewed and calculated on an annual basis and has historically been reported in our annual sustainability report. Employees who are accountable for the achievement of our goals are subject to receive various bonuses and compensation adjustments. These bonuses are calculated as a percentage of our salary and vary according to the level of leadership.
Recognition (non-monetary)	Chief Sustainability Officer (CSO) Other, please specify (Environment/Sustainability Manager, All employees)	Achievement of commitments and targets	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 United States have received this recognition.
Other non-monetary reward	Chief Sustainability Officer (CSO) Other, please specify (Environment/Sustainability Manager, All employees)	Achievement of commitments and targets	Employees who contribute to the success of Yum! Brands are eligible for the "Achieving Breakthrough Results" award. This award involves recognition, non-monetary rewards, and a monetary reward or equity grant for efforts that drive breakthrough results for the Company. It has been awarded to employees who are helping to achieve our sustainability targets through efforts such as our Citizenship Report and CDP responses.

F4.5

(F4.5) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

No, and we have no plans to do so

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	21-30	Our materiality assessment confirmed that sustainable sourcing 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. Building on our long-term business objectives, and in support of our corporate vision, we have established our sustainability strategy called the Recipe for Good. As our CEO, Greg Creed states, "Our Recipe for Good unites our employees, franchisees and suppliers on the priorities that matter and will keep us focused on socially responsible growth, managing risks and serving more goodness to our customers, shareholders, communities and the planet." This is reflected in our fundamental long-term sustainability objectives. 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. Our specific, global palm oil and fiber based packaging policies apply to all brands, regions, countries, and suppliers within our operational control. In addition, compliance with these policies is required through our Global Supplier Code of Conduct. Progress is tracked and reported on an annual basis through our global surveys. One example of the incorporation of these long-term business objectives is our recent endorsement of the New York Declaration on Forests (NYDF). 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. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than five years. We have selected the threshold that best fits our definition.
Strategy for long-term objectives	Yes, forests-related issues are integrated	21-30	Our materiality assessment confirmed that sustainable sourcing 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. Building on our long-term business objectives, and in support of our corporate vision, we have established our sustainability strategy called the Recipe for Good. As our CEO, Greg Creed states, "Our Recipe for Good unites our employees, franchisees and suppliers on the priorities that matter and will keep us focused on socially responsible growth, managing risks and serving more goodness to our customers, shareholders, communities and the planet." This is reflected in our fundamental long-term sustainability objectives. 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. Our specific, global palm oil and fiber based packaging policies apply to all brands, regions, countries, and suppliers within our operational control. In addition, compliance with these policies is required through our Global Supplier Code of Conduct. Progress is tracked and reported on an annual basis through our global surveys. One example of our strategy to achieve these long-term business objectives is our recent endorsement of the New York Declaration on Forests (NYDF). 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. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than five years. We have selected the threshold that best fits our definition.
Financial planning	Yes, forests-related issues are integrated	21-30	Building on our long-term business objectives, and in support of our corporate vision, we have established our sustainability strategy called the Recipe for Good. As our CEO, Greg Creed states, "Our Recipe for Good unites our employees, franchisees and suppliers on the priorities that matter and will keep us focused on socially responsible growth, managing risks and serving more goodness to our customers, shareholders, communities and the planet." This is reflected in our fundamental long-term sustainability objectives. 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. Our specific, global palm oil and fiber based packaging policies apply to all brands, regions, countries, and suppliers within our operational control. In addition, compliance with these policies is required through our Global Supplier Code of Conduct. Progress is tracked and reported on an annual basis through our global surveys. One example of the integration of forests issues into financial planning is our recent endorsement of the New York Declaration on Forests (NYDF). We believe that endorsing the NYDF is an important step forward and we look forward to supporting 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. The financial impact of any changes in pursuit of these goals will be considered and planned in conjunction with other management issues. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than five years. We have selected the threshold that best fits our definition.

