PLANET

We Grow Sustainably

We are balancing business growth with environmental sustainability. With the Yum! franchise system opening new restaurants every day, it's important that we use our scale for good to minimize the environmental impact of our restaurants and supply chain.

Our Planet Journey

2006
- Yum! set first energy conservation goal.

2008
- Yum! became member of United States Green Building Council (USGBC).

2009
- Created Yum! Office of Sustainability.
- Yum! achieved first Leadership in Energy and Environmental Design (LEED) certification for green restaurant in Northampton, Massachusetts.

2010
- Yum! started reporting to CDP Climate (and to CDP Water in 2011 and CDP Forests in 2017).
- Yum! set first water reduction goal.

2014
- Yum! set first paper-based packaging goal.
- Yum! introduced Yum! Blueline green building standards.

2015
- Yum! set first palm oil goal.
- Yum! set first operational waste goal.
- Yum! achieved goal of 15% energy reduction by 2015 for company-owned restaurants.

2016
- Yum! joined Roundtable on Sustainable Palm Oil (RSPO).

2017
- Yum! achieved goal of 10% water reduction and 22% energy and greenhouse gas (GHG) reduction.

2018
- Yum! joined NextGen Consortium.

2019
- KFC announced global plastics commitment.
- Yum! started exploring how to reduce GHG emissions by setting science-based targets.
- Yum! endorsed New York Declaration on Forests (NYDF), expanding deforestation commitments to palm oil, soy, paper and beef.
- Yum! opened 34th LEED-certified restaurant.

2020
- Taco Bell announced global consumer-facing packaging and recycling commitment.
- Yum! announced plans to move corporate offices to renewable energy and sustainable packaging as well as to intensify action to reduce plastic waste.

RECIPE NOTES

Sustainability Solutions Driven by Data

Q&A

with Jon Hixson,
Yum! Vice President of Global Government Affairs & Sustainability

Q: How has Yum!'s approach to environmental issues changed in recent years?

A: We've made strong progress on our sustainability agenda through efforts to operate green buildings and foster a responsible supply chain. Now, we're taking a more focused look at climate change, the most important environmental issue that we manage and the one that encompasses all other issues. We're asking ourselves questions like, "What are a global restaurant company's most significant contributions to climate change?" and, "How can Yum! mitigate our impact and be part of the solution?"

Q: Where are you finding answers to these questions?

A: Yum! learned much from our research on setting science-based targets (SBTs) for GHG emissions. Our research project involved six phases of work, which ultimately outline a path for Yum! to reduce our emissions to levels aligned with the Paris Agreement to limit global warming to 1.5 degrees Celsius. We are working with a third-party partner to assess our current GHG footprint and identify the most promising abatement measures, both in terms of GHG reduction potential and cost of implementation.

Q: Supply chain emissions can be complex to manage because they involve many variables that are beyond your control. How will Yum! address these indirect climate impacts?

A: Prioritization and focus are important when it comes to addressing climate issues. Emissions from purchased goods and our buildings account for about 94% of our Scope 3 emissions. Within purchased goods of food,more than three-fourths of those emissions are from beef, dairy and chicken. In terms of absolute GHG emissions, one of our largest areas of focus must be our U.S. food supply chain where we purchase large volumes of beef, dairy and chicken. We also know that the impact is greater when animals are raised on or receive feed ingredients from freshly deforested or converted land. As part of our risk assessment and strategy, we reviewed research and data from the United Nations' Food and Agriculture Office, which monitors the emissions from Land Use, Land Use Change and Forestry (LULCF). After looking at global food systems emissions, carbon sinks and LULCF, we developed strategic priorities for our work on climate change and sustainability (**see chart on pg. 27**).

We continue to engage with and improve all elements of our supply chain. In addition, through review of our own supply chain and global research, we will focus on the U.S. and a handful of tropical regions in Asia and Latin America that are critical to the world's food supply. In partnership with WWF, we are exploring ways to identify and remove deforestation in our supply chain, which includes both shifting our sourcing and engaging with suppliers in higher-risk areas to promote more sustainable practices. It's this kind of thinking that will allow Yum! to address climate change in a truly holistic way.

