



YumChina

Creating A Responsible Ecosystem

2025 Sustainability Report



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Remarks by Yum China CEO

In 2025, through the team's relentless hard work and solid execution, we delivered strong results and achieved robust growth across stores, sales and margins, despite operating in a dynamic macro environment. Having surpassed the 18,000-store milestone, we have charted an ambitious path forward: exceeding 30,000 stores by 2030. Our next phase of growth will be anchored in our **RGM (Resilience—Growth—Moat) 3.0 strategy**, and driven by innovation and operational efficiency.

Our long-term mindset has been crucial to our success and it also frames how we approach sustainability. Our strategy is built around three long-standing priorities—**Food, People, and Environment**—but what has evolved in recent years is how we pursue them. We are leveraging technology and innovative solutions to address emerging needs and establishing broader partnerships across the value chain to create durable impact.

Championing Food Safety and Food Innovation

Food safety is the cornerstone of our business. Over the past 38 years, we have built an industry-leading food safety and quality management system that spans the entire journey "from farm to table," backed by rigorous audit measures across suppliers, logistics and restaurants.

As our business scales and AI technologies advance, we are increasingly using **digital and intelligent tools** to strengthen our food safety and quality controls. In the supply chain, we deploy early-warning systems that monitor regulatory updates

and even social-media trends. In restaurants, AI-powered camera systems are shifting us from sample-based checks to real-time operational oversight across thousands of kitchens. This has materially raised our responsiveness to new scenarios and helped maintain consistent execution across our stores.

These foundational capabilities are critically important as we accelerate franchise expansion to capture incremental opportunities. Under our **"One System"** principle, every restaurant—whether company-owned or franchised—operates under the same high standards in food safety and quality. Our digital platforms equip new franchisee partners to meet these expectations from day one, ensuring consistency and control at scale.

Meanwhile, we keep on innovating to meet evolving consumer needs and unlock new dining occasions. Across our brands, we launched around 600 **new or upgraded products** in 2025, from classic-inspired Spicy Original Recipe Chicken to light meal options like multigrain energy bowls to superfood smoothies. KFC's KPRO is also piloting calorie labeling to help consumers make more informed decisions.

Connecting and Empowering Our People

Over 90% of our employees work in restaurants, led by Restaurant General Managers (RGMs), who keep our stores running smoothly and bring our brand culture to life every day. Staying close to their needs is fundamental to our **"People First"** philosophy. **Active listening** is where it starts. Our senior leadership team and I regularly visit restaurants across the country to hear directly from RGMs. To reach even more frontline employees, our online RGM Voice platform gathers feedback year-round, helping us identify issues early and address them promptly.

This direct input has helped us pinpoint the bottlenecks that burden our frontline teams. In response, we have streamlined

RGM workflows and consolidated many support functions into centralized platforms. Our pilot **RGM One-Stop Service Center** integrates support services into a single interface, with each RGM request managed end-to-end by a dedicated case manager. This "keep it simple for restaurants" approach enables RGMs to focus on better serving customers and coaching their teams. We are also bringing **agentic AI** into our restaurants. In 2025, we piloted Q-Smart, an in-store management assistant that helps RGMs manage daily tasks more efficiently.

These efforts continue to earn recognition. For the eighth consecutive year, Yum China was named a certified **Top Employer** by Top Employers Institute, ranking first in China's restaurant industry for the fifth year in a row.

Collaborating for a Low-Carbon, Circular Future

Since 2021, we have been committed to achieving net-zero value-chain greenhouse gas emissions by 2050. We are advancing toward this goal by adopting energy-saving technologies and accelerating our transition to **renewable energy**. In 2025, average electricity consumption per restaurant declined about 5% year over year. Our own renewable energy use rose by 84% year over year while our suppliers' usage increased 37%.

But achieving net-zero requires collective actions. In 2025, we formed the **Yum China Value Chain Green & Low-Carbon Alliance** with over 40 key suppliers and jointly committed to emissions reductions across both energy and the broader Forest, Land, and Agriculture (FLAG) domains. To enhance transparency and accountability, we work with major suppliers to set emissions reduction targets, and will begin tracking their progress through our digital platform in 2026.

Circular innovation is another key focus. By the end of 2025, KFC's Food Bank program expanded to around 1,300 stores, providing unsold food that is still within the shelf life to community members

in need. In parallel, we advanced waste-recycling initiatives. We converted used coffee grounds into about 25,000 logistics pallets at our Nanxiang Logistics Center in Shanghai, covering about 70% of the facility's needs. This demonstrates how innovation can enhance both efficiency and sustainability.

Creating Lasting Impact in Our Communities

Our community programs focus on **rural revitalization, support for children and youth, and community care**. We take a long-term approach because meaningful impact in these areas requires sustained effort and collective action. Our **"One Yuan Donation"** program, now in its 18th year, has cumulatively raised over RMB 280 million. With the goal of supporting rural children, we have provided over 60 million nutritious meals and modernized kitchen equipment in more than 1,600 rural schools.

We also continue to explore new ways to mobilize communities. In 2025, Pizza Hut launched the **"Little Red Hat"** youth volunteer program, encouraging young people to participate in environmental and community service activities. Programs like these bring our brands closer to local communities and support the next generation in contributing to meaningful causes.

Looking Ahead

As we look ahead, our focus is clear: **to grow with purpose, lead with responsibility and create long-term value** across our ecosystem. Whether it is safeguarding food safety, empowering our employees, or driving decarbonization across the value chain, we strive to strengthen the connection between sustainable development and business performance. This alignment has been and will continue to be a core competitive advantage for us.

We are confident in our ability to deliver meaningful and lasting impact for our stakeholders and for society.



Joey Wat
Chief Executive Officer
Yum China Holdings, Inc.

Board Statement

Yum China strives to create a responsible ecosystem by building sustainable restaurants, creating a sustainable supply chain, and contributing to sustainable communities together with all stakeholders.

At the Board level, the Board maintains overall responsibility for overseeing the Company's risk management framework. The Food Safety and Sustainability Committee assists the Board in its oversight of the Company's practices, policies, procedures, strategies, and initiatives relating to sustainability, including environmental and climate related issues, supply chain, and food nutrition and health. The Food Safety and Sustainability Committee also reviews and oversees the development and implementation of the goals the Company may establish from time to time with respect to its sustainability initiatives.

This report has been approved by the Board of Directors in April 2026.

About this Report

This Report is our ninth annual Sustainability Report (the "Report") covering the period from January 1, 2025 to December 31, 2025, though some facts and figures may fall outside of the period as indicated.

The scope of this report includes Yum China Holdings, Inc. and our subsidiaries and branches. All activities consolidated for financial reporting purposes are covered for greenhouse gases (GHG) emissions data in 2025, unless otherwise stated. "Yum China Holdings, Inc." in this Report is also referred to as "Yum China," "YUMC," "We," or the "Company." For the purposes of this Report only, "China" refers to the People's Republic of China, excluding Hong Kong, Macau, and Taiwan.

This report adheres to several global reporting guidelines and frameworks to align with international best practices and improve the quality of information disclosure. This Report complies with the reporting principles and requirements listed under Appendix C2, Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") of the Main Board Listing Rules of Hong Kong Stock Exchange (HKEX). In addition, the GRI Sustainability Reporting Standards (the "GRI Standards") issued by the Global Sustainability Standards Board (GSSB) and the restaurant industry reporting framework issued by the Sustainability Accounting Standards Board (SASB) were referenced when compiling this Report. Please refer to the report appendices (P86-101) for further details.

This Report is available on the Hong Kong Stock Exchange's website (<http://www.hkex.com.hk>) and the sustainability webpage of the Yum China official website (<https://www.yumchina.com/sustainability/en/home/Index>).

If you have any suggestions, please contact us at:



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*Data and figures are shown in RMB unless otherwise stated. In this Report, the statement of "the largest restaurant company in China" is based on the Company's 2025 system sales. This Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend all forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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 subsequent Quarterly Reports on Form 10-Q) for additional details about factors that could affect our financial and other results.

2025 Highlights

Food

100%

of our food ingredient and food-contact packaging suppliers obtained Global Food Safety Initiative (GFSI)-benchmarked food safety certifications

100%

Operational Excellence Compliance (OEC) audit coverage achieved for our restaurants nationwide

5

company-owned logistics centers obtained BRCGS certification

KPRO expanded to **200+** locations and launched its new concept proposition

"Reassuring Quality, Balanced Light Meals"

"Yum China HEGENG Plan"

launched: Tracing Quality Roots, Building Trust Ecosystem, Driving Industrial Growth

Environment

~70,000 MWh

renewable energy consumed by Yum China, representing a

~84% year-on-year growth

100%

of accessible roofs of all newly built logistics centers with Distributed Photovoltaic (DPV)

40+

key suppliers have joined the **Yum China Value Chain Green & Low-Carbon Alliance** and signed carbon reduction commitment

~370,000 MWh

annual renewable energy consumed by our suppliers in the Yum China DPV & VPPA Alliance*

~99%

of our paper packaging certified by Forest Stewardship Council (FSC) or equivalent certifications

People

90%+

of KFC store-level employees were recognized and rewarded through the "K-Bean" program

80%+

of problems were solved via RGM Voice platform within one week

15,300+

Restaurant General Managers (RGMs) cumulatively were granted company shares**

"Angel Restaurants" expanded to

~80 restaurants in

70+ cities

100%

of key suppliers participated in Yum China supplier Corporate Social Responsibility (CSR) audits

Community

RMB **280 million+**

raised cumulatively by the One Yuan Donation program

1,600+

rural schools with modern kitchen equipment cumulatively revitalized by the One Yuan Donation program

~6.5 million

children in need benefited cumulatively from KFC Little Migratory Birds Fund

Little Red Hat Program

—a youth volunteer initiative developed by Pizza Hut in partnership with the China Volunteer Service Foundation

External Recognition



Industry No.1 in S&P Global Corporate Sustainability Assessment (CSA) (2020-2025)

TIME World's Best Companies of 2025

TIME Top 500 World's Most Sustainable Companies List (2024-2025)

Fortune 2025 Change the World List

MSCI ESG Rating
—Industry Highest Ranking ("AA")
(2022-2025)

Sustainalytics ESG Risk Rating
—Industry Highest Ranking ("Low Risk")
(2022-2025)

A Certified Top Employer (2019-2026),
Ranked No.1 in the Restaurant Industry
(2022-2026)



*Yum China Distributed Photovoltaic (DPV) & Virtual Power Purchase Agreement (VPPA) Alliance

**Restricted Stock Units (RSUs)

Note: Cumulative data is as of the end of 2025, all other figures reflect the reporting period.

About Yum China

Yum China is the largest restaurant company in China with a mission to make every life taste beautiful. KFC and Pizza Hut are the leading brands in the quick-service and casual dining restaurant spaces in China, respectively. In addition, Yum China has partnered with Lavazza to develop the Lavazza coffee concept in China. Little Sheep and Huang Ji Huang specialize in Chinese cuisine. Taco Bell offers innovative Mexican-inspired food. Yum China has a world-class, digitalized supply chain, which includes an extensive network of logistics centers nationwide and an in-house supply chain management system. Its strong digital capabilities and loyalty program enable the Company to reach customers faster and serve them better. Yum China is a Fortune 500 company with the vision to be the world's most innovative pioneer in the restaurant industry.

Sustainability Strategy

As a member of the United Nations Global Compact (UNGC), Yum China firmly supports the *United Nations 2030 Agenda for Sustainable Development*. We are committed to providing our customers with safe and high-quality food while going the extra mile to enhance the quality of the food we eat, the water we drink, and the air we breathe. Continuously exploring new ways to generate economic, environmental, and social benefits for all stakeholders, we strive to make a positive impact on both humanity and the planet.

Yum China is committed to its Sustainability Strategy of "Creating A Responsible Ecosystem." With a focus on three strategic pillars —Food, Environment, and People, the Company is actively building "Sustainable Restaurants," "Sustainable Supply Chain," and "Sustainable Communities," contributing to a more responsible ecosystem in collaboration with all stakeholders.

As of the end of 2025

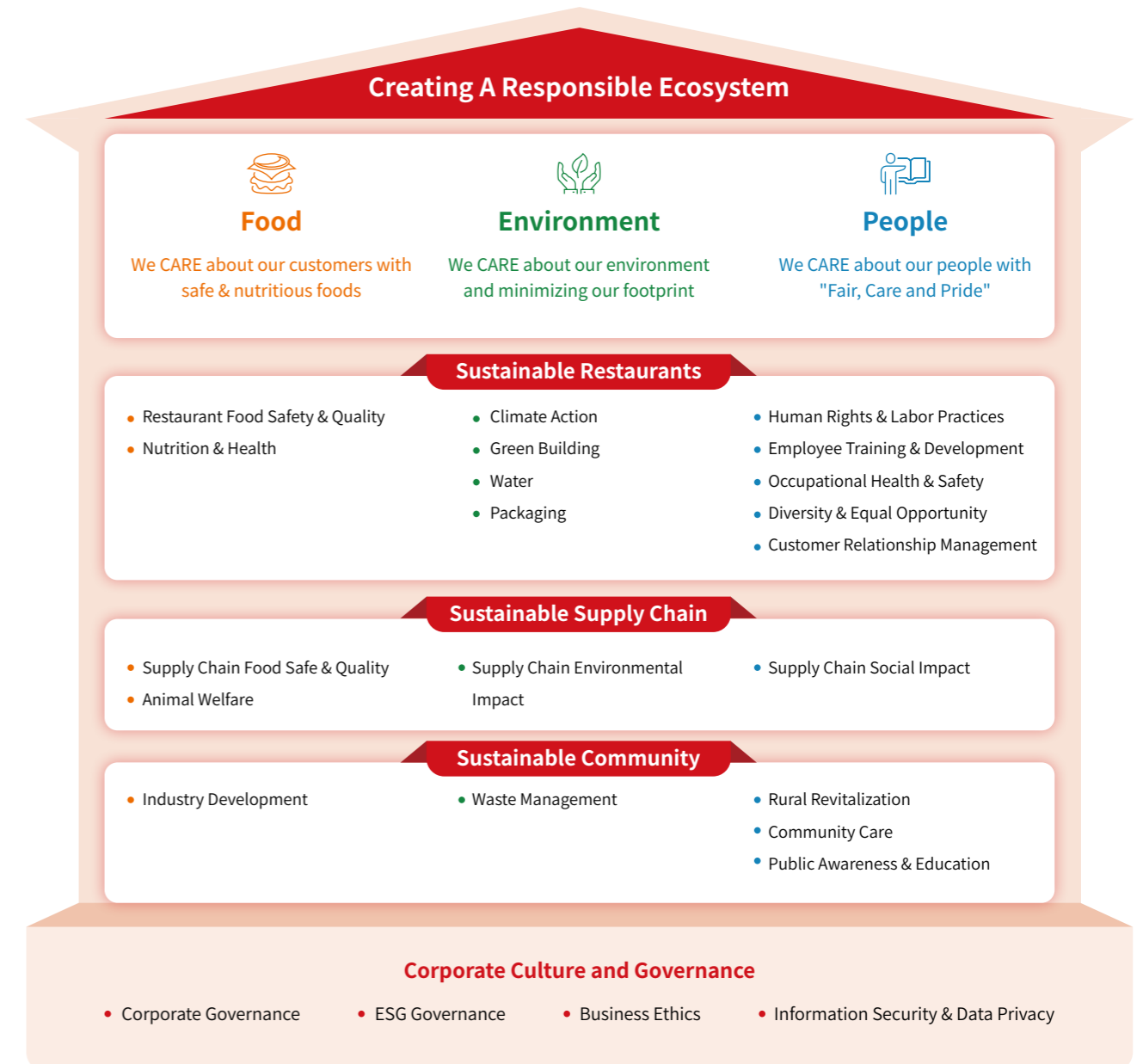
US\$11.8 Billion Total revenue in 2025
18,000+ Restaurants under six brands operated by the Company
2,500+ Cities and towns covered in China

Purpose Make Every Life Taste Beautiful
Vision The World's Most Innovative Pioneer in the Restaurant Industry
Core Values Founder's Mentality with Truth-seeking Pragmatism

RGM NO.1
 Enhance Capabilities to Solve Problems

Integrity and Innovation | Listen to Voices and Unite People | Respect and Care | Do the Right Thing with a Focus on Innovation | Serve with Passion and Deliver Value | Customer Mania

Logos for KFC, Pizza Hut, Lavazza, Little Sheep, Huang Ji Huang, and Taco Bell.



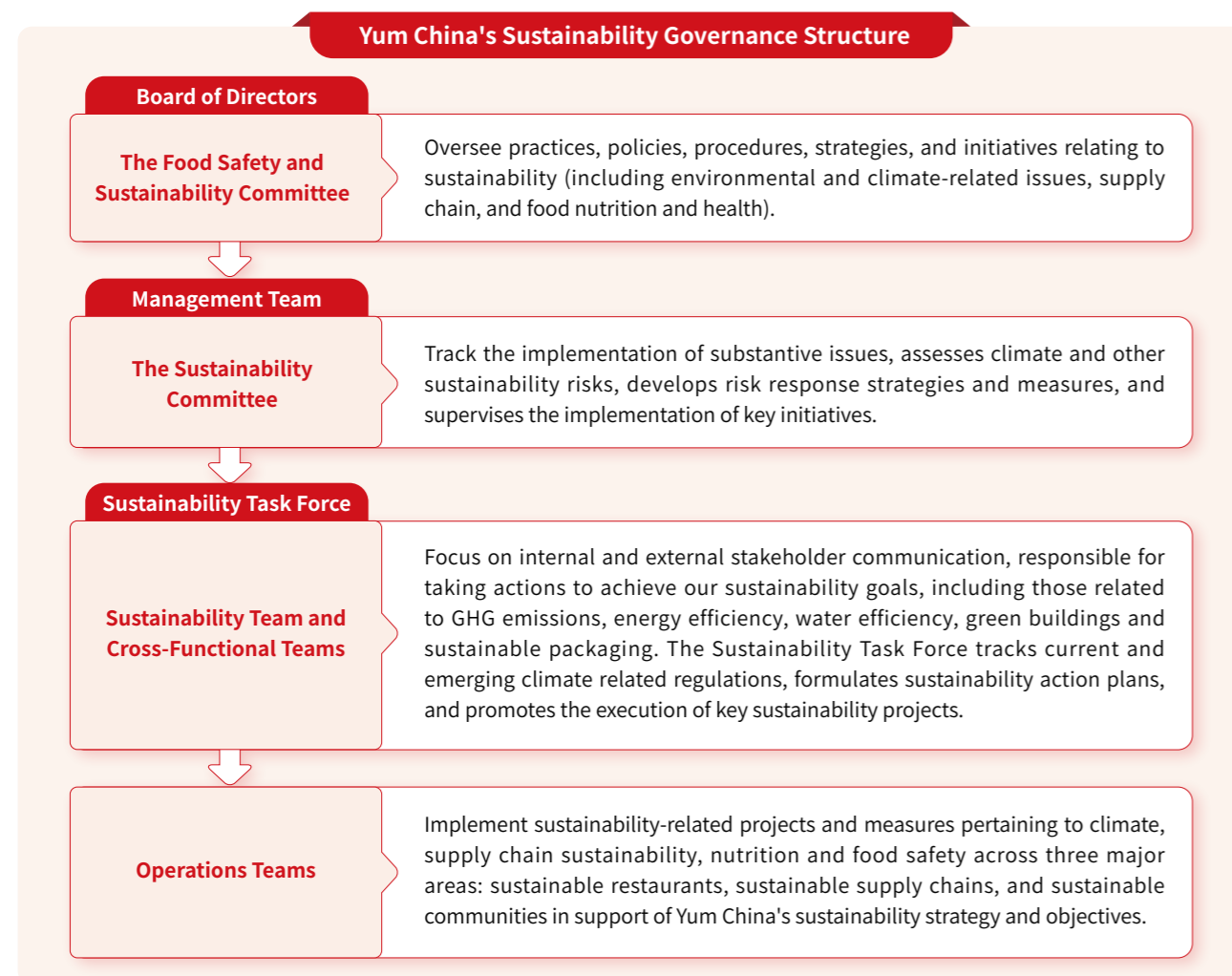
Sustainability Governance Structure

Yum China has established a sustainability governance structure that extends from the Board of Directors to our operational teams. At the Board level, the Board and its Food Safety and Sustainability Committee consider matters related to sustainability at least annually in connection with our strategic plan. In 2025, the Food Safety and Sustainability Committee held two meetings to discuss food safety and sustainability-related matters.

At the management level, we have established a Sustainability Committee. The Sustainability Committee members meet quarterly to track the implementation of material initiatives, evaluate sustainability risks, and develop risk management strategies and measures.

We are aiming to integrate ESG principles into our operational decision-making processes. Since 2021, ESG measures have been included in the key performance indicators to determine individual performance factors of our leadership team members. In addition, since 2023, we have incorporated ESG targets into the performance metrics of the annual Performance Share Unit (PSU) awards granted to our leadership team members.

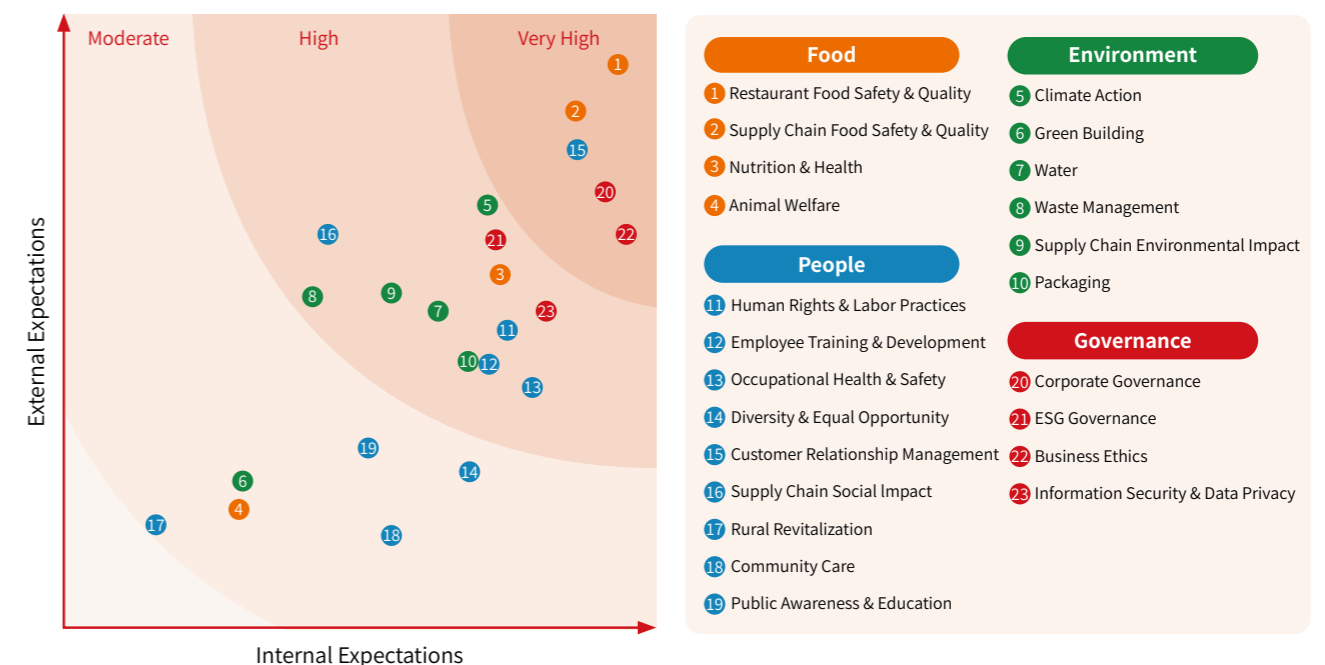
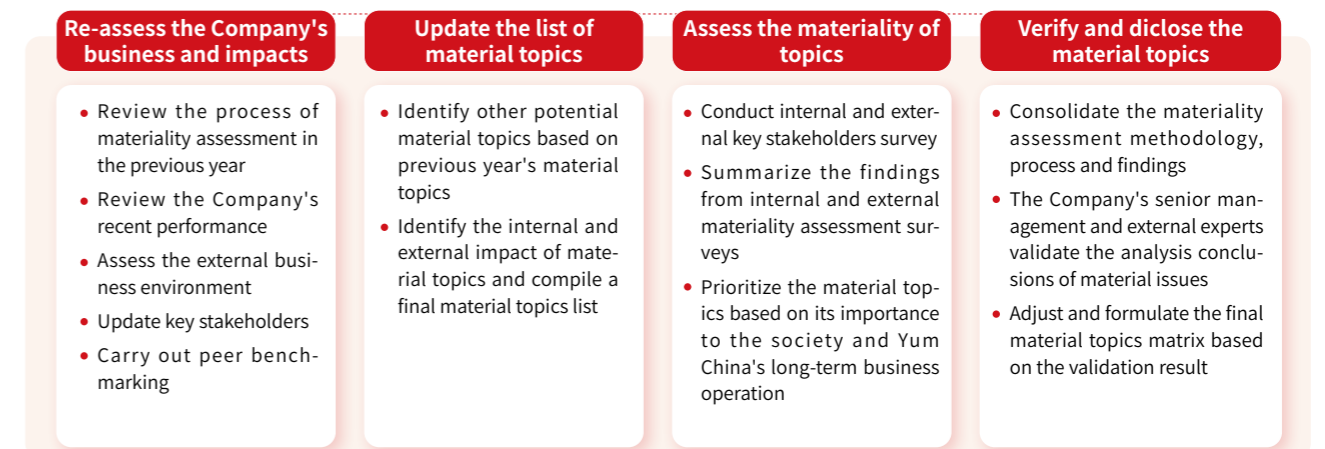
Furthermore, to boost sustainability awareness and practical skills for the employees, Yum China has developed comprehensive training courses on sustainability, covering the basic concept of ESG, Yum China sustainability goals, strategies, latest progress, green energy transition approaches and supply chain low-carbon transformation practices.