F6. Implementation

F6.1

(F6.1) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F6.1a

(F6.1a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

New York Declaration on Forests

Other, please specify (Roundtable on Sustainable Palm Oil)

F6.1b

(F6.1b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Commodity coverage

Timber

Criteria

No conversion of High Conservation Value areas

No sourcing of illegally produced and/or traded forest risk commodities

No sourcing of forest risk commodities from unknown/controversial sources

Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

No cutoff date

Commitment timeframe

2020

Please explain

Our commodity-specific policies address several deforestation and forest degradation criteria. Our sustainable fiber for paper-based packaging policy addresses HCV, legality, certification, and human rights. Our goal is to purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020. These commitments are rolling in nature and therefore do not have a cutoff date. One example of an action taken to meet this criteria is our recent endorsement of the New York Declaration of Forests, in we are working to at least halve the rate of loss of natural forests globally and strive to end natural forests loss by 2030.

Commodity coverage

Timber

Criteria

Zero gross deforestation

Forest landscape restoration

Avoidance of negative impacts on threatened and protected species and habitats

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

No cutoff date

Commitment timeframe

2020

Please explain

In addition to our commodity-specific policies, we recently endorsed the New York Declaration of Forests and are working to at least halve the rate of loss of natural forests globally and strive to end natural forests loss by 2030. We support the private-sector goal of eliminating deforestation from the production of agricultural commodities such as palm oil, soy, paper, and beef products by no later than 2020.

Commodity coverage

Palm Oil

Criteria

- No new development on peatland
- No conversion of High Conservation Value areas
- No conversion of High Carbon Stock forests
- Adoption of Free, Prior and Informed Consent (FPIC) principles
- No sourcing of illegally produced and/or traded forest risk commodities
- No sourcing of forest risk commodities from unknown/controversial sources
- Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

No cutoff date

Commitment timeframe

2019

Please explain

Our commodity-specific policies address several deforestation and forest degradation criteria. Our palm oil policy addresses HCV, HCS, peatland, FPIC legality, certification, and human rights. For example, as a member of RSPO and a buyer of RSPO-certified sustainable palm oil, we abide by the RSPO Principles and Criteria, including the FPIC guiding principles for companies to ensure local community rights are protected. We are committed to continuing our goal to source 100% of the product used for cooking from responsible and sustainable sources. These commitments are rolling in nature and therefore do not have a cutoff date. One example of an action taken to meet this criteria is our recent endorsement of the New York Declaration of Forests, in we are working to at least halve the rate of loss of natural forests globally and strive to end natural forests loss by 2030.

F6.2

(F6.2) Did you have any quantified targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.2a

(F6.2a) Provide details of your target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Timber

Form of commodity covered

Pulp
Paper

Primary packaging

Type of target

Sustainable procurement standard

Coverage

Supply chain

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2014

Start figure

1-10%

Target year

2020

Target

100%

% achieved

61-70%

Please explain

Our public goal is to purchase 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020. This goal was chosen because Yum! sources a large volume of paper-based packaging and we are committed to using environmentally preferable packaging that reduces our impact on the environment and communities where we operate. Our public policy gives explicit preference to suppliers who provide paper packaging certified by a third-party who meets the most rigorous forest management standards, which is FSC. We also accept PEFC and SFI certifications. Yum! sustainable sourcing policies and principles are intended to mitigate our impact on climate change by reducing deforestation relating to the timber that we source. To track our progress, we survey business units worldwide regarding their accomplishments against our sourcing goals. We have worked with key franchisees to achieve results and have also worked to educate suppliers and when necessary remove them from our supply chain.

Target reference number

Target 2

Forest risk commodity

Palm Oil

Form of commodity covered

Refined palm oil

Type of target

Sustainable production standard

Coverage

Supply chain

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2015

Start figure

21-30%

Target year

2019

Target

100%

% achieved

91-99%

Please explain

Our public commitment is to continue our goal to source 100% of the product used for cooking from responsible and sustainable sources. This goal was chosen because Yum! sources a large volume of palm oil used for cooking and we are committed to using environmentally preferable palm oil that reduces our impact on the environment and communities where we operate. Our public policy gives explicit preference to suppliers certified by RSPO. Yum! sustainable sourcing policies and principles are intended to mitigate our impact on climate change by reducing deforestation relating to the palm oil that we source. To track our progress, we survey business units worldwide regarding their accomplishments against our sourcing goals. We have worked with key franchisees to achieve results and have also worked to educate suppliers and when necessary remove them from our supply chain.

F6.3

(F6.3) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?
Timber	Yes
Palm Oil	Yes
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

F6.3a

(F6.3a) Provide details on the level of traceability your organization has for your disclosed commodity(ies).

