

Yum! Brands, Inc. - Water Security 2019

W0. Introduction

W0.1

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

Yum! Brands, Inc., based in Louisville, Kentucky, has over 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.

W0.2

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

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

W0.3

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

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

W0.4

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

USD

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

No

W1. Current state

W1.1

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

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

W1.2

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

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Current water withdrawal volumes are recorded from municipal water utility bills for equity restaurant and office locations, and data is requested for all equity restaurant locations. Distribution, including warehouses, is typically handled by third parties and therefore outside of the reporting boundary. The frequency of this activity is typically monthly or every other month depending on local practices. The frequency of Yum! reviewing data for withdrawals representing each store is completed on an annual basis. Although efforts have been made to collect data, estimations were by necessity completed in some areas. We look forward to refining our process in future years.
Water withdrawals – volumes from water stressed areas	100%	In 2017, Yum! completed a water risk assessment for equity and franchise restaurant locations using the WRI Aqueduct Water Risk Atlas. This process, which endeavors to collect information representing all locations, identifies locations where our restaurants operate that are deemed high water risk (composite water risk score greater than 3.75) by the organization. For equity stores, 14% of Taco Bell, 9% of KFC and 0% of Pizza Hut locations were designated as water-stressed areas. Current water withdrawals, including those from water-stressed areas, are almost entirely sourced from municipal providers. The frequency of this assessment is typically every two years. Although efforts have been made to collect data, estimations were completed by necessity in some areas. We look forward to refining our process in future years.
Water withdrawals – volumes by source	100%	Current water withdrawal is nearly entirely from municipal water sources. The frequency of requesting this data for all equity restaurant locations is typically completed on an annual basis. Although efforts have been made to collect data, estimations were completed by necessity in some areas. We look forward to refining our process in future years.

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

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	2133.4	Lower	Total water withdrawals for 2018 decreased 45% compared to 2017, largely attributed to a 42% decrease in global equity store count compared to 2017. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Please note that this is our second year of measurement through an international market survey, and we will continue to improve on data collection in the future. Our expectation within the near future is that water withdrawals will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.
Total discharges	1833.7	Lower	Total water discharges for 2018 decreased 45% compared to 2017, largely attributed to a 42% decrease in global equity store count compared to 2017. Water discharge data represents all global equity markets and is calculated as Total Withdrawal minus Total Consumption at the brand-level based on data acquired via our international market surveys on an annual basis. Please note that this is our second year of measurement through an international market survey, and we will continue to improve on data collection in the future. Our expectation within the near future is that water discharges will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.
Total consumption	299.7	Lower	Total water consumption for 2018 decreased 46% compared to 2017, largely attributed to a 42% decrease in global equity store count compared to 2017. Water consumption data represents all global equity markets and is acquired via our international market surveys on an annual basis. Total consumption is then calculated at the brand and company-level based on approximately 15% of total water withdrawals for KFC and Taco Bell, with minimal amounts of water consumption at Pizza Hut locations. Please note that this is our second year of measurement through an international market survey, and we will continue to improve on data collection in the future. Our expectation within the near future is that water consumption will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.

W1.2d

(W1.2d) Provide the proportion of your total withdrawals sourced from water stressed areas.

