



YumChina

# Creating A Responsible Ecosystem

2024 Sustainability Report





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# Remarks by Yum China CEO



Our continued dual focus on efficiency and innovation propelled our business performance to new heights in 2024, on both our top- and bottom-line. Amid a dynamic consumer landscape, we achieved record total revenues and double-digit core operating profit growth for the full year. We reached 16,395 stores, well on track to our 20,000-store target by 2026. These gratifying results were a testament to the extraordinary dedication and efforts of our employees.

When it comes to sustainability, we take a similar dual-focus approach: we strive to advance our sustainability initiatives while also achieving our growth objectives and driving exceptional shareholder value. We maintain our focus on sustainable growth by honing in on three strategic pillars that we believe can make the greatest impact: **People, Environment and Food**. This year we further empowered frontline employees with AI-enabled technology and training, scaled up renewable energy sourcing, and enhanced our food safety risk monitoring with advanced technologies.

## Steadfast Commitment to "People First"

Our people are Yum China's most valuable asset and the key to our consistently strong results. As China's largest restaurant company, we support millions of job opportunities in China, some created directly by us and some generated through our suppliers and other value chain partners.

Our Restaurant General Managers (RGMs), are our frontline leaders and are of paramount importance to our sustainable success. We empower our RGMs through operational improvements and digital tools that help them manage

routine tasks more efficiently, so that they can focus more on customer service. For example, centralized recruitment, which utilizes AI technology in initial resume screening and interview scheduling, enables us to fill restaurant positions faster, freeing up our RGMs' precious time.

We are committed to ensuring that all our employees are "future-ready," particularly as AI technology becomes more prominent in the workplace. In 2024, we introduced a range of new courses designed to enhance our employees' proficiency in using AI tools. So far, the courses have proven to be extremely helpful to our staff, with tens of thousands having already completed them. Beyond such at-work training, we want to give our people the chance to pursue further education to help them achieve their career goals. We have sponsored more than 6,800 employees in earning higher educational diplomas, degrees and professional accreditations.

Listening to our people is critical to making them feel supported. A key part of this is ensuring that our senior leaders maintain direct dialogue with frontline staff. This year, our brand general managers and I held town-hall meetings and visited our restaurants across the country to talk face to face with these teams, to make sure that our people's feedback and suggestions were heard and acted upon.

Last but not least, we strive to make sure our high-performing RGMs have a stake in our collective accomplishments. We have awarded Restricted Stock Units (RSUs) to over 14,700 RGMs through the end of 2024.

Our steadfast dedication to our "People First" philosophy continues to be recognized externally. In 2024, we were recognized by the Top Employers Institute as a "China Top Employer" for the seventh consecutive year.

## Protecting Ecosystems and Enabling Low-Carbon Transformation

As a leader in our industry, we have a strong sense of responsibility to work together with our value chain partners to reduce our carbon footprint. We are committed to meeting the near-term carbon reduction targets we set in 2022, and to this end, we are vigorously pursuing low-carbon transition in our operations.

We are taking a two-pronged approach – pursuing energy savings while adopting cost-effective, scalable renewable energy solutions where possible. In 2024, we increased

our renewable energy usage by 370% year-over-year, while achieving an ~8% average carbon footprint reduction per restaurant compared with the previous year.

We achieved energy savings in our restaurants through energy-efficient upgrades to a range of equipment, from dishwashers to ovens. On top of this, we made progress in working with landlords and local authorities to enable us to purchase green energy at more of our stores.

We continued to share our experience and resources on green energy transformation with our key suppliers through the Yum China DPV& VPPA Alliance, which we initially established in 2023 to encourage suppliers to use renewable energy. Collectively, the Alliance achieved 270,000 MWh of renewable energy usage in 2024.

At the same time, we are constantly innovating to reduce food waste, re-use and recycle waste materials, as well as replace our existing materials with more sustainable options when appropriate (the 4R principle). One example is our coffee grounds recycling initiative, which we started in 2023. In 2024, we grew our coffee grounds collection network to approximately 8,700 restaurants, recycling approximately 2,000 tons of grounds. We proactively explored using the recycled coffee grounds in manufacturing various types of products such as serving trays, straws, clothing and logistics palettes, in partnership with our suppliers.

## Unwavering Focus on Food Safety, Food Quality and Food Innovation

All of us at Yum China love food, and it is our collective vision to be "The World's Most Innovative Pioneer in the Restaurant Industry." In 2024, we maintained our relentless focus on food innovation, launching around 600 new or upgraded menu items across our restaurant brands.

Ensuring food safety and quality is always our top priority. In 2024, we further enhanced our food safety risk prevention system. The system uses cutting-edge knowledge graph technology and Gen AI, to help more effectively analyze and display data, allowing us to more comprehensively anticipate and mitigate potential food safety risks. Yum China is proud to be one of the first restaurant companies in China to apply this technology to food safety.

We also strive to be a leader in providing healthy choices for consumers. In 2024, we responded to China's Outline of the 'Healthy China 2030 Plan' and National Nutrition Plan (2017-2030), leveraging our leading food innovation capabilities

and extensive supplier resources to develop a range of delicious menu items with reduced sugar and salt content. Just a few examples include KFC's Reduced-Salt Original Recipe Chicken Sandwich; Pizza Hut's reduced calorie Energy Bowl; and Taco Bell's Beef Power Bowl.

## Giving Back to the Communities We Serve

We always try to take the long view in doing business, and we take a similar approach to our philanthropic initiatives. We focus on three high-impact areas – rural revitalization, health advocacy and community care – where we seek to drive meaningful progress and bring lasting benefits to communities.

We have been deeply involved in supporting rural development in China for nearly two decades. Our flagship "One Yuan Donation" program, now in its 17<sup>th</sup> year, has cumulatively raised over RMB 270 million by the end of 2024, funding more than 58 million nutritious meals for children in underdeveloped regions, and modernizing kitchen facilities at over 1,500 rural schools.

2024 also marked the 20<sup>th</sup> anniversary of the KFC China 3×3 Basketball Championship – one of the biggest such events in China, promoting active and healthy lifestyles for young people through sports education.

Meanwhile, we continued to broaden the reach of our Food Bank project, which we started in 2020, to distribute unsold food that is still within shelf life to community residents in need. By 2024 year-end, KFC Food Banks extended to over 150 cities across China, encompassing nearly 1,000 restaurants.

## Engaging at All Levels

Navigating the complexities of sustainability requires innovative solutions that balance the needs of all stakeholders – employees, customers, partners, shareholders, and others. In 2025 and beyond, Yum China will continue collaborating closely with stakeholders to achieve our sustainability goals. As we pursue opportunities and deliver shareholder value, we remain anchored in ethical, responsible practices – driven by our vision to build a more sustainable future for all.

**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 2025.

# About this Report

This Report is our eighth annual Sustainability Report (the "Report") covering the period from January 1, 2024 to December 31, 2024, 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 2024, 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.

We reference 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 Guide (the "ESG Reporting Guide") 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 (P80-P89) for further details. For more information regarding the report, please refer to the remarks section<sup>1</sup>.

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:  
E-mail: [CSR@yumchina.com](mailto:CSR@yumchina.com)  
Address: 6F - 16F, Yum China Building, 20 Tian Yao Qiao Road, Shanghai 200030, China

<sup>1</sup> 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 2024 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.





# 2024 Highlights

## Food



**>80%** 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

**~600** new or upgraded menu items launched

**10,000+** new product quality assessments

## Environment



**First** systematic GHG inventories for Forest, Land, and Agriculture (FLAG) across the value chain conducted and completed

**>370%** year-on-year growth in Yum China's renewable energy consumption

**~270,000 MWh** annual renewable energy consumed by our suppliers in the Yum China DPV & VPPA Alliance\*

**29 million +** customers cumulatively participated in online carbon reduction initiatives through the KFC "Virtual Green Store"

## People



**14,700+** Restaurant General Managers (RGMs) cumulatively were granted company shares

**Full-Career-Cycle Development System** launched with upgraded online learning platform

"Angel Restaurants" expanded to **66** restaurants in **60** cities by the end of 2024

**100%** of key suppliers participated in Yum China supplier Corporate Social Responsibility (CSR) audits

## Community



**RMB 270 million +** raised cumulatively by the One Yuan Donation program

**58 million +** nutritious meals provided cumulatively to rural children in underdeveloped regions by the One Yuan Donation program

**6 million +** children in need benefited cumulatively from KFC Little Migratory Birds Fund

**90 +** training sessions conducted cumulatively by the Pizza Hut Grow Local initiative, supporting the development of local farmers

\*Yum China Distributed Photovoltaic (DPV) & Virtual Power Purchase Agreement (VPPA) Alliance  
Note: Cumulative data is as of the end of 2024, all other figures reflect the reporting period.

## External Recognition



**Industry No.1 in S&P Global Corporate Sustainability Assessment (CSA) (2020-2024)**

Included in the Dow Jones Sustainability World Index (DJSI World) and the Dow Jones Sustainability Emerging Markets Index (DJSI Emerging Markets)

The only company in the consumer services industry from Mainland China to be included as a member of DJSI World

**TIME Top 500 World's Most Sustainable Companies List - Ranked #142 (2024)**

**MSCI ESG Rating — Industry Highest Ranking ("AA") (2022-2024)**

**Sustainalytics ESG Risk Rating — Industry Highest Ranking ("Low Risk") (2022-2024)**

**"China Top Employer" by the Top Employers Institute (2019-2025)**  
**Ranked No.2 overall in China (2025)**

**Fortune China ESG Impact List (2022-2024)**



# 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.

As of the end of 2024,



# 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.







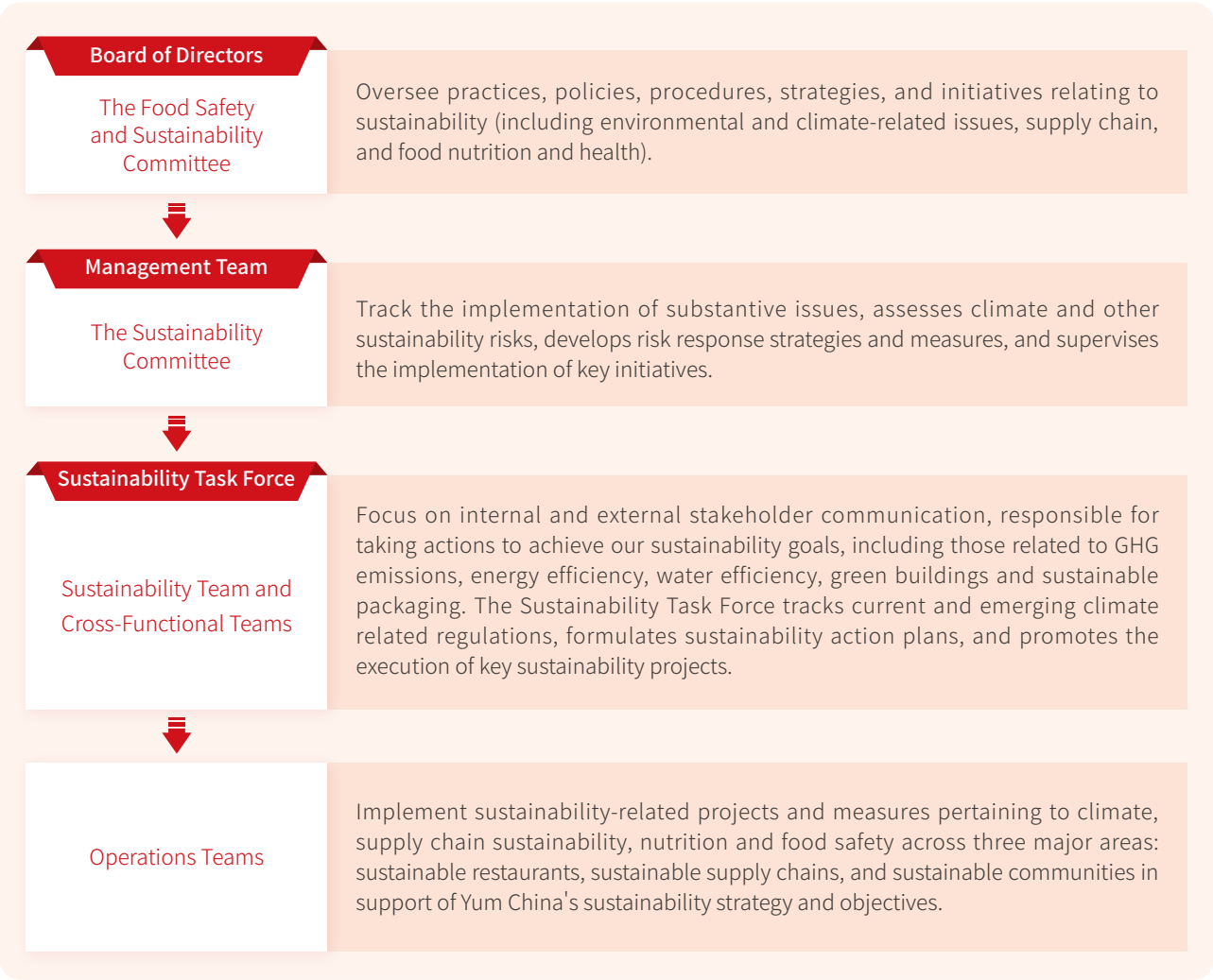
# Sustainability Governance Structure

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 2024, 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, we have incorporated ESG targets into the performance metrics of the 2023 and 2024 annual Performance Share Unit (PSU) awards granted to our leadership team members.