Sustainability Material Topics

Yum China has integrated the management of sustainability-related impacts, risks, and opportunities into its internal management processes. Based on the results of the materiality assessment, the Company identifies its annual sustainability priorities and action plans. Additionally, we have adopted our *Yum China Stakeholder Engagement Policy* to foster effective communication with our stakeholders while taking into consideration both internal and external expectations and requirements.

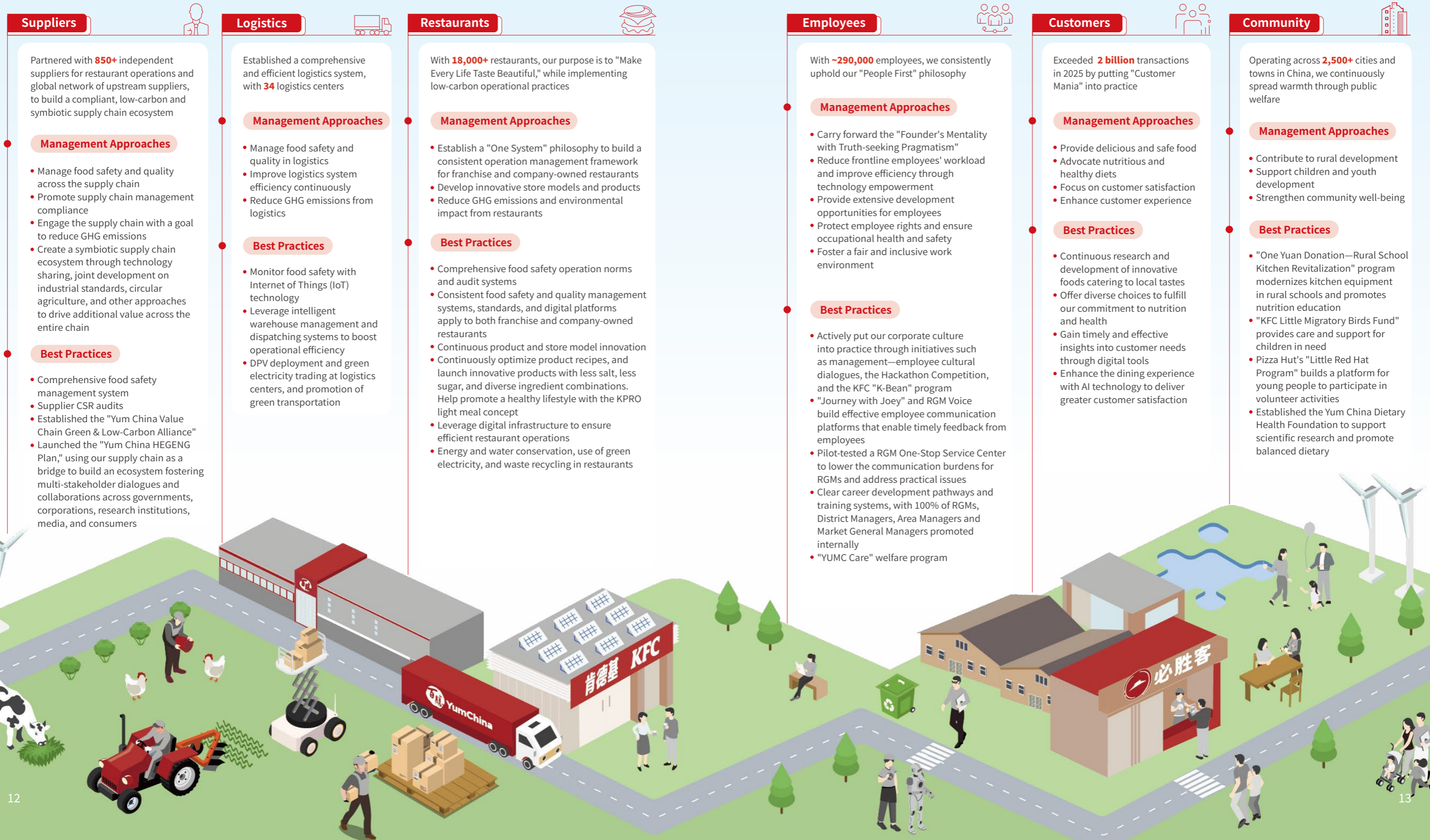
Since conducting the first materiality assessment in 2017, we have established a process of "reviewing, identifying, prioritizing, and validating" material topics. In subsequent years, we have re-evaluated these topics annually to ensure that the assessment results accurately reflect the Company's operational status and stakeholder considerations. In 2024, we conducted peer benchmarking based on various factors such as characteristics and development stage of our industry, business model, and value chain. We identified various potential material topics incorporating the latest regulations, industry standards and development trends. Through online surveys, we collected responses from internal and external stakeholders and then identified and ranked 23 material topics. In 2025, we conducted a comprehensive review and determined that the prior year's findings remain applicable.



[Read Yum China Stakeholder Engagement Policy](#)

Sustainable Innovation and Efficiency Practices Across the Entire Value Chain

Yum China adheres to a dual-focus approach of innovation and efficiency, continually advancing sustainable innovation and efficiency practices across our entire value chain. Our end-to-end management strategy spans suppliers, logistics, restaurants, employees, customers, and communities.




Corporate Governance

Governance Structure

The Board of Directors (the "Board") has four standing committees including Audit Committee, Compensation Committee, Nominating and Governance Committee, and Food Safety and Sustainability Committee, which oversee different aspects of business management and related matters.

Board Diversity

We believe that having directors of diverse backgrounds helps the Board better oversee the Company's management and operations and assess risks and opportunities for the Company's business model from a variety of perspectives. Under our *Yum China Board Diversity Policy*, diversity is broadly construed to mean a variety of perspectives, skills, personal and professional experiences and backgrounds, and other characteristics represented in both visible and non-visible ways that include, but are not limited to, age, gender, race and nationality. With respect to the Company's current directors, forty-six percent of our directors are women. The Company also benefits from the diversity in Board members' age, gender, race and nationality.

[Read Yum China Board Diversity Policy](#) 

Risk Management

Risk Management System

The Board maintains overall responsibility for overseeing the Company's risk management framework and regularly reviews risks that may be material to the Company. In furtherance of its responsibility, the Board has delegated specific risk-related responsibilities to the Audit Committee, the Compensation Committee and the Food Safety and Sustainability Committee.

The Audit Committee engages in substantive discussions with management regarding the Company's major risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The Audit Committee also receives reports at committee meetings regarding legal and regulatory risks from management. The Audit Committee periodically provides a summary to the full Board of the risk areas reviewed together with any other risk-related subjects discussed at the Audit Committee meeting.

The Company also maintains the Compliance Oversight Committee, a management-level committee, which is co-chaired by the Chief Legal Officer and the Chief Financial Officer of the Company and comprised of leaders from multiple functions. The Compliance Oversight Committee meets regularly to monitor and review the implementation of the Company's compliance programs.

In addition, the corporate audit function, led by the Head of Corporate Audit, conducts independent risk assessments regularly, including but not limited to the review of management's risk assessment process, and develops audit plans accordingly. The Head of Corporate Audit, who is a member of the Compliance Oversight Committee, directly reports to both the Audit Committee and the Chief Financial Officer of the Company.

At the operational level, generally, each restaurant that we operate is overseen by a management team led by a frontline store manager, or RGM, together with one or more assistant managers. The frontline restaurant management team is responsible for the day-to-day operation of our restaurants and for ensuring compliance with operating standards.

Risk Management Process

The Company underscores the significance of risk identification and management from the Board of Directors to the operations team. By identifying internal and external risks, along with their business impacts, we proactively establish corresponding risk management and compliance programs to help the Company effectively manage or mitigate potential risks to ensure its long-term sustainable operations.

[Read Yum China Risk Management Policy](#) 

Compliance Management

Business Ethics

Yum China's *Code of Conduct* was adopted to emphasize the Company's commitment to the highest standards of business conduct. The *Code of Conduct* sets specific policies in areas most relevant to the Company, including food safety and product quality, gifts, and *Foreign Corrupt Practices Act* ("FCPA"). The *Code of Conduct* also includes information and procedures for employees to report ethical or accounting concerns, misconduct or violations of the *Code of Conduct* in a confidential manner. It applies to all directors and employees of the Company.

[Read Yum China Code of Conduct](#) 

Whistleblower Mechanism


We have established a comprehensive whistleblower mechanism, with multiple complaints and reporting channels for both our employees and suppliers. We have a dedicated investigation team to review and handle business ethics issues at all levels.

We strictly maintain the confidentiality of the personal information of whistleblowers as well as the information provided. Any form of retaliation against whistleblowers is strictly prohibited. Once the investigation is completed, we take remedial and disciplinary measures based on the severity of the misconduct, including but not limited to disciplinary actions, termination of the labor contract, and reporting to judicial authorities. In addition, compliance with the *Code of Conduct* is considered in employees' individual performance evaluations, with violations having a negative impact on the compensation of employees.

Yum China Complaint and Reporting Channels for Non-Compliance


Telephone Hotline (24/7)
 China: 400-880-1346
 US: 1-800-241-5689


Web Platform
 Employee Complaint and Integrity Compliance Reporting System (Anonymity protected):
www.yumchina.com/compliance
 Supplier Reporting Platform:
www.yumchina.com/chuishaoren


Mail
 Submit directly to the relevant department or person in charge

External Requirements

Every quarter, we conduct conflict-of-interest checks to identify and avoid misconduct that would conflict with the Company's interests. Each supplier is also required to sign the *Yum China Supplier Code of Conduct* to ensure that they comply with legal requirements and follow business ethics when doing business with us.

Internal Training

All employees of the Company are required, on an annual basis, to complete the *Yum China Code of Conduct Questionnaire* and certify in writing that they have read and understand the *Yum China Code of Conduct*. We arrange for our employees to complete the *Yum China Code of Conduct* online training every year. The training series includes core compliance topics such as the *Code of Conduct*, gift policy, information security, understanding and avoiding insider trading, and FCPA. In 2025, the training covered 100% of our full-time employees.

Intellectual Property

We attach great importance to the protection of intellectual property (IP) rights and strictly abide by relevant laws and regulations. We have a tailor-made IP protection system compatible with Yum China's institutional characteristics to safeguard our reputation and brands. We promptly register our IP achievements in order to protect our rights and resolutely oppose any actions that infringe on our rights.

Information security

The Yum China's Compliance Oversight Committee is responsible for assisting the Board and Audit Committee in overseeing the Company's cybersecurity risks. The Compliance Oversight Committee meets regularly to discuss legal and regulatory developments on cybersecurity, assess the Company's emerging cybersecurity risks and mitigation plans, and determine strategy to promote cybersecurity compliance.

Our information technology systems are protected through technological safeguards and management measures. We detect, identify, assess and mitigate cybersecurity risks by adopting standard risk management methodologies, which are developed based on the international cybersecurity management system standard ISO 27001 as well as the asset-oriented risk assessment framework. To minimize potential impact on business operations in the event of a cybersecurity incident, we have formulated, and regularly tested, our incident response plan. We also established a framework for data security and personal information protection, including measures to prevent data loss and detect and block abnormal accounts and activities, as well as systems and processes to prevent, detect and mitigate vulnerabilities. We engage in the periodic assessment of these processes and practices that are designed to address cybersecurity threats and incidents.

To ensure compliance, security, and control in our data processing procedures, we have developed a comprehensive "Data Security Compliance Review Process" tailored for different scenarios. We have also issued various guidelines to help employees understand and implement the process. We also conduct data and information security training and assessments for our employees as well as third-party suppliers through a combination of online and offline methods.

In 2025
100%
of our office staff
completed the required
data security training.



As of the end of 2025

The KFC China and Pizza Hut China SuperApp and official websites have passed the

Multi-Level Protection Scheme (MLPS) from the Ministry of Public Security of China

Both the KFC China and Pizza Hut China SuperApp have passed the

Communication Network Security Protection Management Classification of the Ministry of Industry and Information Technology of China, achieving a security level of Grade 3

The information security management systems of both KFC China and Pizza Hut China have passed

ISO/IEC 27001 annual audit



Food

Food safety is Yum China's top priority. Rooted in a food safety-oriented culture, we continuously strengthen our food safety and quality management system and actively collaborate with partners across the supply chain to drive innovation. We are dedicated to providing our customers with delicious, safe, nutritious, and high-quality dining experiences.

Contents of This Chapter

- Food Safety and Quality
- Nutrition and Health
- Industry Development

Our Aligned Sustainable Development Goals (SDGs)



Food Safety and Quality

Food safety forms the foundation of healthy living and aligns closely with government policies as well as the long-term, sustainable growth of the restaurant industry. With the growing demand from consumers for safe and high-quality food, national regulations and policies have been continuously strengthened to enhance food safety oversight since the *Food Safety Law of the People's Republic of China* took effect, placing greater emphasis on food safety accountability of companies. Thus, the importance of food safety has become increasingly evident.

Yum China remains unwavering in its commitment to food safety for our customers. We have embedded food safety culture into our company's DNA and built a comprehensive food safety and quality management system spanning the entire value chain "from farm to table." At the same time, we actively embrace digital transformation, leveraging technology innovation to drive the transition to a digitalized and intelligent supply chain. We are committed to setting an industry benchmark for transparency, efficiency, and trust, so every meal can be enjoyed as a trusted choice.



Find out more about our [food safety management system](#)

Food Safety Culture as Our Foundation

Yum China places great focus on developing a food safety culture that extends to employees, franchisees, and suppliers in safeguarding food safety from farm to table. Through systematic training and rigorous assessments for all employees and franchisees, we continuously enhance frontline food safety awareness and operational execution. We also reinforce franchisees' accountability for food safety by developing a comprehensive franchisee admission and management process. We also work closely with suppliers to align them with our quality management philosophy.

Employees	Franchisees	Suppliers
<p>Yum China requires all office and restaurant employees to undergo food safety training and assessment at least once a year. Newly hired employees in our offices and restaurants are required to study and sign the <i>Yum China Code of Conduct Confirmation Letter</i> and the <i>Employee Manual Confirmation Letter</i>. Additionally, all restaurant crew members must complete rigorous training to thoroughly understand and diligently execute the Company's food safety operational standards.</p>	<p>Yum China requires all franchisees to sign the <i>Franchise Policy Manual</i> and commit to adhering to <i>Yum China's Operations Manual</i>, <i>Yum China Code of Conduct</i>, and the Company's safety and hygiene standards. Food safety training and assessment are prerequisites for franchisee admission and new store opening, ensuring franchisees remain strictly accountable to their food safety responsibilities. In addition, through regular franchisee food safety training programs organized by Yum China, their awareness and capability for food safety compliance have been continuously enhanced.</p>	<p>We strictly implement the <i>Yum China Supplier Manual</i> and all related food safety and quality management system requirements. We explicitly require all suppliers to comply with internationally recognized food safety audit standards. At the same time, we actively support and encourage suppliers to establish, and foster a food safety-oriented culture, ensuring that food safety principles and practices are embedded and applied at all levels. In 2025, we conducted 7 quality management seminars, engaging 1,300+ participants, and provided food safety and regulatory training to 230+ suppliers.</p>

Case Study "Upholding Food Safety with Integrity"—The Fifth Yum China Food Safety Culture Festival

In 2025, Yum China successfully hosted the fifth Food Safety Culture Festival under the theme "Upholding Food Safety with Integrity." The event aimed to instill a strong food safety culture, foster a trust-based ecosystem involving everyone from employees to upstream and downstream partners, and strengthen food safety awareness across the entire value chain through a series of activities:

- Food safety training sessions for suppliers to reinforce their accountability and awareness.
- The first-ever joint "Flavor Discovery" food safety-themed carnival with suppliers, using fun and interactive experiences to deepen shared commitment to food safety.
- Building on the popular "One-Stop" food safety knowledge contest, we introduced the new "Integrity Star" restaurant recognition program to reward the stores with outstanding food safety management and performance.

The festival featured **700+** sessions, engaging **~330,000** participants, including **7,000+** from our supplier network.

Food Safety and Quality Management Across the Value Chain

Yum China has established an advanced digital supply chain management system and continues to refine it, transforming traditional procurement and logistics distribution into a highly integrated, efficient, and collaborative ecosystem. Yum China's robust digital capabilities are unlocking new opportunities for comprehensive food quality and safety management across the entire value chain. We are actively exploring the extensive application of advanced digital and intelligent technologies to build an industry-leading digital supply chain, driving transformation in food safety governance.

For example, leveraging over 30 years of expertise in food safety and quality management, Yum China has developed its food safety risk assessment and early-warning system (iFS) based on Knowledge Graph (KG) technology. The system collects and analyzes thousands of pieces of information from both domestic and international sources, including laws and regulations updates, standards changes, regulatory developments, popular topics on social media, and food safety education contents, to enable internet-wide monitoring and precise early warnings. This creates a proactive and intelligent risk prevention and control mechanism.

In 2025, we rolled out a series of intelligent remote management tools to help ensure food safety risks are flagged and detected in real time, further strengthening our food safety risk monitoring and prevention.

[Learn more about how technology empowers our food safety efforts](#)

Upstream Suppliers

We uphold our commitment to food safety starting from the source by requiring our suppliers to establish strict upstream supplier approval processes and monitoring mechanisms. Examples include continuous oversight of broiler chicken breeding and the implementation of Yum China Good Agricultural Practices (Yum China GAP) for fruit and vegetable suppliers. These measures enable us to holistically assess and control potential food safety risks. In addition, we closely track policy and industry developments in areas such as Genetically Modified Organisms (GMOs), animal welfare, and veterinary drug management, enabling dynamic risk monitoring and targeted control measures. We also share industry best practices with upstream suppliers to elevate overall food safety and quality standards.

Our Yum China GAP has achieved

100%

coverage in lettuce, tomato and pepper*, lemon and sweet corn bases as of the end of 2025.

[Learn more about industry trends](#)

*Tomato and pepper bases mainly produce tomatoes, cherry tomatoes, green peppers, and cucumbers.

Suppliers

We have established a rigorous supplier approval mechanism that encompasses risk assessments, compliance reviews, and factory audits. It is mandatory for new suppliers to complete online training and pass the required assessments on the Yum China Quality Management Institute e-learning platform before approval. We also continue to advance the development of suppliers' food safety systems and capabilities, requiring food and food-contact packaging suppliers to obtain the food safety standard certifications endorsed by GFSI, such as BRCGS and FSSC 22000.

Furthermore, we empower suppliers to upgrade equipment and optimize processes via seminars and training. For instance, Yum China supported a supplier in equipment innovation, resulting in a new patent and enhanced food safety controls, productivity, and efficiency.

In 2025

100%

of our food ingredient and food-contact packaging suppliers obtained GFSI-benchmarked food safety certifications

300+

supplier food safety and quality audits conducted

3,600+

sampling tests for food safety and quality in raw materials

Logistics

With an unwavering commitment to food safety, Yum China has established a world-class supply chain management system. From storage to in-transit transportation, every stage of the supply chain is managed by stringent operational standards and requirements, ensuring the safety and quality of food products throughout the entire process. Smart temperature control systems are deployed to prevent quality issues that could be caused by fluctuations in temperature or humidity. With intelligent remote management combined with CCTV monitoring, we ensure standardized logistics operations in restaurants and full visibility and traceability in logistics management.

As of the end of 2025, our logistics network has included **34** logistics centers with capacity to cover more than **5,000** towns and cities nationwide. We also continuously enhance service quality by standardizing warehouse management practices.

In 2025

5

company-owned logistics centers obtained BRCGS certification, and

160+

food safety and quality audits were conducted, covering all logistics centers, for warehousing and transportation service providers, effectively safeguarding food safety across the logistics process.

Restaurants and Delivery

Restaurants and delivery are critical control points in our food safety management system. We conduct unannounced OEC audits to continuously monitor food safety, product quality, and service performance in restaurants. For delivery, we implement rigorous operational standards and strengthen supervision and management of third-party partners, including delivery service teams.

In 2025

100%

OEC audit coverage achieved for our restaurants nationwide

9,200+

product quality assessments for

~600

new or upgraded items launched



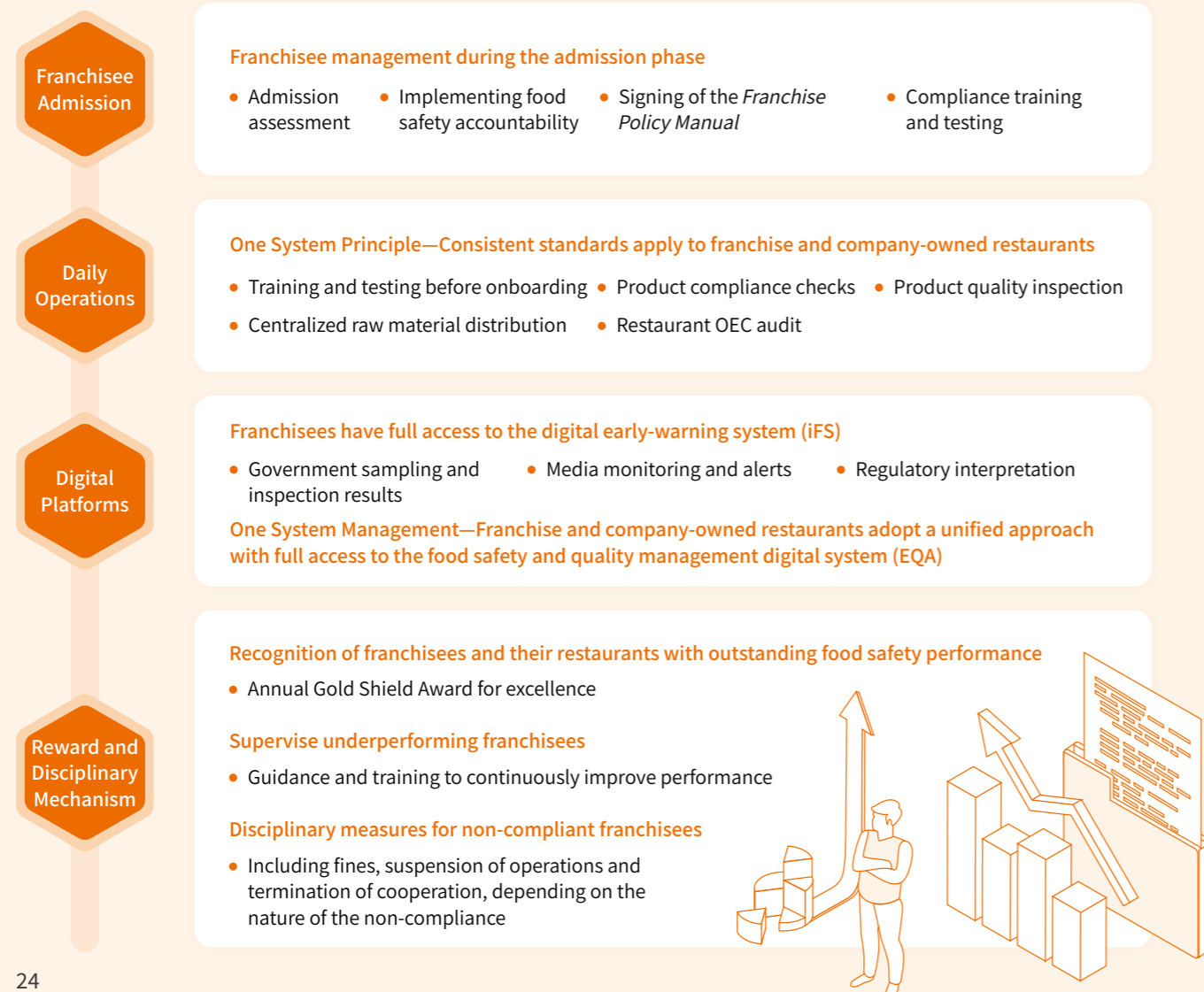
Food Safety Management of Franchisees

To support the Company's franchise expansion strategy, we implement the "One System" principle, applying consistent food safety and quality management systems, standards, and digital platforms to both franchise and company-owned restaurants. This approach covers the entire spectrum of franchisee operations, including the franchisee admission assessment, new store openings, daily operations, performance assessments, and exit mechanisms. Through this approach, we continuously strengthen franchisees' accountability for food safety and awareness of compliance. Through ongoing on-site supervision, training and full-cycle support, we steadily enhance the management capabilities of our franchisees. We rigorously evaluate franchisee candidates based on multiple performance indicators, including financial strength, operational capabilities, and corporate values, among other criteria, to ensure alignment with our brands' high standards and a shared commitment to food safety and quality.

One System Principle—Applies to both Franchise and Company-owned Restaurants



Franchisee Food Safety and Quality Management Measures



Nutrition and Health

Amid the rapid development of China's economy and society, consumers are increasingly focused on nutrition and health, with demand for healthy food becoming more specific and diversified. Yum China fully supports the sustainable development goals of "improving nutrition" and "ensuring healthy lives" outlined in the *United Nations 2030 Agenda for Sustainable Development*, the *Outline of Healthy China 2030 Plan*, as well as the *National Nutrition Plan (2017-2030)*. Yum China invests in research and development to expand its nutritious and healthy menu options and develop well-balanced meal combinations, demonstrating our commitment to offering customers a dining experience that balances taste and nutrition, and promotes healthier eating habits and lifestyles.

Through our self-developed "Nutrition Butler" digital platform, we have established a nutrition database, tracking key indicators including calories, protein, and carbohydrates. This enables us to develop diverse, nutrition-balanced meal options considering different consumer needs and supporting continuous salt and sugar reduction. In 2025, we integrated multimodal large language models and optical character recognition (OCR) technology into the platform to automatically extract and cross-check key indicators from product nutrient analysis reports, significantly improving the accuracy and efficiency of data collection and maintenance, and providing robust digital and intelligent support for scientific dietary innovations.

Nutrition and Health Commitments

Yum China has adopted the *Yum China Nutrition and Health Policy*, which outlines our four key focus areas and five major commitments on nutrition and health. We regularly review the progress made towards our goals and are committed to driving continuous innovation in food nutrition and health.