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	10	This is our first year of measurement	WRI Aqueduct	In 2017, Yum! Brands, Inc. completed a comprehensive Water Risk Assessment for all global equity and franchise restaurant locations. Our Assessment utilized the WRI Aqueduct Water Risk Atlas to map and analyze over 43,000 store locations and defined "water stressed areas" as any location with a composite water risk score greater than 3.75 based on the parameters of baseline and overall water stress; physical, regulatory, and reputational risks; and projected 2030 water stress. Based on this definition, the proportion of total withdrawals sourced from water stressed areas represents an aggregate estimate based on the number of equity stores whose water risk ranking was greater than 3.75. Please note that this is our first year of measurement through an international market survey, and we will continue to improve on data collection in the future.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	This withdrawal source is not relevant - all Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future.
Third party sources	Relevant	2133.4	Lower	All Yum! Brands water withdrawals are taken from municipal and/or third-party sources, and we anticipate continuing to do so in the future. Total water withdrawals for 2018 decreased 45% compared to 2017, largely attributed to a 42% decrease in global equity store count compared to 2017. Water withdrawal data represents all global equity markets and is acquired via our international market surveys on an annual basis. Please note that this is our second year of measurement through an international market survey, and we will continue to improve on data collection in the future. Our expectation within the near future is that water withdrawals will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	This discharge destination is not relevant - all Yum! Brands water discharges are returned to groundwater (irrigation) and/or municipal facilities, and we anticipate that this will be consistent in the future.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	This discharge destination is not relevant - all Yum! Brands water discharges are returned to groundwater (irrigation) and/or municipal facilities, and we anticipate that this will be consistent in the future.
Groundwater	Relevant	594.3	Lower	All irrigation is discharged to groundwater. Irrigation is calculated to be approximately 35% of total withdrawals at all KFC and Taco Bell stores. Overall, U.S. Pizza Hut equity stores have negligible irrigation volumes. Total discharges to groundwater for 2018 decreased 46% compared to 2017, largely attributed to a 42% decrease in global equity store count compared to 2017. Water discharge data represents all global equity markets and is acquired via our international market surveys on an annual basis. Please note that this is our second year of measurement through an international market survey, and we will continue to improve on data collection in the future. Our expectation within the near future is that water discharges will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.
Third-party destinations	Relevant	1239.4	Lower	All discharge not related to irrigation is returned to municipal facilities and is calculated as withdrawal minus consumption minus irrigation. Irrigation is calculated to be approximately 35% of total withdrawals at all KFC and Taco Bell stores. Overall, U.S. Pizza Hut equity stores have negligible irrigation volumes. Total discharges to third-party destinations decreased 44% compared to 2017, largely attributed to a 42% decrease in global equity store count compared to 2017. Water discharge data represents all global equity markets and is acquired via our international market surveys on an annual basis. This is our second year of measurement through an international market survey, and we will continue to improve on data collection in the future. Our expectation within the near future is that water discharges will remain consistent and hopefully decrease in the long term as we continue to invest in conservation measures and strive to reduce our water footprint.

W1.4

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

Yes, our suppliers

W1.4a

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

Row 1

% of suppliers by number

1-25%

% of total procurement spend

1-25

Rationale for this coverage

Yum! Brands recognizes the importance of evaluating water use, risks, and management in our agricultural supply chain consumption in the supply chain. We therefore review CDP-Water supplier information and engage with several large suppliers which provides us with information including their prioritizing of water issues, specific goals and consumption that we use to benchmark their performance and better understand our overall water footprint. We closely monitor supplier management of forest resources, which contributes to protecting watersheds and managing risks. Proper management of forest resources contributes to eliminating deforestation which helps to ensure watershed health and water security by stabilizing soils, reducing erosion, regulating water flow, and purifying water sources. In 2018, a large palm oil supplier was removed from our system as they did not meet our environmental palm oil procurement standards.

Impact of the engagement and measures of success

Encouraging suppliers to report their water usage and collaborate in our ongoing education efforts assists Yum! Brands in the development of future supply chain oriented water targets. We actively monitor the impact of these engagements based on improved sharing of best practices, increased awareness and understanding of water-related issues, and water-related KPIs for forests commodities including the volume of sustainably certified materials. Proper management of forest resources contributes to eliminating deforestation which helps to ensure watershed health and water security by stabilizing soils, reducing erosion, regulating water flow, and purifying water sources. For example, in 2018, a large palm oil supplier was removed from our system as they did not meet our environmental palm oil procurement standards. Success of this engagement is measured via our annual surveys which inform our progress against our fiber and palm oil goals.