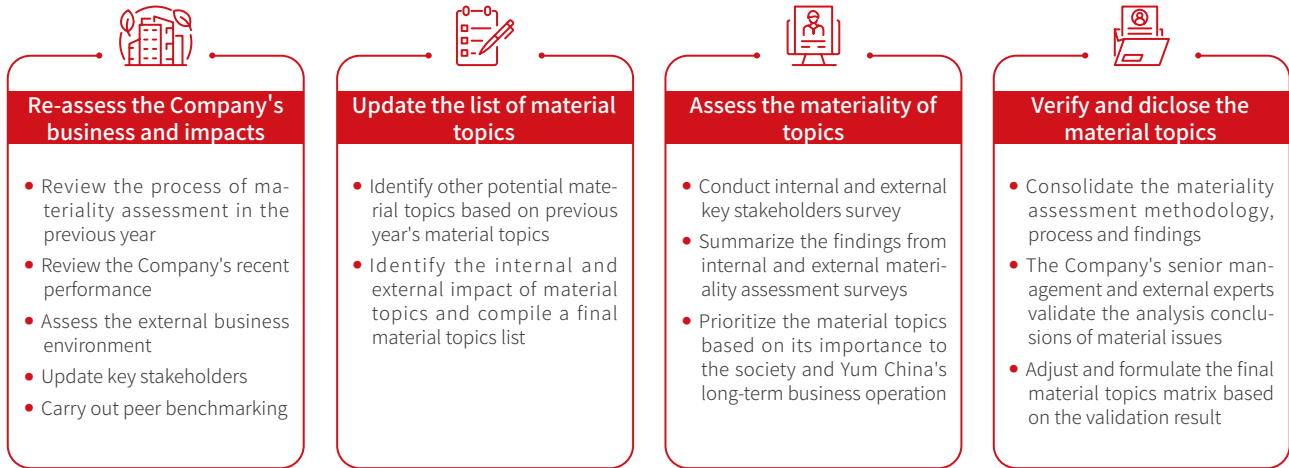
Yum China's Sustainability Governance Structure



# 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 the first materiality assessment conducted in 2017, we have established a process of "reviewing, identifying, prioritizing, and validating" material topics. In subsequent years, we re-evaluate these topics annually to ensure that the assessment results accurately reflect the Company's operation status and stakeholder considerations.



In 2024, we conducted a comprehensive sustainability materiality assessment considering various factors such as characteristics and development stage of our industry, our business model, and value chain. We incorporated the latest regulations, industry standards and development trends, conduct peer benchmarking, and identify various potential material topics. These were benchmarked against the 17 United Nations Sustainable Development Goals (SDGs), to ensure the alignment with the United Nations 2030 Agenda for Sustainable Development.

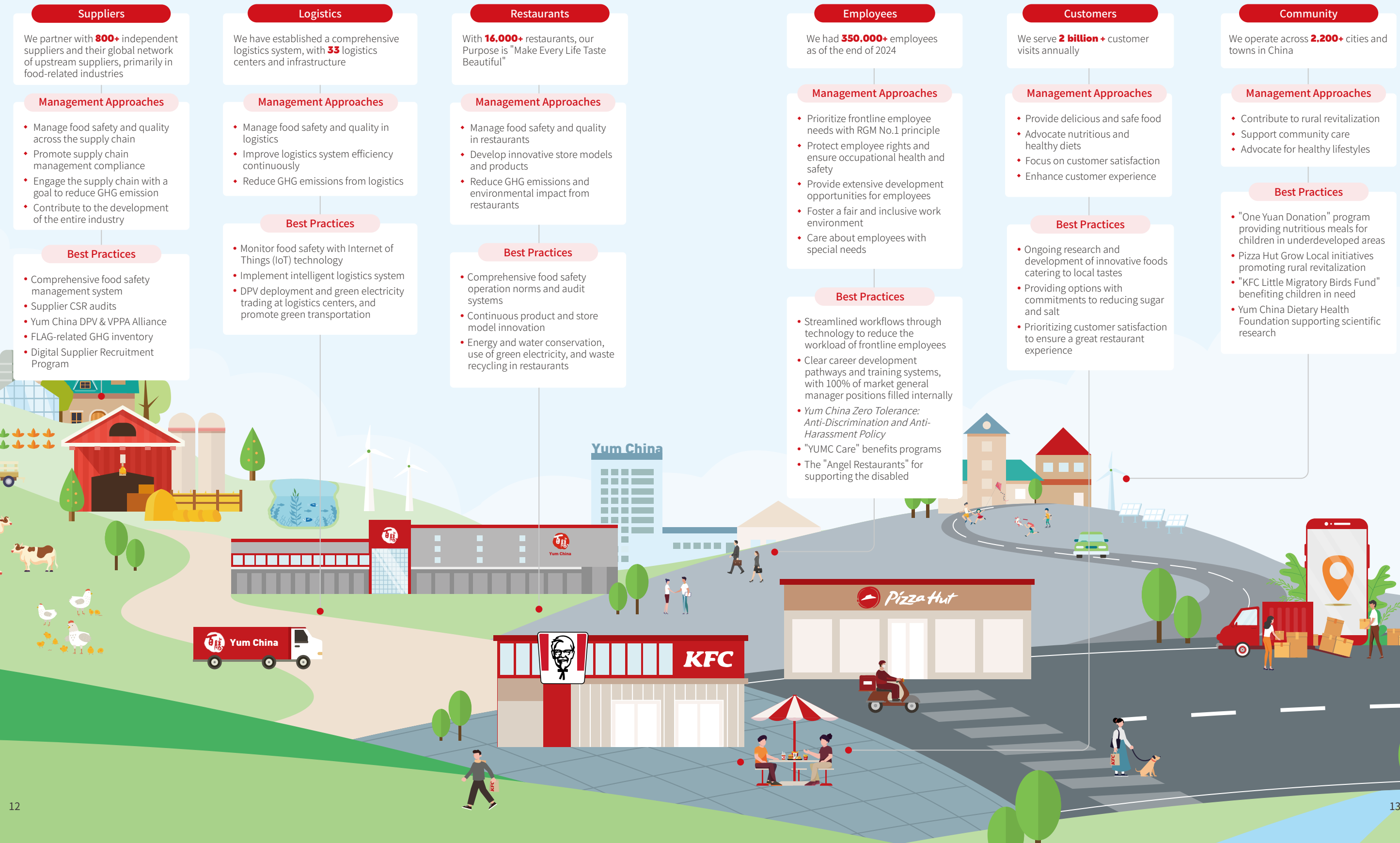
To ensure the assessment is comprehensive and representative, we conducted an online survey and collected over 3,700 valid responses from both internal and external stakeholders. After thorough analysis and rigorous validation, we identified and ranked 23 material topics across four main aspects: "Food, Environment, People, and Governance."







## Sustainability Approaches and Practices Across the Entire Value Chain





# 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-two percent of our directors are women. The Company also benefits from the diversity in Board members' age, gender, race and nationality.

## 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](http://www.yumchina.com/compliance)  
Supplier Reporting Platform:  
[www.yumchina.com/chuishaoren](http://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 2024, 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.

## Safeguarding 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 trainings and assessments for our employees as well as third-party suppliers through a combination of online and offline methods. In 2024, all of our office staff completed the required data security training.

By the end of 2024,

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. We have established a comprehensive food safety and quality management system and are consistently driving a food safety-oriented culture. We are committed to providing our customers with a delicious, safe, nutritious, and high-quality dining experience.

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## Our Aligned SDGs

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ZERO HUNGER

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GOOD HEALTH AND WELL-BEING

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INDUSTRY, INNOVATION AND INFRASTRUCTURE

12

RESPONSIBLE CONSUMPTION AND PRODUCTION





# Food Safety and Quality

Providing safe, reliable, and high-quality food products is Yum China's solemn commitment to our customers. Rooted in a robust food safety culture, we have established a comprehensive food safety and quality management system spanning the entire value chain to fulfill our food safety commitment "from farm to table." Leveraging a wide range of technology applications, we have continuously enhanced our capabilities to develop an industry-leading digital and intelligent supply chain.



**Duoduo Huang**  
Yum China Chief Supply Chain Officer

"We firmly believe that ensuring food safety and quality is not only the fundamental responsibility of everyone at Yum China but also the foundation of our customers' trust."





# Food Safety and Quality Management Across the Value Chain

Upholding an artisan spirit, Yum China maintains rigorous oversight across its whole value chain, encompassing every stage including farming, processing, transportation, restaurant and delivery, ensuring food safety and quality. At the same time, we closely monitor evolving regulations on the food industry to refine and optimize our management protocols and operational standards.



## Upstream Suppliers

We uphold our commitment to food safety starting from the source by requiring our suppliers to establish stringent upstream supplier approval processes and monitoring mechanisms. Examples include continuous oversight of broiler chicken breeding and driving 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.

Our Yum China GAP has achieved

100%

coverage in lettuce, tomato and pepper\*, oranges, lemons, apples, broccoli, and sweet corn bases by the end of 2024

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

## Suppliers

We have established a rigorous supplier admission mechanism that encompasses risk assessment, qualification review, and factory audit. In addition, we require all new suppliers to complete training on the Yum China Quality Management Institute e-learning platform on our audit standards and pass the required assessments before entering our admission process.

In 2024, we continue to advance the development of suppliers' food safety systems and capabilities, recognizing food safety certifications endorsed by the Global Food Safety Initiative (GFSI), such as BRCGS and FSSC 22000, which are considered equivalent recognition by Yum China's food safety audits.

In 2024,

>80%

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

300+

food safety and quality audits of suppliers conducted

3,300+

sampling tests for food safety and quality in raw materials

## Logistics

Through our world-class supply chain management system, Yum China delivers efficient and reliable logistics services to ensure food safety. By the end of 2024, our network utilized 33 logistics centers to distribute goods to our company-owned stores and franchise stores.

In 2024,

170+

food safety and quality audits were conducted on warehousing and transportation service providers

## Restaurants and Delivery

Managing food safety in our restaurants and delivery services is critical to safeguarding the safety and health of our customers and is an essential part of our end-to-end food safety and quality control process. We conduct regular unannounced OEC audits at each of our restaurants, assessing food safety, product quality, and customer service to ensure full compliance with established food quality and safety standards before the food is served to our customers. We have established industry-leading operation standards and protocols, and closely oversee our restaurants, delivery teams, and third-party partners, to ensure the implementation of food safety operation procedures.

In 2024,

100%

OEC audit coverage achieved for our restaurants nationwide

10,000+

product quality assessments for

~600

new or upgraded menu items launched



## Trending Issues

We continuously monitor evolving policies and regulations related to the food industry, including hot topics such as genetically modified organisms (GMO), animal welfare and veterinary drug management, and regularly adjust the focus of our control measures according to the urgency and importance of food safety-related risks. We actively share our views and approaches regarding these issues to promote best practices across the industry.

### GMO

We respect and support China's agricultural development policies with regard to GMO agricultural products. We comply with China's relevant laws and regulations on safety assessment, approval, and management of GMO agricultural products, and require that all ingredients provided by our suppliers strictly comply with national standards. We consistently monitor developments of international research on GMO topics and changes to relevant national regulations and standards.

 [Read Yum China GMO Statement](#)

### Animal Welfare

Yum China is committed to implementing the "Five Freedoms" principle of animal welfare, ensuring the healthy growth of animals and supporting sustainable agricultural development. We established a series of Yum China Animal Welfare Policies and conducted animal welfare audits for broiler chicken breeding and slaughter. Additionally, we have built cooperative multi-party platforms in order to continuously drive improvements in animal welfare management across our industry.

 [Find out more information about animal welfare](#)

### Veterinary Drug Management

We have been a pioneer among industry peers in formulating a phased removal plan for antimicrobial drugs significant to human medicine as growth-promoting agents in broiler chicken feed. We have successfully guided 100% of our domestic chicken suppliers to align with the national plan set by the Ministry of Agriculture and Rural Affairs. Additionally, we have implemented a control plan to gradually reduce the use of other antibiotics in broiler breeding among our domestic suppliers, driving continuous progress toward more sustainable practices.

## Leveraging Technology to Ensure Food Safety

Yum China's robust digital capabilities are unlocking new possibilities 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.

### Precise and Timely Food Safety Risk Prevention and Control

Leveraging over 30 years of expertise in food safety and quality management, Yum China has developed an interconnected food safety big data ecosystem. Since 2020, we have deployed a Food Safety Risk Assessment and Early Warning Management System that utilizes cutting-edge machine learning and deep learning technologies and algorithms such as knowledge graph and natural language processing (NLP). Through continuous research and development and iterative upgrades over the past four years, the system now integrates eight functional modules, including risk warning and risk assessment, with sustained performance optimization across all modules.

### Strict Food Traceability and In-Transit Supervision

We continuously implement our IoT Cold Chain Monitoring System to ensure effective food safety management throughout our logistics operations. During the reporting period, we extended the practice to include real-time monitoring of inbound logistics transportation managed by raw material suppliers. We are also actively exploring the use of Artificial Intelligence-Generated Content (AIGC) in manual monitoring processes. These advancements are enabling efficient supply chain management, enhanced food traceability and improved in-transit supervision.



## Nutrition and Health

Amid the rapid development of China's economy and society, consumers are increasingly focused on nutrition and health, with their dietary preferences shifting from "eating well" to "eating healthily." 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)*. In 2024, Yum China continued to make significant investments in the research and development of more nutritious product formulations and balanced meal options, demonstrating our commitment to offering customers a dining experience that balances taste and nutrition, and promotes healthier eating habits and lifestyles.