[Read *Yum China Nutrition and Health Policy*](#)

[Read *Yum China Nutrition and Health Commitment*](#)

Yum China Nutrition and Health Key Focus Areas

Encouraging Balanced Diets through Ongoing Product Innovation

Providing a Range of Products that Cater to Different Preferences

Promoting a Healthy Lifestyle and Raising Public Awareness of Nutrition and Health

Supporting Scientific Research and Improving Nutrition



Diverse and Balanced Meal Options

We continue to offer a diverse combination of ingredients and proactively broaden food categories to provide consumers with more balanced and comprehensive nutrition, along with a more diverse and healthy range of diet choices.

Less Salt and Sugar, Better Health

While maintaining our signature flavors, based on scientific nutritional principles, we proactively develop a wider range of choices. In 2025, we continued to offer products with less salt and sugar to meet diverse needs.

Additionally, we use a variety of cooking methods: ~60% of KFC's all-day menu and ~90% of Pizza Hut's all-day menu are prepared using cooking methods including roasting, boiling, sautéing, and grilling to promote dietary variety.



Diverse Diets, Balanced Nutrition

We continuously enrich ingredient combinations by introducing whole grains, fruits and vegetables, and other balanced options that address modern consumers' demand for a fast, convenient, and health-conscious dining experience. We continue expanding the use of high-quality protein ingredients, including meat, eggs, and seafood, with optimized recipes and cooking methods to deliver great taste and appropriate protein levels for different groups.

High-quality protein	Assorted Ingredients	Various fruits and vegetables
<p>KFC Meat & Seafood Panini (combining premium land and sea proteins)</p>	<p>Pizza Hut New Thin-Crust Pizza</p> <ul style="list-style-type: none"> > New crust recipe > Dough infused with tiger nuts > Parmesan crust edge 	<p>KPRO Super Food Smoothie</p> <ul style="list-style-type: none"> > Made fresh in restaurant > Superfood > With 4 beneficial bacterial strains
<p>Pizza Hut Roasted Wings</p>	<p>KFC Shrimp Burger</p> <ul style="list-style-type: none"> > Contains 7 whole shrimp > Classic scallop seafood sauce 	<p>Pizza Hut Corn Juice</p> <ul style="list-style-type: none"> > Whole-chain quality control > Freshly husked within 48 hours

Case Study KPRO—Reassuring Quality, Balanced Light Meals

KPRO, a light meal concept under KFC, leverages Yum China's advanced supply chain and rigorous quality control, and it follows the guidance from the China Cuisine Association's *Guidelines for Nutritional Meal Design in Light Meals* to innovate its food items. KPRO also piloted calorie labeling on its menu items (visible in the mini-program/app), with core offerings centered on energy-focused light meals such as multigrain energy bowls, braised rice energy bowls, paninis, and wraps. Cooking methods centered on pan-frying, grilling, and tossing to balance nutrition with great taste.

KPRO has also joined forces with the China Cuisine Association and other organizations to issue a joint initiative calling on the industry to: "Rigorous ingredient selection and strict quality control for safe eating; Science-backed pairings and balanced nutrition for healthy dining." This effort promotes standardized industry practices and raises consumer awareness. Through robust quality controls and science-based nutritional pairing, KPRO is committed to providing consumers with reassuring, diverse, and nutritious meal choices that support a healthy lifestyle.



In 2025, KPRO launched its new concept proposition: "Reassuring Quality, Balanced Light Meals," accompanied by six key commitments. As of the end of 2025, KPRO has expanded to 200+ locations nationwide.

Six Key Commitments

<p>1 Certified Raw Eggs for Consumption Safer, worry-free enjoyment</p>	<p>2 Triple-Washed Fruits & Vegetables Strict "wash, sanitize, rinse" process to ensure hygiene and safety</p>	<p>3 Four-Zone Ingredient Storage Frozen, chilled, ambient, and heated zones with raw/cooked separation to prevent cross-contamination</p>
<p>4 Ingredient Time Management Individual tracking to ensure freshness and optimal taste</p>	<p>5 Mindful Salt & Sugar Control Energy bowls—delicious even without heavy sauces</p>	<p>6 "Four Categories, Six Varieties" Balanced Nutrition Every meal is diverse and balanced with at least four food groups and six ingredients, meeting China Cuisine Association's Light Meal Nutrition Guidelines</p>

Smaller Portion Options

Recognizing diverse dining occasions and nutritional needs, we offer flexible portion sizes alongside meals for solo diners. Examples include Pizza Hut's one-person pizza, Huang Ji Huang's one-person simmer pot, and Little Sheep's one-person hot pot. These choices accommodate customized diet needs while helping to reduce food waste and support sustainable dining.

Industry Development

As an important participant of the restaurant industry, Yum China actively leverages its influence to foster high-quality supply chain collaboration and uses intelligent technology to improve efficiency and quality. At the same time, we integrate regional specialties into our product innovations, consistently leading and contributing to the sustainable development of the industry.

Driving High-Quality Supply Chain Collaboration

With Yum China's dual focus on innovation and efficiency, a professional and efficient supply chain is increasingly becoming a critical enabler of our business. We are committed to promoting innovative business models and building a fully digitalized supply chain system, while collaborating closely with our partners to create a more resilient supply chain.

Connecting Globally, Winning Together

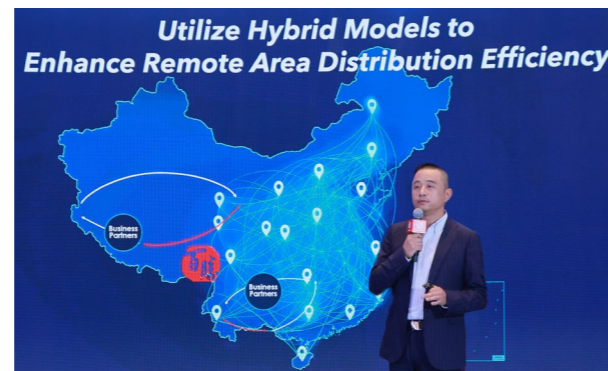
We pursue a diversified sourcing strategy and actively participate in major events such as the China International Supply Chain Expo to expand global supplier engagement. Our digital supplier recruitment platform is open to suppliers worldwide, offering standardized onboarding and transparent evaluation processes that provide small- and medium-sized suppliers with equal opportunities.

Case Study

Yum China Rejoined the Supply Chain Expo to Showcase a New Supply Chain Collaboration Ecosystem

In July 2025, Yum China participated for the second consecutive year in the China International Supply Chain Expo (CISCE). We exhibited alongside more than 80 premium suppliers, demonstrating our value chain collaboration philosophy: "Uniting Like Chains, Winning the Future."

The exhibition area featured dedicated zones for KFC and Pizza Hut, using interactive traceability visualizations to illustrate our end-to-end quality management system "from farm to table." Demos of our innovative "three-in-one" industrial park model showcased an integrated, high-efficiency supply chain that combines distribution, vegetable fresh-cutting facilities and bakeries. Through these exhibits, Yum China presented a modern, collaborative vision of the restaurant industry, integrating every link from ingredient source to the customer's plate, and underscored its commitment to building a trusted supply chain ecosystem.



As of the end of 2025

we partnered with **850+** independent suppliers for restaurant operations. We have successfully

onboarded **79** new suppliers across multiple categories through the digital supplier recruitment platform. Many small and medium-sized suppliers that perform well in limited-time offers or regional products can potentially become our long-term partners.

Local Empowerment, Flavor Innovation

We deepen local procurement by integrating regional specialty ingredients into product innovation, crafting distinctive flavors while supporting local suppliers. Examples included KCOFFEE's Yunnan Rose Milk Fan Latte (featuring heritage Yunnan milk fan cheese paired with single-origin beans from Pu'er) and Frozen Pear Shake Americano with Northeast Chinese Style.

As of the end of 2025

98%+

of our suppliers were based in China



Frozen Pear Shake Americano

Rose Milk Fan Latte

Case Study

Yum China HEGENG Plan—Deep Collaboration, Ecosystem Co-creation

In July 2025, Yum China, together with supplier partners and other stakeholders, launched the "Yum China HEGENG Plan." The initiative uses the supply chain as a bridge to build an ecosystem involving government, companies, research institutions, media, and consumers—jointly tracing quality roots, building trust ecosystem and driving industrial growth.

Under the theme "Tracing Quality Origins," the plan collaborates with experts, media, and suppliers on public health education. At the 2025 Supply Chain Expo, KFC released the documentary *Tracing the Journey of One Great Chicken Bite*, documenting experts' visits to modern farming operations in Wuyi Mountain, Fujian, translating technical production knowledge into accessible food safety education to raise public awareness and trust.

"Building a Trust-based Ecosystem" focuses on creating a collaborative network anchored in mutual trust. At the plan's launch event, Yum China hosted the "HEGENG Friends Sharing Session," where representatives from suppliers of chicken, potato, dairy, and other categories discussed "The Way of HEGENG—From Supply Chain Collaboration to a Shared Value Community." Participants shared multiple cases of collaborative innovation. For example, Yum China has worked closely with its chicken suppliers over the long term to advance independent breeding and full supply chain traceability. It has also developed circular agriculture projects with domestic frozen French fry producers that increase farmer's incomes while reducing environmental impact through potato peel composting.

"Developing the Industry Together" is our long-term vision for the supply chain ecosystem. We promote innovative models to build an open, symbiotic, resilient, and sustainable supply chain ecosystem.



Digital Intelligence Drives Logistics Efficiency

Logistics serves as the vital artery for efficient resource allocation and flow across the supply chain. To support its ongoing business expansion, Yum China leverages intelligent technologies to optimize logistics network performance, centering operations around restaurant service needs and connecting thousands of cities and towns nationwide for seamless and high-efficiency delivery.

Smart Warehouse Management

We actively embrace "Internet+" technologies and have piloted the deployment of advanced automation equipment, including four-way shuttle dense storage systems, Automated Guided Vehicle (AGV) intelligent transport robots, and Automated Storage and Retrieval Systems (ASRS). These initiatives have significantly improved the efficiency and accuracy of warehouse picking and sorting operations.



Intelligent Logistics System

We have also piloted an AI-powered route planning system that integrates real-time traffic conditions, order distribution, fleet status, and other data to dynamically generate the optimal delivery routes. By substantially reducing empty miles and transfer dwell times, we have effectively improved transportation costs while ensuring on-time delivery to stores. This has significantly enhanced the overall responsiveness and agility of our supply chain.



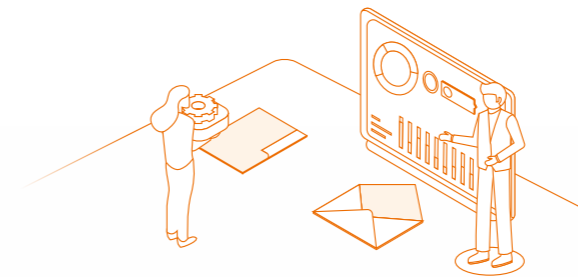
Case Study Building Yum China Industrial Parks

To strengthen supply chain performance, we continue to develop Yum China Industrial Parks. This highly integrated approach creates synergies and reduces logistics costs. We have already established logistics centers and fresh-cutting centers, and we are upgrading them into "three-in-one" industrial parks that combine logistics, vegetable fresh-cutting facilities, and bakeries in a single location. This setup integrates upstream short-shelf-life production (baking and fresh-cutting) with multi-temperature smart warehousing, shortening distribution distance, enhancing product freshness, and boosting overall operational efficiency.



Leading Industry Ecosystem Development

Yum China recognizes that industry progress depends on collective efforts from all stakeholders. Therefore, we hold important roles in the industry organizations including the China Cuisine Association, the China Institute of Food Science and Technology, the China Chain Store & Franchise Association, and the China Animal Agriculture Association. We also participate in specialized research groups, subcommittees, industry forums, and discussions on food safety hotspots, contributing insights to shape regulations and promote the healthier development of the food and restaurant industry. In 2025, we joined the China Meat Association's Poultry (Egg) Industry Branch, further deepening our industry collaboration. On the international stage, since joining GFSI more than a decade ago, Yum China has continuously adopted and promoted global best practices.



In 2025

Yum China contributed suggestions to

16 national food safety standards, industry group standards, and regulations under development. Our input focused particularly on key areas such as accountability for food safety, product processing procedures, and safe practices for restaurant delivery operations

We were honored to receive the

"2024-2025 Food Safety Innovation Case Collection—Case Support Organization"

at the 2025 Consumer Goods Forum China Day

Case Study Building a Shared, Win-Win Supply Chain Ecosystem

At the China Chain Store & Franchise Association Food Safety Committee's 2025 Annual Meeting and Food Safety & Quality Promotion Forum held in September 2025, Yum China presented on "A Shared Win-Win Supply Chain Ecosystem." We shared our work in strengthening supply chain resilience, including end-to-end food safety management, food safety culture building, supplier collaboration and empowerment, and digital food safety platform development. The presentation highlighted our continued commitment and leadership in driving industry co-governance and elevating overall food safety standards.

Environment

Yum China remains committed to minimizing the environmental footprint across its operations and value chain activities. We collaborate closely with our value chain partners to address the challenges posed by climate change and ecological crises.

Contents of This Chapter

- Climate Change
- Nature, Forests and Water
- Circular Economy

Our Aligned Sustainable Development Goals (SDGs)



Climate Change

According to the United Nations, climate change can affect our health, ability to grow food, housing, safety and work. Some of us are already more vulnerable to climate impacts, such as people living in small island nations and other developing countries. Conditions like sea-level rise and saltwater intrusion have advanced to the point where whole communities have had to relocate, and protracted droughts are putting people at risk of famine. In the future, the number of people displaced by weather-related events is expected to rise.

Yum China firmly supports the long-term goals of the *Paris Agreement* to limit the global average temperature increase to 1.5°C above pre-industrial levels and fully endorses the Chinese government's commitment to reach peak carbon emissions by 2030 and achieve carbon neutrality by 2060. In 2021, we submitted our *Business Ambition for 1.5°C Commitment Letter* to the Science Based Targets initiative (SBTi), demonstrating our determination to reach net-zero value chain GHG emissions by 2050. Meanwhile, we continue to track the latest SBTi standard updates, maintain active engagement with the organization, and explore further opportunities for climate transition.

We believe that continuous climate action not only helps the restaurant industry and its value chain partners achieve a low-carbon transition, but also contributes positively to the sustainable development of communities and society, while aligning with consumers' growing demands for sustainable lifestyles.

Yum China 2050 Net-Zero Roadmap



Climate-Related Disclosure

In 2021, Yum China conducted its initial climate-related risks and opportunities assessment. Based on the assessment results and supported by a robust climate governance framework, we have integrated climate strategy and risk management into day-to-day business operations. We are committed to building climate resilience and promoting sustainable development.

During the reporting period, we further aligned with *HKEX's ESG Reporting Code Part D: Climate-related Disclosures*. We systematically updated our climate-related risks and opportunities assessment and prioritized actions for the future.

Governance

The "Sustainability Strategy" section of this Report provides the details of Yum China's sustainability governance structure, with climate-related governance also included therein.

Climate change is one of our material sustainability topics, and oversight, management, and execution of climate-related matters form a core component of our sustainability governance system.

At the Board level, the Food Safety and Sustainability Committee assists the Board in its oversight of the Company's practices, policies, procedures, strategies and initiatives relating to sustainability, including environmental and climate-related issues. The committee met twice in 2025. Our Food Safety and Sustainability Committee members gradually developed climate expertise through fulfilling their oversight responsibilities on relevant matters. To further strengthen this capability, we provide climate-related training for the Committee members.

At the management level, we established the Sustainability Committee to track progress on material topics, assess climate-related and other sustainability risks, develop response strategies and measures, and monitor the implementation of key initiatives. The Sustainability Committee met five times in 2025.

Strategy

Yum China recognizes that climate change poses potential risks and opportunities across our entire value chain, which could affect our business strategy, operations, and financial performance. Drawing on the macro environment, industry practices, and our own strategic plans, we identified our most material climate-related risks and opportunities based on relevance and materiality. Meanwhile, in alignment with the climate-related disclosure standards, we analyzed the potential current and future impacts of these risks and opportunities under different climate scenarios and time horizons, enabling us to develop and implement targeted and phased response measures.

Selected Climate Scenarios

We used the Intergovernmental Panel on Climate Change (IPCC)'s Representative Concentration Pathways (RCPs) scenarios—RCP1.9* and RCP6.0**—to assess physical climate risks, and the International Energy Agency (IEA)'s Net Zero Emissions by 2050 (NZE***) and Stated Policies (STEPS****) scenarios to evaluate transition risks and opportunities.

Physical risk scenarios		Transition risk and opportunity scenarios	
RCP1.9	Radiative forcing of 1.9 W/m ² by 2100, limiting global temperature to rise to no more than 1.5°C above pre-industrial levels, in line with <i>Paris Agreement</i> goals.	NZE	The NZE scenario requires the energy sector to reach net-zero CO ₂ emissions by 2050 (without relying on removals outside the energy sector), with stronger global climate action limiting end-of-century global warming to rise less than 1.5°C.
RCP6.0	Radiative forcing of 6.0 W/m ² by 2100, resulting in approximately 2.8°C warming. This medium-to-high emission scenario assumes emissions peak around 2080 and relies on moderate adaptation measures with persistently elevated extreme-event risks.	STEPS	The STEPS scenario reflects energy and emission trends under current policy frameworks used to gauge the potential implications of existing policies.

* For detailed definitions and assumptions of the RCP1.9 scenario, please refer to: <https://www.ipcc.ch/sr15/chapter/chapter-2/>

** For detailed definitions and assumptions of the RCP6.0 scenario, please refer to: <https://www.ipcc.ch/report/ar5/wg1/>

*** For detailed definitions and assumptions of the NZE scenario, please refer to: <https://www.iea.org/reports/world-energy-outlook-2025/net-zero-emissions-by-2050>

**** For detailed definitions and assumptions of the STEPS scenario, please refer to: <https://www.iea.org/reports/world-energy-outlook-2025/stated-policies-scenario>

Time Horizons

Aligned with our business strategy and abatement roadmap, we have defined the following time horizons: short term (within 3 years), medium term (3–10 years), and long term (10–25 years).






















Yum China Climate-Related Risks and Opportunities Assessment Results

Climate-Related Risks		Risk Description	Financial Impact*	Climate Scenario	Level of Impact across Time Horizons			
					Short term	Medium term	Long term	
Physical Risks	Acute	Typhoon	An increased frequency of typhoons, extreme rainfall and flooding could damage infrastructure such as restaurants and logistics centers, disrupt raw material supply chains and logistics, interrupt restaurant operations and lead to a drop in consumer visits.	<ul style="list-style-type: none"> Operating costs may increase due to infrastructure / equipment damage Revenue may be affected due to supply and operations disruptions Insurance costs may increase due to more frequent extreme weather events 	RCP1.9	Low	Low	Low
					RCP6.0	Low	Low	Medium
					RCP1.9	Low	Medium	Medium
					RCP6.0	Low	Medium	Medium
		Extreme rainfall & flooding						
		Rising mean temperatures	Rising mean temperatures can increase the frequency and intensity of hot weather events. High-temperature environments could affect employee comfort and productivity and reduce the efficiency of cooling systems. Consequently, the Company will need to consume more energy for refrigeration systems at restaurants and logistics centers to maintain suitable conditions.	<ul style="list-style-type: none"> Operating costs may increase due to higher cooling system energy consumption under rising mean temperatures 	RCP1.9	Low	Low	Low
	Chronic	Changing precipitation patterns & water stress	Changing precipitation patterns (e.g., prolonged droughts or flash floods) could lead to water supply stress, higher water prices, or supply restrictions, affecting restaurant operations.	<ul style="list-style-type: none"> Water costs may increase due to water supply stress, or the need to purchase alternative water resources in response to water restrictions 	RCP6.0	Low	Low	Medium
					RCP1.9	Low	Low	Low
					RCP6.0	Low	Low	Low

* During the reporting period, we conducted a quantitative assessment of the financial impacts of identified climate-related risks. Based on the quantitative assessment of financial impacts that could be separately identified and measured, the climate-related risks have not materially affected our financial position, financial performance, and cash flows for the reporting period. Furthermore, assuming no occurrence of extremely severe climate disasters and no significant changes in policies or markets, we expect that there are no significant climate-related risks of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. For financial impacts that cannot be separately identified, we have applied the financial effects relief. In addition, we believe the anticipated financial effects of climate-related transition risks and physical risks are influenced by multiple uncertainties, including the varied cost of response measures, technology maturity, and the transition pace of our supply chain partners. These factors make quantitative financial forecasts less reliable, qualifying for the reasonable information relief. Therefore, we only provide qualitative disclosures regarding climate-related financial impacts.



Climate-Related Risks		Risk Description	Financial Impact*	Climate Scenario	Level of Impact across Time Horizons		
					Short term	Medium term	Long term
Transition Risks	 <p>Policy and Legal</p>	<p>Mandates on and regulation of existing products and services</p> <p>There has been increasing public focus by governmental and non-governmental organizations and other stakeholders on climate change. We are and may become subject to changing rules, regulations, standards and expectations with respect to environmental sustainability matters, related disclosures and operational regulations, which have resulted in, and are likely to continue to result in, an increase in expenses, time and attention associated with satisfying these rules, regulations and expectations.</p>	<ul style="list-style-type: none"> Operating costs may increase due to additional resources invested to meet compliance requirements 	NZE	Low	Low	Medium
				STEPS	Low	Low	Medium
	 <p>Technology</p>	<p>Transition to lower-emission products/services</p> <p>Regulators may introduce stricter policies requiring companies to adopt lower-emission technologies. In addition, we have committed to a near-term GHG reduction goal by 2035, in line with SBTi criteria, to limit global temperature rise to 1.5°C above pre-industrial levels. Taking actions to meet these commitments and goals could expose us to additional operational challenges and execution costs.</p>	<ul style="list-style-type: none"> Capital expenditures and operating costs may increase due to the adoption of more low-emission technologies 	NZE	Low	Low	Medium
				STEPS	Low	Low	Medium
	 <p>Reputation</p>	<p>Stakeholder expectations</p> <p>Heightened focus from stakeholders such as regulators, investors, customers, and the public means that failure to adequately address or disclose climate action could harm our reputation. Furthermore, the achievement of our greenhouse gas emissions reduction commitments and goals is subject to uncertainties, many of which are outside of our control and may prove to be more difficult and costly than we anticipate. If we are unable to achieve our commitments, our reputation, business or financial condition may be adversely affected.</p>	<ul style="list-style-type: none"> Operating costs may increase to respond to stakeholders and meet commitments. Failure to appropriately address stakeholder concerns on climate-related matters or to achieve our commitments may result in reputational damage, which could in turn adversely affect business and financial performance. 	NZE	Low	Low	Medium
				STEPS	Low	Low	Low
	 <p>Market</p>	<p>Raw material cost volatility</p> <p>Our core business relies heavily on a stable supply of agricultural products. Climate change may lead to more frequent extreme weather events, which could reduce agricultural yields in affected regions, resulting in supply shortages and higher prices. In addition to agricultural products, energy prices may also fluctuate due to changes in climate-related policies.</p>	<ul style="list-style-type: none"> Procurement costs for agricultural products may increase due to climate change Energy costs may increase due to stricter climate-related policies 	NZE	Low	Low	Medium
				STEPS	Low	Low	Medium





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Climate-Related Opportunities	Opportunity Description	Financial Impact*	Climate Scenario	Level of Impact across Time Horizons			
				Short-term	Medium-term	Long-term	
Opportunities	 <p>Energy sources</p> <p>Using lower-emission energy</p>	<p>With China's ongoing promotion of the energy transition and advancements in related technologies, renewable energy costs continue to decline, supply volumes keep rising, and policies for green electricity trading are constantly improving. This creates more opportunities for Yum China to engage in market-oriented green electricity trading or to source green electricity through landlords of shopping malls. Furthermore, the Company can install distributed photovoltaic systems on the rooftops of its restaurants and logistics facilities. These initiatives will reduce dependence on conventional fossil fuels, generate long-term economic value, reduce the Company's overall carbon footprint, and strengthen its environmental reputation.</p>	<ul style="list-style-type: none"> Energy costs may decrease through the use of low-cost renewable energy 	NZE	 Medium	 Medium	 High
	 <p>Resource efficiency</p> <p>Improving resource efficiency</p>	<p>As the world and China continue to develop low-carbon technologies, more advanced energy-saving and emissions-reduction technologies applicable to Yum China are likely to be available in the market. Yum China is committed to enhancing energy and resource efficiency through intelligent and efficient operational management practices, innovative technologies, and advanced facilities and equipment. By continuously reducing energy and resource consumption at the source, the Company transforms efficiency improvements into tangible financial and environmental benefits.</p>	<ul style="list-style-type: none"> Energy, water costs and other operating costs may decrease through higher efficiency in the use of energy and resources 	NZE	 Medium	 Medium	 High
	 <p>Resilience</p> <p>Empowering suppliers</p>	<p>We have set 2035 and 2050 value-chain emissions reduction targets and empower suppliers in developing their climate strategies to build overall supply chain resilience. In a context of more frequent extreme weather and natural disasters due to climate change, suppliers that proactively adopt regenerative agriculture practices and higher-efficiency and lower-emission processing/production/transportation methods can strengthen their resilience to climate shocks, lower disruption risks, secure the quality and long-term stable supply of key raw materials at source, and support our business expansion and demand for high-quality products.</p>	<ul style="list-style-type: none"> Suppliers' operating costs may be optimized through empowering suppliers in their low-carbon transition to improve energy efficiency and production efficiency. Such cost optimization may be passed on to the Company's procurement side, potentially bringing Yum China long-term and stable cost advantage 	NZE	 Medium	 High	 High
			STEPS	 Low	 Medium	 Medium	
			STEPS	 Low	 Medium	 Medium	
			STEPS	 Low	 Medium	 High	

* During the reporting period, we conducted a quantitative assessment of the financial impacts of identified climate-related opportunities. Based on the quantitative assessment of financial impacts that could be separately identified and measured, the climate-related opportunities have not materially affected our financial position, financial performance, and cash flows for the reporting period. Furthermore, assuming no occurrence of extremely severe climate disasters and no significant changes in policies or markets, we expect that there are no significant climate-related opportunities of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. For financial impacts that cannot be separately identified, we have applied the financial effects relief. In addition, we believe the anticipated financial effects of climate-related opportunities are influenced by multiple uncertainties, including the varied cost of response measures, technology maturity, and the transition pace of our supply chain partners. These factors make quantitative financial forecasts less reliable, qualifying for the reasonable information relief. Therefore, we only provide qualitative disclosures regarding climate-related financial impacts.