Climate Change Management

Of the issues that Yum! must manage, climate change is among the most urgent and important. Our company is in the process of developing science-based targets (SBTs). These targets will build on our decade-long track record of making progress and will help ensure that we continue to make progress in the most impactful ways possible. This includes impact areas both within our business, such as the efficiency of our offices and restaurants, and within our supply chain, such as the agricultural and land use practices employed when it comes to beef, chicken and dairy. The submission of our SBTs for third-party review is expected to be complete by the end of 2020.

Yum!'s Path to a Science-Based Target

1 Determine GHG Footprint
Determine Yum!'s Scope 1, 2, 3 GHG footprint based on Yum! survey data.

2 Develop a GHG Reduction Target
Develop a GHG reduction target that aligns with the methodologies and requirements of SBTi.

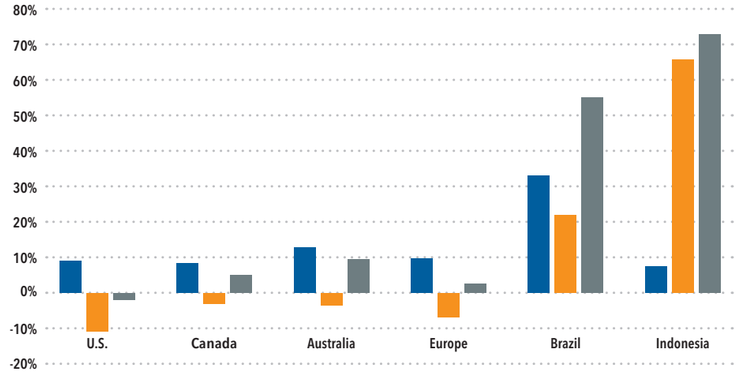
3 Identify Emissions Reduction Initiatives
Review relevant GHG categories and abatement options. Develop marginal abatement cost curves that help us understand costs and prioritize various abatement measures.

4 Create Roadmap and Management Decision Package
Show Yum! how to meet its GHG reduction target.

Renewable Energy

In 2020, we achieved our goal to shift our corporate U.S. offices to **100% renewable energy** as a continued investment in green power. Additionally, markets around the world continue to leverage green technology. In Australia, 12 restaurants use on-site solar generation with a capacity of 279KW.

Food System Contribution to National GHG Emissions



Sources cited on pg. 42.

Forest Stewardship

We have long been committed to reducing our environmental impact by minimizing deforestation risk. To support further progress toward no deforestation and using our scale to positively impact the broader industry, we endorsed the New York Declaration on Forests (NYDF) and the 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, halving the rate of loss of natural forest globally by 2020 and striving to end natural forest loss by 2030. To meet this goal, we must strengthen our efforts related to all four of our key commodities: timber, palm, soy and beef.

Timber

We are making solid progress toward our goal, currently at 76%, to purchase 100% of our paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020.

Beef

A key part of our strategy is sourcing beef from areas of low risk when it comes to deforestation. Beef sourced from Brazil is associated with a high risk of tropical deforestation. In 2019, less than 1% of beef served at Yum! restaurants was reported to come from this region.

Palm

In 2019, we achieved our goal of sourcing 100% of palm oil used for cooking from responsibly managed sources, with third-party certification from the Roundtable on Sustainable Palm Oil (RSPO).

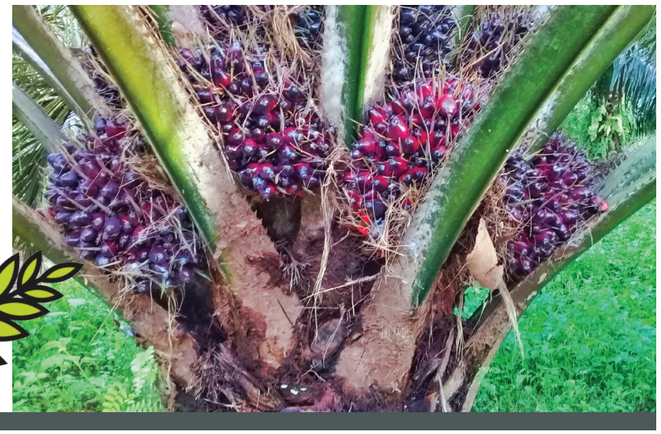
Soy

Soy, which is often used in chicken feed, contributes to deforestation in certain parts of the world. We will focus initially on the direct sourcing of poultry purchasing from high risk areas. In 2019, 100% of Brazilian feed mills in our supply chain were audited as compliant in aligning with the Amazon Soy Moratorium.