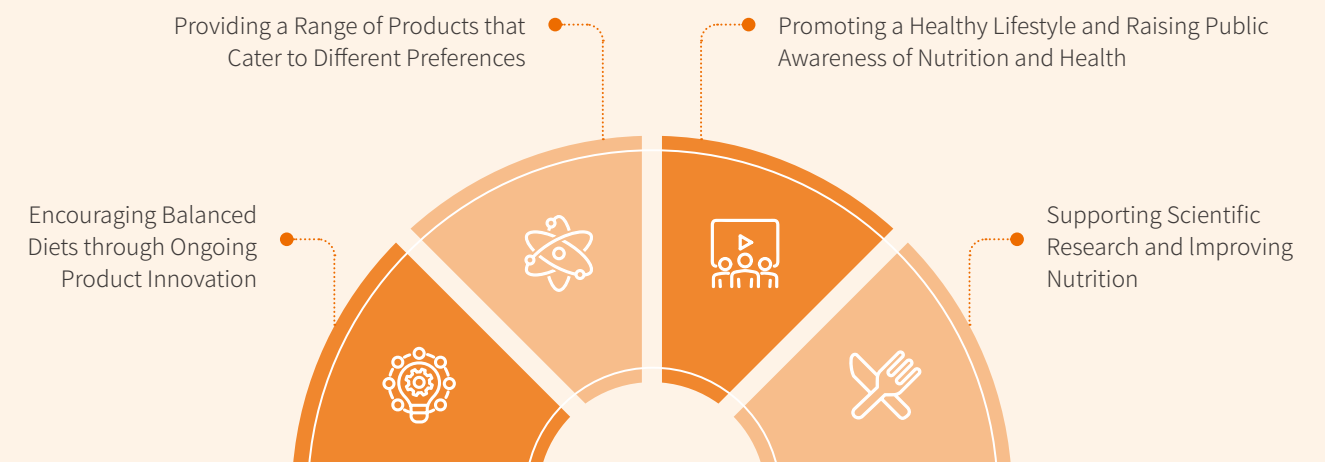
## Nutrition and Health Commitments

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



### Case Study

#### Digital Management of Nutrition and Health

Yum China remains steadfast in advancing its nutrition and health management systems through automation, digitalization, and intelligent technologies.

In 2024, we launched our self-developed online nutrition management platform, "Nutrition Butler," to support Yum China's Nutrition and Health Commitment through systematic data analysis. Leveraging consumer insights and benchmark nutrition data (including energy, protein, and carbohydrate metrics) from our brands against industry peers, meanwhile considering consumer taste preferences, we reacted quickly by enriching our menu with a diverse range of more nutritious meal options. We are also committed to continuously reducing sugar and salt content in our products to promote the trend toward healthier dining.



# Diverse and Balanced Meal Options

We are committed to enriching our food ingredients, continuously broadening our product categories and upgrading product formulas to provide consumers with a more comprehensive and balanced diet, and to provide healthier and more balanced product choices to a diverse range of consumers.

Less Salt and Sugar, Better Health

Yum China actively develops healthier and tastier food products based on scientific nutritional principles. In 2024, we further improved existing product formulations while introducing a series of innovative products with less salt and sugar.



Reduced Salt Original Recipe Chicken Burger



KFC Low-Sugar, High-Protein, Low-Cholesterol Panini



Diverse Diets, Balanced Nutrition

To provide balanced dietary options for our customers, we are continuously expanding the variety of ingredients used in our products, offering a more diverse and healthy range of choices.

## Various ingredients supporting the improvement of dietary nutrition

In 2024, we continued to offer our customers a diverse range of ingredient combinations by integrating a variety of balanced ingredients, such as high-fiber vegetables and whole grains into our products. This approach helps to address modern consumers' demand for convenience and health-conscious dining in a fast-paced lifestyle, ensuring access to quick, satisfying, and nutritionally optimal meals.



- 1 KFC Roast Chicken/Beef and Vegetable Wrap
- 2 Taco Bell Slow-Cooked Beef Power Bowl
- 3 KPRO Energy Bowl
- 4 Lavazza Latte Macchiato with Plant-based Milk - Mixed Nuts Series

## High-quality protein, providing both deliciousness and health

High-quality protein is essential for children's growth and adult health, with meat, poultry and eggs, and seafood serving as vital sources. We balance consumers' desire for delicious food with the need for high-quality protein through optimized ingredient formulations and cooking methods. In 2024, we continued to expand the use of diverse, high quality meats and seafood across our product offerings.



KFC KPRO Wagyu Burger



KFC KPRO Panini



Pizza Hut Energy Bowl

Smaller Portion Options

Concurrently, with rising awareness of a healthy diet, consumers seeking balanced nutrition may consume excess calories when ordering multiple dishes, which increases the likelihood that unconsumed food will go to waste. In response, we offer scientifically calibrated portion sizes that deliver great taste while addressing consumers' needs for calorie control, nutritional variety, and waste reduction.



Pizza Hut Hawaiian one-person pizza



Huang Ji Huang one-person Hot Pot



Little Sheep one-person Conveyor Belt Hot Pot

## Case Study

KFC and LAVAZZA products ranked among Shanghai's "Top Ten Healthy Breakfast Choices"

In 2024, to implement the *Healthy Breakfast Guide*, the Shanghai Municipal Health Commission, in collaboration with the Shanghai Municipal Commission of Commerce, launched the promotion and evaluation of healthy breakfast set standards for 2023. Based on indicators such as nutrition, taste, price, and popularity outlined in the guide, KFC and Lavazza each had a breakfast combo included in the list of Top Ten Healthy Breakfast Sets in Shanghai for 2023.





# Industry Development

We are dedicated to fostering a societal consensus on food safety by promoting industry dialogue and collaborating closely with regulatory authorities, industry associations, as well as the academic community, to create a more comprehensive food safety governance environment. Additionally, we contribute towards building a healthy China through active support of food safety and nutrition education and public awareness programs, collaborating closely with various public and private stakeholders.

## Promoting Food Safety in the Industry

As an industry leader, Yum China plays important roles in various influential industry organizations, including the Chinese Institute of Food Science and Technology, the China Food Information Center, the China Cuisine Association, the China Chain Store & Franchise Association, and the Shanghai Food Safety Federation, where we participate in active dialogue on food safety. We collaborate with industry players to provide expert opinions on food safety-related laws, regulations, and standards open for public consultation.

Meanwhile, we collaborate closely with leading associations to share our experience in food safety management at industry conferences and events and help contribute to the continuous development of food industry practices.

Case Study

Supporting Industry Development

During the International Food Safety and Health Conference in 2024, which was co-hosted by the Chinese Institute of Food Science and Technology and the International Union of Food Science and Technology, we shared on the topic of "Digital Food Safety Practices Across the Entire Value Chain," which showcased Yum China's extensive expertise in food safety system management "from farm to table," refined over 30 years, to support industry-wide collaboration to drive advancements in food safety.

During the reporting period, we sponsored and attended the Eighth China Animal Health and Food Safety Conference hosted by the China Animal Health and Food Safety Alliance, aimed at advancing high-quality development throughout the entire value chain and fostering collaborative food safety governance.



In 2024

Yum China provided suggestions in the development of

20+

national food regulatory and industry standards



# Public Education in Food Safety

We are committed to advancing food safety education and enhancing public awareness of food safety.

Case Study

Food Safety Awareness Education in Classes

In 2024, Yum China supported the Shanghai Municipal Administration for Market Regulation in organizing a food safety initiative called "You Order, We Inspect," which was integrated into summer daycare programs. The event aimed to enhance public awareness of food safety, particularly among teenagers, while also improving their social practice skills. A variety of activities and formats including informational lectures, quizzes, and open laboratories were used to engage participants. Additionally, the initiative encouraged young people to actively contribute to improving food safety in their communities.

Case Study

Food Safety Awareness Education in Restaurants

On the 2024 National Science Popularization Day, Yum China partnered with the Chinese Institute of Food Science and Technology to increase public awareness of balanced diets and healthy lifestyle choices through distributing food safety education-themed tray liners. Building on the theme "Enjoying Healthy and Delicious Food, Exploring Scientific Mysteries," the campaign shared some of the "secrets" behind the beloved taste of KFC's Original Recipe Chicken. Customers could enjoy the crispy, flavorful taste while learning about the changes in food nutrients during the cooking process, experiencing food science in every bite.



By the end of 2024,

KFC food safety education-themed KFC tray liners were used for

100million+ consumer visits





# 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 posted by climate change and ecological crises.

Our Aligned SDGs



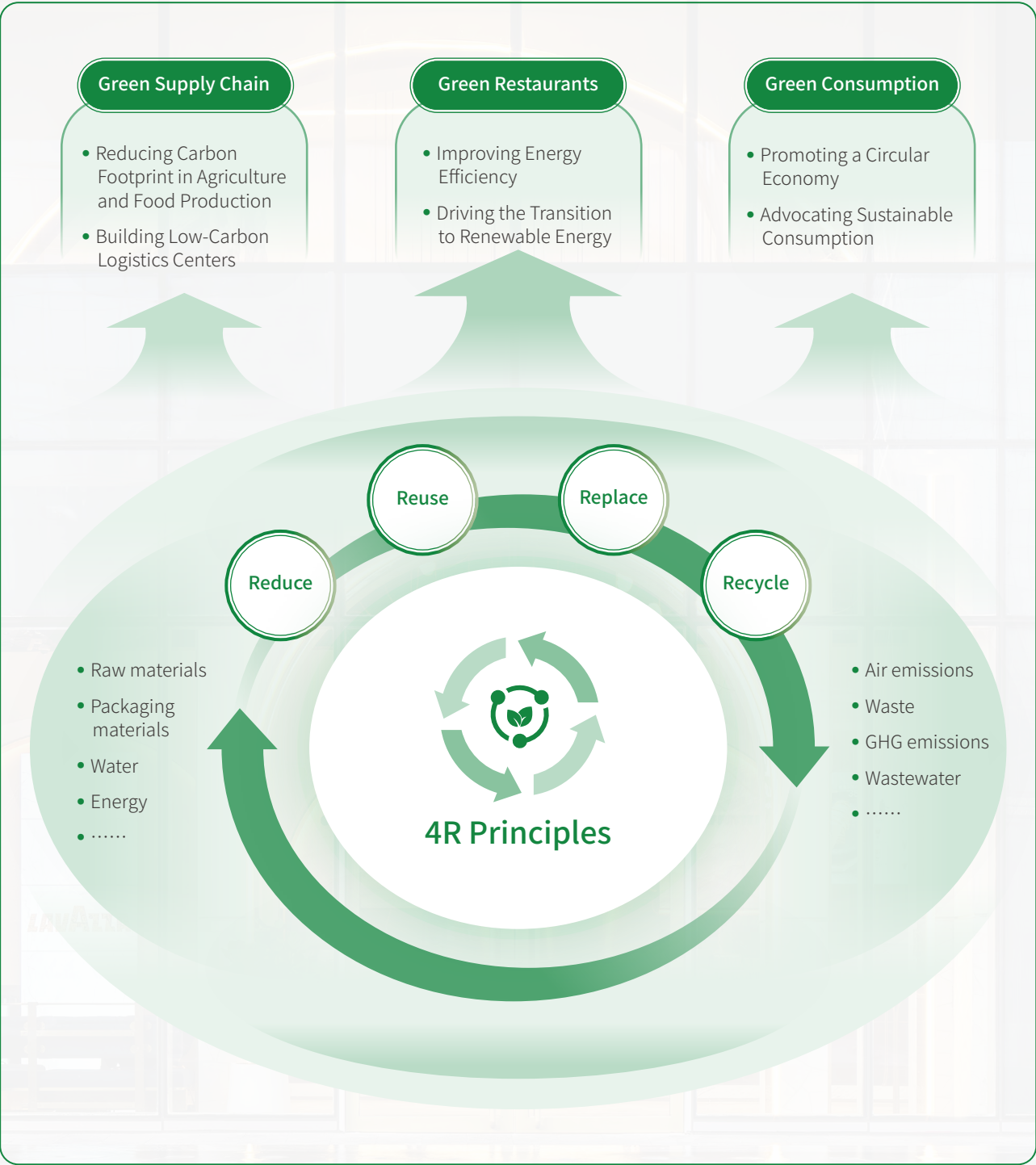
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Our Environmental Strategy



# Climate Change

We are proactively implementing climate action initiatives to achieve net-zero GHG emissions across our value chain by 2050. Building on GHG inventory across our value chain and aligning with our operational profile and business growth strategy, we have identified emission reduction targets and strategies. These efforts focus on driving low-carbon transformation within our supply chain and operations, enhancing climate resilience, and unlocking new growth opportunities.

## Climate Risk Management

In line with the Task Force on Climate-related Financial Disclosures (TCFD) framework, we have proactively identified climate-related risks and opportunities, including transition risks such as policies and regulations changes and market shifts, as well as physical risks, such as rising temperatures and water scarcity. We conducted climate-related scenario analysis and identified key climate action areas more efficiently based on the analysis results, and developed goals and corresponding mitigation strategies. Additionally, climate risk management has been integrated into our enterprise risk management framework, progressively enhancing our resilience and adaptability to climate change and nature-related challenges.

For more climate-related disclosure information, please see [Yum China 2021 TCFD Report](#).

