

# Yum China Holdings, Inc.

## People First - Diversity and Equal Opportunity

Workforce diversity is a critical foundation for a company to realize its vision and values. We strive to foster a professional, inclusive, and non-discriminatory working environment for our employees. We understand, appreciate and encourage diversity and provide equal opportunities for all. Every employee, regardless of their race, religion, color, age, gender or gender identity, disability, military or veteran status, sexual orientation, citizenship, or nationality, can realize personal value on our diversified platform.

According to the Company's Human Rights Policy, we adopt zero tolerance policy for discrimination, train all employees on discrimination and harassment in the workplace and carry out corrective or disciplinary action in case of discriminatory behavior or harassment. (Click the link to access *Yum China Zero Tolerance Anti-Discrimination and Anti-Harassment Policy*)

The Company strictly implements human rights risk identification every year through self-examination and takes mitigation and corrective measures and makes continuous improvements based on the results of risks assessment and internal audits to ensure risk management. In 2023, no significant human rights risks or cases were found in our offices and 14,000+ restaurants.

### OUR GOALS AND COMMITMENTS

| Diversity Indicator  | Our Target |
|--|------------|
| Share of women in total workforce (as % of total workforce)  | 50%        |
| Share of women in all management positions, including junior, middle and top management (as % of total management positions)   | 50%        |
| Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)  | 50%        |
| Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as a % of total top management positions)                       | 50%        |
| Share of women in management positions in revenue-generating functions (e.g. sales) as a % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.) | 50%        |
| Share of women in *STEM-related positions (as % of total STEM positions)   | 20%        |

\*STEM: Science, technology, engineering and mathematics



| Breakdown by           |                 | Percentage |
|------------------------|-----------------|------------|
| Gender                 | Female          | 67         |
|                        | Male            | 33         |
| Age                    | ≤ 30 years old  | 53         |
|                        | 31-50 years old | 43         |
|                        | >50 years old   | 4          |
| People with disability |                 | 0.4637     |
| *Nationality           | Chinese         | 99.997     |
|                        | American        | 0.001      |
|                        | Italian         | 0.001      |
|                        | Canadian        | 0.001      |

\*Yum China operates most of its businesses and restaurants in China.

## Hiring

Every year, we hire thousands of restaurant management trainees and office staff to inject new blood into the organization.

| Indicator  | FY2023 |
|--|--------|
| Total number of new employee hires                         | 4,017  |
| Percentage of open positions filled by internal candidates | 77.06% |

| Breakdown by     |                  | Total number of new employee hires | Total number of open positions filled by internal candidates |
|------------------|------------------|------------------------------------|--|
| Gender           | Female           | 1,732                              | 7,730  |
|                  | Male             | 2,285                              | 5,199  |
| Age              | ≤ 30 years old   | 3,670                              | 8,348  |
|                  | 31-40 years old  | 294                                | 3,897  |
|                  | 41-50 years old  | 45                                 | 671  |
|                  | >50 years old    | 8                                  | 13   |
| Management level | Junior/low level | 2,200                              | 12,840   |
|                  | Middle level     | 27                                 | 67   |
|                  | Senior/top level | 2                                  | 22   |



## Turnover Rate

The turnover rate covers our restaurant general managers (RGMs).

| Indicator                        | FY2023 |
|----------------------------------|--------|
| Total employee turnover rate     | 9.28%  |
| Voluntary employee turnover rate | 8.23%  |

| Breakdown by |                 | Employee turnover rate | Voluntary employee turnover rate |
|--------------|-----------------|------------------------|----------------------------------|
| Gender       | Female          | 5.22%                  | 4.57%                            |
|              | Male            | 4.06%                  | 3.66%                            |
| Age          | ≤ 30 years old  | 3.38%                  | 3.27%                            |
|              | 31-40 years old | 4.97%                  | 4.34%                            |
|              | 41-50 years old | 0.88%                  | 0.58%                            |
|              | > 50 years old  | 0.05%                  | 0.03%                            |

\*The employee turnover rate of each category = the number of employees turnover in each category/ the total number of employees by the end of the reporting period.

\*The voluntary employee turnover rate of each category = the number of voluntary employee turnover of each category/ the total number of employees by the end of the reporting period.

## Fatalities

We have strict health and safety measures in place to protect our employees in restaurants, especially those who perform work that poses higher or distinct risks. We regularly inspect and upgrade employees' protective equipment, conduct workplace safety review, and train all employees on operational procedures and safety precautions. From 2018 to 2023, the total number of work-related fatalities for employees of Yum China continued to be 0 for six consecutive years. There was no death of a worker arising from an occupational disease or injury sustained or contracted while performing work that is controlled by the company or that is being performed in workplaces that the company controls.

In 2023, company's work-related fatalities and lost-time injury frequency rate for contractors in Yum China Headquarter Office is 0, the type of contractor's work covering security staff, handy man, conference support, office cleaning, reception, greenery support, EMS onsite support and Gym support.