Comment

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

W1.4b

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

Type of engagement

Innovation & collaboration

Details of engagement

<Not Applicable>

% of suppliers by number

<Not Applicable>

% of total procurement spend

<Not Applicable>

Rationale for the coverage of your engagement

Yum! Brands recognizes the importance of evaluating water use, risks, and management in our agricultural supply chain consumption in the supply chain. We therefore engage with several large suppliers to better understand their approach to sustainability, including water. This engagement includes site visits, conversations, and collaborative projects to proactively educate our supply chain about water stewardship and ensure that they 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 - 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.

Impact of the engagement and measures of success

<Not Applicable>

Comment

<Not Applicable>

W2. Business impacts

W2.1

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

Yes

W2.1a

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

Country/Region

South Africa

River basin

Other, please specify (All basins in that country)

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Increased operating costs

Description of impact

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

Primary response

Adopt water efficiency, water re-use, recycling and conservation practices

Total financial impact

180000

Description of response

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

W2.2

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

Yes, fines, enforcement orders or other penalties but none that are considered as significant

W2.2a

(W2.2a) Provide the total number and financial value of all water-related fines.

Row 1

Total number of fines

0

Total value of fines

0

% of total facilities/operations associated

0.01

Number of fines compared to previous reporting year

About the same

Comment

In 2018, one restaurant in the U.S was cited for failure to provide backflow preventer test report as required by local regulation. Test was subsequently completed and did not result in failure. Please note that the actual percentage of total facilities/operations associated is 0.0004%, however ORS only allows a maximum of two decimal places.

W3. Procedures

W3.3

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

Yes, water-related risks are assessed

W3.3a

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

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Every two years

How far into the future are risks considered?

>6 years

Type of tools and methods used

Tools on the market
International methodologies
Other

Tools and methods used

WRI Aqueduct
Internal company methods
External consultants

Comment

In 2017, Yum! Brands researched industry-wide water risks and best practices and surveyed internal departments' awareness of water risks as we strengthened our existing water stewardship practices. We completed a global risk assessment of our restaurants using WRI's Aqueduct tool. This applies both to direct operations and franchisees. To ensure that our assessment adequately captures the company's exposure to risk, we anticipate updating our water stress review and water risk scores every two years.

Supply chain

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

Annually

How far into the future are risks considered?

>6 years

Type of tools and methods used

Databases
Other

Tools and methods used

Internal company methods
External consultants
Other, please specify (Supplier Management Tools)

Comment

The Board maintains overall responsibility for overseeing Yum!'s risk management. The Board delegates specific risk-related responsibilities to the Audit Committee and to the Management Planning and Development Committee. The Audit Committee discusses risk management at regular committee meetings and receives functional reports covering significant areas of risk from senior managers, as well as reports from General Counsel and Internal Audit. Summary of results is provided to the full board.

Other stages of the value chain

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

Not defined

How far into the future are risks considered?

>6 years

Type of tools and methods used

Databases

Other

Tools and methods used

External consultants

National-specific tools or standards

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

Comment

Worldwide, the Yum! Brands franchise and equity system opens over seven new restaurants per day on average, making it a leader in global retail development. Water availability and quality is essential for stores' operation. During the development process for new restaurants, Development teams are responsible for assessing water availability. That is done through interaction with local governance bodies, consultants and water jurisdictions as appropriate.

W3.3b

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

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

W3.3c

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

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

W3.3d

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

Yum! Brands believes that good corporate governance is a critical factor in achieving business success and embraces practices that align with management and shareholder interests. Oversight for environmental, social and governance (ESG) issues ultimately resides with the Board of Directors, which is briefed through its Audit Committee on an annual basis. The brief is typically performed by our General Counsel and/or our VP of Global Citizenship and Sustainability.

Our global citizenship and sustainability strategy reflects Yum! Brands' priorities for socially responsible growth, risk management and sustainable stewardship of our food, planet and people. We call it our Recipe for Good. Water related strategy, risks and opportunities are reviewed by our ESG Council, which consists of senior leaders across the company and is chaired by the VP of Global Citizenship and Sustainability who is responsible for coordinating risk management and opportunity identification, including water. This senior leader also works with sustainability leads at our brands to develop and lead the execution of the strategy which addresses risk and opportunities. Brand sustainability leads work within individual markets and departments. The duties of VP of Global Citizenship and Sustainability also include the representation of sustainability issues, such as water, on the Yum! risk committee. This senior level committee is responsible for the evaluation and as appropriate, reporting of possible corporate risk at least once per year to the Audit Committee of the Board of Directors for inclusion in our public filings.