## Yum China 2050 Net-Zero Roadmap





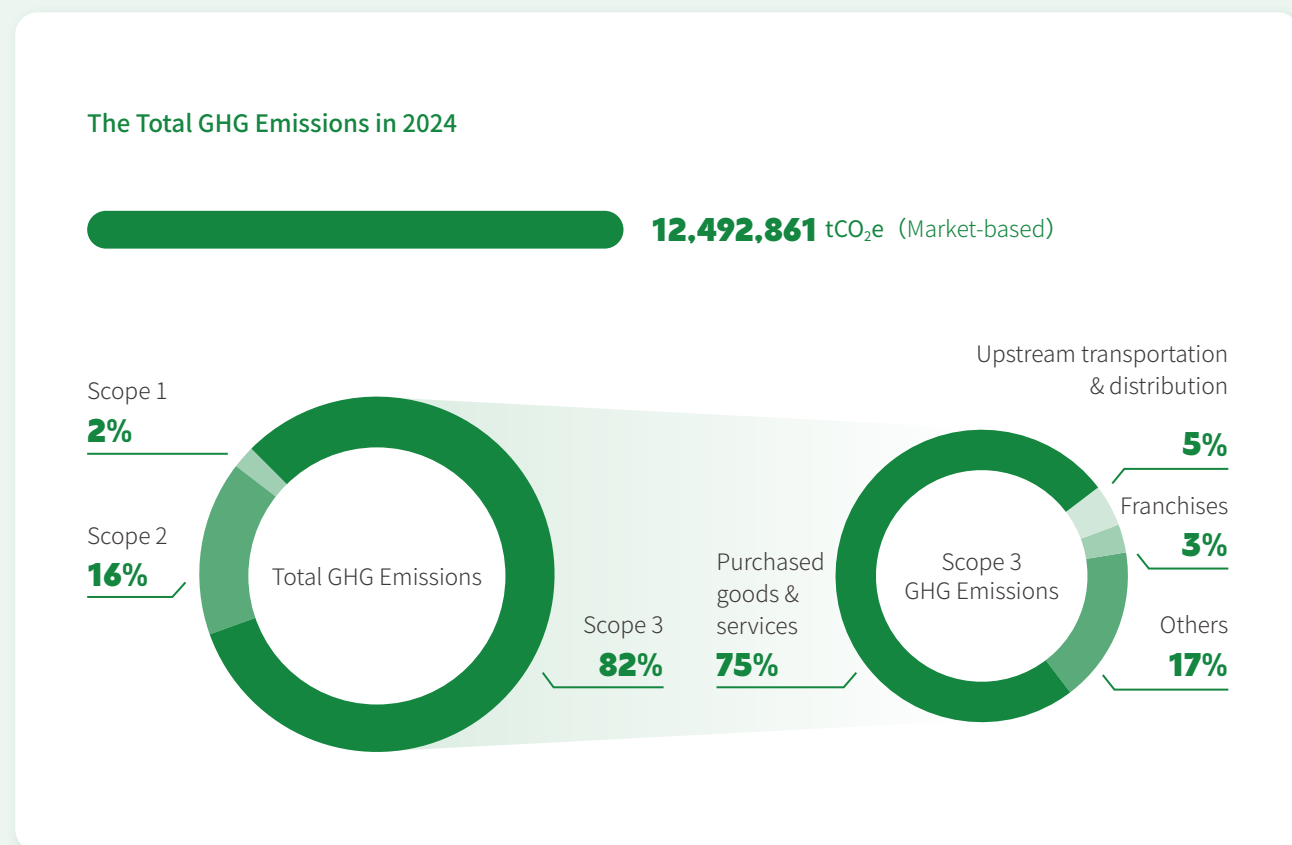
## Our Target

In 2022, Yum China set near-term SBTs, becoming the first restaurant company in China to have its near-term targets approved by the SBTi. Additionally, we committed to establishing a long-term net-zero target, demonstrating our alignment with the Paris Agreement's aspiration of limiting global temperature rise to 1.5° C, aiming for net-zero value chain GHG emissions by 2050.



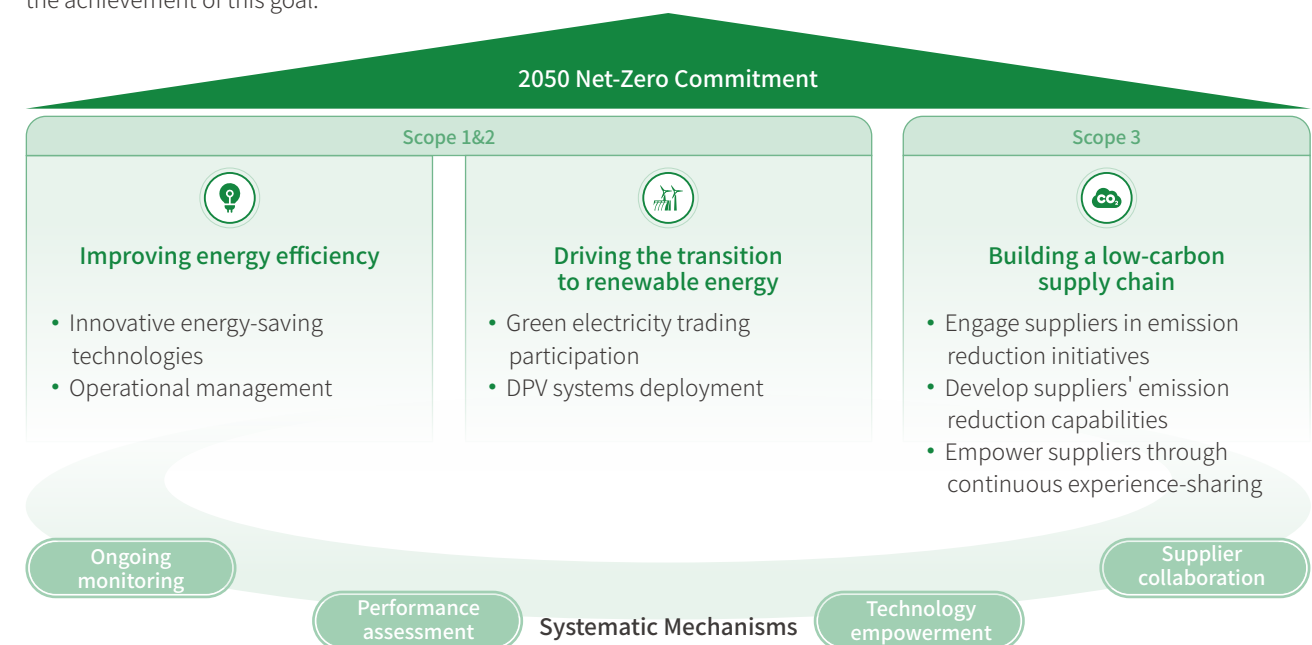
In 2024, we completed a thorough inventory of FLAG-related GHG emissions within our value chain based on the *SBTi FLAG Guidance* and the *Greenhouse Gas Protocol* (GHG Protocol). This effort allowed us to identify key decarbonization opportunities, laying the foundation for further reductions.

## Our Carbon Footprint



## Our Strategy

Yum China has outlined three strategic pillars to achieve its 2050 net-zero commitment: improving energy efficiency, driving the transition to renewable energy, and building a low-carbon supply chain. We have set a systematic mechanism to support the achievement of this goal.



## Low-Carbon Operations





We consistently reduce energy consumption through intelligent and efficient operational management, innovative technology and energy-saving facilities.

Energy-Saving Measures in Yum China Restaurants

Enhancing operational management

- Nighttime screen shutdown
- Equipment usage time management
- Smart meter (tested in KFC pilot stores)
- On-demand control of fresh air systems

Improving equipment energy efficiency

- Phasing out high-energy-consuming equipment
- Heat pump water heater
- Heat recovery devices in dishwashers
- New eco-friendly refrigerants
- Variable frequency control for exhaust systems
- Improving insulation for ovens

Our total energy savings in 2024 amounted to **~200,000 MWh**

We are actively exploring and implementing reliable, affordable, and scalable renewable energy solutions across Yum China's over 16,000 restaurants and 33 logistics centers nationwide, continuously optimizing our energy structure.

Based on the local energy policies and the accessibility of renewable energy in various provinces and cities across the country, as well as the different features of our restaurants and logistics centers, we have developed a multi-pronged energy transition strategy:

For restaurants eligible for independent green power trading, we tailored our approach to align with provincial policy variations, ensuring green energy procurement without additional cost.

For restaurants without direct market access, we pioneered collaborative models with landlords to facilitate green power purchases on our behalf. Furthermore, we are partnering with local governments to explore innovative green power trading models.

Beyond restaurants, we are advancing rooftop DPV deployment and green power trading at our own logistics centers, while pursuing joint green power procurement and shared DPV initiatives with owners of leased logistics facilities.

Yum China's Renewable Energy Transition Progress

Green Electricity Trading

- A total of **138** restaurants across **8** provinces and cities use green electricity
- 3** logistics centers participate in green electricity trading

DPV Deployment

- Rooftop DPV systems have been installed and put into operation at **2** of our own logistics centers

Landlord Collaboration

- Encouraged landlords of **40** restaurants and the Hangzhou Logistics Center to participate in green electricity trading or DPV installations

In 2024:

**~38,000 MWh**  
of renewable energy consumption

**>370%**  
year-on-year growth

Of which:

**~37,000 MWh**  
of green electricity purchased

**~1,000 MWh**  
of DPV power consumed

Low-Carbon Supply Chain

Proportion of GHG Emissions:

Scope 1 2%

Scope 2 16%

Scope 3 **82%**

Over two-thirds of Yum China Scope 3 GHG emissions come from the carbon footprint of our purchased goods. We therefore prioritize supplier engagement in low-carbon development to achieving our value chain net-zero commitment. However, our diversified raw material demands involve complex and extensive supply chains, while practical experience reveals varying levels of awareness and imple-

mentation capabilities among our suppliers on low-carbon practices. To address this, we developed and implemented the 3E strategy (Engage, Educate, Empower), encouraging suppliers at different stages and with varying capabilities to collectively participate in climate action.

Yum China's 3E Management Strategy for Suppliers' Low-Carbon Transformation

Engage

- Call for our Top 50 suppliers to join Yum China's supply chain carbon reduction initiative

Educate

- Conduct baseline assessments of supplier GHG emissions
- Introduce a Carbon Footprint Scorecard for suppliers
- Establish tiered supplier management based on performance

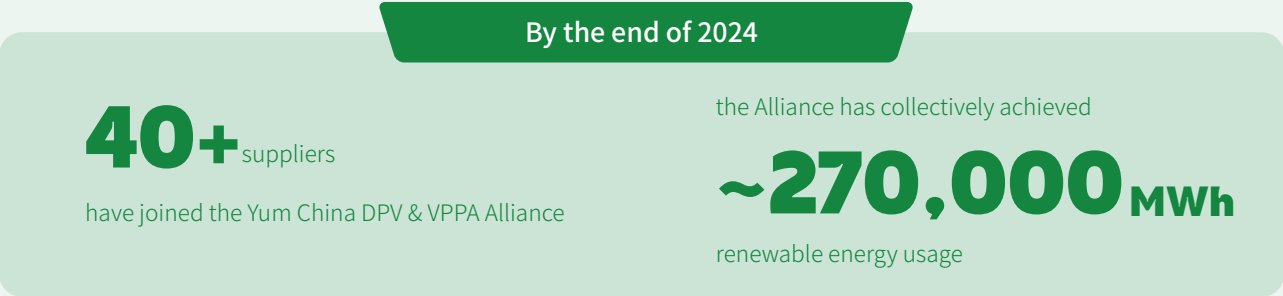
Empower

- Host the annual supplier summit to consolidate the best practices and foster knowledge-sharing
- Develop and share category-specific abatement handbooks and financial transition tools with suppliers to empower them to implement effective decarbonization strategies



Promoting Suppliers' Energy Transition

To reduce energy-related GHG emissions, Yum China provides technical advice based on suppliers' energy efficiency improvement practices, supporting their systematic transformation. We also actively share the successful experiences from our DPV deployment and green electricity trading pilots. By collaborating with more suppliers, we enable resources and knowledge pooling to collectively drive renewable energy transformation, thereby advancing low-carbon development across the entire value chain.



Driving Suppliers' Regenerative Agriculture Practices

Most of our supply chain partners operate in land-intensive industries. Therefore, approximately 80% of the GHG emissions from the goods provided by our suppliers are FLAG-related.

In 2024, we conducted a systematic review of FLAG-related GHG inventory and explored abatement opportunities. Based on estimations from procurement data, we identified six key categories: chicken, beef, pork, dairy, potato products, and paper packaging. Within these categories, we selected over 40 key suppliers that account for more than 80% of emissions in each category and conducted primary data collection together with on-site audit to gain a deeper understanding of their current emission reduction efforts and to enhance data reliability. This allowed us to establish, for the first time, a comprehensive FLAG-related GHG inventory for Yum China.

Based on our FLAG-related GHG inventory, we identified FLAG-related key emission hotspots and representative suppliers, and meticulously deconstructed GHG emissions at each stage of our supply chains. Leveraging these insights, we are developing and refining the Yum China's Nature-based Solutions (NbS) Framework, which encompasses advanced emission reduction technologies and best practices from domestic and international sources across

various product categories. This framework serves as a guide to help suppliers effectively implement agricultural and production-related emission reduction initiatives.

Moreover, we have incorporated FLAG-related emission reduction performance as a key evaluation factor in our Supplier Carbon Footprint Scorecard, which is used to assess suppliers' abatement progress. To further support our suppliers, we developed a regenerative agriculture practice maturity assessment tool, which focuses on four key management stages (planting management, breeding management, energy consumption, and waste disposal). This tool serves as a diagnostic, optimization guide, and best practice reference for suppliers adopting regenerative agriculture practices. For example, for agriculture suppliers, evaluation criteria include farm management models, crop rotation systems, cover crops, fertilizer management, and energy and waste management measures. For livestock suppliers, assessments cover breeding space, feeding methods, and related energy and waste management measures. This framework is currently being piloted with selected suppliers to test its effectiveness and feasibility, with plans to further refine and expand it based on pilot feedback.



# Nature, Forests and Water

Yum China is committing building to 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.

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

## Nature and Forests

We rely on natural ecosystem for raw material sourcing. To reduce the impact of this reliance, we have developed the Yum China's Nature-based Solutions (NbS) Framework, and encouraged and guided our suppliers to adopt regenerative agricultural practices while enhancing raw material traceability to mitigate upstream deforestation risks, thereby reducing FLAG-related GHG emissions while contributing to the preservation of natural ecosystems and the restoration of biodiversity.

In 2024, Yum China conducted a traceability assessment across our upstream supply chain, focusing on the origins of beef and soybeans (critical components of chicken feed). We also evaluated raw materials with potential deforestation risks. Based on these insights, we developed a targeted zero-deforestation strategy, which will be implemented following the completion of feasibility assessments.