Yum China Climate-Related Risk and Opportunity Response Measures

Climate Risks		Response Measures
Physical Risks	 <p>Acute</p>	<p>Typhoon</p> <ul style="list-style-type: none"> Incorporating extreme weather into site selection: Yum China already factors extreme weather risks into restaurant site selection. For example, in high flood-risk areas, we evaluate the elevation of potential restaurant locations. Strengthening building resilience during construction: During the construction phase, we implement enhanced flood protection measures (e.g., waterproof barriers, booster pumps, and structural safety assessments) to ensure both owned and leased properties meet national building code requirements (e.g., wind load standards). We continuously update acceptance standards in line with evolving national regulations. Proactive preventive actions: At the operational level, we closely monitor weather conditions across our stores and logistics centers and implement preventive measures ahead of extreme events. On the supply chain side, we assess climate risks and promptly identify potential supply disruptions. Purchasing extreme weather insurance: The Company maintains property insurance coverage to help manage financial risks from extreme weather events. Robust logistics system for supply stability: Yum China has developed a comprehensive logistics management system, a diversified supplier base, and a wide-reaching logistics network. Suppliers and logistics networks in different regions serve as mutual backups, enabling rapid response to sudden extreme weather and ensuring supply chain stability.
	<p>Extreme rainfall & flooding</p>	<ul style="list-style-type: none"> Procurring high-efficiency air conditioning equipment: When selecting air conditioning and refrigeration systems, we consider equipment energy efficiency and performance under extreme high-temperature conditions, along with routine maintenance and inspections to ensure reliable operation during such conditions. Applying insulation designs to buildings: We incorporate optimized insulation designs across our stores, offices and cold storage facilities to maintain adequate indoor temperatures.
	 <p>Chronic</p>	<p>Changing precipitation patterns & Water Stress</p> <ul style="list-style-type: none"> Conducting water resource risk assessments: Based on water stress assessment results, we continually upgrade water-saving equipment. We have set a water reduction target—committing to reduce average restaurant water consumption by 10% by 2025 (from a 2017 baseline)—and achieved this target ahead of schedule in 2021.

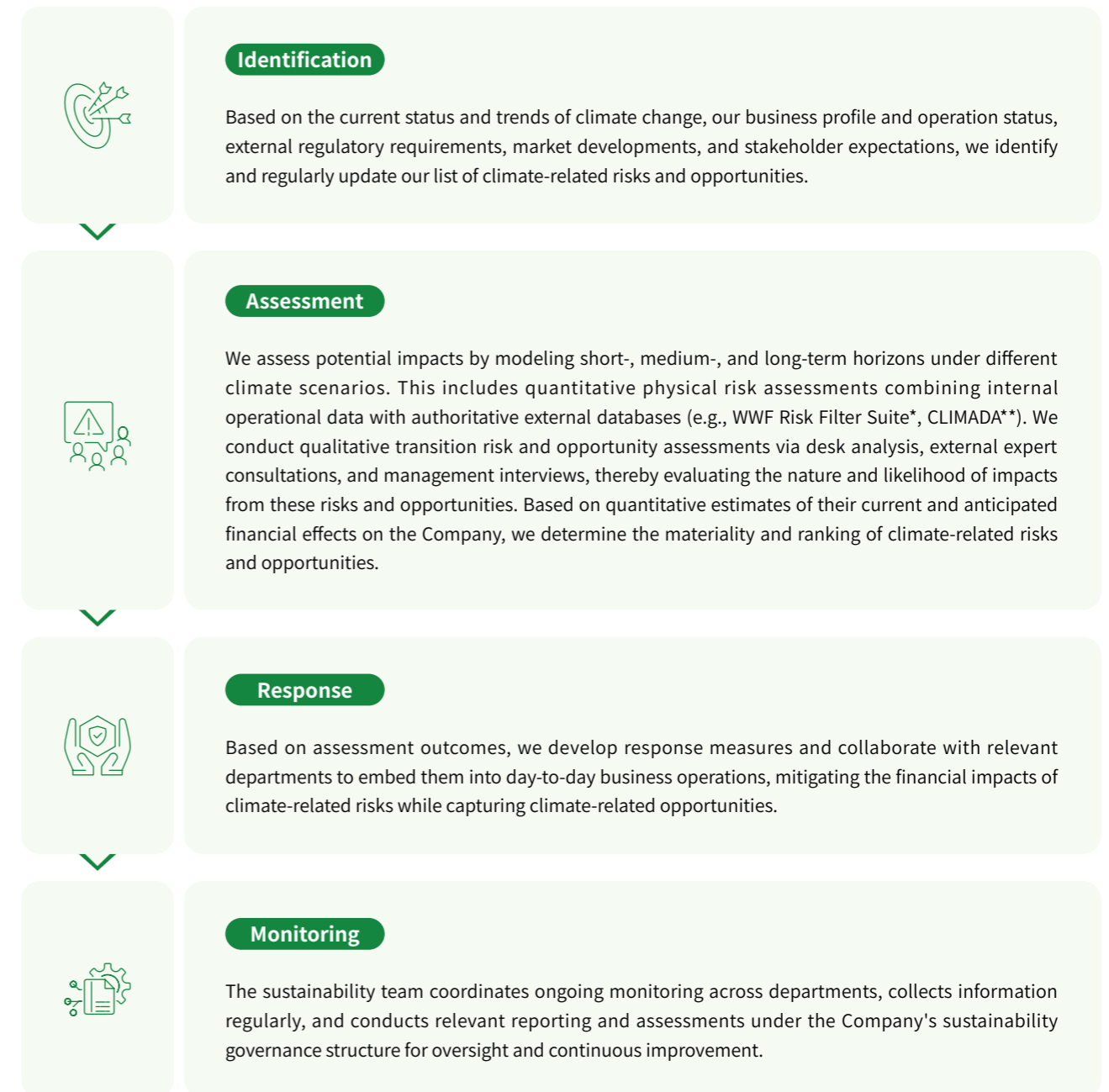
Climate Risks		Response Measures
Transition Risks	 <p>Policy and Legal</p>	<p>Mandates on and regulation of existing products and services</p> <ul style="list-style-type: none"> Setting GHG emissions reduction targets: Yum China has set near-term GHG emissions reduction targets and a long-term net-zero commitment. It has implemented various energy-saving and emissions-reduction initiatives as planned. We keep emissions within allocated quota requirements of certain local governments. Advancing circular economy packaging initiatives: We developed the Yum China Packaging Strategy and published related sustainability commitments. We uphold the 4R principles (Reduce, Reuse, Replace, Recycle) and actively implement multiple measures to fulfill these commitments. Enhancing climate-related disclosure processes: To meet evolving climate disclosure regulations, we have established robust GHG emissions tracking, accounting, and disclosure processes to ensure transparency and compliance.
	 <p>Technology</p>	<p>Transition to lower-emission products/services</p> <ul style="list-style-type: none"> Establishing low-carbon technology evaluation, promotion, and deployment processes: Yum China has built a comprehensive framework for assessing, promoting, and applying low-carbon technologies. A dedicated professional team is responsible for low-carbon technology transition research, conducts systematic evaluations of new technologies, and reduces implementation risks through small-scale pilots. Driving supply chain technology transition: In collaboration with suppliers, we formed a supply chain low-carbon alliance to encourage adoption of energy-efficient and low-emission technologies. We provide on-site guidance, technical training, to build our suppliers' capacity and accelerate their low-carbon transitions.
	 <p>Reputation</p>	<p>Stakeholder expectations</p> <ul style="list-style-type: none"> Enhancing sustainable dining experiences for consumers: Through restaurant energy management, eco-friendly packaging design, and low-carbon consumer education, we deliver sustainable dining options that align with growing environmental preferences and reinforce our green brand image. Strengthening stakeholder engagement: We maintain active, ongoing dialogue with stakeholder groups, improve low-carbon transition disclosures, and respond effectively to their concerns.
	 <p>Market</p>	<p>Raw material cost volatility</p> <ul style="list-style-type: none"> Long-term contracts and ongoing price monitoring for key ingredients: We control raw material costs by entering into multi-year purchase agreements for critical ingredients, while continuously monitoring market fluctuations and price trends of raw materials and applying dynamic pricing strategies to address volatility in raw material costs. Multi-sourcing strategy: We actively develop diversified supplier networks and implement flexible multi-sourcing for key raw materials across countries and regions to mitigate cost volatility. Building suppliers' climate resilience: See "Opportunities—Resilience—Empowering suppliers" for details. [E]

Climate Opportunities		Response Measures
Opportunities	 <p>Energy Sources</p>	<p>Using lower-emission energy</p> <ul style="list-style-type: none"> • Expanding renewable energy adoption: We actively seek reliable, affordable, and scalable renewable energy opportunities nationwide for restaurants and logistics centers, including green power trading and distributed photovoltaic systems, to continually optimize our energy mix. • Developing tailored energy transition strategies: We create location-specific transition plans based on local energy policies, renewable energy availability in each province/city, and the unique characteristics of individual restaurants and logistics centers.
	 <p>Resource Efficiency</p>	<p>Improving resource efficiency</p> <ul style="list-style-type: none"> • Applying energy-saving technologies and optimizing energy management: We continue to deploy innovative energy-efficient equipment and technologies in new and existing restaurants and logistics centers, such as high-efficiency air conditioners, variable-frequency control for exhaust systems, heat recovery systems, and heat pump water heaters, while phasing out high-energy-consuming equipment and strengthening store energy management to boost overall resource efficiency.
	 <p>Resilience</p>	<p>Empowering suppliers</p> <ul style="list-style-type: none"> • Supplier low-carbon transition strategy: We established a 3E framework (Engage, Educate, Empower) to encourage suppliers at different stages and capability levels to join climate action efforts. • Promoting supplier energy transition: We actively support suppliers' energy transition by establishing Yum China DPV & VPPA Alliance, encouraging suppliers to use renewable energy. • Establishing supplier emissions reduction mechanisms: We created a robust supplier emissions reduction mechanism, inviting key suppliers to sign emissions reduction commitments, develop reduction roadmaps, and regularly report on GHG emissions and reduction progress.

Risk Management

Yum China has established a comprehensive climate-related risk and opportunity management mechanism, fully integrated into the Company's overall enterprise risk management process. This mechanism covers four key stages—identification, assessment, response, and monitoring—to enhance the Company's adaptability to climate risks and strengthen business resilience.

Yum China Climate Risk and Opportunity Management Mechanism



* WWF Risk Filter Suite refers to data tools and knowledge bases developed by the World Wide Fund for Nature (WWF), focusing primarily on biodiversity conservation, ecological footprint, and species/habitat information.

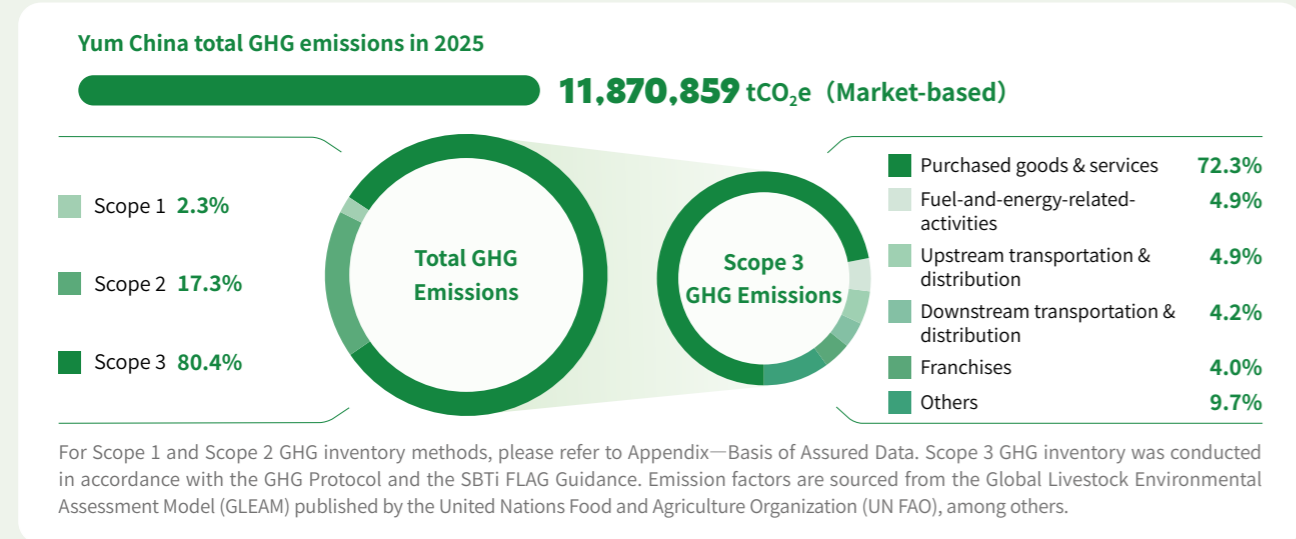
** CLIMADA is a modeling tool developed and maintained by ETH Zurich's Weather and Climate Risks Group, hosted by the European Climate Adaptation Platform (Climate-ADAPT). Its methodology aligns with the Task Force on Climate-related Financial Disclosures (TCFD) perspective on physical risks.

Metrics and Targets

In 2022, Yum China established near-term GHG reduction targets and became the first restaurant company in China to have its near-term GHG targets approved by the SBTi. We have also committed to a long-term net-zero emissions goal, fully supporting the *Paris Agreement's* 1.5°C temperature limit and delivering on our long-term commitment to achieve net-zero emissions across the value chain by 2050.



Our Carbon Footprint



For additional climate-related metrics, please refer to the [Appendix: Key Performance Indicators](#).

Cross-Industry Metrics—During the reporting period, we conducted a quantitative assessment of the financial impacts of identified climate-related risks and opportunities. Based on the quantitative assessment of financial impacts that could be separately identified and measured, the climate-related risks and opportunities have not materially affected our financial position, financial performance, and cash flows for the reporting period. Furthermore, assuming no occurrence of extremely severe climate disasters and no significant changes in policies or markets, we expect that there are no significant climate-related risks and opportunities of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. For financial impacts that cannot be separately identified, we have applied the financial effects relief. In addition, we believe the anticipated financial effects of climate-related risks and opportunities are influenced by multiple uncertainties, including the varied cost of response measures, technology maturity, and the transition pace of our supply chain partners. These factors make quantitative financial forecasts less reliable, qualifying for the reasonable information relief. Therefore, we do not disclose cross-industry metrics.

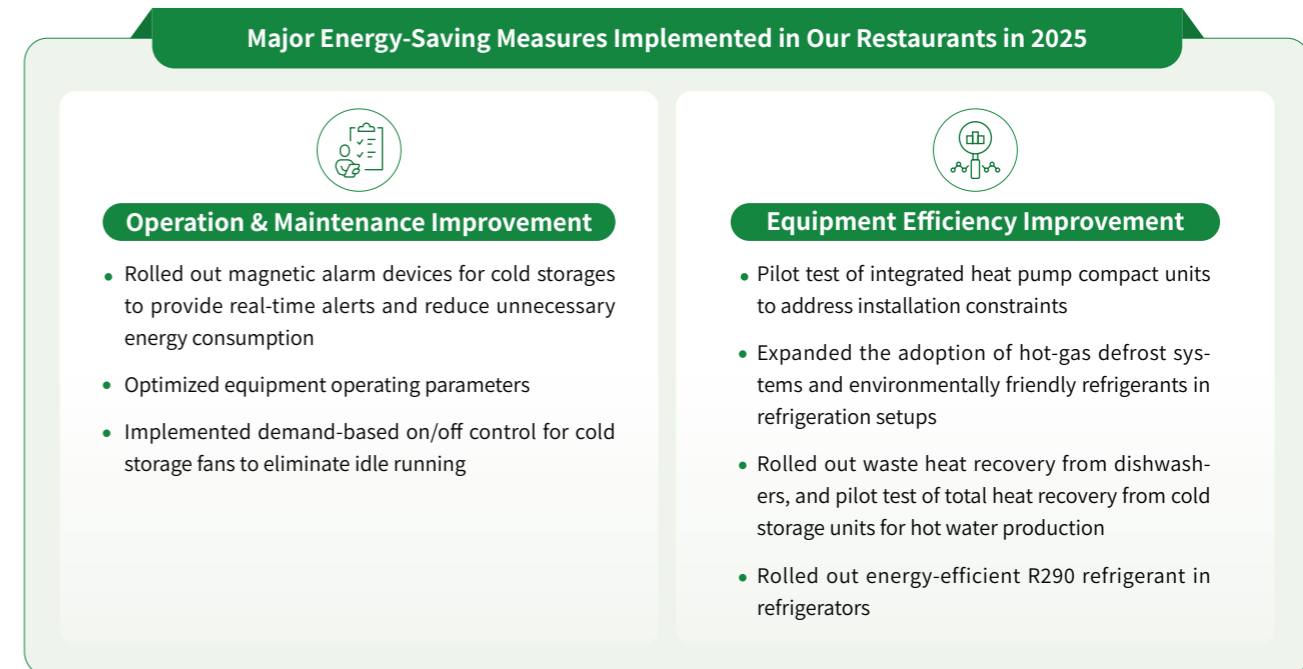
Internal Carbon Pricing—In certain regions, we participate in carbon trading markets organized by local regulatory authorities. In these regions, we may internally transfer carbon emission allowances among our subsidiaries based on publicly available carbon prices from the local trading market. Beyond that, when implementing our energy-saving, emissions-reduction, and green power procurement initiatives, we also take into account local carbon pricing mechanisms and carbon trading rules.

Low-Carbon Operations

We focus on two core decarbonization strategies: improving energy efficiency and accelerating the transition to renewable energy. These strategies are implemented across our restaurants, logistics centers and offices to steadily reduce emissions from our direct operations.

Improving Energy Efficiency

In our restaurants, we consistently reduce energy consumption through intelligent and efficient operational management, innovative technology and energy-saving facilities.



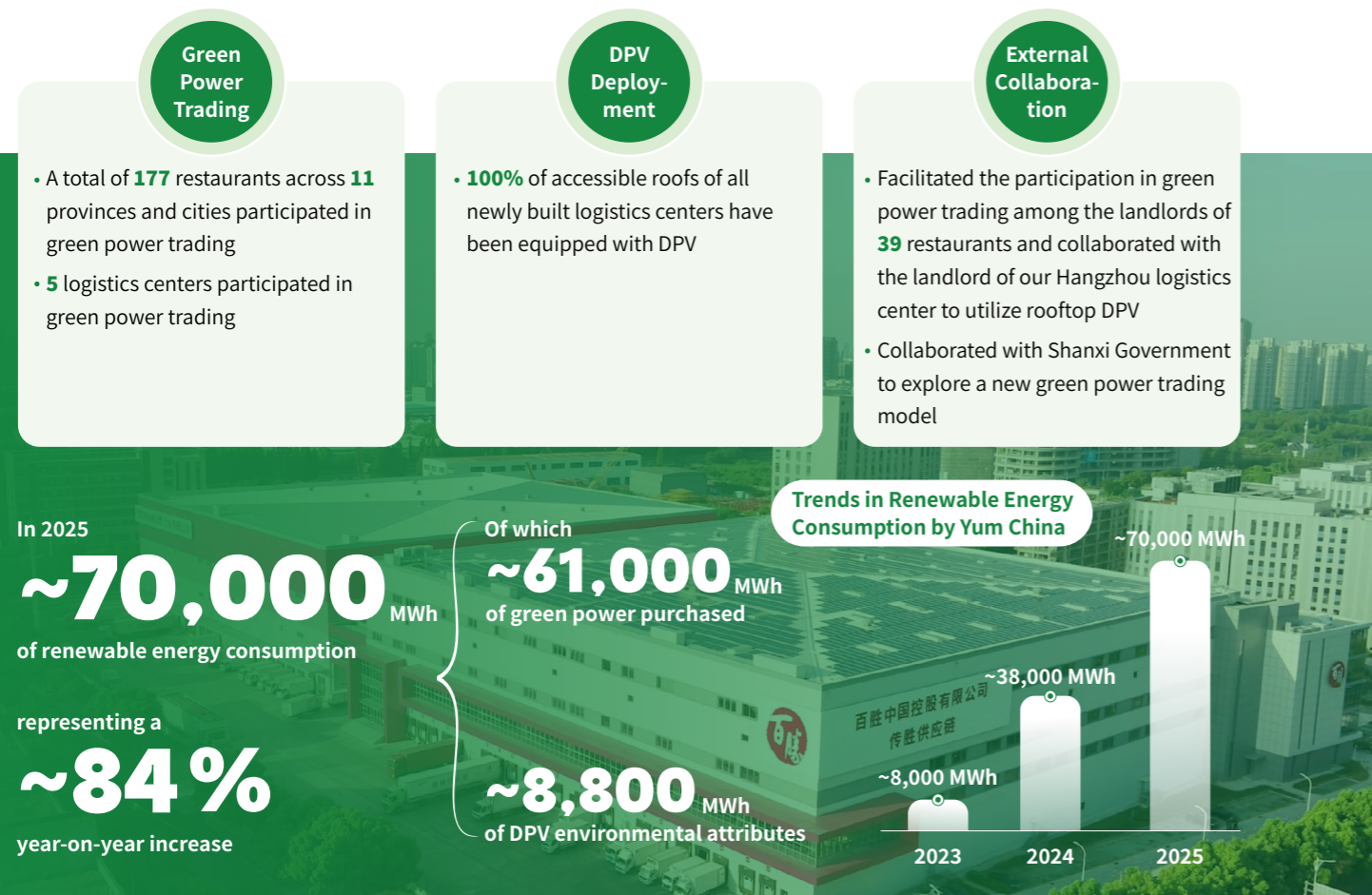
Accelerating the Renewable Energy Transition

We have developed a diversified renewable energy strategy centered on reliable, affordable, and scalable renewable sources. Through systematic deployment and innovative multi-party collaborations, we continue to expand renewable energy adoption across our restaurants and logistics centers, further optimizing our overall energy mix.

To systematically procure green power for our restaurants, we use a two-track approach: For restaurants eligible for independent green power trading, we tailor our approach to align with provincial policy variations, ensuring green power trading at no additional cost. For restaurants without direct green power market access, we pioneered collaborative models with landlords to facilitate green power trading on our behalf. Furthermore, we are partnering with local governments to explore innovative green power trading models.

In parallel, we continue to optimize the energy mix of our logistics centers. We deploy rooftop DPV systems at our own logistics centers and participate in green power trading. Concurrently, we partner with landlords of leased logistics centers to explore joint green power trading, shared rooftop DPV, and other collaborative models to increase the renewable energy percentage in our logistics centers.

Yum China's Renewable Energy Transition Progress in 2025



Case Study Yum China Explores New Green Power Trading Model with Shanxi Government

In the restaurant industry, stores without individual grid meters (such as restaurants in shopping malls) are not able to directly participate in green power trading and need to rely on landlords to purchase green power. Yum China has been actively seeking breakthrough solutions to enable these restaurants to access the green power market directly. Supported by relevant departments in Shanxi Province since 2024, we collaborated with local authorities to jointly explore and formulate an innovative green power trading plan for non-individually metered users. In July 2025, the Shanxi Energy Bureau issued the *Notice on Launching a Pilot Program for Green Electricity Trading by Non-Individually Metered Users in Commercial Complexes*. This policy permits non-individually metered users, including Yum China, to participate in the market via virtual accounts for green power trading, marking a breakthrough in Shanxi's power trading regulations.

For logistics and transportation, we have accelerated new energy vehicle application. As of the end of 2025, nearly 100 units of 3–5 ton electric refrigerated trucks were in service across our nationwide logistics centers. These vehicles significantly reduce GHG and pollutant emissions while improving operational efficiency through optimized logistics modes. Several logistics centers have also launched pilot programs for medium-sized electric refrigerated trucks, providing strong support for the continued transformation of our fleet's energy mix and the deeper implementation of Yum China's renewable energy strategy.

Low-Carbon Supply Chain

The majority of Yum China's GHG emissions are from Scope 3, with more than two-thirds coming from purchased goods. We recognize that supply chain decarbonization is central to achieving our emissions reduction targets. Guided by our 3E strategy (Engage—Educate—Empower), we maintain close collaboration with suppliers. Over the years, we have provided guidance and support to help suppliers steadily enhance their GHG emissions management capabilities, laying a solid foundation for achieving our GHG emissions goals.

Expanding Scope & Setting Targets

In 2023, we established the Yum China DPV & VPPA Alliance to accelerate suppliers' transition to renewable energy. By sharing our own experience and resources, we have driven substantial growth in green power procurement among our supplier partners over the past two years.

In 2024, we conducted our first systematic inventory of FLAG-related GHG emissions, identifying six key categories: poultry, beef, pork, dairy, potato products, and paper packaging. This enables us to focus on reduction efforts where they matter most.

Building on the achievements of previous years, we identified more than 40 suppliers as key emission sources in our value chain in 2025. We established the **Yum China Value Chain Green & Low-Carbon Alliance** with these suppliers and jointly signed the "Value Chain Emissions Reduction Commitment". This expands suppliers' GHG emissions management from energy-related emissions to a broader scope that includes FLAG GHG emissions. We provided detailed guidance to these key suppliers on calculating GHG emissions, setting targets aligned with Yum China's goals, and developing emissions reduction plan. As of the end of 2025, all selected key suppliers have established their own emissions reduction targets.