Timber

% of total production/consumption volume traceable

31-40%

Point to which commodity is traceable

Mill

Description of traceability system

As we are a large, decentralized company with numerous packaging suppliers globally, we have multiple systems that enable traceability of our commodities. Our supply chain management and quality assurance processes include traceability of our product ingredients and suppliers' incoming raw materials. We conduct food safety and quality systems audits to verify suppliers' traceability information. We also give preference to suppliers who have FSC certification (or secondarily, SFI or PEFC), thus providing us with additional, third-party certified traceability. Depending on the specific certification scheme used per market, there are multiple points to which timber used in paper packaging could be deemed traceable in the system, varying from the country down to the forest depending on the scheme used. We issued a global survey for our entire business, through our brands, requesting that all countries report on packaging products containing timber (via fiber used in paper packaging). Data from our business units included responses from franchisees and suppliers. We were pleased to include data representing 91% of our global store count of over 48,000 restaurants. Based on our survey results, the analysis showed that an estimated 35% of our total timber consumption was traceable in 2018 and that the majority of responding suppliers are able to provide traceability at the mill-level.

Exclusions

Other, please specify (Information not available)

Description of exclusion

Our results for the percent of total consumption that is traceable reflects the various certification schemes reported by our markets (and the associated points to which they are traceable). The reported results reflect data gaps that are due to factors including geographic area and supplier limitations. We look forward to improving our ability to gather and report on this information in the future.

Palm Oil

% of total production/consumption volume traceable

81-90%

Point to which commodity is traceable

Plantation

Description of traceability system

As we are a large, decentralized company with numerous palm oil suppliers globally, we have multiple systems that enable traceability of our commodities. Our supply chain management and quality assurance processes include tracking traceability of our product ingredients and suppliers' incoming raw materials. We conduct food safety and quality system audits to verify suppliers' traceability information. While we give preference to RSPO's Mass Balance, Segregated, and Identify Preserved palm oil supply chain certification schemes, the specific scheme used varies by market. There are multiple points to which palm oil is traceable in the system and it varies between plantation, mill and country, depending on the scheme used. We issued a global survey for our entire business, through our brands, requesting that all countries report on the traceability of palm oil procured for cooking in our restaurants in 2018. Data from our business units included responses from franchisees and suppliers. We were pleased to have an estimated representation of 97% of our global store count of over 48,000 restaurants in the survey results. Based on our survey results, the analysis showed that an estimated 90% of our total palm oil consumption was traceable in 2018 and that the majority of responding suppliers are able to provide traceability at the plantation-level.

Exclusions

Other, please specify (Information not available)

Description of exclusion

Our results for the percent of total consumption that is traceable reflects the various certification schemes reported by our markets (and the associated points to which they are traceable). The reported results reflect data gaps that are due to factors including geographic area and supplier limitations. We look forward to improving our ability to gather and report on this information in the future.

F6.4

(F6.4) Do you specify any third-party certification schemes for your disclosed commodity(ies)? Indicate the volume and

percentage of your production and/or consumption covered.

Forest risk commodity

Timber

Do you specify any certification scheme?

Yes

Certification coverage

Consumption volume

Third-party certification scheme

FSC Forest Management certification
FSC Chain of Custody
FSC Controlled Wood
FSC Group certification
FSC Recycled
PEFC Sustainable Forest Management certification
PEFC Chain of Custody
PEFC Project Chain of Custody
PEFC Group certification
SFI Forest Management certification
SFI Chain of Custody
SFI Fiber Sourcing certification
Australian Forest Standard (AS 4708)

% of total production/consumption volume certified

49

Form of commodity

Paper

Volume of production/ consumption certified

268496

Metric

Metric tons

Please explain

Our public policy states that we will give preference to suppliers who provide paper-packaging certified by a third-party, which meets the most rigorous forest management standards, which is currently FSC. However, to account for market differences, we also recognize other national certifications endorsed by the PEFC and SFI, provided the fiber avoids the unwanted sources listed in our Sustainable Sourcing Principles. We issued a global survey for our entire business, through our brands, requesting that all countries report on fiber used in our paper-based packaging in 2018. Data from our business units include responses from franchisees and suppliers. The responses we received represent 91% of our global store count of over 48,000 restaurants. An estimated 49% of our paper-based packaging volume supply came from certified sources of virgin fiber based on reported data. An additional estimated 21% of our reported paper-based packaging came from recycled sources. Non-recycled, non-certified paper based packaging currently is estimated to be 30% of our supply based on reported data. Our public goal is to reach 100% of fiber used in paper packaging from responsible and recycled sources by the end of 2020.