## Water

Restaurant operations, encompassing food preparation, cooking, and cleaning, require significant water consumption. In collaboration with the World Resources Institute (WRI), we assessed the water risks at our operational areas. In line with the evaluation, we implemented water-efficient

facility upgrades to continuously reduce average water usage per restaurant. By the end of 2024, around 830 waterless defrosting cabinets and about 12,000 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 (Reduce, Reuse, Replace, Recycle) and actively explores innovative circular economy models to achieve "Zero-Waste Restaurants." We have set clear goals and strategies for packaging, food loss, and waste management, focusing on "efficient resource utilization at the source" and "end-of-life material recycling" to

maximize resource efficiency. Additionally, we incorporate circular economy principles into supply chain management and consumer engagement, mobilizing partners across the value chain to adopt sustainable practices. These collective efforts aim to build a more sustainable and resilient ecosystem.

# Sustainable Packaging

We believe that promoting sustainable packaging solutions not only reduces resource consumption but also contributes to cost optimization and operational efficiency improvements across the restaurant industry. To this end, Yum China has developed the *Yum China Packaging Strategy*, formalized sustainable packaging commitments,

and has implemented various 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 our environmental footprint.

Read [Yum China Packaging Strategy](#)

Yum China's Sustainable Packaging Commitment	Progress in 2024
30% reduction in non-degradable plastic packaging weight by 2025 as compared to the 2019 baseline	Ongoing
100% customer-facing plastic-based packaging is recyclable	Achieved
100% of FSC-certified paper packaging by 2025	Ongoing, ~33%

In 2024, we drive packaging sustainability through a dual approach: eliminating unnecessary packaging while optimizing its functionality.

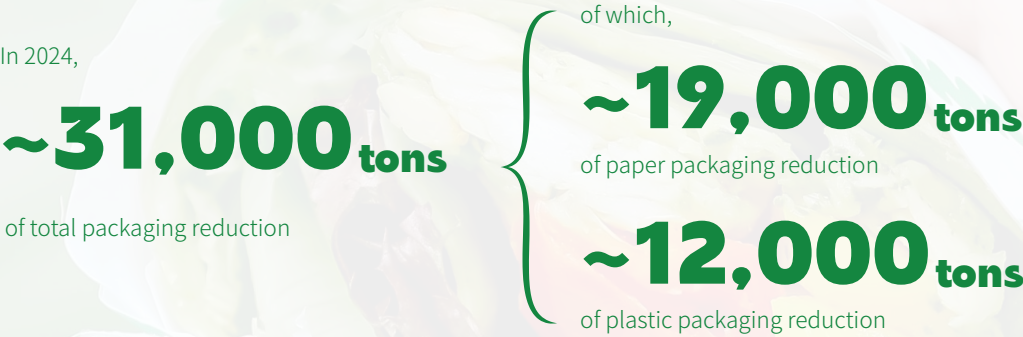
### Eliminating Unnecessary Packaging

Following a comprehensive evaluation of packaging requirements for all products, we removed unnecessary layers without compromising consumer experience, thereby reducing environmental impact.

### Maximizing Packaging Functionality

To enhance resource utilization, we designed and promoted multifunctional packaging solutions, aiming to realize the "multi-use," enable the same components to be adaptable across various scenarios or fulfill multiple purposes to avoid single-purpose limitations.

During the reporting period, KFC and Pizza Hut successfully achieved an approximately 20% reduction in packaging items through portfolio optimization, while other brands have also made varying degrees of optimization. These improvements enhanced packaging usage efficiency, delivering environmental benefits and contributing to more streamlined supply chain management and operation efficiency for the Company.





Food Loss and Waste

Food loss and waste is receiving widespread attention in today's society. As a leader in the restaurant industry, Yum China is actively tackling this challenge by incorporating food loss and waste management into every stage of the value chain, from sourcing to final disposal.

Leveraging scientific management approaches, we continually explore and apply innovative technologies and models to minimize food loss and waste while also identifying opportunities for cost savings and efficiency improvements. In 2024, we launched two pilot projects aiming to reduce food loss and waste. Through real-time analysis of product sales data, we can dynamically extend sales windows as needed, allowing for more sales and reducing food waste. For seasonal and limited-time products, we utilize advanced algorithms to forecast the remaining ingredient quantities as the sales period approaching its end. By aligning these predictions with targeted promotional campaigns, we try to maximize the utilization of inventory, effectively minimizing potential food waste.

Case Study KFC Food Bank

In line with our commitment to minimizing food waste, we pioneered the Food Bank in the restaurant industry in 2020. This program seeks to distribute unsold food, still within the shelf life, to community residents in need. Our goal is to raise awareness about food conservation, improve the quality of life for those in need, demonstrating our commitment in addressing food waste.

On 2024 World Food Day, guided by the China Consumers Association, KFC China collaborated with supply chain partners to distribute 20,000 unsold food packages across more than 160 food banks in over 100 cities.

In November 2024, at the IFENG.COM Action League 2024 Charity Gala, KFC China was recognized as one of the "Top Ten Philanthropic Enterprises of the Year" for its Food Bank program.



As of the end of 2024,  
KFC Food Bank program has expanded to

150+ cities ~1,000 stores

Waste Recycling

Yum China actively promotes and implements innovative waste management practices to address inevitable food residue and kitchen refuse generated during daily restaurant operations. We continuously improve the utility of food service waste such as coffee grounds and used cooking oil (UCO), striving to build a circular, closed-loop industry chain, driving progress in the waste-to-resource sector.

Coffee Grounds



To efficiently process coffee grounds, we are dedicated to establishing an efficient recycling and treatment system that spans from front-end collection in our restaurants to back-end resource conversion. We have launched coffee grounds recycling initiatives across KFC restaurants nationwide and constructed coffee grounds disposal centers to transform collected coffee grounds into valuable resources. In 2024, our coffee grounds recycling system was awarded the "Gold Award" for Recycling and Circular Utilization Solutions at the 2024 International Packaging Innovation Forum (IPIF).

Building upon our established recycling system, we are actively exploring innovative applications for coffee grounds across various fields to commercialize them into value-added products. During the reporting period, we successfully developed aprons containing coffee grounds and rolled them out to all of KCOFFEE Cafes. Additionally, we incorporated coffee grounds as a raw material in the production of disposable biodegradable plastic (PLA) straws and cutlery. We are also conducting pilot tests to explore the feasibility of using coffee grounds in the manufacture of plastic logistics pallets and containers. Moving forward, we will continue to expand the use of coffee grounds as an eco-friendly material in sectors such as food service, hospitality, aviation, retail, and convenience stores.

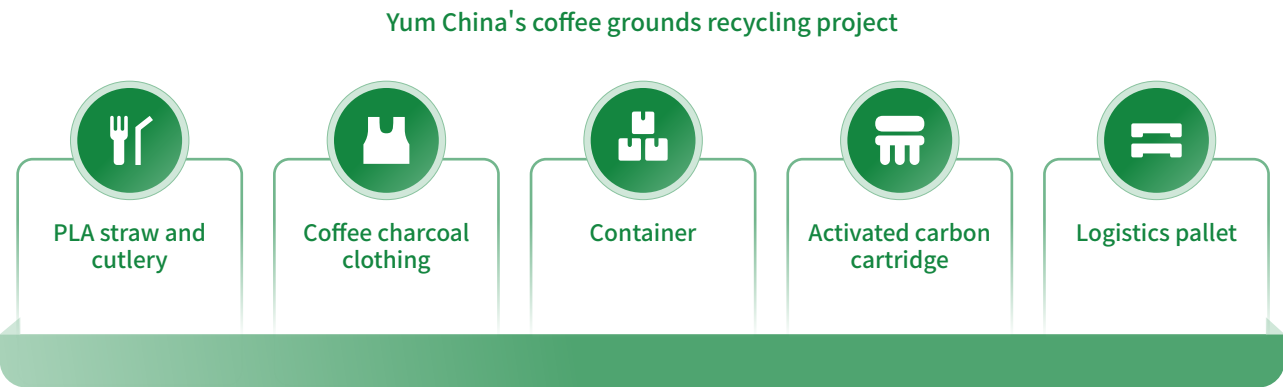
By the end of 2024

Our collection network for coffee grounds has expanded to

~8,700 KFC restaurants

~2,000 tons

of coffee grounds were collected and transported





## UCO

The food service industry generates a significant amount of used cooking oil during daily operations, which could lead to environmental pollution if not properly managed. We actively drive initiatives to better utilize UCO by converting it into valuable resources. Since 2019, we have expanded the scope of pilot projects for converting UCO into biodiesel, while also exploring the application in sustainable aviation fuel (SAF) and maritime fuel sectors.

We actively contribute to the establishment of national biodiesel industry chain. During the reporting period, we participated in the B10 vehicle biodiesel pilot project in Beijing led by the China National Energy Administration (NEA), using UCO collected from KFC and Pizza Hut restaurants. Furthermore, we plan to join the China NEA's B24 marine biodiesel pilot in Shanghai in 2025.

In 2024, we continued to recycle UCO from our stores, with nearly 50% of it being converted into biodiesel. The remaining UCO is also transformed into lubricants, industrial oils, and other products. Since the launch of our Biodiesel Pilot Project in Sichuan Province, the initiative has successfully converted approximately 5,700 tons of UCO into biodiesel by the end of 2024. We are now progressively expanding this model to other provinces to promote wider adoption.

## Other Food Waste

In our pursuit of innovative solutions to recycle other food waste, we launched a pilot project in 2024 that utilizes kitchen waste to cultivate black soldier fly larvae, which are subsequently used as fish feed. We are also developing technology to convert kitchen waste into water-soluble fertilizers for vegetable cultivation to achieve efficient recycling of kitchen waste within the agricultural sector.

## Sustainable Consumption

We believe that promoting sustainable consumption is mutually beneficial to both the sustainable development of the companies and consumers. This also aligns with consumers' growing focus on sustainable lifestyles and highlights positive corporate actions, while inspiring companies to pursue ongoing progress towards sustainable transformation.

Yum China is striving to establish an end-to-end sustainable consumption path spanning the entire chain from raw material sourcing, logistics, production, consumption to recycling. On the supply side, we are committed to actively reducing the environmental impact of our operations, while on the demand side, we educate and inspire consumers to embrace more sustainable consumption habits and lifestyles. We strive to advance progress on both fronts, thus creating a dual-engine approach that accelerates the development of a sustainable ecosystem.

We strive to enhance the awareness of sustainable consumption both internally and externally. Internally, we actively implement green office practices and offer low-carbon training programs to raise employees' environmental awareness. This empowers them to leverage brand influence to engage more consumers and the public in taking action. Externally, we launched various sustainability-themed activities and products through KFC's "Be Nature, Be You" campaign, promoting a sustainable lifestyle to the public.

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此刻正好



## Case Study

## Championing a Circular Lifestyle through Creative and Eco-Friendly Initiatives

As a leading restaurant brand in China serving over 400 million members, KFC not only implements low-carbon and sustainable practices, but also integrates green concepts into product development and consumer experiences encouraging more people to embrace a sustainable lifestyle with ease.

KFC launched its "Virtual Green Store," through rewarding participants with "Carbon Beans" (redeemable for discounts) and featuring Carbon Bean rankings, to promote low-carbon consumer behaviors such as "online self-service ordering," "opting out of single-use tableware," and "learning about low-carbon dining and waste sorting" from the program. These measures helped to reinforce the brand's commitment to reducing GHG emissions.

As of the end of 2024,

the "Virtual Green Store" accumulatively attracted

**29 million +** participants

Encouraged users to complete carbon reduction tasks

**~67 million** times

Reduced

**~150 tCO<sub>2e</sub>**  
of GHG emissions



In 2024, KFC launched a new "zero-carbon" product — the Coconut Latte. The GHG emissions generated throughout the entire product lifecycle was offset through the KFC Carbon-neutral Forest Program. Additionally, on Earth Day, KFC partnered with GOODBAI — a trendy fashion brand to release an environmentally conscious bag collection. The campaign encouraged consumers to hand make accessories, such as bag accessories and tissue boxes, from waste materials.








# People

Yum China consistently upholds its "People First" philosophy, always considering the interests of every stakeholder across the Company's value chain. By recognizing the needs of People as the foundation of our development, we work closely with employees, foster a culture of care, offer exceptional dining experiences to customers, build a high-quality industry chain with suppliers, drive sustainable business development, and create social value.

Our Aligned SDGs



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# Yum China





Our "People First" Philosophy



# Caring Workplace

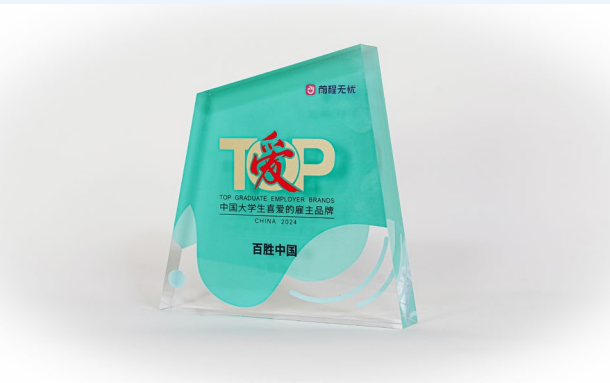
As a leader in China's restaurant industry, Yum China has over 350,000 employees, approximately 90% of whom are frontline restaurant employees. Upholding our "People First" philosophy, we integrate our business strategies with our employee expectations to cultivate a workplace of fair, care, and pride. We are committed to employee development and growth, providing equal opportunities for career advancement and comprehensive care and support for employees and their families, fostering the sense of pride in their work while growing alongside the Company. Furthermore, we actively create extensive employment opportunities within the communities we serve, across our value chain, and throughout society.

RGMs are key frontline leaders whose work has a direct impact on customer experience and offers valuable insights into customer preferences and market trends. At Yum China, we steadfastly adhere to our "RGM No.1" principle, prioritizing our RGMs' needs, addressing their challenges, and fostering a strong sense of belonging. By actively listening to our RGMs and implementing initiatives based on their feedback, we can better respond to market demands and continuously improve customer experience.