Building Platforms for Data-Driven Management

To enable standardized and traceable emissions management, while suppliers are setting targets and developing plans, we have also developed the Supplier Greenhouse Gas Emissions Digital Management Platform. This platform integrates tailored GHG emissions calculation tools for different procurement categories, emissions reduction progress tracking, and data analysis and benchmarking capabilities. We also provide training to ensure that suppliers can effectively use the platform for reporting.

Starting in 2026, selected key suppliers will report their annual GHG emissions and reduction progress through this digital platform. With this data we can closely track individual supplier progress as well as the overall emissions status of Yum China's value chain. The platform also enables deeper analysis, such as benchmarking emissions intensity, renewable energy usage rates, and implementation of reduction measures, helping us identify continuous improvement opportunities.

We plan to gradually expand the number of participating suppliers, encouraging more suppliers to set targets, develop emissions reduction plans, and report progress. We believe that this will strengthen emissions management across the supply chain, rally more suppliers on the path to low-carbon development, and better support Yum China in achieving our emissions reduction goals.

2025:
 Percentage of GHG emissions accounted for by suppliers that have set emissions reduction targets and developed reduction plans (calculated based on 2020 baseline emission factors database)

Accounting for
~70% of GHG emissions in the poultry and beef categories

Accounting for
~50% of GHG emissions from all purchased goods of Yum China

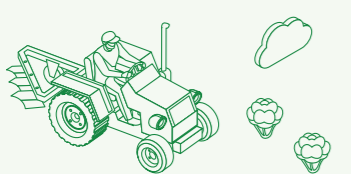
Tracking Progress & Driving Implementation

Beyond our unified digital platform, we actively support suppliers in implementing reduction measures, including renewable energy transition and regenerative agriculture practices. In 2024, we developed the Yum China Nature-based Solutions Framework, which harnesses leading domestic and international emissions-reduction techniques across categories to guide suppliers in effective agricultural and production-related reduction activities. In 2025, we collaborated with suppliers to implement regenerative agriculture practices covering planting management, livestock management, energy use, and waste management.

We are committed to fostering an open, collaborative platform with our suppliers. Beyond sharing our own emissions reduction experience and recognizing high-performing suppliers, Yum China actively encourages knowledge and best-practice sharing among suppliers. Our aim is to motivate more suppliers to join us on a shared low-carbon journey, turning emissions-reduction challenges into opportunities and continuously driving breakthroughs in our path toward sustainable transformation.

Planting Management

- Some potato products suppliers:** Built the efficient and precise modern agriculture operation model by implementing smart water-saving irrigation, integrated water-fertilizer management, biogas slurry utilization, and digital farm construction.



Energy Use

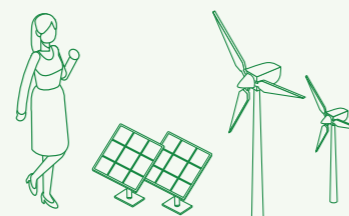
- Some poultry suppliers:**
 - Built advanced energy management systems with centralized platforms for refined management across all production stages
 - Signed agreements with power retailers to secure green power supply ratio throughout the year
 - Installed rooftop distributed photovoltaic systems at farm facilities
 - Promoted water-source heat pumps and high-temperature ammonia heat pump systems to reduce energy consumption
- Some potato product suppliers:**
 - Implemented projects including air compressor heat recovery, biogas power generation, waste heat recovery for heating, and falling-film evaporator upgrades, reducing both energy consumption and greenhouse gas emissions
 - Assessed the feasibility of self-built distributed photovoltaic systems and energy storage facilities, with plans to progressively reduce reliance on electricity from grid

Animal Management

- Some poultry suppliers:**
 - Significantly reduced the feed-to-meat ratio for broilers through optimized feed formulations and improved feed conversion efficiency
 - Achieved standardized and resource-efficient feeding by integrating parent stock broiler breeding, commercial chick hatching, and other technical and management practices, thereby shortening the overall production cycle
 - Carried out energy-saving upgrades at broiler houses, effectively reducing energy consumption

Energy Transition

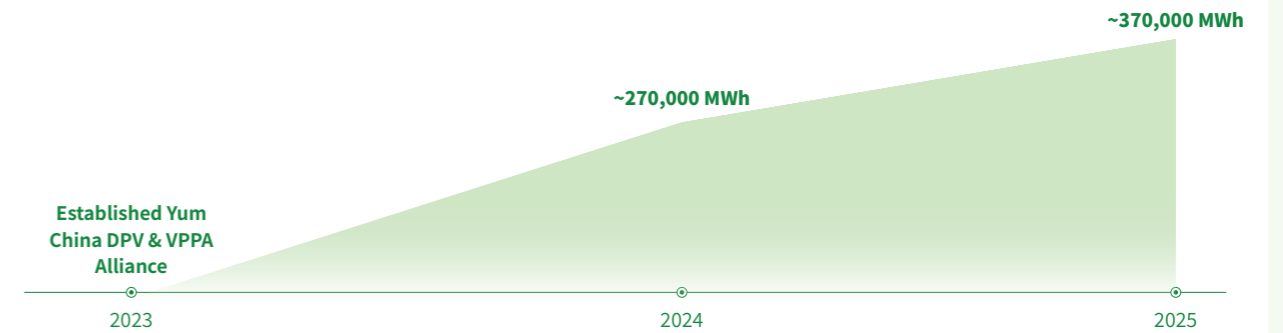
- Yum China DPV & VPPA Alliance:**
 - 40+ suppliers have joined the alliance
 - Supported suppliers in deploying distributed photovoltaic systems and green power trading continuously
 - Shared relevant green power resources with suppliers



Waste Management

- Some poultry suppliers:** Processed chicken manure and sludge through anaerobic digestion to produce biogas as a thermal energy source, achieving resource recovery from waste
- Some potato product suppliers:** Converted biogas residue and biogas slurry into organic fertilizer for reuse in farmland, reducing the application of synthetic nitrogen fertilizers while increasing yield per unit area

Trends in Renewable Energy Consumption by Yum China's Suppliers



Promoting Low-Carbon Lifestyles

Leveraging our strong online and offline connection with consumers, Yum China continues to advocate for low-carbon living. Through KFC's "Virtual Green Store" initiative and the "Be Nature, Be You" themed campaigns, we encourage customers to embrace sustainable consumption habits, integrate environmental consciousness into daily dining choices and collaboratively promote a low-carbon lifestyle.

From its launch in 2021 to the end of 2025

"Virtual Green Store" initiative has attracted a cumulative total of

~30 million participants

Encouraged users to complete carbon reduction tasks

67 million+ times



Nature, Forests and Water

Yum China is committed to building a "Zero Deforestation Supply Chain." We have released the *Yum China Biodiversity Commitment* and the *Yum China No Deforestation Commitment* to further reinforce our upstream supply chain's traceability as well as to proactively identify and assess potential environmental risks. Through these efforts, we are dedicated to minimizing negative impacts on nature.

[Read *Yum China Biodiversity Commitment* and *Yum China No Deforestation Commitment*](#)

Nature and Forests

Yum China's raw material sourcing is closely connected to natural ecosystems. We collaborate with key suppliers to implement regenerative agriculture practices. Through the Yum China Nature-based Solutions Framework, we actively address nature-related risks and mitigate their associated impacts. Meanwhile, together with our value chain partners, we have committed to ensuring that our operations will not involve any illegal deforestation. We are also proactively exploring zero-deforestation solutions across the entire value chain.

At the same time, we continue to strengthen the monitoring of nature-related risks in the value chain through robust raw material traceability management and conduct upstream supply chain traceability assessments. As of the end of 2025, our chicken and beef suppliers can provide the country of origin for both the soybeans used in chicken feed and the beef itself. We are working closely with our suppliers to engage upstream soybean and beef traders to further enhance traceability. Additionally, our **Supplier Greenhouse Gas Emissions Digital Management Platform** now enables key suppliers to submit soybean and beef traceability information for more effective oversight and management. For all purchased raw materials, we continue to encourage and support suppliers in obtaining relevant sustainability certifications.



Sustainable Sourcing of Raw Materials in 2025

Palm Oil



100% of the palm oil we purchase is Roundtable on Sustainable Palm Oil (RSPO)-certified and can be traced back to palm oil processing plants

Soybeans



100% of the soybeans used for our soy milk powder can be traced

Beef



100% of the beef we purchase has received external quality or sustainability-related certifications*

Paper Products



100% of paper products were sourced from deforestation-free suppliers

~99%** of paper packaging was FSC or equivalent certified (as of the end of 2025)

Other Materials



We encourage suppliers to obtain certifications related to sustainable fisheries, including those from the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), and Best Aquaculture Practices (BAP)

Water

Restaurant operations, including food preparation, cooking, and cleaning, require significant water consumption. As climate change increases regional water stress, Yum China's value chain faces greater water-related risks. In response, we actively promote water conservation practices. Partnering with the World Resources Institute, we have assessed water risks across our sites. This enables us to prioritize water-saving retrofits and equipment upgrades in restaurants located in high-risk areas, consistently reducing average water consumption per restaurant.

As of the end of 2025

~1,000

waterless defrosting cabinets

~13,000

tailor-made dishwashers have been deployed across our restaurants nationwide

* Including ISO9000/ISO22000/HACCP/FSSC22000/BRCGS/Global G.A.P certifications.

** The data is calculated based on the weight of the packaging.

Circular Economy

Yum China adheres to the 4R principles to build a comprehensive resource circular system that starts with source reduction and extends to end-of-life regeneration and recovery. We continuously explore innovative circular economy models tailored to the restaurant industry. Our strategy and targets focus on three key areas: sustainable packaging, food loss and waste, and waste management. Through end-to-end resource optimization and advanced circular regeneration technologies, we maximize resource efficiency while partnering with stakeholders to build a resource-efficient, environmentally responsible industry ecosystem.

Sustainable Packaging

We view sustainable packaging as key to our green transition and long-term business resilience. Guided by the *Yum China Packaging Strategy*, we have set clear sustainable packaging commitments and implemented proactive measures in three key areas: packaging reduction, reusable and recyclable packaging, and material replacement. These initiatives are designed to fulfill our commitments and minimize the environmental footprint of packaging across our operations.

[Read Yum China Packaging Strategy](#) 

Yum China's Sustainable Packaging Commitment

- 30% reduction in non-degradable plastic packaging weight by 2025 as compared to the 2019 baseline
- 100% of customer-facing plastic-based packaging is recyclable
- 100% of FSC-certified paper packaging by 2025

Progress in 2025

- ✓ Achieved
- ✓ Achieved
- ~99%* of paper packaging was FSC or equivalently certified (as of the end of 2025)

In 2025, we advanced our sustainable packaging efforts, focusing on eliminating unnecessary packaging and optimizing packaging design and materials.

Eliminating Unnecessary Packaging

While maintaining a strong focus on delivering a positive consumer experience, we established a standardized, ongoing packaging evaluation mechanism. By systematically removing unnecessary packaging layers, we reduce resource consumption and environmental impact directly at the source.

In 2025

~35,000 tons of total packaging reduction

of which

~17,000 tons of paper packaging reduction

~18,000 tons of plastic packaging reduction

Optimizing Packaging Design and Materials

We upgraded the material of cup lids in selected stores from polystyrene (PS) to polypropylene (PP), which offers improved recyclability. At the same time, we promoted the adoption of direct-drink (splash-proof) lid designs to eliminate the need for straws. These changes enhanced the overall recyclability of our packaging, reduced the total volume of packaging materials used in stores, and improved operational efficiency.

* Due to remaining inventory of certain low-frequency-use paper packaging items, we plan to fully deplete these stocks before identifying the appropriate timing to transition to FSC or equivalently certified alternatives.

Food Loss and Waste

From the enforcement of China's Anti-Food Waste Law to the widespread promotion of the "Clean Plate Campaign", reducing food waste has become a broad societal consensus. Yum China actively supports the national *Action Plan for Grain Conservation and Anti-Food Waste*, embedding the principle of minimizing food loss and waste throughout our operations.

We apply scientific management approaches and continuously explore and adopt innovative technologies and models to further integrate food waste reduction practices into daily restaurant operations, while steadily improving overall efficiency. By monitoring real-time product sales data, we promptly fine-tune system settings and flexibly adjust selling windows, ensuring that more items are served at their optimal time. For seasonal or limited-time offerings, we use advanced algorithms to help accurately forecast ingredient needs and track remaining inventory, pairing these insights with targeted promotions to accelerate sell-through and achieve highly efficient inventory management.

Case Study KFC Food Bank Program

In 2020, KFC launched the Food Bank program in line with our commitment to minimizing food waste. Leveraging its restaurant operations, KFC pioneered this model in the restaurant industry that distributes unsold food, still within the shelf life, free of charge to community residents in need. This initiative not only brings warmth from Yum China to local communities but also fosters a deeper public awareness that surplus food is still good and should not be wasted.

With over five years of development, KFC has continuously refined the operational model of the Food Bank. We created standardized operating manuals, delivered systematic employee training, and established clear protocols for every step, from food collection and secure packaging to quick-freezing, storage, and community pickup, ensuring safety, hygiene, and consistency at every stage. On Earth Day 2025, KFC rolled out the themed campaign celebrating the ambitious milestone of 1,000 stations in five years to raise community awareness of food conservation through online and offline engagement.

As of the end of 2025

KFC Food Bank has expanded to cover **190+** cities nationwide

and **~1,300** stores, achieving the ambitious milestone of "1,000 stations in five years"



In September 2025

Yum China was again named to **Fortune's 2025 "Change the World" list** for the KFC Food Bank program

In December 2025

KFC Food Bank program won two awards: **"Annual Public Welfare Case"** (Southern Weekly 2025 Philanthropy Conference) and **"Annual Responsibility Initiative—Public Welfare Project"** (The Paper "Responsible China 2025" Award)



Waste Recycling

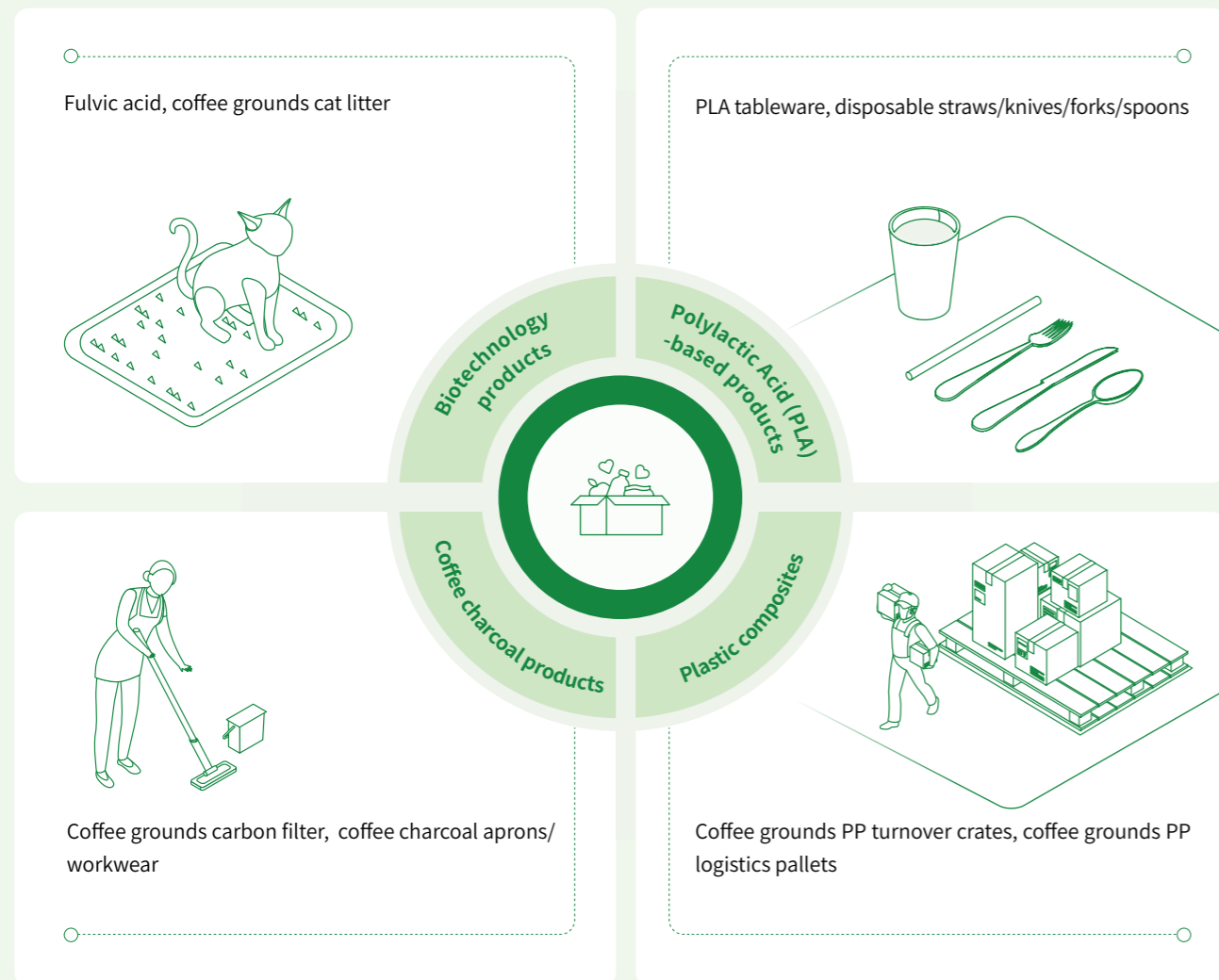
Yum China starts with managing food residues and kitchen waste generated in daily restaurant operations and actively explores pathways for resource recovery and utilization. We are committed to increasing the regenerative value of waste streams such as coffee grounds and used cooking oil, driving waste-to-value innovation and supporting the development of the resource recovery industry.

Coffee Grounds

In 2025, Yum China made significant progress in coffee grounds resource utilization. We built specialized collection, transportation, and pre-treatment systems while expanding into multiple high value-added downstream application scenarios.

Drawing on lessons from previous years, we continuously improved and optimized the coffee grounds recovery network. During the reporting period, we supported partners in completing the construction of coffee grounds pre-treatment facilities and simultaneously launched R&D for end-use products. As of the end of 2025, we have introduced **~25,000** plastic logistics pallets containing recycled coffee grounds into our Nanxiang Logistics Center, accounting for **~70%** of the pallets used at that facility. This initiative not only enhanced resource circularity but also delivered cost savings for the Company.

Through collaborative innovation across the value chain, we developed coffee grounds applications across a variety of end-use categories:



Case Study

Yum China Completed the First Waste-to-Resource Initiative to Empower Sustainable Agriculture

In active response to China's national dual carbon strategy and the drive to promote resource utilization of agricultural and forestry waste, Yum China has been exploring high-value applications for coffee grounds beyond their use as filler material. In 2025, in collaboration with partners across the value chain, we successfully developed an innovative solution of converting coffee grounds into plant-based fulvic acid. We further promoted its application in commercial potato cultivation for testing, aiming to partially replace chemical fertilizers. This initiative not only reduces environmental impact but also increases potato yields. At the same time, we coordinated with potato suppliers to source these potatoes for production, preliminarily establishing a sustainable closed-loop model of "restaurant waste—resource recovery—eco-agriculture—closed-loop application (French fries)".

Moving forward, Yum China will continue to deepen collaboration with industry chain partners and systematically advance the application of coffee ground-derived fulvic acid in upstream crop cultivation and the development of related production capacity. This effort aims to set a practical example for building a circular economy model in the restaurant industry.



Used Cooking Oil (UCO)

To address the environmental challenges posed by waste cooking oil in the restaurant sector, Yum China continues to promote its resource recovery and valorization. Since 2019, we have progressively expanded pilot programs converting used cooking oil into biodiesel and actively explored higher-value applications such as sustainable aviation fuel (SAF) and marine fuel, thereby increasing the circular value of this waste stream.

To support the development of the national biofuel supply chain, we continued to participate in the B10 vehicle biodiesel pilot project in Beijing led by the China National Energy Administration, using UCO collected from KFC and Pizza Hut restaurants.

Throughout 2025, we maintained standardized collection and resource recovery of used cooking oil. A portion was converted into biodiesel, while the remainder was used to produce lubricants, industrial oils, and other products. This mature model is now being gradually rolled out to more provinces, further amplifying the environmental benefits and demonstration effect of the program.

People

Yum China upholds the "People First" philosophy, caring for our employees, partners and customers. Leveraging our nationwide business network, we provide sustainable employment and career development opportunities to hundreds of thousands of employees, while supporting millions of job opportunities, including those generated through our suppliers and across our value chain. We are committed to fostering a respectful and caring workplace for our employees, and to encouraging our partners to protect their employees' rights and well-being. At the same time, we strive to deliver exceptional experiences to our customers, create value together with our partners, and contribute meaningfully to the sustainable development of the industry and the broader advancement of society.

Contents of This Chapter

- Employees
- Partners
- Customers

Our Aligned Sustainable Development Goals (SDGs)



Employees

Deepening Our Corporate Culture

Since entering China 38 years ago, Yum China has believed deeply in the power of corporate culture to guide organizational growth. We have continued to evolve our culture in response to changing trends and strategic priorities. In 2025, we rolled out our revitalized corporate culture centered on the core value of "Founder's Mentality with Truth-seeking Pragmatism." This culture emphasizes four key principles: "Restaurant General Managers (RGM) No.1", "Respect and Care", "Integrity and Innovation", and "Customer Mania." By nurturing our organization with this strong cultural foundation, we enhance resilience, align our teams around a shared growth vision, and build the capabilities needed to thrive, steadily advancing toward our vision of becoming "the World's Most Innovative Pioneer in the Restaurant Industry".

To bring this refreshed corporate culture to life, we have launched a comprehensive series of communication and implementation initiatives. Through three core approaches—fostering open communication, nurturing an innovation-driven culture, and recognizing contributions—we are embedding our culture at the front lines, inspiring every employee to become a true ambassador and role model for our values.

Open Communication

We foster genuine understanding and shared alignment, transforming the "Founder's Mentality with Truth-seeking Pragmatism" from a high-level principle into everyday behaviors that people can feel and practice. In 2025, we hosted cultural dialogue sessions across multiple cities, using interactive formats such as deep dives into our core values, "Culture Living Room" conversations, and real-life case studies from outstanding frontline employees. These sessions not only clarified the essence of our culture conceptually, but also connected it to practical, day-to-day scenarios—demonstrating how culture serves as a tangible driver of stronger organizational performance.

Innovation Endorsement

Building on "Integrity and Innovation" and "Customer Mania", we run programs like the Hackathon Competition (to spark technology breakthroughs) and the Sprout Program (to fuel business-level incubation). These initiatives encourage employees to tackle real challenges, spotlight frontline innovators and turn restaurant insights into tangible improvements, and ultimately fuel long-term, sustainable business growth.

Reward & Recognition

We actively reinforce our principles "Respect and Care" and "RGM No.1" by providing timely, meaningful recognition and rewards that build stronger team bonds and cultural commitment. Each of our brands has developed tailored frontline recognition systems based on the guiding principle of "more contribution, more reward," boosting employees' self-motivation. In 2025, KFC launched the "K-Bean" program, a points program celebrating employees who consistently live our values in their daily work. Pizza Hut rolled out the "Hero" restaurant performance incentive plan, which spans multiple roles with clear, transparent metrics to reinforce both cultural adoption and operational excellence.

As of the end of 2025

90%+

of KFC store-level employees were recognized and rewarded through the "K-Bean" program

with the total number of K-Beans awarded surpassing

40 million

Case Study Innovation Incentives—Yum China's Inaugural Hackathon Competition

In 2025, Yum China launched its first nationwide Hackathon Competition, opening technical resources and creating a collaborative platform to activate our internal innovation ecosystem. Employees turned creative ideas into implementable business solutions. The competition attracted nearly 200 proposals submitted from markets across the country, spanning restaurant operations, marketing and supply chain. Top-performing projects can receive dedicated funding through the Company's newly established "Frontline Employee Innovation Fund" and enter the pilot implementation phase, enabling full-chain support from proof-of-concept to rollout and promotion.

Moving forward, the Hackathon competition will be an annual flagship event. It will continue to tap frontline insights, to transform daily operational challenges into actionable innovations that drive more efficient and sustainable business growth.

Focusing on the Front Lines

Over 90% of our employees work in restaurants, forming the foundation of the Company's long-term success. We remain steadfast in adhering to our core principle of "RGM No.1," proactively engaging with frontline team members to truly understand their needs and challenges. These insights drive our management improvements—responding to concerns, addressing pain points and easing burdens while boosting efficiency for both employees and restaurants. This approach creates better work experience for our people and superior service for our customers.

Actively Listening to Employee Voices

We are committed to building a comprehensive, two-way employee communication system that flows top-down and bottom-up. Through diverse channels, we actively listen and respond to employees' concerns in a timely manner, fostering an open communication culture centered on problem-solving. In terms of established mechanisms, the Company conducts a biennial employee engagement survey, supplemented by channels such as the Employee Representative Conference and Yum China's Employee Union, to gather feedback and drive closed-loop improvements. As of the end of 2025, more than 90% of employees have voluntarily joined the union. To drive innovation in communication formats, we launched and continue to enhance platforms like "Journey with Joey" and RGM Voice. These initiatives expand and deepen direct dialogue with frontline employees, helping to ensure that concerns at all levels are fully heard and addressed promptly.

In 2025

the Company's employee engagement survey scored

90%+

Case Study Journey with Joey

In 2025, as part of the "Journey with Joey" series, Yum China CEO Joey Wat and the senior leadership team conducted multiple restaurant visits to connect with RGMs and brand teams. These candid, face-to-face dialogues centered on truly understanding employee voices and aspirations. For example, at the Chongqing stop, Joey and the leadership team addressed questions raised by employees and listened to their suggestions. The "Journey with Joey" initiative demonstrates Yum China's strong commitment to valuing and promptly responding to the voices of frontline employees. It has effectively built a barrier-free communication bridge between senior leaders and restaurant teams, laying a solid foundation for continuously enhancing employee experience and driving greater organizational collaboration and growth.



