

# Yum China Holdings, Inc.

## Stakeholder Engagement Policy

### INTRODUCTION

This stakeholder engagement policy applies to external stakeholders who have an impact on, or are impacted by, the operations of Yum China (the Company). It is implemented and executed by the Yum China Leadership Team, which is responsible for overseeing its appropriate and effective delivery.

Stakeholder engagement is the process by which the Company and its stakeholders exchange information and viewpoints in relation to the Company's activities. It enables stakeholders to bring their perspectives to the attention of the Company and for the Company to be aware of and manage stakeholder issues, risks and opportunities. Our local managers receive training on capacity building to ensure the effective local implementation of the company-wide Stakeholder Engagement policy.

### SCOPE

This policy defines the scope and nature of Yum China's engagement with stakeholders, including regulators, government agencies at central and local levels, communities where we operate, industry associations and trade bodies, non-governmental organizations (NGOs), the media, etc.

### OBJECTIVES

Our stakeholder engagement process has the following objectives:

- To enhance and protect our reputation by forming and maintaining positive and productive relationships.
- To identify issues and opportunities which are material to our business.
- To mitigate potential risks by discovering and addressing stakeholder concerns.
- To contribute to sustainable business development and generate shared value for the community.

### PRINCIPLES AND GUIDANCE

At Yum China, we engage with key stakeholders as part of our decision-making process. We also recognize that different stakeholders care about different issues. Therefore, we also identify key stakeholders' concerns and expectations through assessment. We listen to their voices and adopt a proactive communication approach to promptly and reasonably respond to stakeholders' needs and requests. Stakeholder engagement may take place at a local, national or international level; cover commercial, environmental, governance, operational, social and other relevant issues; and vary in form and timing according to the type of issues involved.



Our ongoing stakeholder engagement is conducted in an effective, open, honest, inclusive and transparent manner that:

- Encourages participation
- States a clear focus and purpose
- Uses a range of approaches
- Makes accurate information readily available
- Allows enough time to engage effectively
- Listens and responds to stakeholders
- Is efficient, responsible and accountable

## STAKEHOLDER IDENTIFICATION AND ENGAGEMENT PROCESS

Stakeholder engagement is essential for Yum China to timely adopt constructive suggestions from all parties. We therefore closely engage with different stakeholders and consider incorporating constructive opinions and suggestions into the future direction of our sustainability efforts. Yum China has identified eight key stakeholder groups with different engagement approaches. Our key stakeholder groups are prioritized according to the impact they could have on our business or the extent to which they could be impacted by our business. We prioritize our top three most important stakeholders as **employees, customers and shareholders**, based on two criteria:

- **Dependency:** Groups or individuals that directly or indirectly depend on the Company's activities, products or services and its related activities.
- **Influence:** Groups and individuals that may have an impact on the organization or stakeholders that are strategic to the decision-making process.

Further information about our stakeholder engagement framework is provided in our annual Sustainability Report<sup>1</sup>.

| Stakeholder Groups  | Engagement Approaches   | Expectations and Areas of Concerns   |
|---|---|--|
| <b>Franchisors, Shareholders and Investors</b><br>Yum! Brands, institutional investors, ESG rating agencies | <ul style="list-style-type: none"> <li>• Annual Shareholder Meetings</li> <li>• Annual and Quarterly Reports</li> <li>• Press Releases</li> <li>• Investor Conferences</li> <li>• Emails and Telephone Communications</li> <li>• Investor Survey</li> </ul> | <ul style="list-style-type: none"> <li>• Return on Investment</li> <li>• Information Disclosure</li> <li>• ESG Management and Performance</li> </ul>   |
| <b>Government and Regulators</b><br>Food safety regulators, central and local government                    | <ul style="list-style-type: none"> <li>• Regular Conferences</li> <li>• Seminars</li> <li>• Written Replies to Public Inquiries</li> </ul>  | <ul style="list-style-type: none"> <li>• Food Safety and Quality</li> <li>• Environmental Compliance</li> <li>• Contribution to the Development of Healthy China</li> <li>• Poverty Alleviation</li> </ul> |