Palm Oil Traceability

In line with our continued commitment to transparency, Yum!'s crude palm oil (CPO) mill list is available as a part of our CDP filing. In addition, for our disclosed suppliers, the following companies are all members of the RSPO and offer publicly available traceability programs for palm oil refineries and CPO mills:

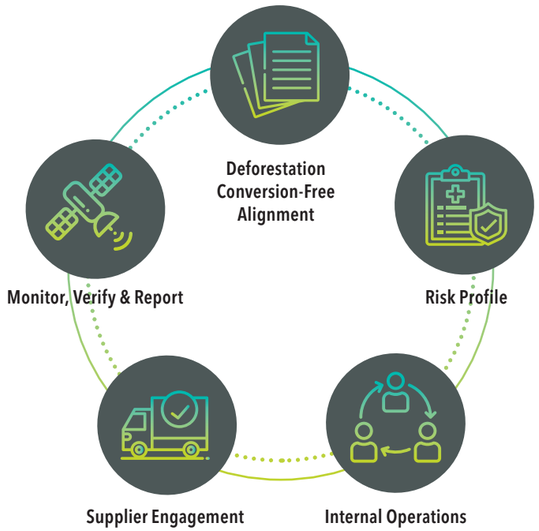
- Wilmar
- Sime Darby
- Cargill
- CPI
- KLK
- Apical



Sustainable Soy Sourcing

When it comes to our sustainable soy sourcing journey, we are working to better understand this supply chain so we can provide more transparency and help identify risk over time, with an initial focus on the direct sourcing of poultry purchasing. We recognize that the soy supply chain is very complex, and the process for accessing data and accurately reporting will require a phased approach.

Five Elements of Supply Chain Management



Our ongoing work with WWF and the Accountability Framework for an ethical supply chain will be critical to guiding our path forward, which will include setting commitments, taking action and demonstrating progress in regard to our deforestation-free commitment, traceability and monitoring and verification.

Waste Reduction

Yum! is committed to first reducing, and then mindfully reusing or recycling the waste generated at our restaurants. Making meaningful progress in this area requires us to confront a number of challenges, from a changing global recycling market to a patchwork of regulations in the U.S. and countries worldwide. We are working across our industry on solutions as a member of the Sustainable Packaging Coalition and NextGen Consortium. At the same time, packaging engineers at each of our brands are innovating solutions. At the Yum! corporate and brand levels, we plan to reach a number of packaging waste milestones over the next several years:

2020 By the end of the year, all plastic packaging used at our corporate headquarters will be reusable, recyclable or compostable.

2022 We will remove Styrofoam and expanded polystyrene from packaging at all KFC, Pizza Hut and Taco Bell locations globally.

2025 Taco Bell will make all its consumer-facing packaging recyclable, compostable or reusable, eliminate any PFAS, phthalates and BPA from its packaging, and add recycling and/or composting bins to restaurants globally where infrastructure permits.

2025 KFC will make all plastic-based, consumer-facing packaging recoverable or reusable globally.

To meet its goal, KFC has developed a roadmap that includes partnering with major suppliers and franchisees globally to identify plastic alternatives in each market. The brand is currently conducting an audit of existing systems, partnering with suppliers to identify sustainable packaging alternatives and setting market-specific goals to reduce, reuse and recycle. Several markets have already announced and implemented commitments, such as plastic straw bans in Singapore, Romania, France and Canada and removal of consumer plastic bags from KFC restaurants in India.

Taco Bell is making progress by adding recycling and composting bins to its restaurants where infrastructure permits. The brand has committed to making all cups recyclable by 2021 as an interim goal. It is also in the process of reducing the number of packaging items in its portfolio while reducing the weight of packaging it purchases in a given year through design efficiencies and light-weighting.

