



Yum China Releases 2019 Sustainability Report

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SHANGHAI, May 28, 2020 /PRNewswire/ -- Yum China Holdings, Inc. (the "Company" or "Yum China") (NYSE: [YUMC](#)), today issued its annual Sustainability Report, which highlights its commitment to sustainability and dedication to giving back to the community. It is the Company's third annual Sustainability Report since becoming an independent, publicly-traded company in 2016.

The new report outlines Yum China's sustainability strategy and its accomplishments in 2019, underscoring the importance of sustainability, innovation and culture to the Company's operations. The report also reflects Yum China's commitment to developing goals and taking actions in line with the Sustainable Development Goals to support the United Nations 2030 Agenda.

"As China's largest restaurant company, we are committed to working with stakeholders across the value chain to promote economic, social, and environmental sustainability. This is crucial not only for our company and industry, but for our country and the world at large," said Joey Wat, CEO of Yum China. "Relentless innovation steers our business and drives our sustainability strategy. We will explore new and innovative ways to contribute to the communities in which we operate."

Achieving Success Responsibly: We CARE

"Creating a Responsible Ecosystem" (CARE) is Yum China's sustainability strategy. It is integrated with the Company's long-term business growth strategy entitled "Sustainable Platform for Growth". CARE drives continuous improvement of the Company's environmental, social and governance (ESG) performance. Yum China prioritizes issues in three strategic pillars: Environment, Food and Community.

The recent COVID-19 pandemic increases the importance of Yum China's sustainability strategy. After the outbreak was confirmed, Yum China acted quickly to put in place robust measures to help protect the health and safety of employees, customers, and communities, while ensuring the continuity of vital services. This included providing donations, free meals, and volunteer service to medical workers on the frontline. Specific health measures included enhanced disinfection procedures, mandatory body temperature checks for all employees and use of protective masks. Yum China employees were also given additional support, following the launch of a recently upgraded employee insurance policy and a dedicated employee support hotline.

In recognition of Yum China's on-going sustainability efforts, in 2019, Yum China ranked among the Top 5 of the Restaurant and Leisure (REX) Industry in the Dow Jones Sustainability Indices (DJSI). In the REX industry, Yum China performed particularly well in the in the criterion of Human Capital Development, Environmental Reporting, Information/Cyber Security, Supply Chain Management and Codes of Business Conduct.

Digital Innovation Creates Sustainable Value

In 2019, Yum China's digital innovation continued to create sustainable value. Yum China is utilizing artificial intelligence, Internet of Things and other digital technologies to build a more intelligent and efficient supply chain and strengthen food safety management. In addition, to address the global issues of climate change and plastic pollution, Yum China has adopted the Sustainability 4R Principles (Reduce, Reuse, Recycle and Replace) to drive for long-term positive environmental impacts. The Company employs digital and intelligent technologies to continuously improve energy efficiency and reduce the carbon footprint of its restaurants. Digital platforms also facilitate better engagement with customers in public welfare and environmental protection activities.

Notably, in 2019, Yum China's flagship "One Yuan Donation" program launched the V-Gold Donation Campaign online, giving over 200 million KFC and Pizza Hut members the option of donating their reward points for charity.

Some additional sustainability highlights in 2019 include:

- *Waste Management:* In recognition of its pilot project in Chengdu to convert used cooking oil into biodiesel, Yum China became the first ISCC-certified restaurant company in China. By the end of 2019, nearly 100 KFC restaurants in Chengdu had established a comprehensive data recording and tracking system in accordance with ISCC criteria. In 2019, the Chengdu project converted 666,465 kg of used cooking oil into biodiesel, equivalent to reducing potential GHG emissions by about 1,400 tons.

- *Plastic Reduction Initiatives:* To reduce plastic use, nearly 400 KFC restaurants in select cities took the lead to pilot on-request-only provision of

disposable cup lids and straws. In another initiative to reduce plastic waste, Yum China's logistics centers introduced reusable straps for certain cargos in order to reduce the use of plastic stretch films.

- *Diversity and Equal Opportunity*: Yum China signed the United Nations Women's Empowerment Principles (WEPs) and was selected for the 2020 Bloomberg Gender Equality Index (GEI) for the second consecutive year, demonstrating the Company's commitment to promoting gender equality in its workplace, industry and communities.

- *Supporting the sustainable growth of local economies*: Yum China launched the "Grow Local" Initiative in 2018 to provide practical support for local industrial development and economic empowerment. In 2019, the Grow Local Initiative purchased more than 400 tons of high-quality products from under-developed areas including dragon fruits from Guizhou province and pears from Anhui province.

Long-Term Commitment to Sustainability

Since becoming an independent, publicly-traded company in 2016, Yum China has promoted sustainability governance all the way from the Board of Directors to frontline restaurant teams. On its journey towards sustainable development, Yum China is committed to working with employees, customers, partners, industry associations and other stakeholders to bring about more positive change to society.

Read the full 2019 Sustainability Report [here](#).

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Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally can be identified by the fact that they do not relate strictly to historical or current facts and by the use of forward-looking words such as "expect," "expectation," "believe," "anticipate," "may," "could," "intend," "belief," "plan," "estimate," "target," "predict," "likely," "will," "should," "forecast," "outlook," "look forward to" or similar terminology. These statements are based on current estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable under the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Forward-looking statements are not guarantees of performance and are inherently subject to known and unknown risks and uncertainties that are difficult to predict and could cause our actual results to differ materially from those indicated by those statements. We cannot assure you that any of our expectations, estimates or assumptions will be achieved. The forward-looking statements included in this press release are only made as of the date of this press release, and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances, except as required by law. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. You should consult our filings with the Securities and Exchange Commission (including the information set forth under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K and caption "Risk Factors" in our Quarterly Report on Form 10-Q) for additional detail about factors that could affect our financial and other results.

About Yum China Holdings, Inc.

Yum China Holdings, Inc. is a licensee of Yum! Brands in mainland China. It has exclusive rights in mainland China to KFC, China's leading quick-service restaurant brand, Pizza Hut, the leading casual dining restaurant brand in China, and Taco Bell, a California-based restaurant chain serving innovative Mexican-inspired food. Yum China also owns the Little Sheep, Huang Ji Huang, East Dawning and COFFii & JOY concepts outright. The Company had 9,295 restaurants in over 1,400 cities at the end of March 2020. Yum China ranked # 361 on the Fortune 500 list for 2020. In 2020, Yum China was named to the Bloomberg Gender-Equality Index and was certified as a Top Employer 2020 in China by the Top Employers Institute, both for the second consecutive year. For more information, please visit <http://ir.yumchina.com>.

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