The Company assesses alternatives and determines steps and action plans with working groups. One primary tool for evaluation of water risk in our direct operations is WRI Aqueduct. In 2017, we completed a risk assessment using this tool for nearly all of our 45,000 restaurants for the reporting year. Our intent is to conduct this review approximately every two years with the input of external consultants and utilization of our internal databases. For locations included in high risk areas, as defined by a score of over 3.75 in WRI Aqueduct, we encourage the adoption of water conservation measures. Specific measures for restaurants are detailed in Blueline, our green building standard. For example, principles such as higher efficiency ice machines, low-flow faucets and toilets were used to provide guidance regarding drought responses to our team in South Africa in 2018, resulting in reduced water consumption to comply with the mandate from local authorities.

W4. Risks and opportunities

W4.1

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

No

W4.1a

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

The Board maintains overall responsibility for overseeing Yum’s risk management, and delegates specific risk-related responsibilities to the Audit Committee and to the Management Planning and Development Committee. 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, such as water, on the Yum! risk committee. This senior level committee is responsible for the evaluation and as appropriate, reporting of possible corporate risk 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, water 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 water) can be important yet not rise to the provided benchmark of being financially or strategically important at a material, substantive level to the corporation. There is no single definition of what would rise to this level but for a corporation such as Yum!, a system impact (including our direct operations, supply chain, or both) of approximately 5% of net income for the annual reporting period could be considered substantive at the corporate level. The definition of what would be considered as substantive for the company is reviewed at least annually and updated as necessary.

W4.2b

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

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	For the current reporting cycle, CDP has requested information regarding risks that are substantive at the corporate level and not those at the facility or business unit level. As a global, decentralized, and franchise-focused organization, water risk can be important yet not rise to the provided CDP benchmark of being financially or strategically important at a level that is substantive to the corporation. In 2017, Yum! Brands, Inc. completed a comprehensive Water Risk Assessment for global equity and franchise restaurant locations. Our Assessment utilized the WRI Aqueduct Water Risk Atlas to map and analyze over 43,000 store locations and defined "water stressed areas" as any location with a composite water risk score greater than 3.75 based on the parameters of baseline and overall water stress; physical, regulatory, and reputational risks; and projected 2030 water stress. This process identified 221 locations within our direct operations that were identified as "high risk" (based on a composite water risk score greater than 3.75) located in multiple basins across the globe. If in the highly unlikely event that all of those locations were negatively impacted or closed by a water-related incident, it would not have a substantive financial or strategic impact on the corporation. Although such risk does not rise to the level of substantive, we continue to monitor our water risk and encourage restaurants in high-risk areas to incorporate water conserving measures, such as our recent efforts to reduce water consumption in South Africa. To ensure that our assessment adequately captures the company’s exposure to risk, we anticipate updating our water stress analysis every two years. We currently plan to update our next Water Risk Assessment starting in Q4 2019 and will seek to include all global equity and franchise restaurants to be consistent with previous assessments.

W4.2c

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

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	For the current reporting cycle, CDP has requested information regarding risks that are substantive at the corporate level and not those at the facility or business unit level. As a global, decentralized, and franchise-focused organization, water risk can be important yet not rise to the provided CDP benchmark of being financially or strategically important at a material substantive level to the corporation. Direct use of sufficient amounts of good quality freshwater is important to our supply chain because it's used to help produce many of our primary products, whether developing beverages, preparing meat, or helping plants grow. However, Yum! is a global company with a diverse supply chain and adjustments can be made on sourcing to adapt to conditions impacting one or multiple water basins. In 2017 we completed a comprehensive Water Risk Assessment for global equity and franchise restaurant locations using the WRI Aqueduct tool. This process identified that approximately 20% of locations in different basins across the globe were considered to be "high risk" based on a composite water risk score greater than 3.75. It is highly unlikely that the number of potentially impacted locations would rise to have a substantive financial or strategic impact on the corporation. Although such risk does not rise to the level of substantive, we continue to monitor our water risk and encourage restaurants in high risk areas to incorporate water conserving measures. A recent example is our efforts to reduce water consumption in South Africa in partnership with franchisees. To ensure that our assessment adequately captures the company's exposure to risk, we anticipate updating our water risk analysis every two years. We currently plan to update our next Water Risk Assessment starting in Q4 2019 and will seek to include all global equity and franchise restaurants to be consistent with previous assessments.