Water Consumption

Yum! has a long history of working to reduce water consumption, and we continue to focus our efforts on high water-stressed areas. An important step forward in 2019 was the completion of an enterprise-wide water risk assessment of our 50,000 restaurant locations worldwide. We used the WRI Aqueduct Water Risk Atlas to map and analyze our restaurant locations, and the assessment identified more than 150 restaurants located in high-risk water basins around the world. The assessment is helping to inform our water strategy moving forward when it comes to projecting 2030 water stress that considers physical, regulatory and reputational risks.

PLANET 2019 Performance Summary

		Goal	Status
Green Buildings	Design, build and operate restaurants to be measurably more sustainable using green building standards to drive reductions in energy consumption, water use, greenhouse gas (GHG) emissions and waste.	10% ⇩ **Reduce** average restaurant energy and GHG emissions by an additional **10%**, from our 2017 baseline, by the end of 2025.	• Since 2018, we reduced our company GHG emissions 8.5% on a per-restaurant average. • In 2019, our system environmental efforts for restaurants avoided the release of 723,922 $MTCO_2e$, the equivalent of the annual emissions of 156,399 passenger vehicles driven for a year.
		Yum!'s corporate U.S. offices will use **100%** renewable energy by the end of 2020.	We purchased renewable energy credits, entered into a power purchasing agreement to offset our electricity use and are exploring onsite options for the future.
		Reduce average restaurant water consumption by **10%**, from our 2017 baseline, by the end of 2025.	• Since 2017, water consumption on a per-restaurant basis has increased due to the use of expanded reporting and more usage. • In 2019, our conservation measures helped avoid the use of **295,905,766** gallons of water. • The World Resources Institute, Aqueduct 3.0, determined **17%** of our restaurants are located in areas of high water risk.
		Divert **50%** of back-of-house operational waste, measured by weight, generated in our U.S. restaurants by the end of 2020.	• In 2019, we estimate that **964,739** tons of solid material was removed from our U.S. restaurants and we avoided the disposal of **20%** of that waste. • Taco Bell will add recycling and/or composting bins to restaurants where infrastructure permits. • KFC Australia diverted about **40%** of its waste in 2019.
		Reduce food loss waste **50**% by 2030 in accordance with U.S. Food Loss and Waste 2030 Champions.	Yum! Brands and our franchisees donated **5.95 million** pounds of food in 2019, with **33** countries participating.
Supply Chain	Engage in building a responsible supply chain that protects forests, respects human rights, supports sustainable sourcing and enables good stewardship.	By 2025, KFC plastic-based, consumer-facing packaging will be recoverable or reusable globally. By 2025, Taco Bell consumer-facing packaging will be recyclable, compostable or reusable globally with chemical additives of concern removed. As intermediate steps, Taco Bell is committed to making all cups recyclable by 2021, and Yum! will remove Styrofoam and expanded polystyrene from all packaging by 2022, as well as meet the goal in its U.S. corporate offices by the end of 2020.	• The first global survey of purchased plastics was conducted to collect 2019 data. While there is still work to do when it comes to refining our data collection, approximately **18%** of resins come from recycled sources, **14%** pre-consumer and **4%** post-consumer. Expanded polystyrene, of which Styrofoam is a component, consists of **2%** of the reported plastic used by our system. • KFC markets are working with suppliers to identify, test and implement solutions. Some markets, including Canada, France, Romania and Singapore, have implemented plastic straw bans.
		Source **100%** of palm oil used for cooking from responsible and sustainable sources by the end of 2019.	In 2019, **100%** of palm oil used for cooking was certified sustainable by the Roundtable for Sustainable Palm Oil. We continue to look for opportunities to reduce the environmental footprint of our palm oil use.
		Purchase **100%** of our paper-based packaging with fiber from responsibly managed forests and recycled sources by the end of 2020.	In 2019, an estimated total of **76%** of fiber came from certified forests or recycled sources.
		Endorsed the New York Declaration on Forests (NYDF) and the 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; halving the rate of loss of natural forest globally by 2020; and striving to end natural forest loss by 2030.	• In 2019, **100%** of Brazilian feed mills in our supply chain were audited as compliant in aligning with the Amazon Soy Moratorium to help protect tropical forests. • **99%** of our reported beef supply was sourced from origins of low-risk tropical deforestation in 2019. • In 2019, we disclosed information on our beef usage through CDP Forests.