"China Top Employer"  
by the Top Employers Institute (2019-2025)  
For the 7<sup>th</sup> consecutive year in 2025,  
ranking No.1 in the restaurant industry and No.2 overall in China



"The 2024 China Top Graduate Employers Award"  
from 51job.com



**Joey Wat**  
Yum China Chief Executive Officer

"Our primary focus is to effectively support our frontline employees and maintain a strong connection with them. We endeavor to ensure that their voices are heard, their concerns are addressed, and provide comprehensive one-stop services to support them."



**Jerry Ding**  
Yum China Chief People Officer

"Our 350,000+ employees at Yum China form a strategic moat for our company, fostering resilience and growth potential in our business. When shaping our future talent strategy, we remain committed to sustainable growth as we leverage technology to empower our development while upholding our dedication to employee care, aiming to be industry leader in terms of employee care."



## Building a Sustainable and Efficient Workforce

Yum China has built a sustainable and efficient workforce through technology empowerment and strategic talent development to tackle the dynamic challenges of the market. We leverage Artificial Intelligence (AI) and other digital tools to optimize operations, reduce the workload of frontline employees, and enhance work efficiency. Additionally, through unique recruitment programs and corporate-university collaboration, we continuously strengthen our talent pool to meet the demands of business growth. We have also established a comprehensive training system, to provide employees with a full range of training resources to support their development at all stages, striving to ensure that Yum China maintains a talent advantage amid market competition.

### Empowering Employees Through Technology Innovation

With a large frontline workforce, Yum China has significant potential to scale the use of digital tools. Our operational strategy drives us to actively explore technology innovation opportunities to empower employees, by swiftly addressing frontline needs, streamlining RGMs' workflows, and reducing the burden of certain tedious tasks. As a pioneer in digital

transformation, we understand that technology innovation can effectively enhance employee productivity, thereby promoting sustainable growth for both business and talent. By actively investing in digital infrastructure, we enable centralized and modular management of various processes, ensuring seamless and efficient restaurant operations.

### Empowering Frontline Employees with Digital Infrastructure

#### Employee Recruitment

Our job openings frequently attract over ten thousands of applications. Traditionally, RGMs had to spend a substantial amount of time sifting through resumes and interviewing potential candidates. To reduce the recruitment workload for RGMs, we've shifted these tasks to a back-office support department via a centralized recruitment platform. We use AI tools to screen resumes initially, and use a technology-assisted, human-led interview process to streamline the recruitment process. This significantly reduces recruitment time and boosts recruitment efficiency.



#### Employee Training

We have moved most of our employee training programs online. Through our "YUMC Mobile Learning" and "K-learning" platforms, we provide employees with job-specific training and extensive online learning resources.



#### AI Tools

Our Super Brain toolset is an intelligent system that incorporates AI-driven data analysis and decision-making capabilities. By capturing relevant operational data from stores, Super Brain offers more accurate guidance for everyday operations. It employs AI to manage a variety of key processes, such as sales forecasting, inventory management, and labor scheduling, thereby helping RGMs make decisions while identifying opportunities for cost savings and other efficiency improvements.



### Case Study

#### AI-Powered Centralized Recruitment to Streamline Hiring Processes

By the end of 2023, we successfully launched the centralized recruitment process for our store crew members. This strategic initiative consolidates previously fragmented recruitment activities from individual stores into a unified system, thereby significantly reducing the administrative burden on RGMs. Concurrently, we integrated advanced digital tools into the centralized recruitment platform, including AI-enabled resume screening, AI chatbots, and AIGC-empowered interviews. These enhancements have substantially elevated the overall recruitment efficiency. During the reporting period, nearly 80% of our restaurants' recruitment needs were fulfilled through this centralized platform. Moreover, we have further expanded the functionality of the centralized recruitment platform and the application of AI to provide comprehensive support throughout the entire employee lifecycle management, from onboarding to training. This AI-driven centralization has not only improved the efficiency of interview process but also continuously alleviated the workload of frontline employees. As a result, RGMs can now focus more intently on core restaurant operations and enhancing customer experience.

#### Process for Centralized Recruitment



#### System Highlights

- Building a talent pool and providing tools for revitalizing and recommending human resources, improving the efficiency of CV retrieval in regions facing talent shortages.
- Addressing both internal and external referral needs to expand our candidate pool.
- Streamlining system tools and implementing centralized processes, freeing up working hours for restaurant management teams.
- Employing AI tools to streamline processes and improve efficiency: interviews are scheduled within two hours on average after candidates submitting their resumes.

#### Remote Store Management

Our remote store management system enables RGMs to efficiently manage multiple stores. Without the need to commute among locations, RGMs can monitor real-time operational data for various stores online simultaneously, thus improving management efficiency while ensuring operational consistency and quality.



#### Smart Wearable Devices

At select locations, we have equipped our employees with smart wearables, such as smart watches, which enable them to efficiently manage real-time ordering and service processes to better ensure our service quality.



#### Operational Management Tools

In addition to these digital infrastructures, we also provide RGMs and frontline employees with a series of digital management tools, which cover multiple aspects of daily operation such as sales, delivery, warehousing, equipment, and labor management. These tools significantly streamline RGMs' workflows and improve operational efficiency.





Nurturing Industry Leaders

Strengthening Talent Reserves

We are fully aware that employment is fundamental to people's livelihoods and plays an important role in fostering a productive and prosperous society. Yum China embraces its responsibility by providing growth and development opportunities to the younger generation. Each year, we conduct campus recruitment seminars, offering career guidance and job opportunities to aspiring students.



Yum China's 2024 Restaurant Recruitment Season Live Events

Held in **85** cities

Conducted **100+** career talks

Engaged **40,000+** students

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

In September 2024, Yum China hosted the second "Yum China Creative Star" Food Innovation Competition, offering students a hands-on R&D training platform. Guided by industry experts, participants explored food R&D from multiple perspectives, including consumer needs, ingredients, packaging, and marketing, developing a range of innovative products. This initiative further nurtured students' creativity, innovation, and entrepreneurial skills.

The competition attracted **380** teams across **31** universities nationwide



Empowering Employee Capabilities

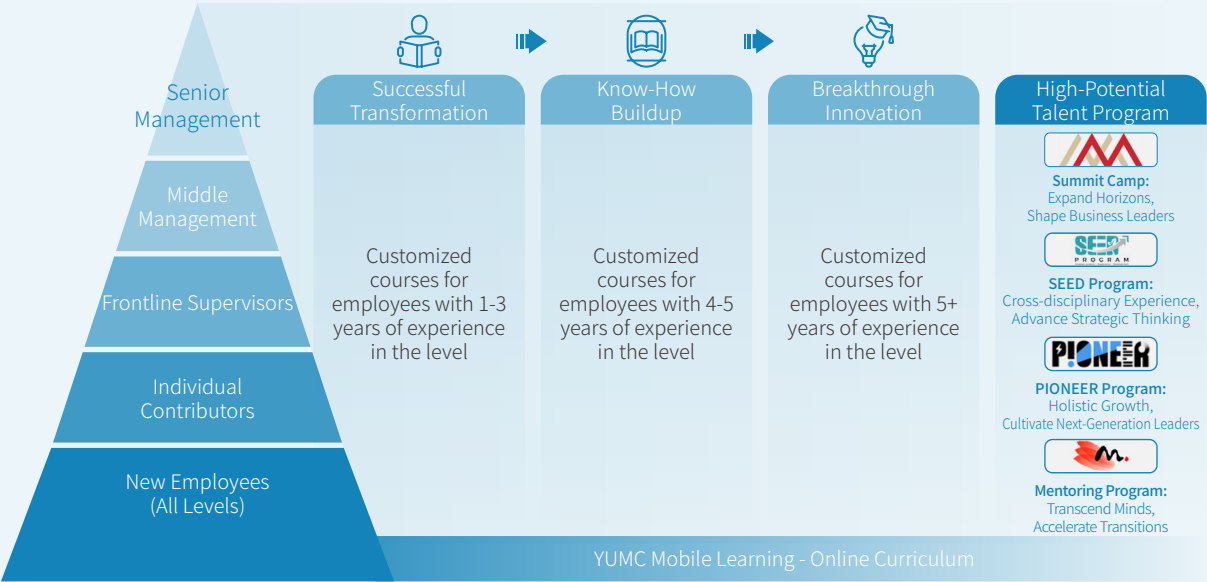
Yum China is committed to prioritizing the growth and development of our employees, and we support each individual in pursuing their career aspirations. We continuously invest in capability-building initiatives, adopting a forward-looking approach to establish a comprehensive talent development system that spans the entire career lifecycle. This empowers employees to enhance their professional competitiveness, contributing to both personal success and the Company's sustainable growth.



Case Study Yum China's Full-Career-Cycle Development System

In 2024, we developed and launched the Yum China Full-Career-Cycle Development System as part of our latest talent strategy. This program is designed to encourage employees to take a proactive approach in planning their career paths, enhance their employability, and accelerate the development of high-potential talent.

The system is aligned with the core competencies required at each career stage and offers highly tailored development programs for employees across all levels. We upgraded our online learning platform, "YUMC Mobile Learning," which now integrates five core competencies and four career phases. Through a combination of online modules and in-person workshops, the platform provides over 40 courses across 14 modules, ensuring that accessible learning resources are available for employees at every career stage. During the reporting period, our training initiatives recorded a total of 91,280 participations.



Full-Career-Cycle Development System



To better equip our employees in the AI era, we customized AI-related learning courses, providing 15 dedicated training sessions, which, in 2024, enabled over 30,000 participants to learn and apply AI tools effectively, continually enhancing their employability and supporting the Company to more effectively harness the benefits of our digital transformation.

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.

By the end of 2024

YUMC College program  
expanded to

~20

markets nationwide

3,800+

employees obtaining professional  
certifications

3,000+

employees receiving continuing education  
grants and higher education diplomas

In recognition of its innovative practices in talent cultivation,  
KFC received the "2023-2024 Excellence in Future Leaders Development Award"  
from China Europe International Business School (CEIBS) Online.



## Enhancing Employee Well-Being and Pride

Yum China ensures that its employees receive adequate support through competitive compensation schemes as well as a refined employee welfare mechanism.

### Employee Welfare

Yum China is dedicated to enhancing employee welfare by offering comprehensive benefits and supports. The "YUMC Care" welfare program provides holistic employee support. In 2024, the program continues to focus on four major areas: personal health, family health, financial health, and social health. A series of new initiatives have been launched to provide employees with multi-level and all-around benefits protection.

#### Welfare Leave

- Employees who participate in the Company's charity and volunteer activities are eligible for corresponding compensatory leave.

#### Daily Care

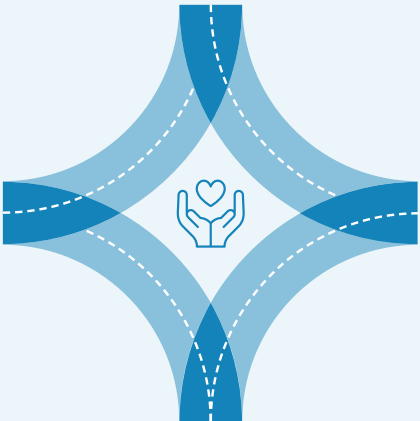
- Our "Fruit Day" program has been introduced to regularly provide employees with various nutritious afternoon snacks.
- Self-funded options for health checks have been added to the existing upgrade packages, enabling employees to tailor health checks to their individual needs. Meanwhile, we have fully digitalized personal health notifications and insurance claim processes to streamline the underwriting process.

#### Family Care

- We extended the "Yum China Exclusive Parental Accidental Insurance" coverage to spouses' parents in addition to their parents. It offers employees more comprehensive family protection. Meanwhile, we have launched the "Summer Youth Character Development Camp" for employees' children to demonstrate care and support for them.

#### Mental Health Care

- The Employee Assistance Program (EAP) online platform, named "Daxin," was officially launched in March, promoting employees' well-being through key features including helping with scheduling employee counseling, accessing mental health-related courses, assisting them to obtain more information on how they can improve their mental and physical wellness.



#### Case Study

##### Caring for Our Frontline Employees: Shared Growth and Rewards

We are committed to continuously enhancing our care for frontline employees, striving to provide them and their families with higher-quality benefits. We upgraded the medical insurance benefits for our restaurant management teams. This enhancement provides RGMs with up to RMB 1 million in medical coverage and extends this benefit to their parents, including critical illness insurance.

In addition, we are constantly expanding the scope of our benefits. In early 2025, we launched a new program offering over 20,000 restaurant crew members comprehensive, accessible, and affordable health coverage options. At the same time, we remain dedicated to exploring broader benefits coverage, ensuring that every frontline employee is well taken care of.



## Compensation Incentives

We uphold the philosophy of "paying for performance and business impact," striving to provide our employees with competitive compensation and benefits to fairly recognize and reward their hard work and outstanding achievements.

By the end of 2024

# 14,700+

RGMs were granted company shares

## Career Development

We cultivate industry-leading talent by leveraging a comprehensive training system and performance management. When senior positions are available, we prioritize internal promotions — 100% of our RGMs, District Managers, Area Managers, and Market General Managers are from internal promotion. 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 "Bench Planning" talent development program for our operations team and developed tailored two-to-three-year accelerated management trainee programs for our marketing and supply chain teams. These initiatives have cultivated numerous outstanding industry leaders.

## Listening to Our Employees

We offer diverse and open communication channels for our employees. Every two years, we conduct an Employee Engagement Survey and regularly gather employee feedback through various channels, activity listening to voices and taking their inputs into consideration to improve decision-making processes.

In 2024, the Company frequently engaged with employee representatives through our Employee Representative Conference to review suggestions and refine specific human resource management policies. Additionally, Yum China's Employee Union plays an important role in voicing employee concerns, with over 90% of our employees voluntarily joining by the end of 2024. The Company also creates a variety of formats for employees to voice their suggestions with management. During the reporting period, we engaged employees in upgrading Yum China's core values and actively listened to their recommendations for the Company's development.