W4.3

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

No

W4.3b

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

	Primary reason	Please explain
Row 1	Opportunities exist, but none with potential to have a substantive financial or strategic impact on business	There are water-related opportunities for our corporation but they do not currently rise to level of substantive at the corporate level. There is no single definition of what would rise to this level but for a corporation such as Yum!, a system impact of approximately 5% of net income for the annual reporting period could be considered substantive at the corporate level. The definition of what would be considered as substantive for the company is reviewed at least annually and updated as necessary. We focus on water related opportunities for the benefit of our customers, employees, franchisees and shareholders. These include: 1. Water Efficiency: Remodeling existing restaurants and building new restaurants that follow our green building standards reduces water consumption and realizes cost savings. The estimated potential financial impact for approaches implemented in 2018 is 3.9 MM. 2. Community Relations: There is opportunity for us to build positive community relations by being a good environmental steward, which includes our focus on water conservation. We evaluate the impact water has on our business and the communities we serve through tools like WRI Aqueduct and materiality assessments. For example, KFC Australia is very focused on water conservation and introduced water-saving measures including water efficient landscaping, high efficiency restroom fixtures, and rainwater harvesting tanks. 3. Increased Shareholder Value: PRI investors consider water risks and opportunities in their evaluation of our public securities through their consideration of ESG research from MSCI, Sustainalytics, Bloomberg, CDP, Ceres, and others. We pursue water efficiency efforts that generate a positive return on investment and disclose them as part of our targeted communications. Water opportunities are reviewed by the brands and Yum! on an ongoing basis as part of continual improvements in restaurant development/operations and our Citizenship & Sustainability reporting cycle.

W6. Governance

W6.1

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

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

W6.1a

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

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

W6.2

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

Yes

W6.2a

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

Position of individual	Please explain
Chief Executive Officer (CEO)	As the top operational decision-maker and member of the Board of Directors, the CEO has ultimate responsibility for water-related issues and ensures that the organization is addressing the issue appropriately. The Audit Committee of the Board of Directors is also updated annually on the Company's environmental commitments and progress. Within the management structure, the CEO entrusts the Vice-President of Global Citizenship and Sustainability to drive company strategy relating to climate change. This individual is responsible for: <ul style="list-style-type: none"> • 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.

W6.2b

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

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

W6.3

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

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

Chief Sustainability Officer (CSO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

The Vice President of Global Citizenship and Sustainability chairs our ESG Council and is responsible for coordinating the execution of the strategy, including water-related issues. This senior leader works with sustainably leads at KFC, Pizza Hut, Taco Bell and Yum! corporate to execute the strategy. The duties of this position also include the annual representation of sustainability issues, including water, on the Yum! risk committee. This senior level committee is responsible for the evaluation and as appropriate, reporting of possible corporate risk to the Audit Committee of the Board of Directors for inclusion in our public filings. This committee, which looks at short, medium and long-term risks, prioritizes 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 progress that the corporation has made toward its goals.