Forest risk commodity

Palm Oil

Do you specify any certification scheme?

Yes

Certification coverage

Consumption volume

Third-party certification scheme

RSPO Mass Balance
RSPO Book and Claim

% of total production/consumption volume certified

94

Form of commodity

Refined palm oil

Volume of production/ consumption certified

147551

Metric

Metric tons

Please explain

Our public policy states that we will give preference to palm oil suppliers who are certified by RSPO, as well only source palm oil from suppliers who meet our six principles of our Palm Oil Policy. We issued a global survey for our entire business, through our brands, requesting that all countries report on palm oil used for cooking purposes in our restaurants in 2018. Data from our business units include responses from franchisees and suppliers. The responses we received represent an estimated 97% of our global store count of over 48,000 restaurants. Data from our business units include responses from franchisees and suppliers. Based on reported data, an estimated 94% of the procured palm oil volume came from certified sources.

F6.5

(F6.5) Do you specify any sustainable production/procurement standards for your disclosed commodity(ies), other than third-party certification? Indicate the percentage of production/consumption covered and if you monitor supplier compliance with these standards.

Forest risk commodity

Timber

Do you specify any sustainability standards?

Yes

Type of standard

Procurement

Description of standard

Our policy for sourcing our paper-based packaging is guided by four key principles to: (1) not purchase products made with fiber made from illegal or unwanted sources; (2) give preference to third-party suppliers; (3) increase the amount of recycled content used in the paper-based packaging; and (4) seek substantiation of compliance with our policy and the above claims. Our publicly-available policy can be reviewed on the Citizenship and Sustainability section of our company website.

% of total commodity volume covered by standard

100%

Do you have a system in place to monitor compliance with this standard?

Yes

Type(s) of monitoring system

First-party auditing

Second-party auditing

Third-party auditing

% of suppliers in compliance with standards

61-70%

Please explain

Our policy for sourcing our paper-based packaging is guided by four key principles to: (1) not purchase products made with fiber made from illegal or unwanted sources; (2) give preference to third-party suppliers; (3) increase the amount of recycled content used in the paper-based packaging; and (4) seek substantiation of compliance with our policy and the above claims. Our policy is enforced through supplier contracts and auditing as well as third-party auditing to ensure compliance with their certification standards. For example, in order to claim we are sourcing FSC-certified fiber for paper packaging, our supplier is audited by a third-party as part of the FSC certification process.

Forest risk commodity

Palm Oil

Do you specify any sustainability standards?

Yes

Type of standard

Procurement

Description of standard

Our policy for sourcing our palm oil is guided by six key principles: (1) No development on High Conservation Value (HCV) landscape or High Carbon Stock (HCS) forests; (2) No development on peatlands; (3) Compliance with country laws and regulations; (4) Prevention and resolution of social and/or land conflicts consistent with the principle of free prior and informed consent (FPIC); (5) Traceability to the extraction mill and validation of fresh fruit bunches (FFBs); and (6) Respect and protect human rights, including not employing underage children or forced laborers and prohibiting physical punishment or abuse. Our publicly-available policy can be reviewed on the Citizenship and Sustainability section of our company website.

% of total commodity volume covered by standard

100%

Do you have a system in place to monitor compliance with this standard?

Yes

Type(s) of monitoring system

First-party auditing

Second-party auditing

Third-party auditing

% of suppliers in compliance with standards

91-99%

Please explain

Our policy for sourcing our palm oil used for cooking is guided by six principles: (1) No development on High Conservation Value (HCV) landscape or High Carbon Stock (HCS) forests; (2) No development on peatlands; (3) Compliance with country laws and regulations; (4) Prevention and resolution of social and/or land conflicts consistent with the principle of free prior and informed consent (FPIC); (5) Traceability to the extraction mill and validation of fresh fruit bunches (FFBs); and (6) Respect and protect human rights, including not employing underage children or forced laborers and prohibiting physical punishment or abuse.. Yum! will only source from suppliers who meet these principles. Our policy is enforced through supplier contracts and auditing as well as third-party auditing to ensure compliance with their certification standards. For example, in order to claim we are sourcing from suppliers that utilize RSPO-certified supply chains, they are audited against the RSPO Supply Chain Certification Standard.