Case Study RGM Voice

RGM Voice serves as a key communication platform for RGMs at KFC and Pizza Hut. It is built around the core service philosophy of "Listening to concerns, solving problems, and collaborating efficiently." Powered by generative AI technology and advanced digital systems, the platform collects frontline feedback through multiple channels and responds promptly and effectively. This helps to build a highly efficient, closed-loop management system.

In 2025
80%+
 of problems were solved within one week



Technology Empowerment Supporting Frontline Operations

RGMs serve as the vital link between corporate strategy and frontline execution, acting as the central hub for ensuring restaurants run smoothly and efficiently. In 2025, guided by our principle of "keeping it simple for restaurants," we focused on key points within the RGM workflow, and pilot-tested a RGM One-Stop Service Center across our restaurants. It delivers end-to-end problem resolution for RGMs, enabling them to focus more on restaurant operations and improving customer experience.

Case Study Yum China's RGM One-Stop Service Center

As rapid business expansion increased management complexity, Yum China identified key pain points for the frontline teams and developed the RGM One-Stop Service Center to simplify restaurant operations.

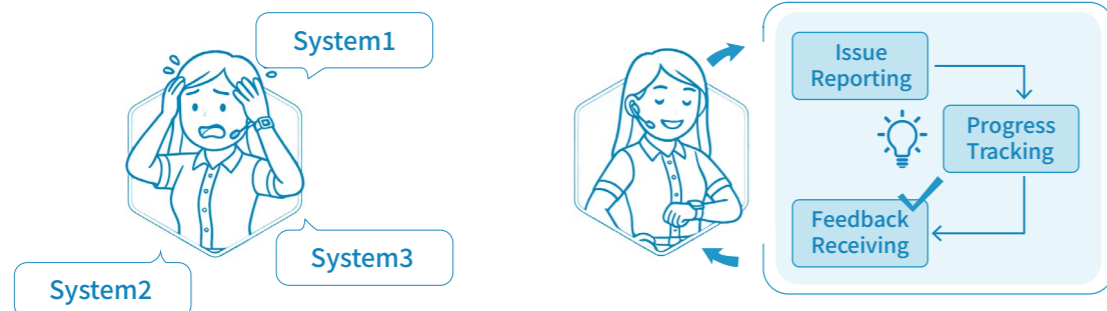
Built around digital upgrades, the platform consolidates services into a single interface where restaurants can report issues, track progress, and receive feedback—eliminating the need to navigate multiple systems or portals. At the same time, supporting functions gain real-time visibility through data dashboards, enabling better oversight and more effective collaboration.

During the reporting period, the platform has been pilot-tested across **2,700+** restaurants in **four** markets. Building on the pilot results, the Company will continue to optimize and iterate the platform's functions, deepen cross-system collaboration, and strengthen digital and intelligent enablement. Our ultimate goal is to make restaurants easier to run, supporting functions more efficient, and the organization more transparent, establishing the platform as a reliable, always-available partner that delivers professional support to restaurants whenever and wherever needed.

From Multiple Portal Support



To One-Stop Service



Nurturing Industry Leaders

Yum China actively attracts top talent, providing employees with a comprehensive training system and clear career development pathways. We continue to invest in and support employee growth, motivating every team member to surpass their own limits, become key drivers of business innovation, grow alongside the Company, and create value together.

Talent Pipeline and Skills Development

We welcome all who are passionate about the restaurant industry to join us. While strengthening our internal talent pipeline, we also contribute to employment and support broader social development.

Case Study The Third "Yum China Creative Star" Food Innovation Competition

In 2025, Yum China partnered with the Shanghai Food Society to co-host the third annual "Yum China Creative Star" Food Innovation Competition. This year's event focused on dine-in scenarios at KFC and Pizza Hut, challenging participants to design innovative "beverage & snack" combo offerings. The competition attracted **390** teams across **45** universities across China.

Now in its third year, the competition has become a key platform linking universities and industry, encouraging students to integrate academic knowledge with commercial thinking and turn creative ideas into practical, market-ready products. Several outstanding participants from previous competitions have joined Yum China through internships and management trainee programs, growing into key innovative contributors within our R&D teams. This initiative continues to cultivate new talents and innovations for the industry.



To encourage employees to continuously enhance their employability, we host the Champion Challenge Competition annually across our brands and supply chain operations. These competitions focus on strengthening foundational skills and elevating professional standards.

Case Study 2025 KFC Champion Challenge Competition

As a key event to reinforce operational excellence and enhance employees' professional capabilities, the 2025 KFC Champion Challenge Competition adopted a hybrid online and offline format. The initiative aimed to engage the entire workforce, solidify core skills and elevate the overall customer experience. The online component incorporated real restaurant scenarios into "simulation-based training," supported by a digital "smart coach" that enabled interactive learning and real-time feedback. The offline segment featured hands-on competition across key positions, covering the full spectrum of restaurant operations. Launched in April 2025 and carried out throughout the year, the competition used a multi-stage selection process to create a closed-loop system of "learning through competition and improving through training." This initiative represents Yum China's ongoing commitment to investing in employee development, upholding rigorous operational standards, and fostering a strong sense of pride and accomplishment among our team members.

Throughout the competition, participating teams showcased their high skill standards and passion for service that define the "K-family spirit." A number of standout employees with exceptional operational expertise emerged as role models, vividly bringing to life KFC's brand promise of "Forever Tasty," "Forever with You," and "Forever Love and Care."



Moreover, through the YUMC College program, the Company provides employees with opportunities for further education, supporting them in attaining higher academic qualifications and awarding scholarships to eligible employees, helping them achieve their aspirations.

As of the end of 2025

the YUMC College program has expanded to **~20** markets nationwide with **3,300+** employees having received continuing education grants and higher education diplomas

4,000+ employees having obtained professional certifications

Empowering Employee Capabilities

Yum China regards our employees as the fundamental driving force behind the Company's growth. We are committed to a systematic, forward-looking talent development approach that provides ongoing support at every stage of an employee's career. To this end, we launched the Yum China Full-Career-Cycle Development System, a comprehensive framework that outlines clear career progression pathways from onboarding to senior leadership. The system includes tailored capability-building programs across all levels, empowering employees to continually strengthen their professional skills and long-term career competitiveness.

The Full-Career-Cycle Development System is built around the core competencies required at each stage of career progression, offering differentiated and customized learning paths across three key dimensions: "Successful Transition," "Know-How Building," and "Breakthrough Innovation" for employees at different levels. Building on this framework, our online learning platform "YUMC Mobile Learning" focuses on five core competency modules and provides a comprehensive resource library featuring **14** course modules and over **40** courses. Through a hybrid approach that combines online learning with in-person workshops, we ensure that training content is closely aligned with practical job requirements.

Case Study Yum China Full-Career-Cycle Development System Upgrade

To enhance employees' long-term employability, we continue to refine the curriculum and program offerings within our Full-Career-Cycle Development System, providing systematic support for growth and advancement at every career stage.

In 2025, we introduced several innovative courses, including targeted management training for mid- and senior-level leaders. These courses emphasize a "learning by doing" approach that combines practical tools with real-world application, earning highly positive feedback from participants. At the same time, we fully refreshed and upgraded our existing courses to further improve the relevance and effectiveness for employees across the organization.

We place strong emphasis on developing high-potential talent and mid-level managers through specialized programs, such as the SEED Program (Cross-disciplinary Learning and Strategic Thinking), the PIONEER Program (Holistic Development for Future Leaders), and the Mentoring Program (Mindset Breakthrough and Accelerated Transition). These initiatives focus on expanding strategic perspectives, enhancing cross-boundary execution, and strengthening leadership capability, helping cultivate future industry leaders with both a holistic perspective and breakthrough mindset. They provide critical support for executing strategic business initiatives and driving innovation. In 2025, the SEED and PIONEER programs were upgraded into action-learning and practice-driven formats, aligning more closely with key company priorities including strategic goals, brand development, and supply chain optimization. This deepens the integration of talent development with business outcomes. Additionally, we launched a new external coaching program to complement our internal Mentoring Program. This initiative provides cross-functional, multi-dimensional guidance to employees stepping into new roles or facing fresh challenges, helping them achieve personal breakthroughs and sustained growth.

As of the end of 2025

related online and offline training programs have reached **112,000+** participants

with a **~99%** satisfaction rate for in-person courses

Career Development

Building on our robust talent development system, we have established a rigorous and scientific performance management framework to continuously build a highly competitive workforce. When senior positions are available, we prioritize internal promotions—**100%** of our RGMs, District Managers, Area Managers, and Market General Managers are promoted internally. We provide clear career paths for our employees. Employees at different functions and levels have access to clear promotion paths through tiered training programs. For example, we have developed the "Bench Planning" talent development program for our operations team and developed tailored two-to-three-year accelerated management trainee programs for marketing, supply chain and other teams. These initiatives have successfully developed numerous outstanding leaders, creating a strong talent pipeline to support sustainable business growth.



Creating a Healthy and Caring Workplace

At Yum China, we have built a comprehensive employee support system through robust benefits programs, competitive compensation, meaningful health protection, and an inclusive, equitable work environment—continuously enhancing employees' well-being and the sense of belonging.

Compensation and Benefits

We uphold the philosophy of "paying for performance and business impact," and strive to provide employees with competitive compensation and benefits that fairly recognize and rewards their hard work and outstanding contributions.

We remain deeply committed to enhancing the employee benefits experience. Guided by four key dimensions—physical, mental, financial, and social well-being—we continue to upgrade our "YUMC Care" welfare program, striving to provide comprehensive support for the health and well-being of our employees and their families.

As of the end of 2025

15,300+

RGMs were granted company shares*

Frontline Employees & Family Care

- In addition to standard medical and critical illness insurance, we offer our nearly 10,000 RGMs exclusive enhanced medical coverage of up to RMB 1 million. We also provide a "Caring Mutual Aid Fund" for restaurant management team members and crew leaders.
- We launched a care program, offering over **20,000** restaurant crew members comprehensive, accessible, and affordable health coverage options, including coverage for accidental injury, hospitalization, and online consultations. The program has since expanded to include crew leaders and is now open to part-time employees, with coverage continuing to broaden.
- The customizable, self-selected "Yum China Exclusive Parental Accidental Insurance" provides accident protection specifically for employees' parents. In addition, the "RGM Family Care" plan offers RGMs' parents enhanced coverage through critical illness insurance and medical protection.

Daily Care

- Offer personalized health check-up benefit options. In 2025, we upgraded our core physical examination package by introducing flexible add-on selections to better support employees' health needs.
- Periodically host health-themed lecture series covering a variety of related topics.
- Regularly host "Health Day" events to create immersive wellness experiences for employees.

Mental Health Care

Continue to provide our Employee Assistance Program (EAP) through the online platform "Daxin." This program provides a 24/7 counseling hotline, professional consultations, psychological assessments, mindfulness resources, and related courses to safeguard employees' mental well-being.

Welfare Leave

Employees who participate in company-organized community service and volunteer activities are eligible for corresponding compensatory time off, which integrates with statutory holidays and company holidays to form a well-structured leave system.

Case Study Yum China "Health Day" Event

In May 2025, Yum China hosted its employee "Health Day" event with the theme "Driving Innovation at Work, Caring for Health Along the Way." The event began with thoughtful welcome gift bags and featured six immersive health-themed experience stations. These stations addressed the most pressing health needs of office employees, including shoulder and neck therapy, mental wellness support, skin diagnostics, eye care consultations, and blood glucose monitoring. Professional teams were onsite to provide personalized assessments and recommendations. This "Health Day" initiative brought Yum China's core value of "Respect and Care" to life through meaningful, hands-on action. The event received widespread praise from employees and underscored our ongoing commitment and innovation as a leading employer in creating a healthy, sustainable workplace.



*Restricted Stock Units (RSUs)

Ensuring Occupational Health and Safety (OHS)

Yum China is fully aware that ensuring the occupational health and safety of our employees is the fundamental responsibility of the Company. We place the highest priority on safeguarding our employees' health and safety, and on creating a healthy and secure work environment for them.

To systematically improve occupational health and safety management, we have established an Occupational Health and Safety Management Committee to oversee the achievement of relevant objectives. A dedicated task force has been set up to promote the efficient implementation and continuous improvement of the management system. This involves the proactive identification of safety risks, the development of standardized safety protocols, and the clarification of safety responsibilities. We ensure that all task force members assume accountability for the Company's OHS management.

In restaurant operations, we implement stringent protective measures, regularly inspect and upgrade personal protective equipment, conduct workplace safety audits, and provide a series of operational training for restaurant staff to fully safeguard the health and safety of both employees and customers. The Company has also put in place a robust work-related injury response and processing mechanism to effectively protect employee rights. In office environments, we continue to strengthen safety infrastructure by equipping locations with automated external defibrillators (AEDs) and forming internal volunteer response teams. We also regularly organize American Heart Association (AHA) first-aid training sessions to help employees earn professional certifications. Furthermore, we conduct periodic fire drills to enhance employees' emergency evacuation capabilities and to test and validate the practicality and effectiveness of our emergency response plans.

[Read the Yum China Occupational Health and Safety Policy](#)

Since 2020

100%

coverage of annual health check for restaurant management teams and office employees

100%

Health Certificate coverage for store-level employees



Promoting Diversity and Equality

We firmly believe that a diverse and inclusive team fuels continuous innovation at Yum China. We are committed to fostering a workplace that is free from discrimination and rooted in equality and inclusion. Our Human Resources team leads the development and ongoing refinement of relevant policies and programs. Through regular diversity-themed training programs, we deepen awareness across the organization and empower every employee to realize their full potential.

As a signatory of the United Nations Women's Empowerment Principles (WEPs), we are committed to providing equal employment and promotion opportunities for all employees, adhering to the principle of equal pay for equal work. We conduct annual reviews of our compensation and benefits systems to ensure that employees' contributions are fairly rewarded.

We are dedicated to providing equal employment and development opportunities for people with special needs, ensuring an accessible, welcoming, and inclusive work environment. The KFC "Angel Restaurants" public welfare model offers equal employment opportunities for people with special needs across China. At the end of 2025, Yum China employed over **1,500** people with special needs.


In addition, we established the "Angel College," which provides "Angel Employees" with professional skill training and sponsorships for higher education, supporting their personal development and long-term career growth.

[Read Yum China Human Rights Policy, Yum China Zero Tolerance: Anti-Discrimination and Anti-Harassment Policy, and People-First Approach—Diversity and Equal Opportunity Policy](#)

Partners

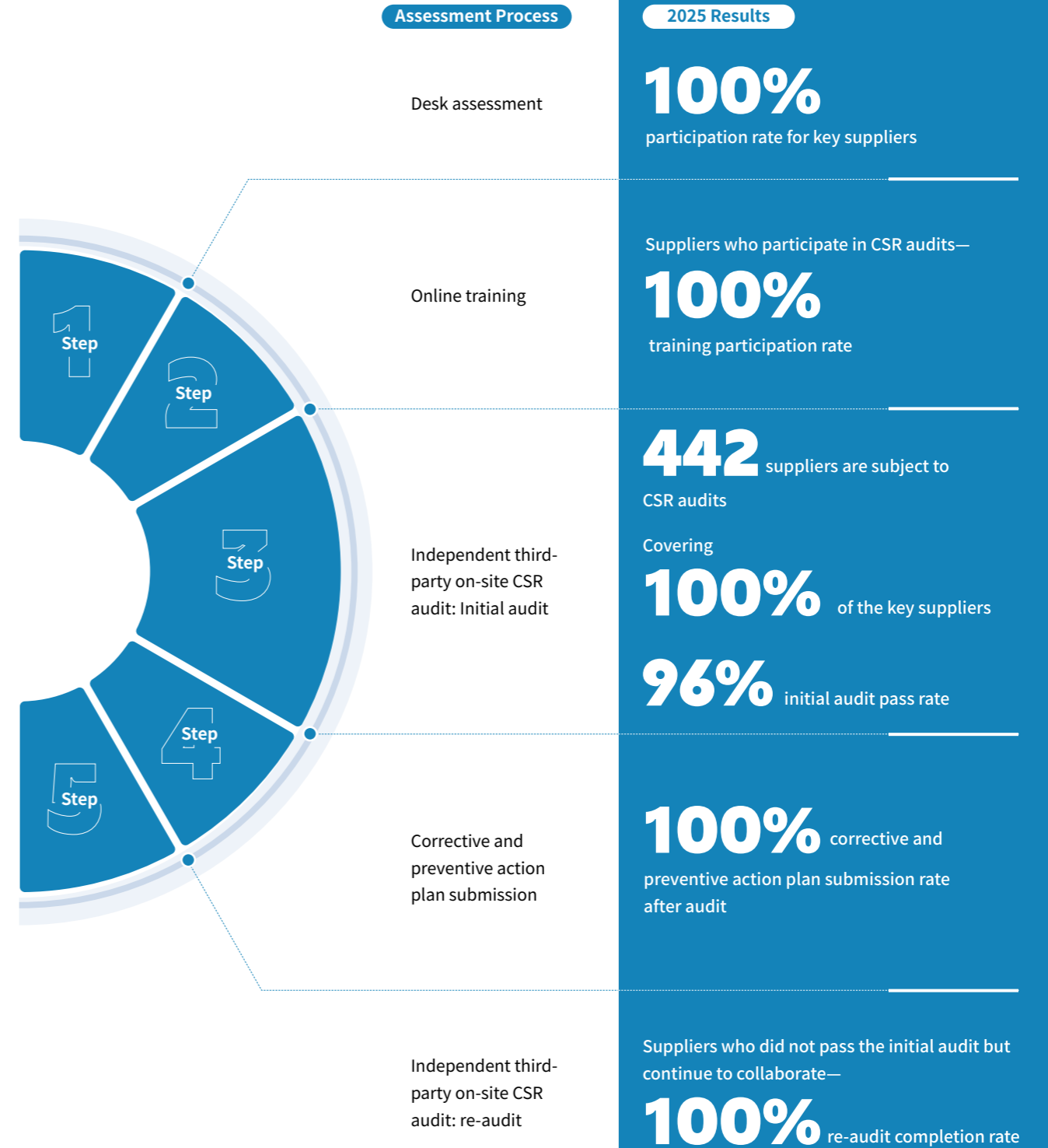
While directly employing hundreds of thousands of employees, Yum China also supports millions of job opportunities in China, including those generated through our suppliers and other value chain partners. We continually inject vitality into local communities, the broader food service sector, and society. We place great importance on protecting the rights and well-being of workers throughout our supply chain. Together with our suppliers, we are committed to building safe, healthy, fair, and respectful workplaces, taking concrete actions to promote social stability and support sustainable economic development in the regions where we operate.

To fulfill our commitment to responsible procurement, we require all suppliers to sign the *Yum China Supplier Code of Conduct* before conducting business with us. By doing so, they commit to abiding by all applicable laws and regulations and consciously fulfilling their social and environmental responsibilities. Taking into consideration relevant national laws and international standards, we have developed the Yum China Supplier CSR Audit Standards and effectively manage supply chain risks through onsite audits conducted by third-party professional agencies annually. Moreover, we encourage our suppliers to participate in leading international supply chain sustainability assessments, to improve their sustainability performance.

[Read Yum China Supplier Code of Conduct, Yum China Supplier Code of Conduct—ESG](#) 



Yum China Supplier CSR Audit Process



Customers

As a leading restaurant company with deep roots in China, Yum China places enhancing customer experience and satisfaction at the heart of everything we do. We are committed to continuously improving the customer experience through systematic insights, closed-loop management, and cutting-edge technology, while upholding responsible marketing to drive sustainable business growth.

Customer Mania

We embrace "Customer Mania" as our guiding service philosophy, building a comprehensive closed-loop of "Listen—Understand—Improve" to translate customer feedback into ongoing, actionable enhancements.

Systematic Listening and Deep Insights

We collect and analyze customer needs and feedback through a diverse range of systems, including our consumer insights platform, Guest Experience Survey (GES), Customer Service Platform (CSP), and others. These tools enable us to continuously deepen our understanding of consumers in a structured and data-driven way.

To enhance the efficiency and accuracy of these insights, we actively apply AI technologies. For example, our consumer insights platform leverages generative AI (GenAI) to quickly extract key themes from vast volumes of customer feedback, enabling business teams to rapidly identify issues and develop targeted improvements. In 2025, we further expanded our feedback channels and engagement approaches by establishing communication mechanisms within private-domain communities and designing tailored surveys for emerging business formats to capture nuanced and segment-specific needs more precisely.

Optimized Customer Complaint Handling System

We have built and continuously refined a multi-tiered customer complaint handling system, strengthening the collection and root-cause analysis of negative feedback across all channels. By introducing refined issue-tagging mechanisms and streamlining resolution processes, we have improved the efficiency and effectiveness of our complaint closed-loop management.

During the reporting period, to improve the efficiency of handling customer feedback on online channels, optimize response time, reduce the burden on frontline employees, and free up resources for offline services, we launched a special pilot at KFC restaurants in the selected market. We applied AI technologies to enhance customer service efficiency, granted greater authority to customer service staff, and improved the hierarchical handling mechanism to respond to diverse customer demands in a timely manner. This has enabled rapid online response and closed-loop resolution, reduced the burden on frontline employees, and allowed them to focus more on store operations and services. Supported by data insights, we continue to drive improvements in operational capabilities. Going forward, we will further refine mid-platform functions and processing procedures and gradually roll out these practices nationwide.



Technology-Powered Experience Innovation

We continue to harness technological innovation to integrate AI across the entire customer service journey. Powered by AI, we have established an intelligent end-to-end service system covering "ordering, fulfillment and delivery, and post-dining feedback," leveraging digital and smart technologies to deliver a seamless, convenient, and reliable dining experience.

Smart Quality Control

Pizza Hut has introduced an AI-powered visual quality management system, known as the i-Kitchen quality management system, that uses AI visual technology to ensure pizzas meet brand standards for appearance, topping distribution, and other key quality dimensions. This helps ensure product consistency and effectively enhances customer satisfaction.



Smart Customer Service

Yum China's AI-powered customer service system handles more than **150,000** consumer inquiries daily, with the AI chatbot achieving a resolution rate of up to **90%**. The AI chatbot supports human agents by quickly summarizing customer requests, enabling faster and more accurate responses and improving overall service efficiency by **10%**.



Smart Ordering

KFC has progressively rolled out a voice-interactive AI ordering service, known as the Smart K ordering agent, making it one of the first Western quick-service restaurant brands in China to deploy this technology. The system generates personalized recommendations based on users' past preferences and the time of order, while offering seamless features such as auto-store selection, automatic application of promotions, and convenient invoicing throughout the entire process. Actual usage shows a significant improvement in average order completion speed compared to traditional ordering methods.



Upholding Responsible Marketing

We have formulated and adhere to the *Yum China Responsible Marketing Policy*. We are committed to maintaining integrity in our marketing practices, avoiding making exaggerated or unsubstantiated claims about the positive social or environmental impacts of our products and services. To ensure our marketing communications comply with laws and Yum China policies, we have established a Marketing and Communications Committee comprising teams from Food Innovation, Food Safety, Legal, Marketing, and other functions, to regularly review our marketing communication materials. Additionally, we provide ongoing responsible marketing training to relevant employees, keeping them informed about the latest review requirements and updates on changes in laws and regulations.

[Read Yum China Responsible Marketing Policy](#)



Community

Yum China leverages its core strengths in restaurant operations, supply chain management, and community connection to carry out a systematic and diverse range of public welfare initiatives. By focusing on three key areas—rural revitalization, support for children and youth, and community care—we align our corporate capabilities with societal needs, giving back in a meaningful way and demonstrating our commitment and sense of responsibility.

Contents of This Chapter

- Rural Development
- Nurturing Growth
- Community Care

Our Aligned Sustainable Development Goals (SDGs)



Rural Development

Yum China has long resonated with China's national rural revitalization strategy. Through systematic public welfare programs and innovation, we build sustainable, long-term empowerment mechanisms to support the development of rural communities.

Supporting the Growth and Development of Children in Rural Communities

Launched in 2008 as a joint initiative between Yum China and the China Foundation for Rural Development (formerly the China Foundation for Poverty Alleviation), the "One Yuan Donation" program [has](#) remained steadfast in its commitment to supporting rural development and child nutrition and health. By integrating our corporate resources and core competencies with community needs in a systematic and sustainable way, the program has become a public welfare bridge connecting urban and rural communities as well as corporations and the public.



Responding to Rural Needs with Professional Expertise

In 2025, in line with the deepening national rural revitalization strategy, Yum China launched the "One Yuan Donation—Rural School Kitchen Revitalization" program, marking a new phase in its public welfare efforts. Leveraging our extensive expertise in kitchen management, we partnered with the China Foundation for Rural Development to bring standardized kitchen equipment and nutritional education to rural schools. This initiative aims to address the challenges of inadequate infrastructure and limited nutritional awareness in underserved rural communities.

As part of the program in 2025, we revitalized kitchen equipment in nearly 100 schools, installing equipment such as induction cookers, rice steamers, and sterilization cabinets to improve cooking efficiency and food safety. We also provided teachers and students with training and educational toolkits on nutrition. We supported schools in running nutrition-themed activities to embed scientific dietary habits into daily campus life.

Activating the Social Impact Ecosystem through Interactive Engagement

We established diverse channels for public engagement, including in-restaurant themed events, digital interactions, and school site visits, to showcase the impact of our kitchen revitalization and nutrition education. In 2025, the program held nearly 50 "Revitalize Kitchens with Love" events across approximately 30 cities. We invited over 600 children to participate in behind-the-scenes kitchen tours, nutrition workshops, and DIY activities, helping them learn about healthy eating concepts through fun, immersive experiences. Serving as "Little Philanthropy Ambassadors," the children recorded videos and audio messages and mobilized public donations, becoming advocates of philanthropic ideals. This multi-channel, multi-format mechanism channeled collective goodwill into tangible impact, positioning the rural school kitchen revitalization initiative as a meaningful bridge of care and compassion.