W6.5

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

Yes, direct engagement with policy makers

Yes, trade associations

Yes, other

W6.5a

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

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

W6.6

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

No, and we have no plans to do so

W7. Business strategy

W7.1

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	21-30	Our fundamental, long term environmental sustainability strategy is twofold: First, it is to design, build and operate restaurants to be measurably more sustainable using green building standards to drive reductions in energy, GHG emissions, waste and water use and to report progress annually through CDP disclosures. Second is to work elevate the supply chain to reduce deforestation through objectives including the sourcing 100% of palm oil used for cooking and paper-based packaging from responsible and sustainable sources. The setting of this strategy is the most substantial business decision made during the reporting year that has been influenced by water-related issues, including ensuring an adequate water supplies and WASH services in our restaurants. Failure to implement these objectives could potentially result in increased stakeholder attention, food safety concerns, and/or increased operating risk. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than 5 years. We have selected the threshold that best fits our definition.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	21-30	Our fundamental, long term environmental sustainability strategy is twofold: First, it is to design, build and operate restaurants to be measurably more sustainable using green building standards to drive reductions in energy, GHG emissions, waste and water use and to report progress annually through CDP disclosures. Second is to work elevate the supply chain to reduce deforestation through objectives including the sourcing 100% of palm oil used for cooking and paper-based packaging from responsible and sustainable sources. The setting of this strategy is the most substantial business decision made during the reporting year that has been influenced by water-related issues, including ensuring an adequate water supplies and WASH services in our restaurants. Failure to implement these objectives could potentially result in increased stakeholder attention, food safety concerns, and/or increased operating risk. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than 5 years. We have selected the threshold that best fits our definition.
Financial planning	Yes, water-related issues are integrated	21-30	Our fundamental, long term environmental sustainability strategy is twofold: First, it is to design, build and operate restaurants to be measurably more sustainable using green building standards to drive reductions in energy, GHG emissions, waste and water use and to report progress annually through CDP disclosures. Second is to work elevate the supply chain to reduce deforestation through objectives including the sourcing 100% of palm oil used for cooking and paper-based packaging from responsible and sustainable sources. The setting of this strategy is the most substantial business decision made during the reporting year that has been influenced by water-related issues, including ensuring an adequate water supplies and WASH services in our restaurants. Financial planning is primarily incorporated into our business planning in the short-term, however we continue to consider long-term implications as part of our overall strategy. Failure to implement these objectives could potentially result in increased stakeholder attention, food safety concerns, and/or increased operating risk. Please note that Yum! Brands currently defines our long-term time horizon as any time period greater than 5 years. We have selected the threshold that best fits our definition.

W7.2

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

Row 1

Water-related CAPEX (+/- % change)

-66

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

0

Water-related OPEX (+/- % change)

-45

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

0

Please explain

In 2018, Yum! Brands invested in water-saving measures in for new and existing buildings as part water conservation efforts in support of our goals. This included using more efficient building fixtures, improved process equipment, and better irrigation systems with local plant species. The associated decrease in our CAPEX and OPEX compared to the previous reporting year are largely attributed to a 42% decrease in global equity store count compared to 2017. Total water withdrawals for 2018 decreased by 45% compared to 2017. We do not currently anticipate significant changes to these expenditures for the next reporting year.

W7.3

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

	Use of climate-related scenario analysis	Comment
Row 1	No plans for the next two years	Since 2005, Yum! Brands has demonstrated steady progress toward our sustainability and water-related goals. Our fundamental business strategy is twofold: First, it is to design, build and operate restaurants to be measurably more sustainable using green building standards to drive reductions in energy, GHG emissions, waste and water use and to report progress annually through CDP disclosures. Second is to work elevate the supply chain to reduce deforestation through objectives including the sourcing 100% of palm oil used for cooking and paper-based packaging from responsible and sustainable sources. While we do not currently plan on implementing climate-related scenario analysis tools to inform our business strategy within the next two years, we remain committed to the sustainability of our organization and are consistently exploring new tools and strategies to meet our goals.

W7.4

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

Row 1

Does your company use an internal price on water?