F6.7

(F6.7) Are you working with your direct suppliers to support and improve their capacity to supply sustainable raw materials?

	Are you working with direct suppliers?	Supplier engagement approach	Please explain
Timber	Yes, working with direct suppliers	Encouraging certification Encouraging work with multi-stakeholder groups Supplier questionnaires on environmental and social indicators Workshops and training Supplier audits	In 2018, we attempted to engage with approximately 100% of our direct suppliers, with varying levels of engagement, to improve capacity to supply sustainable raw materials, and procurement teams to understand current progress against our goal of sourcing 100% sustainable fiber by the end of 2020. Our primary engagement approach is our annual survey (supplier questionnaires). We support our suppliers that share our goals around sustainable materials by recognizing their achievements and continuing our partnership. We are proud of the progress we've made and are working with our suppliers to ensure that they are on track to meet our commitment. For example, we're proud that two of our packaging suppliers in North America won an American Forest and Paper Association sustainability award for sustainable forest management.
Palm Oil	Yes, working with direct suppliers	Encouraging certification Encouraging work with multi-stakeholder groups Supplier questionnaires on environmental and social indicators Workshops and training	In 2018, we attempted to engage with nearly 100% of our direct suppliers, with varying levels of engagement to improve capacity to supply sustainable palm oil, and procurement teams to understand current progress against our continuing goal to source 100% of the product used for cooking from responsible and sustainable sources. Our primary engagement approach is our annual survey (supplier questionnaires). In particular, we focused on suppliers in markets requiring additional time to transition their supply. We engage with the RSPO through our participation on the Jurisdictional Working Group in support of market transformation.
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

(F6.8) Are you working beyond your first-tier supplier(s) to manage and mitigate forests-related risks?

	Are you working beyond first tier?	Please explain
Timber	Yes, working beyond first tier	Our sustainable fiber sourcing policy is global and applies to all paper-based food and beverage packaging, therefore, it applies to all suppliers providing these items whether they are first tier suppliers or further back into the supply chain. Some of our global markets have the ability to work beyond the first tier of the supply chain due to the volumes they procure and level of access to and influence with suppliers. Some of our suppliers are vertically integrated which is a helpful enabling factor to working beyond the first tier to manage and mitigate risk. In addition, we engage beyond the first tier through multi-stakeholder dialogues, industry conferences, trade associations, and supply chain collaborations. We ensure that all suppliers comply with the following requirements: - Compliance with the Yum! Supplier Code of Conduct, including the demonstration of compliance with Yum! sustainability policies and positions outlined in our Global Citizenship and Sustainability Report; and - Demonstration of 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.
Palm Oil	Yes, working beyond first tier	Our sustainable palm oil sourcing policy is global and applies to cooking oil, therefore, it applies primarily to our suppliers providing us with cooking oil versus suppliers who are manufacturing products for us containing palm oil and purchasing palm oil further back in the supply chain. Some of our global markets have the ability to work beyond the first tier of the supply chain due to the volumes they procure and level of access to and influence with suppliers. Some of our suppliers are vertically integrated which is a helpful enabling factor to working beyond the first tier to manage and mitigate risk. In addition, we engage beyond the first tier through multi-stakeholder dialogues, industry conferences, trade associations, and supply chain collaborations. As a result of working beyond the first tier, some of our large regions are already sourcing sustainable palm oil in their secondary ingredients, above and beyond the minimum requirements of our policy (which is focused on our primary use, which is cooking oil). We ensure that all suppliers comply with the following requirements: - Compliance with the Yum! Supplier Code of Conduct, including the demonstration of compliance with Yum! sustainability policies and positions outlined in our Global Citizenship and Sustainability Report; and - Demonstration of 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.
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>

F6.9

(F6.9) Do you participate in external initiatives or activities to further the implementation of your policies concerning the sustainability of your disclosed commodity(ies)?

Forest risk commodity

Timber

Do you participate in activities/initiatives?