As of the end of 2025

the "One Yuan Donation" program has cumulatively raised **RMB 280 million+**

provided **60 million+** nutritious meals to children in underdeveloped regions

revitalized **1,600+** rural schools with modern kitchen equipment

and engaged **150 million+** participants

Supporting the Rural Industry Revitalization

Against the backdrop of China's comprehensive rural revitalization strategy, Yum China actively responded to the national call by launching the Daylily (Huanghuacai) Industry Support Project in Datong, Shanxi in 2023. This project aims to integrate distinctive rural agriculture with modern supply chains. Datong, widely known as the "Hometown of Daylily," boasts a cultivation history of more than 600 years. By establishing partnerships with local agricultural enterprises, we introduced Datong daylilies into Yum China's supply chain and supported our partners in upgrading and modernizing their industrial value chains.

At the early stage of collaboration, our value chain partners focused mainly on primary processing. To empower their growth, Yum China provided comprehensive support across key segments of the value chain. Our food safety and quality experts conducted on-site visits to production areas, assisting in the implementation of deep-processing technologies and enhancing operational and management capabilities. Meanwhile, our R&D team leveraged restaurant usage scenarios to develop diversified application concepts for daylilies, helping to unlock greater product value and extend the industry chain.

Since the project's inception, Yum China has integrated Datong Daylily into our product innovation pipeline. We launched the seasonal product "Chaoshan-style Beef Ball Porridge with Daylily", marking an initial exploration into commercializing regional specialty ingredients. In 2025, we further expanded the application scenarios for daylily sauce. We conducted innovative trials with daylily rice-mix sauce in limited-time menu items and explored launching daylily-themed cultural and creative products at KFC restaurants in Datong to share the story of this agricultural product.

Through ongoing technical support and stable procurement partnership, the project has advanced our partner's production capabilities and product diversification, while generating opportunities for sustainable revenue streams across the value chain. This has gradually established a virtuous cycle where market demand drives production, which in turn empowers rural development.



Nurturing Growth

Yum China is committed to safeguarding the healthy growth of children and youth. We provide dedicated emotional support to children in need. By fostering social responsibility and helping these young minds unlock their potential, we act as reliable partners in their development.

Caring for Children in Need

The **KFC Little Migratory Birds Fund** is a dedicated public welfare fund jointly established in 2016 by the China Children and Teenagers' Fund and Yum China's KFC brand. It aims to provide growth support and psychological care for left-behind and migrant children (referred to as "Little Migratory Birds") nationwide. The fund brings together KFC employees and caring members of the public to form a "Little Migratory Birds" Friends' volunteer group. By organizing engaging activities in reading, arts, and athletics, we bring warmth and companionship to nurture children's development.

To celebrate the 2025 Chinese New Year, the Little Migratory Birds Fund held the "Drawing Happiness for the New Year" campaign in **23** cities including Beijing, Shenzhen, Changsha, and Chongqing. Using the national intangible cultural heritage of Farmer Painting as inspiration, children—accompanied by volunteers—created artwork, crafted handmade items, and experienced heritage traditions in themed KFC restaurants. Activities incorporated local cultural elements, encouraged parent-child collaboration, and in some locations featured on-site guidance from heritage artisans—allowing children to enjoy festive traditions and create cherished family memories.

As of the end of 2025

the KFC Little Migratory Birds Fund has cumulatively donated

RMB 46 million+

distributed

1.25 million+ children's books

benefiting

~6.5 million children

Supporting Youth Development

We actively build platforms for teenagers to grow through real-world experience—fostering social responsibility, teamwork, and innovative models that blend education with public welfare to empower the next generation's sustainable development.

Pizza Hut "Little Red Hat Program"

Launched in November 2025 to mark Pizza Hut's 35th anniversary in China and the milestone of surpassing 4,000 stores, the "Little Red Hat Program" is a youth volunteer initiative developed in partnership with the China Volunteer Service Foundation. It aims to create a supportive platform for young people to engage in volunteer activities and give back to the communities—helping cultivate responsible, caring young citizens.

The "Little Red Hat Program" launched its pilot phase in Beijing and Shanghai, with plans for nationwide expansion. Leveraging Pizza Hut's extensive store network, the program establishes volunteer hubs that integrate community resources, aiming to set a benchmark for corporate-community partnership. We designed specific volunteer roles that align with teenagers' interests, offering roles in environmental action, community service, and other everyday scenarios—enabling young people to give back while growing personally.



Case Study **Protecting the City's "New Superheroes"—Little Red Hat Program Launched Events in Beijing & Shanghai**

On International Volunteer Day in December 2025, the "Little Red Hat Program" kicked off with "Protecting the City's New Superheroes," focusing on delivery riders—a key segment of the new workforce. Teenage volunteers delivered warm winter support to riders navigating city streets, learning collaboration and gratitude while embodying the volunteer spirit of dedication, friendship, mutual help, and progress.

Building on this foundation, the "Little Red Hat Program" will leverage Pizza Hut's nationwide stores to continue spreading kindness—uniting communities through food and goodwill.

KFC China 3×3 Basketball Championship

Since 2004, the KFC China 3×3 Basketball Championship has supported the "integration of sports and education" through an accessible, nationwide platform. With **3 million+** participants in 21 years, the program promotes healthy living, helping to popularize 3×3 basketball, and actively contributing to the holistic development of Chinese youth.

In 2025, under the theme "Dare to Strive, Savor the Youth," the season ran from September to December. The national finals concluded with 32 top high school teams. The tournament provided a stage for athletic excellence, promoting teamwork and perseverance to support the physical and personal development of the next generation.



Promoting Disability Inclusion

True to our role as a community partner, Yum China leverages its strength of extensive store network and brand influence to drive social impact. Through the "Angel Restaurants" program, the Company has long provided equal employment and career development opportunities for young people with disabilities, empowering them to realize their potential. Since then, the program has expanded to **70+** cities, including Guangzhou, Beijing, and Shanghai—and **~80** KFC Angel Restaurants, offering jobs to **300+** individuals with disabilities in 2025 and fostering a more equal, compassionate, and inclusive society.



Case Study Multi-City "Angel Restaurant" Network in Hunan

In Hunan, KFC simultaneously launched three Angel Restaurants in Zhuzhou, Jishou, and Shaoyang, helping to build a local employment network to support people with disabilities. At the Zhuzhou restaurant, KFC partnered with external organizations to establish the country's first remote video sign-language interpretation platform in a restaurant setting, enabling barrier-free communication through real-time translation devices. In addition, in partnership with the Changsha Community Public Welfare Festival, KFC created an immersive inclusion zone featuring silent ordering challenges, sign-language workshops, and coffee charity sales. These initiatives fostered meaningful interaction between people with and without disabilities, deepening public understanding and recognition of inclusive values.



Advancing Safety Education

As a proactive advocate for fire safety education, Yum China leverages its extensive nationwide restaurant network to foster deep collaboration with fire and rescue departments. Through initiatives such as developing fire-themed restaurants, delivering emergency preparedness briefings, conducting equipment operation demonstrations, and organizing public evacuation drills, we promote fire safety awareness in diverse and engaging formats. In 2025, Yum China was invited—as the sole corporate representative—to participate in the National Fire Safety Training Program for Chain Restaurant Enterprises organized by the National Fire and Rescue Administration. During the program, we shared our innovative practices in fire safety management, employee training, and public education, aiming to provide a meaningful benchmark for advancing standardized fire safety practices across the industry.

Case Study KFC's Multi-City Collaboration to Create New Fire Safety Education Hubs

During National Fire Safety Month in November 2025, KFC leveraged its strong brand presence and partnered with local fire rescue departments to launch innovative public welfare activities focused on fire safety. These initiatives were rolled out in key markets such as Henan, Jinan, Qingdao, Changsha, and beyond. By establishing "Fire Safety Experience Restaurants" and "Safety Education Bases", we created distinctive hubs for public outreach. These initiatives followed the approach of "Educate one child, engage one family, and influence the whole community," boosting public awareness of fire prevention and self-rescue skills while demonstrating Yum China's commitment to corporate social responsibility and community safety.

Each location featured unique activities that creatively integrated fire safety knowledge into everyday settings:

In Jinan, we built an immersive themed restaurant where customers learn through visual exhibits and interactive technologies.



In Qingdao, the "Fire Adventure Story" event featured scenario-based learning activities and hands-on fire truck crafting sessions.

In Changsha, we established a fire safety experience base, including areas for trying on firefighting gear and teaching fire-safety songs for children.



In Henan, the program blended intangible cultural heritage techniques like dough figurine crafting with fire safety education, allowing young participants to learn fire safety skills while enjoying traditional culture.

Appendix

Progress on Our Sustainability Goals

Goals and Commitments		2025 Progress
Food	• Food safety and quality audit covers 100% of restaurants and logistics centers	✓ Achieved
	• Food safety and quality training covers 100% of employees in offices, restaurants, and logistics centers	✓ Achieved
	• Food safety assessment covers 100% of food and food contact packaging suppliers	✓ Achieved
	Yum China Nutrition and Health Commitment	
	• 100% of KFC, Pizza Hut, and Taco Bell Kids Meal meets <i>Nutrition Guidelines for Meals Offered by the Restaurant Industry to School-Age Children</i> issued by the Chinese Nutrition Society	Ongoing
	• 100% of KFC, Pizza Hut, and Taco Bell Light Meal meets <i>Guidelines for Design of Nutritional Light Meal</i> issued by the China Cuisine Association	
	• 100% of KFC, Pizza Hut, and Taco Bell products are free of trans fat originating from hydrogenated/ partially hydrogenated oils	
• 700+ tons of salt reduction in French fries/ketchup/frozen cheese by 2030 from a 2020 base year		
• 4,500+ tons of total sugar reduction by 2030 from a 2020 base year		
Environment	Reach Net-zero Value Chain GHG Emissions by 2050	
	Near-term SBTs	
	• Reduce absolute Scope 1 and 2 GHG emissions 63% by 2035 from a 2020 base year	Ongoing
	• Reduce Scope 3 GHG emissions from purchased goods 66.3% per ton of goods purchased by 2035 from a 2020 base year	
	• 20% reduction in energy indirect GHG emissions per company-owned store by 2025 from a 2020 base year	✓ Achieved
	• 100% of accessible roofs of all newly built logistics centers with DPV by the end of 2025	✓ Achieved
	• 10% reduction of average restaurant water consumption by 2025 as compared to the 2017 baseline	✓ Achieved
	• 10% reduction of food waste per restaurant by 2030 as compared to the 2020 baseline	Ongoing
	• 30% reduction in non-degradable plastic packaging weight by 2025 as compared to the 2019 baseline	✓ Achieved
	• 100% of customer-facing plastic-based packaging is recyclable	✓ Achieved
People	• At least 50% of our employees are female	✓ Achieved
	• At least 50% of all employees hired, trained, promoted, and retained are female	✓ Achieved
	• Over 1.5% of full-time jobs are offered to people with disabilities	Ongoing Complies with relevant laws and regulations
	• 100% of critical suppliers are covered by CSR audit	✓ Achieved
Community	• Encourage our employees to participate in volunteer services	Ongoing

*Due to remaining inventory of certain low-frequency-use paper packaging items, we plan to fully deplete these stocks before identifying the appropriate timing to transition to FSC or equivalently certified alternatives.

Key Performance Indicators

Indicators	Unit	2025	2024	2023
Food				
Food Safety and Quality Audits on Suppliers	times	300+	300+	500+
Key Raw Materials Sampling Tests in Restaurants	times	400+	390+	400+
Restaurant Food Safety and Quality Audits (i.e. OEC Audit)	times	34,000+	27,700+	22,000+
Microbiological Testing in Restaurants	times	120,000+	120,000+	100,000+
Environment				
Direct (Scope 1) GHG Emissions	tCO ₂ e	275,017	220,101	187,156
Energy Indirect (Scope 2) GHG Emissions (Location-based)	tCO ₂ e	2,091,079	2,057,158	2,024,512
Energy Indirect (Scope 2) GHG Emissions (Market-based)	tCO ₂ e	2,053,957	2,036,762	2,020,460
Average Restaurant Energy Indirect GHG Emissions (Market-based)	tCO ₂ e	130	139	153
Other indirect (Scope 3) GHG Emissions	tCO ₂ e	9,541,885	10,235,998	10,102,062
Total Electricity Consumption	MWh	3,923,796	3,813,885	3,528,788
Renewable Energy Consumption	MWh	69,961	38,009	7,932
Average Restaurant Electricity Consumption	MWh	248	260	269
Total Water Consumption	tons	27,242,229	26,086,762	25,598,144
Average Restaurant Water Consumption	tons	1,744	1,801	1,967
Total Amount of Packaging Usage (Plastic Packaging & Paper Packaging)	tons	178,507	153,792	130,017
Total Amount of Plastic Packaging Usage*	tons	51,779	41,206	24,805
Total Amount of Paper Packaging Usage	tons	126,728	112,586	105,212
Packaging Usage per Sales (in million RMB)	tons	2.2	2.0	1.8
Total Packaging Reduction (Plastic Packaging & Paper Packaging)	tons	~35,000	~31,000	~30,000
Percentage of RSPO-Certified Palm Oil	%	100	100	100
People				
Total Number of Employees	person	~290,000	350,000+	430,000+
Number of Full-Time Employees	%	45	40	36
Number of Part-Time Employees	%	55	60	64
Number of Male Employees	%	31	33	33
Number of Female Employees	%	69	67	67
Number of Employees under 31	%	46	50	53
Number of Employees 31~40	%	24	23	23
Number of Employees 41~50	%	24	22	20
Number of Employees over 50	%	6	5	4
Employee Turnover Rate of RGMs**	%	7.8	9.7	9.3

*The increase in plastic packaging was mainly due to the new adoption of reusable non-woven bags during the reporting period.

**For the years 2021-2023, the turnover rate = the total annual turnover of employees in the category during the reporting period/ the total number of employees in the category at the end of the reporting period. Since 2024, we have updated the turnover rate calculation to: the total annual turnover of employees in the category during the reporting period / the average annual number of employees in the category during the reporting period (the average of the total number of employees at the beginning and the end of the reporting period).

Indicators	Unit	2025	2024	2023
People				
Share of Women in All Management Positions	%	63	61	61
Share of Women in Junior Management Positions	%	64	62	60
Share of Women in Top Management Positions	%	51	53	53
Share of Women in Management Positions in Revenue-generating Functions	%	63	63	63
Share of Women in STEM-Related Positions*	%	17	19	18
Share of Female Employees in New Hire Employees	%	56	56	59
Share of Female Employees in Promotion Employees	%	59	68	66
Share of Female Employees in Turnover Employees	%	57	58	58
Mean Hourly Gender Pay Gap of Restaurant Service Team	%	0	0	0
Median Hourly Gender Pay Gap of Restaurant Service Team	%	0	0	0
Number of Cities with Angel Restaurants	/	70+	60	42
Number of Angel Restaurants	/	~80	66	46
Number of People with Disabilities Employed in Angel Restaurants	person	300+	300+	200+
Number of People with Disabilities Gained Employment Support	person	1,500+	1,700+	1,800
Total Amount Spent on Training and Development	million RMB	269	363	395
Average Amount Spent per Full-Time Equivalent (FTE) on Training and Development	RMB	1,662	1,960	1,837
Training and Development Hours in Total	million hours	7.8	11.1	9.7
Average Hours per FTE of Training and Development	hours	49	60	45
Number of Full-Time Employees Trained	person	127,000+	139,000+	155,000
Number of Part-Time Employees Trained	person	157,000+	211,000+	277,000
Share of Male Employees in Training Programs	%	31	33	33
Share of Female Employees in Training Programs	%	69	67	67
Annual Health Check Coverage of Restaurant Management Team and Office Employees	%	100	100	100
Health Certificate Coverage of Restaurant Employees	%	100	100	100
Lost-Time Injury Frequency Rate for Employees**	n/million hours worked	1.11	1.09	1.03
Total Number of Work-Related Fatalities for Employees**	person	0	0	0
Percentage of CSR Audited Critical Suppliers	%	100	100	100
Percentage of Suppliers in China	%	98.8	99.2	99.2
Community				
Charitable Donations	million USD	~3	~1	~2

* STEM: Science, Technology, Engineering and Mathematics

**This number does not include casualties that are not attributed to work, such as sudden illness or traffic accidents on the way to and from work.

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Part B: Mandatory Disclosure Requirements		
Aspect	Mandatory KPI	Responses
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Corporate Governance, P14
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About this Report, P04
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About this Report, P04

Part C: "Comply or explain" Provisions		
Aspect	Description	Responses
A Environment		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	The laws and regulations that Yum China complies with include but are not limited to: • <i>Environmental Protection Law of the PRC</i> • <i>Law of the PRC on the Prevention and Control of Water Pollution</i> • <i>Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste</i> We strictly abide by the environment-related laws and regulations of China and develop relevant internal environmental policies such as the <i>Yum China Environmental Management System</i> .
KPI	A1.1 The types of emissions and respective emissions data.	Total water discharge: 23,790,403 tons Water discharge intensity: 1,523 tons per store Air emissions: The air emissions from business activities mainly come from the cooking fumes from the kitchen. We set up management standards and comply with relevant national laws and regulations to meet the standard.
KPI	A1.3 Total hazardous waste produced and, where appropriate, intensity.	As a restaurant company, we do not produce hazardous waste on account of business features.
KPI	A1.4 Total non-hazardous waste produced and, where appropriate, intensity.	Total non-hazardous waste: 425,508 tons Non-hazardous waste intensity: 27 tons per store Total waste recycled/reused: 169,582 tons Total waste disposed: 255,926 tons
KPI	A1.5 Description of emissions target(s) set and steps taken to achieve them.	Environment > Climate Change, P46-51
KPI	A1.6 Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environment > Circular Economy, P54-57

Part C: "Comply or explain" Provisions		
Aspect	Description	Responses
A2 Use of Resource		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment, P32-57
KPI	A2.1 Direct and/or indirect energy consumption by type in total and intensity	Appendix > Key Performance Indicators, P84
KPI	A2.2 Water consumption in total and intensity.	Appendix > Key Performance Indicators, P84
KPI	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Environment > Climate Change, P46-51
KPI	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Yum China has no issue in sourcing water. Environment > Nature, Forests and Water, P53 Appendix > Progress on Our Sustainability Goals, P82
KPI	A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced	Appendix > Key Performance Indicators, P84
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environment, P32-57
KPI	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment, P32-57
B Society		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Complies with, include but are not limited to: • <i>Labor Law of the PRC</i> • <i>Labor Contract Law of the PRC</i> • <i>Regulations on the Prohibition of Child Labor</i> People > Employees, P60-67
KPI	B1.1 Total workforce by gender, employment type, age group and geographical region.	Total number of employees: ~290,000 Total workforce rate: • By gender: Female: 69% Male: 31% • By employment type: Full-time: 45% Full-time: 55% • By age: Under 31 years old: 46% 31~40 years old: 24% 41~50 years old: 24% Over 50 years old: 6% • By region: Mainland China: 99.99825% Hong Kong, Macau, and Taiwan: 0.00105% Other regions: 0.00070%
KPI	B1.2 Employee turnover rate by gender, age group and geographical Region.*	Turnover Rate of RGMs: 7.8% • By gender: Female: 4.2% Male: 3.6% • By region: Mainland China: 7.8% Hong Kong, Macau, and Taiwan: 0.0% Other overseas regions: 0.0% • By age: Under 31 years old: 2.2% 31~40 years old: 4.6% 41~50 years old: 0.9% Over 50 years old: 0.1%

*For the years 2021-2023, the turnover rate = the total annual turnover of employees in the category during the reporting period / the total number of employees in the category at the end of the reporting period. Since 2024, we have updated the turnover rate calculation to: the total annual turnover of employees in the category during the reporting period / the average annual number of employees in the category during the reporting period (the average of the total number of employees at the beginning and the end of the reporting period).

Part C: "Comply or explain" Provisions		
Aspect	Description	Responses
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	The laws and regulations that Yum China complies with, include but are not limited to: <ul style="list-style-type: none"> • Security Law of the PRC • Law of the PRC on the Prevention and Control of Occupational Diseases • Fire Protection Law of the PRC People > Employees, P67
KPI	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	From 2018 to 2025, work-related fatalities of Yum China continued to be zero.
KPI	B2.2 Lost days due to work injury.	In 2025, there were about 10,960* lost days due to work injury.
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People > Employees, P67
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People > Employees, P64-65
KPI	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	The percentage of employees trained in total workforce: 100% <ul style="list-style-type: none"> • Trained employees by gender: Female: 69%, Male: 31% • Trained employees by category: Non-manager: 93%, Managers: 7%
KPI	B3.2 The average training hours completed per employee by gender and employee category.	Average hours per FTE of training and development: 49 hours The average training hours completed per employee**: <ul style="list-style-type: none"> • By gender: Female: 17, Male: 31 • By employment category: Non-manager: 22, Managers: 16
B4 Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	The laws and regulations that Yum China complies with, include but are not limited to: <ul style="list-style-type: none"> • Labor Law of the PRC • Labor Contract Law of the PRC • Regulations on the Prohibition of Child Labor People > Employees, P67
KPI	B4.1 Description of measures to review employment practices to avoid child and forced labor.	People > Employees, P67
	B4.2 Description of steps taken to eliminate such practices when discovered.	People > Employees, P67
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	People > Partners, P68
KPI	B5.1 Number of suppliers by geographical region.	As of the end of 2025, the number of suppliers (major commodities such as food and packaging) by region (countries of suppliers) was as follows: Total: 854 China: 844 Overseas: 10

*This number does not include casualties that are not attributed to work, such as sudden illness or traffic accidents on the way to and from work.
 **In 2022, we divided the average training hours per employee by category, including office employees and RGMs. Since 2023, we have expanded the data scope to include all employees, including restaurant service teams, restaurant management teams, RGMs, and office employees. The average number of training hours completed by each employee = total training hours of employees in that category / total FTE of that category.