<sup>1</sup> Read full reports: <http://www.yumchina.com/resplIndex>

|  |  |   |
|--|--|---|
|  |  | <ul style="list-style-type: none"> <li>Industrial Development</li> <li>Support Vulnerable Groups</li> </ul>   |
| Board, Management, and Employees   | <ul style="list-style-type: none"> <li>Board Meetings</li> <li>Management Meetings</li> <li>Employee Communication and Feedback Platforms</li> <li>Employee Engagement Surveys</li> <li>Restaurant General Manager (RGM) Conventions</li> <li>Founders' Day</li> </ul> | <ul style="list-style-type: none"> <li>Group Overall Sustainability Performance</li> <li>Fair Working Environment</li> <li>Capability Improvement and Development Opportunities</li> <li>Welfare and Security</li> <li>Flexible Working Time</li> </ul> |
| <b>Customers</b><br>Organizations and individuals who purchase products from Yum China                 | <ul style="list-style-type: none"> <li>Direct Communications in Restaurants</li> <li>Customer Satisfaction Surveys and Feedback</li> <li>Customer Activities</li> <li>Social Media</li> <li>Online Services</li> </ul>   | <ul style="list-style-type: none"> <li>Safe, Reliable and Delicious Food</li> <li>Good Dining Experience and Food Service</li> </ul>  |
| <b>Supply Chain Partners</b><br>Suppliers, logistics service providers, construction service providers | <ul style="list-style-type: none"> <li>Business Review Meetings</li> <li>Management Team Dialogues</li> <li>Supplier Visits</li> <li>Supply Chain Partners Conventions</li> <li>Supply Chain Sustainability Workshop</li> </ul>  | <ul style="list-style-type: none"> <li>Business Development</li> <li>Management Capability Building</li> <li>Fostering Development of the Industry</li> <li>Supply Chain Sustainability Support</li> </ul>  |
| <b>Franchisees</b><br>Yum China's brand franchisees  | <ul style="list-style-type: none"> <li>Business Review Meetings</li> <li>Annual Franchise Conventions</li> </ul>   | <ul style="list-style-type: none"> <li>Capability Building and Development Support</li> <li>Brand Development</li> </ul>  |
| <b>Associations and NGOs</b><br>Industry associations, institutes, universities, and NGOs              | <ul style="list-style-type: none"> <li>Working Committees, Groups and Meetings</li> <li>Seminars and Lectures</li> <li>Duties in Associations</li> </ul>   | <ul style="list-style-type: none"> <li>Fostering Development of the Industry</li> </ul>   |
| <b>Communities</b><br>The communities where Yum China operates   | <ul style="list-style-type: none"> <li>Community Visits</li> <li>Regular Dialogues</li> <li>Volunteer Activities</li> </ul>  | <ul style="list-style-type: none"> <li>Contribution to Communities</li> <li>Employee Volunteers</li> </ul>  |

## GUIDANCE FOR CAPACITY BUILDING

We continuously strengthen our employees' abilities in stakeholder engagement through experience sharing. We hold internal meetings where employees can share their insights, and we also invite frontline personnel who interact with stakeholders to share their experiences. We believe that these efforts indirectly contribute to the capacity building of our stakeholders.



## GUIDANCE FOR MANAGEMENT OF STAKEHOLDER ENGAGEMENT RISK

We acknowledge that stakeholder engagement carries inherent risks, such as conflicting viewpoints among participants, disruptive stakeholders, and engagement fatigue. To mitigate these risks, our company strives to clarify the purpose and goals of engagement activities, fostering a consistent understanding among stakeholders and promoting inclusivity through interactive participation. Additionally, we are committed to promptly addressing significant concerns raised by stakeholders and maintaining ongoing communication until resolutions are reached.

## GUIDANCE FOR COMMUNICATION OF OUTCOME

To ensure transparency and accountability, when we engage with stakeholders, we diligently record important follow-up actions. We track the resolution of matters and provide progress updates accordingly.

The output of stakeholder engagement activities is assessed by the Company's respective functions. These functions ascertain the level of urgency of the respective issue and potential ramifications and suggest appropriate course(s) of action, should action be needed. We bring these processes together under one roof at the corporate level, sharing information amongst functions, brands and regions, establishing clear guidelines for stakeholder management.

## STAKEHOLDER ENGAGEMENT PROGRESS

The Company has implemented local stakeholder programs to identify where stakeholder impacts occur within the value chain.

- When expanding stores, the Company conducts an overall impact assessment on the local community and potential operational impacts. This includes impact assessments on local convenience, environmental sustainability, and community support.
- The Company has established clear communication channels and engagement mechanisms to maintain close engagement with local stakeholders. This includes public email addresses for media inquiries and sustainability-related matters. We also organize various themed campaigns at our stores to enhance public awareness on selected topics and gather community feedback.
- The Company has incorporated the results of the materiality assessment questionnaire from stakeholders into our risk management process. This integration has helped us identify key priorities that guide our long-term commitment and strategy towards sustainability across our supply chain, restaurants, and communities.
- Through regular engagement with local stakeholders and active participation in industry conferences, we aim to thoroughly identify and address emerging concerns within local communities and understand their needs.
- All engagement programs are implemented across local operations of the Company.



## ACCOUNTABILITY

Stakeholder engagement activities are to be managed by the functions relevant to the respective stakeholder groups.

## POLICY ENDORSEMENT

This policy is approved and endorsed by the Sustainability Committee of the Company. This committee oversees the alignment of the policy with our corporate sustainability objectives and stakeholder expectations.

## INFORMATION DISCLOSURE AND CONTACT INFORMATION

We are committed to disclosing fair and accurate information, in accordance with regulatory requirements and where this does not breach commercial confidentiality, and to disseminating Company information in a format that is accessible and understandable to stakeholders.

Yum China's media stakeholders have access to a media email [Media@YumChina.com](mailto:Media@YumChina.com), while other stakeholders have access to a CSR email [CSR@YumChina.com](mailto:CSR@YumChina.com) or Investor Relations email [IR@yumchina.com](mailto:IR@yumchina.com).