## Case Study

### Listen to Employees' Voices

We are dedicated to fostering an open and transparent communication environment, actively listening to the voices from employees, including our frontline employees. During the reporting period, we established a platform for direct dialogue with frontline employees. Joey Wat, CEO of Yum China, along with the management team, visited various restaurants across the country to meet and interact with employees in person, listen to their voices, better understand the challenges they encounter in daily operations, and address their concerns with careful attention.

These interactions covered various aspects, including optimizing operational processes, enhancing customer experiences, and improving employee care. Through these in-depth frontline interactions, we not only strengthened the connection and understanding between management and employees, but also demonstrated our commitment to valuing employee input.



## Case Study

### Honoring Dedication: Recognizing Every Effort

Recognition is the best testament to hard work and also a driving force for continued progress. In November, the annual Champions Gala was held in Sanya, China, where we honored the most outstanding Yum China RGMs and Area Managers of 2024 with the "Champions Club" and the "Gold Whistle Award." The award winners' families were invited to join in celebrating the outstanding achievements of these leaders.

In December, the 2024 Yum China Annual RGM Convention, themed "Energizing Innovation and Steadfast Progress," was held in Hong Kong, China. More than 11,000 RGMs and Area Managers across the country came together. Joey Wat, CEO of Yum China, along with the General Managers of our brands, gave their recognition to the RGMs' efforts and achievements over the past year and presented awards to restaurant partners who made outstanding contributions.





## Fostering a Fair and Inclusive Work Environment

Yum China fosters a fair and inclusive workplace where every employee is encouraged to reach their full potential. At the same time, we make the health and safety of our employees a top priority.

### Ensuring Occupational Health and Safety (OHS)

We are fully aware that ensuring the occupational health and safety of our employees is the fundamental responsibility of the Company. We are consistently committed to creating a healthy and safe work environment, ensuring the safety and well-being of our staff through comprehensive protective measures.

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 public-facing areas such as 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. In terms of handling work-related incidents, we have established comprehensive procedures and guidelines to protect employee rights and interests.

Within our office, we continue to strengthen safety measures. In April 2024, we conducted refresher training for approximately 30 employees with emergency certification from the American Heart Association (AHA). We also improved employees' evacuation skills and tested the feasibility of emergency plans through office fire drills.


### Caring for People with Special Needs

We are consistently committed 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. By the end of 2024, Yum China supports the employment of over 1,700 people with special needs. Furthermore, "Angel College" provides a range of support policies to help "Angel Employees" enhance their professional skills and pursue higher education.

### Maintaining Gender Equality

We firmly believe that employees from diverse backgrounds can invigorate the organization. Therefore, we actively foster a diverse, inclusive work environment with no discrimination, offering equal opportunities for all employees to realize their personal value. The Human Resources department takes the lead in formulating relevant policies and overseeing their implementation. In addition, we regularly conduct training courses to assist all employees in growing within a diverse, inclusive, and equal workplace.

As a signatory to 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 system to ensure that employees' contributions are rewarded equally.

 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](#).

Since 2020,

**100%**

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

**100%**

Health Certificate coverage for restaurant employees

By the end of 2024,

"Angel Restaurants" have expanded to

**66**

restaurants in

**60**

cities

In 2024, we achieved a

**Zero**

gender pay gap for mean and median hourly wages for our Restaurant Service Teams

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



## Customer Mania

Yum China is guided by its core value of "Customer Mania," consistently placing customer experience at the core of its endeavors, continuously exceeding customer expectations, and driving sustainable growth. To support this commitment, Yum China has established an internal working mechanism to regularly discuss and identify opportunities for enhancing customer experience through monthly meetings.

### Enhancing Customer Experience

As the largest restaurant company in China, Yum China serves over 2 billion customer visits annually. We prioritize customer satisfaction, actively listening to our customers' voices. We regard customer satisfaction as one of the crucial criteria for assessing store performance, and have established a multi-tiered customer complaint resolution mechanism, clearly defining the responsible parties and response time standards. Additionally, we leverage AI technology to ensure timely and effective response to consumer feedback. Moreover, to better serve our customers, we reduce the burden on RGMs by simplifying, centralizing and automating key processes in restaurant operations, enabling them to focus on delivering service excellence.



#### Case Study

##### Yum China Consumer Insights Platform

We are dedicated to leveraging digital technologies to gain swift insights into customer behavior and respond promptly to consumer needs. In addition to our self-developed Customer Experience Survey System (GES) and Customer Service Platform (CSP), we launched the Yum China Consumer Insights Platform in 2024 to further expand the channels for collecting customer feedback. This platform utilizes Generative Artificial Intelligence (GenAI) to efficiently summarize customer feedback with hourly updates on the day of launch of specific brand activities. This assists business units in promptly identifying issues and implementing improvement measures.

Currently, our AI-powered customer service handles over 150,000 consumer interactions daily. In terms of human-aided support, AI-assisted customer service can swiftly categorize and summarize consumer needs, aiding customer service representatives in responding more quickly and accurately, thereby increasing overall efficiency by 10%.

### 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 contents. 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](#)



# Responsible Sourcing

We believe that a mutually beneficial and win-win supply chain ecosystem is a key pillar for Yum China sustainable growth. We continuously strengthen our supply chain to ensure a stable and reliable supply of goods, laying a solid foundation for enhancing customer experience. We practice responsible sourcing, focusing on the rights and well-being of everyone in the value chain, while driving continuous improvements in supplier compliance. We are committed to local sourcing, fully empowering suppliers' development, and contributing to industry upgrades and local economic growth.

## Yum China's Supply Chain Management Focus

Comprehensive Food Safety Management

Innovative Supplier Management

Intelligent Logistics System

Responsible Sourcing Practices

- End-to-end food safety management covering upstream suppliers, suppliers, logistics, restaurants, and delivery (see the "Food" chapter for details)
- Partner with over 800 independent suppliers, and adopt a centralized procurement model to continuously enhance supply chain resilience
- Actively develop local sourcing to improve supply chain efficiency and support local economic growth
- Empower suppliers to ensure stable supply and support industry development
- Have a logistics network consisting of 33 logistics centers, using a fleet size of more than 40,000 vehicles, and serve over 16,000 restaurants in more than 2,200 cities and towns
- Apply automation and intelligent technology to improve transportation management efficiency, create a low-carbon logistics system, while ensuring food safety and quality
- Establish the *Yum China Supplier Code of Conduct* and all suppliers to comply by signing it
- Conduct CSR audits of all key suppliers to ensure they meet Yum China's responsible sourcing standards
- Partner with suppliers to implement energy conservation and reduce carbon emissions (see the "Environment" chapter for details)



# Innovative Supplier Management

## Ensuring Stable Supply

To ensure the stability and diversity of our supply chain, we are dedicated to building a diverse and high-quality supplier system. We ensure that most of our products can be procured from multiple suppliers and secure long-term bulk agreements for key ingredients to mitigate the risk of disruptions of supply. We enforce a stringent supplier qualification process, set clear procurement requirements, and strengthen the reliability and stability of our supply chain through a centralized procurement model, ultimately enhancing our business resilience.

Case Study

Yum China Launches its Digital Supplier Recruitment Program

To build a more resilient supply chain ecosystem, Yum China has implemented an innovative procurement strategy and launched our digital Supplier Recruitment Management Platform during the reporting period. This platform streamlines the traditional supplier recruitment process, enhancing transparency and fairness while providing more collaboration opportunities.

Since its launch, the platform has attracted applications from suppliers in over 30 categories across different regions, covering more than one-third of our existing categories, further enriching the Company's supplier resource pool and contributing to improved supply chain stability.

## Supporting Industry Development

As a leader in the restaurant industry, Yum China leverages its advanced management experience and abundant resources to actively promote the joint development of upstream and downstream companies, striving to lead the industry's evolution and build a mutually beneficial supply chain ecosystem.

We actively engage in collaborations with local Chinese suppliers. By the end of 2024, over 99% of our suppliers are local suppliers from China, bringing positive impact to local economic growth and employment. Apart from providing business opportunities, we also share resources and expertise in management approaches, technical support and marketing promotion with our suppliers. Meanwhile, suppliers reciprocate with high-quality products, thereby forming a mutually beneficial partnership.

Case Study

Promoting the Upgrade of China's Broiler Chicken Industry

Poultry is one of the principal protein ingredients we purchase, and given our significant demand, we have a unique opportunity to positively impact the poultry industry in China.

We supported our supplier to introduce broiler chickens to the China market, which are high-quality breeds with shorter growth cycles. We have provided constructive suggestions to advance the broiler chicken farming industry in China. We worked with a local strategic supplier to support them to develop "great-grandparent" stock for broiler chicken, supporting the supplier's transition from small-scale production to integrated operations.



Intelligent Logistics System

Our intelligent logistics system is an important pillar of Yum China supply chain. We are committed to advancing the application of digital technologies to provide a one-stop logistics service that helps with inventory optimization, smart transportation network planning, innovative procurement management, and food safety risk assessment. This approach not only enhances supply chain management efficiency but also reduces the workload of our employees and the environmental footprint of the logistics system.

Intelligent Transformation of Inventory and Warehouse Management



We are committed to upgrading inventory and warehouse management through advanced digital solutions. This includes the real-time, automated monitoring of products, materials, and raw ingredients, coupled with AI-driven inventory replenishment solutions. Our Xi'an logistics center achieved fully automated operations in 2023, utilizing advanced technologies such as Automated Guided Vehicles (AGV), Automated Storage and Retrieval Systems (ASRS), and goods-to-person picking systems. These innovations have increased storage capacity by 55% and picking efficiency by 70%, significantly improving logistics efficiency and simplifying manual operations.

Intelligent Upgrade of Logistics Network Planning



In logistics transportation planning, we are implementing AI-powered network planning to devise the most efficient logistics solutions. This pilot network model currently spans 60 warehouses, over 100 dispatch hubs, and nearly 400 cities, providing more than three million transportation route options to achieve efficient delivery of goods while reducing carbon emissions from logistics transportation.

Case Study

Launch of Yum China's Largest Self-Owned logistics Center

In September 2024, Yum China launched its self-owned logistics center in Jiading District, Shanghai. The center is equipped with advanced technologies, including automated logistics systems, automated storage and retrieval systems, and rooftop DPV systems. Designed to set a benchmark for efficient, intelligent, and environmentally friendly operations, the center not only supports the supply chain service needs of Yum China's restaurants in the Eastern China but also serves as a pivotal hub for nationwide cold chain integration.



Responsible Sourcing

Yum China is committed to responsible sourcing practices. 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 responsibility commitments.

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 audit 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.

Yum China Supplier CSR Audit Process

	Step 1	Step 2	Step 3	Step 4	Step 5
Assessment Process	Desk assessment	Online training	Independent third-party on-site CSR audit: Initial audit	Corrective and preventive action plan submission	Independent third-party on-site CSR audit: Review
2024 Results	100% participation rate for key suppliers	Suppliers who participate in CSR audits — 100% training participation rate	<ul style="list-style-type: none"><li>428 suppliers are subject to CSR audits, an increase of 10% from last year</li><li>Covering 100% of the key suppliers</li><li>97% initial audit pass rate</li></ul>	100% corrective and preventive action plan submission rate after audit	Suppliers who did not pass the initial audit but continue to collaborate — 100% review completion rate

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





# Community

Over the past 37 years, Yum China has always remained firmly committed to the mission of giving back to the communities we serve by continuously engaging in public welfare and charity initiatives. To date, we have developed a series of unique, enduring, and heartwarming charity projects.

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## Our Aligned SDGs





"Always do the right thing"  
CSR Commitment

Rural Revitalization

Nutrition:

Improve the nutrition & health of children in rural areas

Education:

Promote the development of digital education in rural areas

Grow Local:

Facilitate the revitalization of rural industries

Community Care

We give back to our community with love. We are committed to supporting teenage growth, offering care to those in need, promoting safety education for the public, and cultivating a supportive and friendly community.

Health Advocacy

We organize a range of activities to promote nutrition awareness, support sporting events, and advocate a balanced diet and active lifestyles. Through our products and stores, we also actively promote traditional culture and foster cultural confidence.



We promote "Doing good everywhere" within the community and actively support the public welfare to the best of our ability while implementing innovative approaches to serve the communities we operate in.



Yum China has always adhered to the principle of "Always do the right thing" as we continuously strive to make positive and profound impact in three core areas: rural revitalization, community care, and health advocacy. Driven by a commitment to positively impact society, Yum China leverages its own strengths to support social development.

Upholding the core value of "long-termism" for Yum China's social welfare activities, our One Yuan Donation program has lasted for 17 years already; the KFC China 3×3 Basketball Championship has been held for two decades; and all the other initiatives such as KFC Angel Restaurants program, Little Migratory Bird Fund, Food Bank program, and Pizza Hut Grow Local initiatives have continued for more than five years. Besides, Yum China continuously explores innovative models for engaging in social welfare activities, improving the convenience and activating the motivation for public engagement through systematic platforms and diverse activities, striving to realize "Everyone does good" and "Doing good everywhere."



Joey Wat  
Yum China Chief Executive Officer

"Good philanthropy begins with goodwill, thrives on innovation, and requires perseverance to achieve significant accomplishments over time."