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

Please explain

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

W8. Targets

W8.1

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

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Our 2017 materiality assessment confirmed that water was one of our top material issues. This materiality assessment was used in the renewal of our Global Citizenship and Sustainability Strategy that reflects our corporate mission to build the world's most loved, trusted & fastest growing restaurant brands. In 2017 we achieved our goal of reducing water consumption by 10% from our baseline of 2005. Subsequently, we have set the goal of reducing average restaurant water consumption by an additional 10% by the end of 2025 with a focus on high water-stress areas. Yum! has been on a journey to reduce our environmental footprint for years, including minimizing deforestation risk. Our 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. Eliminating deforestation helps to ensure watershed health and water security by stabilizing soils, reducing erosion, regulating water flow, and purifying water sources.

W8.1a

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

Target reference number

Target 1

Category of target

Water consumption

Level

Company-wide

Primary motivation

Water stewardship

Description of target

In 2017 we achieved our goal of reducing water consumption by 10% from our baseline of 2005. Subsequently, we have set the goal of reducing average restaurant water consumption by an additional 10% by the end of 2025 with a focus on high water-stress areas.

Quantitative metric

Other, please specify (% reduction of water sourced from municipal supply)

Baseline year

2018

Start year

2018

Target year

2025

% achieved

0

Please explain

In 2017 we achieved our goal of reducing water consumption by 10% from our baseline of 2005. Subsequently, we have set the goal of reducing average restaurant water consumption by an additional 10% by the end of 2025 with a focus on high water-stress areas.

Target reference number

Target 2

Category of target

Other, please specify (Watershed protection)

Level

Company-wide

Primary motivation

Brand value protection

Description of target

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

Quantitative metric

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

Baseline year

2014

Start year

2014

Target year

2018

% achieved

96

Please explain

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, at approximately 94% of that volume was reported to be sustainable palm oil with 99% of volume estimated to be represented in the survey. Percent of target achieved is estimated based on market self-reporting from our global survey. Please note that this target includes a rolling baseline that is continued on an annual basis. We will continue to strive to meet the target of 100%.

Target reference number

Target 3

Category of target

Other, please specify (Watershed protection)

Level

Company-wide

Primary motivation

Brand value protection

Description of target

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

Quantitative metric

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

Baseline year

2014

Start year

2014

Target year

2020

% achieved

70

Please explain

In 2018, markets reported an estimated total of 70% of fiber came from certified virgin or recycled sources with a goal of 100% by 2020. Percent of target achieved is estimated based on market self-reporting from our global survey. Please note that this target includes a rolling baseline that is continued on an annual basis with the intention of meeting the target by the end of 2020.

W8.1b

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

Goal

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

Level

Company-wide

Motivation

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

Description of goal

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

Baseline year

2002

Start year

2002

End year

2019

Progress

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

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

W9.1a

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Decreased GHG 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 has positive impacts on biodiversity, GHG emissions as well as helping 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 MTCO₂e.

Policy or action

We maintain policies regarding palm oil and paper-based packaging sourcing in support of our goals. These policies result in the setting of our sustainability goals. Together these respond to our business strategy and mission to build the world's most loved, trusted, and fastest growing brands. These policies are publicly available and can be viewed on our website.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Environmental restoration

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 has positive impacts on biodiversity, GHG emissions as well as helping to protect watersheds. To our knowledge, there is currently no standard emissions factor available to quantify the emissions reductions from the sustainable sourcing of timber or palm oil. We will continue to monitor calculation developments in this area and look forward to quantifying our progress in the future. 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.

Policy or action

We maintain policies regarding palm oil and paper-based packaging sourcing in support of our goals. These policies result in the setting of our sustainability goals. Together these respond to our business strategy and mission to build the world's most loved, trusted, and fastest growing brands. These policies are publicly available and can be viewed on our website.

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

Yes

W10.1a

(W10.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1. Current state	Our 2018 water withdrawal volumes for equity locations have been verified by an independent third-party accountant in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA).	Other, please specify (Attestation standards established by AICPA: AT-C 105 with AT-C 210 for Review Engagements) <i>AT-C Sections 105 and 210 of the Clarified Attestation Standards</i>	Our 2018 water withdrawal volumes for equity locations have been verified by an independent third-party accountant in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA).

W11. Sign off

W-FI

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

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	President	President

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	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