## OHS Programs

- **Prioritization and integration of action plans with quantified targets to address those risks:**

Collect incident reports from each market every month, conduct analysis on incident natures and root causes. For the incidents involving malfunction of facility or equipment, follow-up actions will be taken to identify if it is an isolated case. Vendors will be requested to take improvement actions when necessary.



- **Evaluation of progress in reducing/preventing health issues/risks against targets:**  
Review Safety Poster to finalize the topics on an annual basis, in accordance with the incident analysis results. Review incident nature trends and focus on top markets with brand team on a quarterly basis.
- **Internal inspections:**  
Safety section is built in regular restaurant audit process, including check of fire extinguisher expiration date and pressure range, etc.
- **Procedures to investigate work-related injuries, ill health, diseases and incidents:**  
Understand the root causes of the incidents by looking into description of each incident report. Identify the top reasons of each incident category and put the educational contents into Safety Posters.

## Training & Development

Yum China always believes in 'People Capability First'. We actively invest in every step in employees' growth, a cornerstone of our sustainable organization development. With our advanced training system, we continue to encourage our employees to realize their potential, ensure their employability and develop innovative talent for the industry. We have established an industry-leading operations talent development system to ensure nearly 100% of the operations positions are filled by promotion from within. Through a fair and transparent career development path, Yum China provides clear guidance and training for employees to fulfil skill requirements at different stages of their careers.

Since the Company launched the upgraded mobile learning platform in 2020, office employees can complete the online and offline training modules. The platform, enabling modular learning on both computer and mobile phone, equips employees with the knowledge and skills needed in the digital era for their sustainable career development. The breakdown data of the online platform in 2023 is below:

| Breakdown by     |                  | Average hours per FTE of training and development |
|------------------|------------------|---|
| Gender           | Female           | 17  |
|                  | Male             | 24  |
| Age              | <30 years old    | 26  |
|                  | 30-40 years old  | 16  |
|                  | 40-50 years old  | 10  |
|                  | >50 years old    | 6   |
| Management level | Junior/low level | 11  |
|                  | Middle level     | 13  |
|                  | Senior/top level | 9   |



## Employee Development Programs

| Employee Development Programs  | % of FTEs participating in the program in FY 2023 |
|--------------------------------|---|
| KFC Business School            | 100%  |
| Pizza Hut Management Institute | 100%  |

In 2023, KFC Business School and Pizza Hut Management Institute saved tens of millions of RMB in terms of recruitment cost saving and training efficiency improvement.

## Performance Management:

Employees who fail to comply with the 'Yum China Code of Conduct' may face disciplinary actions, including but not limited to dismissal. Violations of the Code will be considered a breach of the individual labor contract between the employee and Yum China. In addition, violations of the Code are included in the individual performance evaluations and can negatively impact the remuneration of the relevant employees.

The Company conducts individual and team-based performance management appraisals at least quarterly a year based on the different natures of functions. To enhance the management, it publicly shares management objectives, adopts multidimensional performance appraisal, and encourages agile conversations.

The Company's performance appraisal system incorporates agile conversation approach with employees and promotes continuous feedback provided from line manager. This process involves regularly revisiting on objectives and addressing barriers to effective performance.

## Flexible Working Hour and Part-time Working Options

Considering the nature of Yum China's business and operation needs, the company offers a flexible working schedule to frontline employees, depending on operation needs, employee duties and availability, to help them better balance their personal and professional lives. Meanwhile, the Company also offers all staff members, including full-time employees, the opportunity to apply for part-time positions to accommodate individual preferences and support a diverse and inclusive work environment.

## Work-from-home Arrangement

In the midst of numerous and difficult circumstances brought on by the COVID-19 pandemic, Yum China has reaffirmed that its No.1 priority is the safety and health of employees. In the new norm, the company supports employees' work-from-home needs and offers flexibility to work remotely as conditions allow, such as lockdown during COVID-19, natural disaster and etc., to make sure that the arrangement is beneficial to both employees and company.



## Family Care Contribution

As a Top Employer, Yum China is committed to providing support and care to employee's family to ease their burden. As part of the company's wellbeing program 'YUMC Care', it provides employees with a series of health initiatives, including sports activities and EAP services such as workplace stress management.

For family members, it offers additional medical insurance and accident insurance respectively. In addition, the Company also organizes International Children's Day celebrations and an educational Summer - Camp for employees' children every year.

## Parental Leave

The Company provides parental leave for both female and male employees. In Shanghai, female employees are granted 158 days of paid maternity leave whereas male employees are granted 10 days of paid paternity leave.

## Paid Family Care Leave

Employees are provided with paid family care leave beyond parental leave. The specific paid leave arrangements are implemented in accordance with the relevant requirements of the local government policies.

## Family Benefits

| Indicator   | FY2023 |
|---|--------|
| Paid parental leave for the primary caregiver (weeks)     | 65,660 |
| Paid parental leave for the non-primary caregiver (weeks) | 2,976  |
| Paid family care leave for the employees (weeks)          | 757    |