Yes

Activities

Engaging with non-governmental organizations

Initiatives

<Not Applicable>

Please explain

Our recent 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. In addition, we worked with WWF between 2013 and 2014 to develop our initial public policy and goal. We have continued to partner with WWF in 2017-2018 to complete a supply chain sustainability risk assessment of key commodities, including Timber. Our engagement with our partner WWF continues with a focus on the Brazil supply chain. This includes a landscape analysis and strategic plan to better understand how to reduce deforestation risks.

Forest risk commodity

Palm Oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Roundtable on Sustainable Palm Oil (RSPO)

Other, please specify (New York Declaration on Forests)

Please explain

Yum! Brands is a member of the RSPO and promotes the use of 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 engage with the RSPO, including through participation in the Jurisdictional Working Group, in support of market transformation.

F7. Linkages and trade-offs

F7.1

(F7.1) Has your organization identified any linkages or trade-offs between forests and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

F7.1a

(F7.1a) Describe the linkages or trade-offs and the related management policy or action.

Linkage/tradeoff

Linkage

Type of linkage/tradeoff

Decreased GHGs emissions

Description of linkage/tradeoff

Our goals of sourcing 100% of palm oil from responsible and sustainable sources and 100% of paper-based packaging with fiber from responsibly managed forests and recycled sources which reduces deforestation, and in turn, reduces GHG emissions, improves biodiversity, and helps to protect watersheds. In 2018, 96% of our cooking oil volume was not palm oil or was sustainable palm oil. For the palm oil that our system purchased, approximately 94% of that volume was reported to be sustainable palm oil with 99% of volume estimated to be represented in our global survey. In 2018, markets reported an estimated total of 70% of fiber came from certified virgin or recycled sources. According to our calculations using the Project Gigaton Emissions Calculator, our sustainable sourcing of fiber and palm oil materials in 2018 resulted in a net emissions avoidance of approximately 509,000 MTCO_{2e}.

Policy or action

We maintain policies regarding palm oil and paper-based packaging sourcing in support of our goals that are integrated into our business strategy. These are publicly posted and be viewed on our website. At this point, we are unable to quantify the specific GHG emissions from this linkage but will explore the possibility of collecting this data in the future.

F8. Verification

F8.1

(F8.1) Do you verify any forests information reported in your CDP disclosure?

No, we are waiting for more mature verification standards/processes

F9. Barriers and challenges

F9.1

(F9.1) Describe the key barriers or challenges to avoiding forests-related risks in your direct operations or in other parts of your value chain.

Forest risk commodity

Timber

Coverage

Supply chain

Primary barrier/challenge type

Limited availability of certified materials

Comment

Increased availability of certified materials would help to improve cost structures and ensure the sustainability of our supply chain.

Forest risk commodity

Palm Oil

Coverage

Supply chain

Primary barrier/challenge type

Limited availability of certified materials

Comment

Increased availability of certified materials would help to improve cost structures and ensure the sustainability of our supply chain.

F9.2

(F9.2) Describe the main measures that would improve your organization's ability to manage forests-related risks.

Forest risk commodity

Timber

Coverage

Supply chain

Main measure

Incentives to produce sustainable raw materials

Comment

Incentives to produce sustainable raw materials would reduce reliance on third-party certifications, and could increase supply and reduce cost. In addition, better aligning expectations of different governing bodies and certifications so they're consistent would improve their functionality and effectiveness. For example, some stakeholders think RSPO and SFI are not robust enough so they're supplemented with other requirements that can be burdensome and confusing for the teams expected to implement policies and for suppliers who get conflicting information from different customers.

Forest risk commodity

Palm Oil

Coverage

Supply chain

Main measure

Incentives to produce sustainable raw materials

Comment

Incentives to produce sustainable raw materials would reduce reliance on third-party certifications, and could increase supply and reduce cost. In addition, better aligning expectations of different governing bodies and certifications so they're consistent would improve their functionality and effectiveness. For example, some stakeholders think RSPO and SFI are not robust enough so they're supplemented with other requirements that can be burdensome and confusing for the teams expected to implement policies and for suppliers who get conflicting information from different customers.

F18. Signoff

F-FI

(F-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.

F18.1

(F18.1) Provide the following information for the person that has signed off (approved) your CDP forests 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