Part C: "Comply or explain" Provisions		
Aspect	Description	Responses
KPI	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	People > Partners, P68-69
KPI	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	People > Partners, P68-69
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	People > Partners, P68-69
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	The laws and regulations that Yum China complies with, include but are not limited to: <ul style="list-style-type: none"> • Food Safety Law of the PRC • Advertising Law of the PRC • Trademark Law of the PRC • Law of the PRC on the Protection of Consumer Rights and Interests • Data Security Law of the PRC • Personal Information Protection Law of the PRC Food > Food Safety and Quality, P20-24 People > Customers, P70-71
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Yum China had no incidents in which the products sold or shipped subject to recalls for safety and health reasons during the reporting period.
	B6.2 Number of products and service related complaints received and how they are dealt with.	In 2025, Yum China did not receive any material complaints related to products and services.
KPI	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Corporate Governance > Compliance Management, P16
	B6.4 Description of quality assurance process and recall procedures.	We pay attention to food recalls, develop relevant systems to standardize the food recall process, and clarify the involving departments and responsibilities.
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Corporate Governance > Compliance Management, P16
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	The laws and regulations that Yum China complies with, include but are not limited to: <ul style="list-style-type: none"> • Company Law of the PRC, • Criminal Law of the PRC • Anti-money Laundering Law of the PRC and adopts a "zero tolerance" attitude towards corruption. Corporate Governance > Compliance Management, P15
KPI	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Corporate Governance > Compliance Management, P15
KPI	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance > Compliance Management, P15
	B7.3 Description of anti-corruption training provided to directors and staff.	Corporate Governance > Compliance Management, P15
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community, P72-81
KPI	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport.)	Community, P72-81
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Appendix > Key Performance Indicators, P85

Part D: Climate-related Disclosures	
Climate-related Disclosures Requirements	Chapter
<p>19. An issuer shall disclose information about:</p> <p>(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <p>(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities</p> <p>(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities</p> <p>(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities</p> <p>(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35)</p> <p>(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <p>(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee</p> <p>(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions</p>	<p>Environment > Climate-Related Disclosure, P35</p> <p>Sustainability Strategy, P10 Environment > Climate-Related Disclosure, P35</p> <p>Sustainability Strategy, P10 Environment > Climate-Related Disclosure, P35</p> <p>Sustainability Strategy, P10</p> <p>Sustainability Strategy, P10 Environment > Climate-Related Disclosure, P35</p> <p>Sustainability Strategy, P10 Environment > Climate-Related Disclosure, P35</p>
<p>(I) Governance</p>	
<p>Climate-related risks and opportunities</p> <p>20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <p>(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term</p> <p>(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk</p> <p>(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur</p> <p>(d) explain how the issuer defines 'short term', 'medium term' and 'ong term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making</p>	<p>Environment > Climate-Related Disclosure, P36-41</p> <p>Environment > Climate-Related Disclosure, P36-41</p> <p>Environment > Climate-Related Disclosure, P36-41</p> <p>Environment > Climate-Related Disclosure, P35-36</p>
<p>(II) Strategy</p>	
<p>Business model and value chain</p> <p>21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <p>(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain</p> <p>(b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets)</p>	<p>Environment > Climate-Related Disclosure, P36-41</p> <p>Environment > Climate-Related Disclosure, P36-41</p>

Part D: Climate-related Disclosures	
Climate-related Disclosures Requirements	Chapter
<p>Strategy and decision-making</p> <p>22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p> <p>(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities</p> <p>(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect)</p> <p>(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan</p> <p>(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any))</p> <p>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a)</p> <p>23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a)</p>	<p>Environment > Climate-Related Disclosure, P42-44</p> <p>Environment > Climate-Related Disclosure, P42-44</p> <p>Environment > Climate-Related Disclosure, P42-44</p> <p>Environment > Climate-Related Disclosure, P42-44</p> <p>Environment > Climate-Related Disclosure, P42-44</p> <p>Environment > Climate-Related Disclosure, P42-44</p> <p>Environment > Climate-Related Disclosure, P42-44</p>
<p>(II) Strategy</p>	
<p>Financial position, financial performance and cash flows</p> <p>Current financial effect</p> <p>24. An issuer shall disclose qualitative and quantitative information about:</p> <p>(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period</p> <p>(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements</p>	<p>Environment > Climate-Related Disclosure, P36-41</p> <p>Environment > Climate-Related Disclosure, P36-41</p>
<p>Financial position, financial performance and cash flows</p> <p>Anticipated financial effect</p> <p>25. The issuer shall provide qualitative and quantitative disclosures about:</p> <p>(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:</p> <p>(i) its investment and disposal plans</p> <p>(ii) its planned sources of funding to implement its strategy</p> <p>(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities</p>	<p>Environment > Climate-Related Disclosure, P36-44</p> <p>Environment > Climate-Related Disclosure, P36-44</p> <p>Environment > Climate-Related Disclosure, P36-41</p>
<p>Climate resilience</p> <p>26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p>	

Part D: Climate-related Disclosures	
Climate-related Disclosures Requirements	Chapter
(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	
(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis	Environment > Climate-Related Disclosure, P35-44
(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience	Environment > Climate-Related Disclosure, P36-41
(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term	Environment > Climate-Related Disclosure, P42-44
(b) how and when the climate-related scenario analysis was carried out, including:	
(i) information about the inputs used, including:	
(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios	Environment > Climate-Related Disclosure, P35
(2) whether the analysis included a diverse range of climate-related scenarios	Environment > Climate-Related Disclosure, P35-41
(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks	Environment > Climate-Related Disclosure, P35-41
(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change	Environment > Climate-Related Disclosure, P35
(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties	Environment > Climate-Related Disclosure, P35
(6) time horizons the issuer used in the analysis	Environment > Climate-Related Disclosure, P36
(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis)	Environment > Climate-Related Disclosure, P35-41
(ii) the key assumptions the issuer made in the analysis	Environment > Climate-Related Disclosure, P35-41
(iii) the reporting period in which the climate-related scenario analysis was carried out	Environment > Climate-Related Disclosure, P35-41
(II) Strategy	
27. An issuer shall disclose information about:	
(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	
(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes)	Environment > Climate-Related Disclosure, P45
(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks	Environment > Climate-Related Disclosure, P35, 45
(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria)	Environment > Climate-Related Disclosure, P45
(III) Risk Management	

Part D: Climate-related Disclosures	
Climate-related Disclosures Requirements	Chapter
(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks	Environment > Climate-Related Disclosure, P45
(v) how the issuer monitors climate-related risks	Environment > Climate-Related Disclosure, P35, 45
(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period	Environment > Climate-Related Disclosure, P45
(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities)	Environment > Climate-Related Disclosure, P45
(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process	Environment > Climate-Related Disclosure, P45
(III) Risk Management	
Greenhouse gas emissions	
28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as:	
(a) Scope 1 greenhouse gas emissions	Environment > Climate-Related Disclosure, P46 Appendix - Key Performance Indicators
(b) Scope 2 greenhouse gas emissions	Environment > Climate-Related Disclosure, P46 Appendix - Key Performance Indicators
(c) Scope 3 greenhouse gas emissions	Environment > Climate-Related Disclosure, P46 Appendix - Key Performance Indicators
29. An issuer shall:	
(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions	
(b) disclose the approach it uses to measure its greenhouse gas emissions including:	
(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions	Environment > Climate-Related Disclosure, P46
(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions	Environment > Climate-Related Disclosure, P46
(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes	Not Applicable
(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions	Environment > Climate-Related Disclosure, P46 Appendix - Key Performance Indicators
(d) or Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)	Environment > Climate-Related Disclosure, P46 Appendix - Key Performance Indicators
(IV) Metrics and Targets	

Part D: Climate-related Disclosures	
Climate-related Disclosures Requirements	Chapter
<p>Climate-related transition risks 30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks</p>	Environment > Climate-Related Disclosure, P46
<p>Climate-related physical risks 31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks</p>	Environment > Climate-Related Disclosure, P46
<p>Climate-related opportunities 32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities</p>	Environment > Climate-Related Disclosure, P46
<p>Capital deployment 33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities</p>	Environment > Climate-Related Disclosure, P46
<p>Internal carbon prices 34. An issuer shall disclose:</p> <p>(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis)</p> <p>(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions</p>	Environment > Climate-Related Disclosure, P46
<p>Remuneration 35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv)</p>	Sustainability Strategy, P10
<p>(IV) Metrics and Targets Industry-based metrics 36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks</p>	Not Applicable
<p>Climate-related targets 37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose</p> <p>(a) the metric used to set the target</p> <p>(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives)</p> <p>(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region)</p> <p>(d) the period over which the target applies</p> <p>(e) the base period from which progress is measured</p> <p>(f) milestones or interim targets (if any)</p>	Environment > Climate-Related Disclosure, P46

Part D: Climate-related Disclosures	
Climate-related Disclosures Requirements	Chapter
<p>(g) if the target is quantitative, whether the target is an absolute target or an intensity target</p>	Environment > Climate-Related Disclosure, P46
<p>(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target</p>	Environment > Climate-Related Disclosure, P46
<p>38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <p>(a) whether the target and the methodology for setting the target has been validated by a third party</p> <p>(b) the issuer's processes for reviewing the target</p> <p>(c) the metrics used to monitor progress towards reaching the target</p> <p>(d) any revisions to the target and an explanation for those revisions</p>	Environment > Climate-Related Disclosure, P46
<p>39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance</p>	Environment > Climate-Related Disclosure, P46
<p>40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <p>(a) which greenhouse gases are covered by the target</p> <p>(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target</p> <p>(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target</p> <p>(d) whether the target was derived using a sectoral decarbonisation approach</p> <p>(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:</p> <p>(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits</p> <p>(ii) which third-party scheme(s) will verify or certify the carbon credits</p> <p>(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal</p> <p>(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset)</p>	Environment > Climate-Related Disclosure, P46
<p>(IV) Metrics and Targets Applicability of cross-industry metrics and industry-based metrics 41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36)</p>	Not Applicable

GRI Standards Index

GRI Standards	Disclosure	Section(s)
GRI 2: General Disclosures	2-1 Organizational details	About Yum China, P08
	2-2 Entities included in the organization's sustainability reporting	About this Report, P04
	2-3 Reporting period, frequency and contact point	About this Report, P04
	2-4 Restatements of information	Appendix > Key Performance Indicators, P84 Appendix> HKEX ESG Reporting Guide Index, P87-88 Appendix> SASB Index, P101
	2-5 External assurance	Assurance Report, P102-105
	2-6 Activities, value chain and other business relationships	About Yum China, P08 Sustainability Strategy, P12-13
	2-7 Employees	Appendix > Key Performance Indicators, P84
	2-8 Workers who are not employees	Appendix > Key Performance Indicators, P84
	2-9 Governance structure and composition	Sustainability Strategy, P10
	2-10 Nomination and selection of the highest governance body	Corporate Governance, P14
	2-11 Chair of the highest governance body	Corporate Governance, P14
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Strategy, P10
	2-13 Delegation of responsibility for managing impacts	Sustainability Strategy, P10
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Strategy, P10
	2-15 Conflicts of interest	Corporate Governance, P14
	2-16 Communication of critical concerns	Sustainability Strategy, P11
	2-17 Collective knowledge of the highest governance body	Corporate Governance, P14
	2-18 Evaluation of the performance of the highest governance body	Sustainability Strategy, P10
	2-19 Remuneration policies	Corporate Governance, P14
	2-20 Process to determine remuneration	Corporate Governance, P14
	2-22 Statement on sustainable development strategy	Sustainability Strategy, P09
	2-23 Policy commitments	People > Employees, P67
	2-24 Embedding policy commitments	Corporate Governance, P14

GRI Standards	Disclosure	Section(s)
GRI 2: General Disclosures	2-25 Processes to remediate negative impacts	Corporate Governance, P15
	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance, P15
	2-27 Compliance with laws and regulations	Corporate Governance, P15-16
	2-28 Membership associations	Food > Industry Development, P31
	2-29 Approach to stakeholder engagement	Sustainability Strategy, P11
GRI 3: Material Topics	3-1 Process to determine material topics	Sustainability Strategy, P11
	3-2 List of material topics	Sustainability Strategy, P11
	3-3 Management of material topics	Sustainability Strategy, P11
GRI 201: Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	Environment > Climate Change, P36-41
	201-3 Defined benefit plan obligations and other retirement plans	People > Employees, P66
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Community, P72-81
	203-2 Significant indirect economic impacts	People > Employees, P60-67 People > Partners, P68-69 Community > Rural Revitalization, P74-75
GRI 205: Anti-Corruption	205-2 Communication and training about anti-corruption policies and procedures	Corporate Governance, P15
GRI 206: Anti-Competitive Behavior	206-1 Legal actions for anti-competitive behaviour, antitrust, and monopoly practices	Corporate Governance, P15
GRI 301: Materials	301-1 Materials used by weight or volume	Appendix > Key Performance Indicators, P84
	301-2 Recycled input materials used	Environment > Circular Economy, P54
	301-3 Reclaimed products and their packaging materials	Environment > Circular Economy, P54
GRI 302: Energy	302-1 Energy consumption within the organization	Appendix > Key Performance Indicators, P84
	302-2 Energy consumption outside of the organization	Appendix > Key Performance Indicators, P84
	302-3 Energy intensity	Appendix > Key Performance Indicators, P84
	302-4 Reduction of energy consumption	Environment > Climate Change, P47-51
	302-5 Reductions in energy requirements of products and services	Environment > Climate Change, P47-51
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	Environment > Nature, Forests and Water, P53

GRI Standards	Disclosure	Section(s)
GRI 303: Water and Effluents	303-2 Management of water discharge related impacts	Environment > Nature, Forests and Water, P53
	303-3 Water withdrawal	Env Appendix > Key Performance Indicators, P84
	303-4 Water discharge	Total water discharge: 23,790,403 tons
	303-5 Water consumption	Appendix > Key Performance Indicators, P84
GRI 304: Biodiversity	304-2 Significant impacts of activities, products and services on biodiversity	Environment > Nature, Forests and Water, P52-53
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Appendix > Key Performance Indicators, P84
	305-2 Energy indirect (Scope 2) GHG emissions	Appendix > Key Performance Indicators, P84
	305-3 Other indirect (Scope 3) GHG emissions	Appendix > Key Performance Indicators, P84
	305-4 GHG emissions intensity	Appendix > Key Performance Indicators, P84
	305-5 Reduction of GHG emissions	Environment > Climate Change, P47-51
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	Environment > Circular Economy, P54-57
	306-2 Management of significant waste-related impacts	Environment > Circular Economy, P54-57
	306-3 Waste generated	Environment > Circular Economy, P54-57
	306-4 Waste diverted from disposal	Environment > Circular Economy, P54-57
	306-5 Waste directed to disposal	Environment > Circular Economy, P54-57
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	People > Partners, P69
GRI 401: Employment	401-1 New employee hires and employee turnover	People > Employees, P63 Appendix > Key Performance Indicators, P84
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	People > Employees, P66
	401-3 Parental leave	People > Employees, P66
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	People > Employees, P67
	403-2 Hazard identification, risk assessment, and incident investigation	People > Employees, P67
	403-3 Occupational health services	People > Employees, P67
	403-4 Worker participation, consultation, and communication on occupational health and safety	People > Employees, P67
	403-5 Worker training on occupational health and safety	People > Employees, P67
	403-6 Promotion of worker health	People > Employees, P67
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People > Employees, P67
	403-8 Workers covered by an occupational health and safety management system	People > Employees, P67
	403-9 Work-related injuries	Appendix > Key Performance Indicators, P85
	403-10 Work-related ill health	Appendix > Key Performance Indicators, P85

GRI Standards	Disclosure	Section(s)
GRI 404: Training and Education	404-1 Average hours of training per year per employee	Appendix > Key Performance Indicators, P85
	404-2 Programs for upgrading employee skills and transition assistance programs	People > Employees, P64-65
	404-3 Percentage of employees receiving regular performance and career development reviews	People > Employees, P65
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	People > Employees, P67
	405-2 Ratio of basic salary and remuneration of women to men	People > Employees, P67
GRI 406: Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	People > Employees, P67
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	People > Employees, P67
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	People > Partners, P68-69
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	Community > Community Caring, P78-81
	413-2 Operations with significant actual and potential negative impacts on local communities	Community > Community Caring, P78-81
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	People > Partners, P68-69
	414-2 Negative social impacts in the supply chain and actions taken	People > Partners, P68-69
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	Food > Food Safety and Quality, P20-24
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Food > Food Safety and Quality, P20-24
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	People > Customer, P71
	417-2 Incidents of non-compliance concerning product and service information and labeling	People > Customer, P71
	417-3 Incidents of non-compliance concerning marketing communications	People > Customer, P71
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Corporate Governance, P16

SASB Index

Topic	Accounting Metrics	Responses
Energy Management	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	Environment > Climate Change, P46-48 Appendix > Key Performance Indicators, P84
Water Management	(1) Total water withdrawn (2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Environment > Circular Economy, P53 Appendix > Key Performance Indicators, P84
Food & Packaging Waste Management	(1) Total amount of waste (2) Percentage food waste (3) Percentage diverted	Total amount of waste: 425,508 tons Percentage diverted: 40% Environment > Circular Economy, P54
	(1) Total weight of packaging (2) Percentage made from recycled and/or renewable materials (3) Percentage that is recyclable, reusable, and/or compostable	Total amount of packaging usage: 178,507 tons Environment > Circular Economy, P54
Food Safety	(1) Number of confirmed foodborne illness outbreaks (2) Percentage resulting in U.S. Centers for Disease Control and Prevention (CDC) investigation	N/A
	(1) Percentage of restaurants inspected by a food safety oversight body (2) Percentage receiving critical violations	Yum China always regards food safety as the first priority and is committed to providing customers with delicious, safe, nutritious, and high-quality food. We have established and effectively implemented a food safety and quality management system throughout the entire value chain, covering upstream suppliers, suppliers to logistics centers to restaurants and delivery, to fulfil the food safety commitment of "from farm to table." We have established a management structure, from the Board of Directors/Food Safety and Sustainability Committee to all relevant functions, to comprehensively supervise the implementation of various management systems, measures, and standards.

Topic	Accounting Metrics	Responses
Nutritional Content	(1) Percentage of meal options consistent with national dietary guidelines (2) Revenue from these options	N/A
	(1) Percentage of children's meal options consistent with national dietary guidelines for children (2) Revenue from these options	N/A
Labor Practices	Number of advertising impressions made on children, percentage promoting products that meet national dietary guidelines for children	Appendix > Progress on Our Sustainability Goals, P82
	(1) Voluntary turnover rate for restaurant employees* (2) Involuntary turnover rate for restaurant employees	Voluntary turnover rate for RGMs: 6.3% Involuntary turnover rate for RGMs: 1.5%
	(1) Average hourly wage, by region (2) Percentage of restaurant employees earning minimum wage, by region	We published the Yum China Human Rights Policy, promising to provide a workplace without discrimination and harassment and to ensure that employees receive reasonable remuneration. We adhere to the concept of "pay based on performance results and business impact" and provide employees with reasonable and competitive compensation and benefits. The salary and benefits we provide to employees are generally higher than the minimum salary standard required by laws and regulations in various regions. People > Employees, P66
Supply Chain Management & Food Sourcing	Total amount of monetary losses as a result of legal proceedings associated with (1) labor law violations (2) employment discrimination	People > Employees, P67
	Percentage of food purchased that (1) meets environmental and social sourcing standards (2) is certified to third-party environmental and/or social standards	People > Partners, P68-69
Supply Chain Management & Food Sourcing	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	Environment > Climate Change, P42-44 People > Partners, P68 Food > Food Safety and Quality, P22
	Percentage of (1) eggs that originated from a cage-free environment (2) pork that was produced without the use of gestation crates	N/A

*For the years 2021-2023, the turnover rate = the total annual turnover of employees in the category during the reporting period / the total number of employees in the category at the end of the reporting period. Since 2024, we have updated the turnover rate calculation to: the total annual turnover of employees in the category during the reporting period / the average annual number of employees in the category during the reporting period (the average of the total number of employees at the beginning and the end of the reporting period).

Basis of Assured Data

No.	Data	Basis
01	Direct (Scope 1) GHG Emissions	Direct (Scope 1) GHG Emissions of Yum China in 2025 were the direct (Scope 1) GHG emissions generated by Yum China's company-owned KFC, Pizza Hut, Taco Bell, Little Sheep, Huang Ji Huang and Lavazza restaurants, logistics centers, facilities and vehicles within our operational control in 2025. The majority of direct (Scope 1) GHG emissions are derived from installation, operation and disposal of all the equipment and facilities requiring refrigerant to operate, which is calculated by using Refrigeration and Air-Conditioning Equipment Tool issued by GHG Protocol. The type of refrigerant and original refrigerant charge of those equipment and facilities (except cold storage units and air conditioners) comes from actual refrigerant charge records. For cold storage units and air conditioners, the types of refrigerant come from actual charging records while the charge amounts are based on maintenance estimates. The Global Warming Potential (GWP) of refrigerant refers to the 100-year GWP values in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change and 2017 American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Handbook – Fundamentals. The rest of direct (Scope 1) emissions are derived from the consumption of natural gas and liquefied petroleum gas (LPG) at Yum China's company-owned Little Sheep and Huang Ji Huang restaurants and facilities within our operational control. This also includes the gasoline and diesel consumption of company-owned vehicles and mobile equipment at offices, logistics centers, and facilities. The rest of direct emissions were calculated by multiplying the amount of fuel used by the respective emission factors. The emission factors for natural gas and LPG refer to the <i>GHG Emission Accounting Method and Reporting Guide for Food, Tobacco, Alcohol, Beverage and Refined Tea Enterprises (Trial)</i> issued by the National Development and Reform Commission. Natural gas consumption refers to the data on natural gas bills from restaurants. The default emission factors and carbon oxidation rates for gasoline and diesel refer to the <i>2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories</i> . The calorific values come from the International Energy Agency's <i>World Energy Balance</i> . The GWP refers to the 100-year GWP values in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Consumption data for other fuels were gathered from fuel expense reimbursement vouchers from offices, logistics centers and facilities.
02	Energy Indirect (Scope 2) GHG Emissions	Energy indirect (Scope 2) GHG emissions of Yum China in 2025 were the energy indirect (Scope 2) GHG emissions generated by Yum China's company-owned KFC, Pizza Hut, Taco Bell, Little Sheep, Huang Ji Huang and Lavazza restaurants, offices, logistics centers and facilities within our operational control in 2025. The energy indirect (Scope 2) GHG emissions of Yum China in 2025 is separately calculated and reported using location-based and market-based methods. According to <i>GHG Protocol</i> (including the <i>Scope 2 Guidelines</i> of January 2015) released by the World Resources Institute, location-based method is a method to quantify scope 2 GHG emissions based on average energy generation emission factors for defined geographic locations, including local, subnational, or national boundaries, and market-based method is a method to quantify the scope 2 GHG emissions of a reporter based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own. The majority of energy indirect (Scope 2) GHG emissions are derived from electricity consumption, which is calculated by multiplying each restaurant's electricity consumption by the average national carbon dioxide emission factors of power grid. The average national carbon dioxide emission factors of power grid refer to the 2023 national power average carbon dioxide emission factor as stated in the 'Announcement on the Release of 2023 Power Carbon Dioxide Emission Factors' issued by Ministry of Ecology and Environment, and the National Bureau of Statistics. The rest of indirect (Scope 2) emissions are derived from purchased heat, which is calculated by multiplying purchased heat consumption of each restaurant, offices and facilities from heating areas by the carbon dioxide emission factors of heating power supply. The carbon dioxide emission factor for heating power supply refers to the emission factor in the <i>GHG Emission Accounting Method and Reporting Guide for Food, Tobacco, Alcohol, Beverage and Refined Tea Enterprises (Trial)</i> issued by the National Development and Reform Commission.
03	Total Electricity Consumption	Total electricity consumption of Yum China in 2025 was the electricity consumed by Yum China's company-owned KFC, Pizza Hut, Taco Bell, Little Sheep, Huang Ji Huang and Lavazza restaurants, offices, logistics centers and facilities within our operational control in 2025. Electricity consumption refers to the data on electricity bills from company-owned restaurants, offices, logistics centers and facilities within our operational control.
04	Average Restaurant Electricity Consumption	Average restaurant electricity consumption of Yum China in 2025 was the average electricity consumption of Yum China's company-owned KFC, Pizza Hut, Taco Bell, Little Sheep, Huang Ji Huang and Lavazza restaurants in 2025. The total electricity consumption of Yum China's company-owned KFC, Pizza Hut, Taco Bell, Little Sheep, Huang Ji Huang and Lavazza restaurants is used for calculating the average restaurant electricity consumption.
05	Renewable Energy Consumption	The renewable energy consumption of Yum China for 2025 was the green electricity transactions and solar environmental attributes of Yum China's company-owned restaurants and logistics centers in 2025. The volume of green electricity transactions comes from various sources, such as the green electricity volume certified by the National Renewable Energy Information Management Center through Green Electricity Certificates and by the Beijing Power Exchange Center through the green power consumption certificates, electricity bills, screenshots of the green electricity trading system provided by the power trading company, green power purchase agreement, as well as the equity transfer amount stated in the green power environmental benefits transfer statements provided by the partnering commercial entities. The solar power environmental attributes of self-operated logistics centers come from data measured by the distributed photovoltaic power measurement system of those self-operated logistics centers. The solar environmental attributes of leased logistics centers come from the solar power environmental attribute transfer agreement signed by the operator of the leased logistics center.

No.	Data	Basis
06	Total Water Consumption	Total water consumption of Yum China in 2025 was the water consumed by Yum China's company-owned KFC, Pizza Hut, Taco Bell, Little Sheep, Huang Ji Huang and Lavazza restaurants in 2025. Each restaurant's water consumption is calculated by dividing its water fee by the average water unit price of each province defined by Yum China. Water fee refers to the restaurants' water bills. The average water unit price of each province is calculated based on the actual water unit price of different locations in the province.
07	Average Restaurant Water Consumption	Average restaurant water consumption of Yum China in 2025 was the average water consumption of Yum China's company-owned KFC, Pizza Hut, Taco Bell, Little Sheep, Huang Ji Huang and Lavazza restaurants in 2025.
08	Materiality Assessment Process	Since conducting the first materiality assessment in 2017, we have established a process of "reviewing, identifying, prioritizing, and validating" material topics. In subsequent years, we have re-evaluated these topics annually to ensure that the assessment results accurately reflect the Company's operational status and stakeholder considerations. In 2024, we conducted peer benchmarking based on various factors such as characteristics and development stage of our industry, business model, and value chain. We identified various potential material topics incorporating the latest regulations, industry standards and development trends. Through online surveys, we collected responses from both internal and external stakeholders and then identified and ranked 23 material topics. In 2025, we conducted a comprehensive review and determined that the prior year's findings remain applicable.
09	Percentage of RSPO-certified Palm Oil	Percentage of RSPO-certified palm oil of Yum China in 2025 was the percentage of RSPO-certified palm oil in all the purchased palm oil products of Yum China in 2025.
10	Percentage of CSR Audited Critical Suppliers	Percentage of CSR audited critical suppliers of Yum China in 2025 was the percentage of CSR audited critical suppliers in all the critical suppliers of Yum China in 2025. Yum China's critical suppliers include Innovative Suppliers and Key Suppliers (excluding service suppliers, overseas suppliers, small procurement suppliers with annual procurement less than RMB 1.5 million, IT service suppliers and headquarter suppliers).
11	Share of Women in Total Workforce	Share of women in Yum China's total workforce in 2025 was the percentage of female employees out of all employees of Yum China at the end of 2025. The total number of employees refers to the number of full-time and part-time employees directly hired by Yum China at the end of 2025, including both office and restaurant staff. The number of female employees refers to the number of full-time and part-time female employees directly hired by Yum China at the end of 2025, including both office and restaurant staff.
12	Lost-time Injury Frequency Rate for Employees	Lost-time injury frequency rate for Yum China employees in 2025 was the number of lost-time injuries per one million hours worked. The total working hours include those of full-time and part-time employees directly hired by Yum China in 2025, including both office and restaurant staff. The number of lost-time injuries refers to the number of injury-related leaves taken by full-time and part-time employees directly hired by Yum China in 2025, including both office and restaurant staff. Lost time refers to the loss of productivity for Yum China due to a work-related injury. The following incidents are not considered to be work-related injuries: 1) a worker suffers from an underlying disease (e.g., heart attack, epilepsy, cerebral infarction) while at work that is unconnected to work; 2) a worker driving to or from work is injured in a car accident (where driving is not part of the work, and where the transport has not been organized by Yum China). The definition of work-related injury is based on the definition from GRI standards—GRI 403: Occupational Health and Safety 2018.
13	Work-related Fatalities for Employees	Work-related fatalities for Yum China employees in 2025 refer to the number of fatalities resulting from work-related injuries of full-time and part-time employees directly hired by Yum China in 2025, including both office and restaurant staff. The work-related fatalities refer to the death of an employee arising from an occupational disease or injury sustained while performing work controlled by Yum China in 2025. The following incidents are not considered to be work-related injuries: 1) a worker suffers from an underlying disease (e.g., heart attack, epilepsy, cerebral infarction) while at work that is unconnected to work; 2) a worker driving to or from work is injured in a car accident (where driving is not part of the work, and where the transport has not been organized by Yum China). The definition of work-related injury is based on the definition from GRI standards—GRI 403: Occupational Health and Safety 2018.
14	Number of Suppliers	The number of Yum China suppliers in 2025 is calculated based on suppliers of major categories including food, packaging, and small equipment items of Yum China.



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