



YumChina



2021 Sustainability Report

Creating A Responsible Ecosystem



Joey Wat
Chief Executive Officer
Yum China Holdings, Inc.

“ We are delighted to issue our fifth Sustainability Report. As the world continues to navigate the profound economic and social disruption caused by the COVID-19 pandemic in 2021, we remain steadfast in our long-term commitment to sustainability and sustainable growth. We continue to adapt to the rapid change and new realities, and building and maintaining a responsible ecosystem remains at the core of our mission. As we look ahead, we are committed to working even more closely with all our stakeholders to continue to transform and find innovative solutions for sustainable growth. Together, I believe we will continue to make meaningful progress towards a more sustainable future. ”

Indices and Rankings

Member of Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Selected as a member of Dow Jones Sustainability Index World Index (DJSI World) for the **second consecutive year**, received the **best score** in the industry

Received an 'A' rating in MSCI ESG Rating for 2021

MSCI ESG RATINGS A

Certified as a Top Employer China for the **fourth consecutive year**

top EMPLOYER 中国区 2022

Named for the **fourth consecutive year** to the Bloomberg Gender-Equality Index (GEI)

Bloomberg Gender-Equality Index 2022

Participated in the CDP questionnaire for the first time on Climate Change, Forests, and Water Security

CDP DISCLOSURE INDEX ACTION

Holistic Sustainability Management Structure



Food

We CARE about our customers with safe & nutritious foods



Food Safety Comes First

Always Do the Right Thing

- Food safety and quality training covered **100%** of employees in offices, restaurants, and logistics centers
- Held the first Yum China Food Safety Cultural Festival, organized more than **170** food safety activities
- Conducted **28** seminars to improve suppliers' management of food safety

Nutrition & Health

Provide more choices of balanced and nutritious meals

- Adhere to the 'three reduction', reducing the use of salt, sugar and oil
- Launched 'Fruit and Vegetables 100+' program to promote balanced diets

Food Safety & Quality

Build a value chain that protects food safety

- Food safety assessment covered **100%** of food and food contact packaging suppliers
- Food safety and quality audit covered **100%** of restaurants and logistics centers

Technology Innovation

Technology enabled food safety management

- Intelligent Food Safety (IFS) won the 'First prize of Science and Technology Innovation' in the Chinese Food Science and Technology Award
- Built Supply Chain Data Integration (SCDI) to enable batch traceability across all channels

Environment

We CARE about our environment and minimize our footprint by leveraging 4R principles



Climate Action

Set science-based targets (SBT), reach net-zero value chain emissions by 2050

Take climate action across the value chain

- Identified and assessed climate risks and opportunities in line with TCFD framework
- Submitted Yum China's near-term SBT to SBTi for validation on June 8, 2022
- Launched the first batch of KFC Green Pioneer Stores
- Held first-ever Yum China Supply Chain Sustainability Workshop

Circular Economy

Reduce food and packaging waste, recycle waste into resources

- Expanded KFC Food Bank program to cover over **120** KFC restaurants in **27** cities
- 325** restaurants were certified by International Sustainability and Carbon Certification (ISCC)
- 100%** of customer-facing plastic based packaging was recyclable

Supply Chain Environmental Impact

Drive towards zero-deforestation supply chain

- 100%** of purchased palm oil was RSPO certified
- Set the goal of **100%** of FSC-certified paper packaging by 2025*

*4R principles: Reduce, Reuse, Recycle, Replace

People

We CARE about our people with 'Fair, Care and Pride'



People First

Foster a diverse and inclusive working environment for all, and help employees realize their full potential

- Released the Human Rights Policy and Occupational Health and Safety (OH&S) Management System
- Share of women in the total workforce reached **65%**
- Over **1.5%** of full-time jobs were offered to people with disabilities
- 8** angel employees from KFC supported the 2022 Beijing Winter Olympics
- Upgraded the 'YUMC Care' benefits plan, which is expected to cover around **100,000** front-line employees and their family members

Customer Relationship Management

Adhere to the core value of 'Customer Mania'

- Formulated the Yum China Responsible Marketing Policy
- Opened the Yum China Digital R&D Center, digital tools are deployed to enhance customer experience

Supply Chain Social Impact

Build a sustainable supply chain in collaboration with supply chain partners

- 100%** of critical suppliers were covered by CSR audit

Community

We CARE about our local communities and supporting their development



Common Prosperity

Improve child nutrition in remote rural areas for 14 years

- One Yuan Donation program has covered **14 provinces/autonomous regions**, raised over **RMB 230 million** and provided nearly **53 million** nutritious meals for children, and modern kitchen equipment to more than **1,260 schools**

Community Care

Give back to the community

- Delivered about **250,000** meals to pandemic-fighting frontline workers (2020-2021)

Equal Access to Education

Empower rural education with digitalization and provide support college education to talented students

- Launched the Digital Classroom program in 2021, which covered **240** schools in **5** provinces and provided programming training to more than **330** teachers in rural areas
- KFC First Light Fund invested approximately **RMB 120 million**, assisted **20,000** college students

Culture and Sports

Build a better reading culture in local communities and promote an active lifestyle

- 100 million** kids books have been distributed through KFC 'Book Kingdom' initiatives
- Public Reading Program has expanded to around **70** Pizza Hut restaurants in **19** cities

Data statistics as of the end of 2021