2024 Responsibility 100  
"CSR China Top 100"



2024 Public Welfare Times  
The 8<sup>th</sup> China Philanthropy Annual Conference  
"Annual China Philanthropy Enterprise"



2024 Philanthropy Ceremony  
"Philanthropic Model of the Year"



# Rural Revitalization

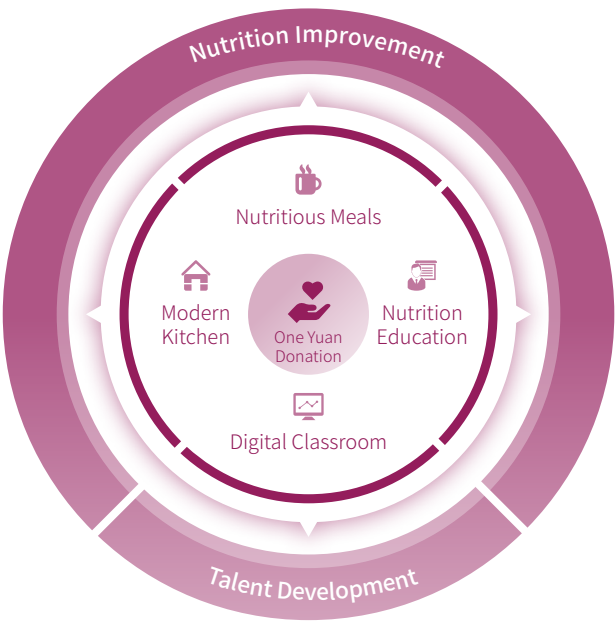
Leveraging our insights into the diverse needs of beneficiaries across different regions of the country and social issues, Yum China continues to innovate its philanthropic project models. From the One Yuan Donation program to the Grow Local initiative, we provide targeted solutions.

## Caring for the Well-Being of Rural Children

To bridge the urban-rural development gap and promote the development of rural children, Yum China, in partnership with the China Foundation for Rural Development (formerly known as the China Foundation for Poverty Alleviation), has organized [One Yuan Donation program](#) for 17 consecutive years. Since the program's inception, Yum China has made continuous efforts to expand participation channels and broaden cooperation and support. The program integrates online and offline channels to broaden its donor base and maximize the program's overall impact.

### Broaden Participation Channels

In 2024, KFC, Pizza Hut, Taco Bell, and Lavazza launched special set meals to support the One Yuan Donation program. For each order, the Company donated RMB 1 to support the One Yuan Donation program. At KFC and Pizza Hut, customers could make donations to the program as they ordered via digital channels, enabling them to support children in rural communities. In addition, Little Sheep and Huang Ji Huang, continued to enable consumers to participate in charitable activities through interactive in-store experiences. Additionally, Yum China drives nationwide participation in philanthropy by organizing innovative campaigns like the "Charity Bazaar," fostering a culture of collective social responsibility.



### Join Forces to Do Good

This year, under the theme "Honoring Those Behind — One Yuan Donation," the Company extended its gratitude to over 150 million participants nationwide — "One Yuan People" — who have contributed to this chain of goodwill, including over 350,000 employees of Yum China. Every summer, the nationwide "One Yuan Donation" fundraising season coincides with Yum China's "Charity Month." Our Employees embrace the principle of "Doing good everywhere," leveraging their compassion and unity, from themselves to their families and to the broader communities, to help the project gather a more powerful force for public welfare.

### Increase Support Dimensions

As a significant component of the One Yuan Donation program, the Company has donated facilities, such as computers to rural schools since the inception of the Digital Classroom program. More importantly, it promotes the popularity of coding education by offering coding training courses, aiming to stimulate rural children's interest in digitization and enable them to participate in the digital transformation era to explore full possibilities in their lives. In 2024, empowered by the One Yuan Donation: Digital Classroom program, five elementary students from rural areas in Gansu Province, garnered one gold, three silver, and one bronze medals in the sixth ICode International Youth Coding Competition's China finals. The "Light of Technology" is beginning to shine in rural areas.



By the end of December 2024

The One Yuan Donation program have accumulatively raised

RMB **270 million +**,

attracted

**150 million +** participants,

provided

**58 million +** nutritious meals for children in underdeveloped regions,

equipped

**1,500 +** rural schools with modern kitchen facilities,

provided coding training to

**780 +** teachers in

**620 +** rural schools, covering

**17** provinces and benefiting

**1 million +** children.

In recognition of its achievements, the program received multiple awards in 2024, including

"Top Ten Public Welfare Brands" and "Southern Public Welfare Communication Award" from Southern Daily and 2024 Dandelion Award: "11<sup>th</sup> China Innovation Communication Awards - Sustainable Development Category"

## Supporting Rural Industry Revitalization

Yum China consistently adheres to the philosophy of "Teach a Man How to Fish" to stimulate rural development, and playing the role of industry-leader. Since the launch of Pizza Hut Grow Local initiative in 2018, it has provided comprehensive training and practical platforms for local farmers through a targeted assistance model. This initiative tackles agricultural challenges by adapting to local conditions, effectively assisting farmers in increasing their income and contributing to the growth of local rural industries.

In 2024, [Pizza Hut Grow Local](#) initiative further proceeded with the Production-Education-Research model in dedicated dragon fruit cultivation areas in Shibing County, Guizhou Province, and upgraded the Grow Local Bases with standardized dragon fruit cultivation training rooms, a training center for Rural Revitalization empowerment projects, and a new retail dining experience zone for Pizza Hut. These efforts helped to broaden agricultural products sales channels and provide an innovative opportunity to boost local cultural and tourism industries.

With agricultural experts stationed in the area all year round, by the end of 2024, the Grow Local initiative conducted over 90 training sessions, covering more than 700 participants. The initiative has also provided detailed implementation plans and techniques to farmers and help them improve the yield and quality of the dragon fruit. While promoting standardized cultivation practices, it also recognizes emerging trends in agricultural marketing in the digital era. The initiative captured live-streaming training programs for the local farmers, improving their e-commerce skills and generating economic benefits.








## Community Care

Leveraging the strength of our nationwide store network, Yum China and its brands have integrated our philanthropy initiatives into business operations, exploring sustainable philanthropic models to build a better community.

### Promoting Youth Development

The "KFC Little Migratory Birds Fund,"  jointly established by the China Children and Teenagers' Fund and KFC China, continuously focuses on improving the living conditions of children who are migrant, left-behind, and other children in need. In 2023, the Fund launched the "Little Migratory Birds Fund Care Upgrade Plan for Children in need," expanding the program to a broader group of children in distress in urban and rural areas. In 2024, the initiative further collaborated with women's federations at various levels to distribute care funds to 1,000 children in need across 14 provinces in China, and engaged volunteer groups called "Little Migratory Bird Friends" to build an extensive and robust care network for them. Additionally, the project introduced the "Little Migratory Bird Parent-Child Academy," which features a series of online courses designed by experts in psychology and education to enhance the communication between parents and children.



By the end of 2024,  
KFC Little Migratory Birds Fund

have accumulatively donated

RMB **40 million +**

distributed

**1.1 million +**

children's books, benefiting

**6 million +**



children in need.



Southern Weekly Dream Builders Public Welfare Conference  
"2024 Annual Public Welfare Contribution Award"



New Weekly 2024 China Annual New Sharp List Honorary Ceremony  
"Optimizing Life-Social Responsibility Practice Award"

In addition, KFC and Pizza Hut leveraged their extensive store networks to provide free public reading resources, such as the KFC Book Kingdom program,  which provided children's books with kids' meals, while Pizza Hut Public Reading program  created dedicated public reading spaces within restaurants, extending care and support from individuals to the entire community.

## Honoring "She Power"

Yum China is dedicated to promoting gender equality in the workplace and advancing the diverse development of women in society, ensuring women's contributions are widely recognized. In celebration of 2024 International Women's Day, KFC and Pizza Hut held special events such as

female-themed salons and gift blessings in many restaurants with food as the medium, honoring women from diverse professions, such as public safety, traffic police, education, healthcare, and journalism, while promoting "She Power" spirit throughout the community.

### Fostering an Inclusive Society

As a good neighbor in the community, Yum China leverages its strength of extensive store network and brands influence to support the integration and empowerment of people with special needs. Through the "Angel Restaurants" program, the Company encouraged these individuals to explore their potential and integrate into society by providing high

quality services. In 2024, KFC Angel Restaurants expanded to 18 new cities, providing hundreds of disabled individuals with employment and growth opportunities. By creating a platform for them to realize their full potential, the Company comprehensively promotes a social atmosphere of equality, compassion and inclusivity.





## Caring for Stray Animals

Yum China consistently upholds the principle of animal welfare, promoting the natural, harmonious coexistence of humans and animals. In 2024, Pizza Hut continued to deepen its collaboration with the TA Foundation for Animal Protection, leading to the launch of 21 themed-restaurants named "Pizza Hut x TA Foundation for Animal Protection Animal-Friendly Charity Restaurants" across 18 cities nationwide. In addition, Pizza Hut hosted numerous "Reach Out with Love" charity events, offering adorable pet-friendly meal packages and sharing scientific pet care knowledge. The initiative aims to leverage brand influence to engage more consumers in animal protection topics. Additionally, there is ongoing support for the "Pizza Hut x TA Foundation for Animal Protection Stray Animal Care Project" in the form of animal meal donations and advocacy for the "Adopt Don't Shop" principle, contributing to the welfare of stray animals.



## Safety Education

In 2024, Yum China continued to support the "Safety Science Knowledge" online public safety awareness campaign. By the end of 2024, 41 emergency/fire safety-themed restaurants have been constructed across 19 cities, including

Shanghai, Beijing, Guangzhou, Hangzhou, Zhengzhou. More than 600 emergency science knowledge sharing activities have been conducted to actively promote public awareness of fire safety across the society.

### Case Study

#### Fire Safety Day

On November 9, 2024, the 33<sup>rd</sup> National Fire Safety Day in China, the Shandong Fire and Rescue Corps together with KFC China and Pizza Hut China, launched an engaging fire safety awareness campaign in selected restaurants across 16 cities in Shandong Province. Additionally, fire safety experience camps such as the "First Lesson of the School Year" were co-organized to increase the awareness of fire safety, enhance self-protection and self-rescue abilities of the public, and help create a safer and more harmonious society.



## Health Advocacy

By advocating balanced diets and supporting sports events, Yum China continues to promote the healthier lifestyles with a balanced diet and regular exercise to the public. Also, by integrating traditional cultural elements into its culinary offering, Yum China constantly creates distinctive dining experiences for consumers.

## Raising Nutrition Science Awareness

Yum China leverages its expertise in the restaurant industry to actively support the nationwide promotion of health education and the innovative practices of nutrition and health.

### Case Study

#### Yum China Dietary Health Foundation

To promote balanced diets and improve the eating habits of urban residents in China, Yum China has established the Chinese Nutrition Society Research Fund – Yum China Dietary Health Foundation. This foundation continuously supports scientific research projects or health surveys related to "dining-out," "healthy restaurant development," and "urban residents' health," with a focus on "nutrition and health in dining." In 2024, the foundation prioritized three key initiatives aligned with current development trends: research on digital intelligence in the food service industry, promotion and impact assessment of the *Dietary Guidelines for Chinese School-aged Children* within the sector, and study on urban residents' out-of-home breakfast consumption patterns.

In 2024, we posted

**190** nutrition and health-related articles and videos,

generating

**17 million +** views



By the end of 2024, the Yum China Dietary Health Foundation has provided funding of RMB

**26 million +** to **100 +** projects

### Case Study

#### KFC Exclusive Tray Liners for National Nutrition Week

In 2024, the 10<sup>th</sup> National Nutrition Week featured the theme "Boost Nutrition with Dairy and Beans, Less Oil for Better Health," in response to the third guideline of balanced diets in the *Chinese Dietary Guidelines 2022*, which advocates increased intake of vegetables, fruits, dairy, whole grains, and soybeans, and the fifth guideline, which recommends less salt and oil, limit sugar and alcohol. Throughout the campaign, KFC introduced themed tray liners to educate consumers on nutrition and health-related knowledge, supporting the National Nutrition Week. Additionally, this initiative linked nutritional topics with low-carbon themes, supporting both health-conscious and eco-conscious lifestyle choices.



KFC Exclusive Tray Liners for National Nutrition Week





Case Study

Food Safety and Nutritional Health Science Education Activity for the Youth

Leveraging its public welfare resources, Yum China actively provides support to enhance youth awareness of food safety and foster healthy lifestyle. KFC co-organized a youth science education program on food safety and nutritional health with China Youth Concern Committee Education Development Center, China Health Education Center, and China Education Daily.

In 2024, the program upgraded its model to "School-Based Diverse Science Education + Practice," integrating resources from primary and secondary schools nationwide to further broaden the reach of the initiative. The program has been rolled out to nearly 70 schools in 10 cities, including Nanjing, Chongqing, and Fuzhou, enhancing the impact of the Urban Campus Theme Day Tour Activities. It also introduced a new "Food Safety and Nutrition Science Education Corner" and upgraded the evaluation criteria for the "Youth Food Safety and Nutritional Health Science Education Works Collection," with outstanding works showcased on the website of China Youth Concern Committee Education Development Center.

Running from 2016 until the end of 2024, the program had accumulatively

hosted

**830+**

science education events

across

**87**

cities nationwide

attracted

**460,000+**

participants in on-site activities



Foster Cultural Confidence

Yum China consistently strives to promote traditional Chinese culture by continuously upgrading products, enriching dining experiences, and creating cultural derivatives. By leveraging our brand equity, we empower younger generations to actively participate in cultural preservation endeavors, fostering cultural confidence and advancing China's cultural prosperity. In 2024, KFC and Pizza Hut leveraged their restaurant locations with intangible cultural heritage, launched unique activities and introduced innovative consumer experiences such as "Chinese New Year in Western Restaurants," "Dragon Boat Pop-up Stores," and themed restaurant named "Suzhou's Treasures, Ease in Jiangnan," and a National Palace Museum-themed store with special product packaging. These initiatives aimed to enrich cultural experience of the consumers and showcase the charm of traditional Chinese culture.



Advocating Active and Healthy Lifestyles

By organizing sports-themed activities and sponsoring sports events, we aim to encourage more customers and the public to participate in sports activities, contributing to the advancement of national fitness initiatives.

Case Study

KFC China 3×3 Basketball Championship 🏀

In 2024, KFC China 3×3 Basketball Championship celebrated its 20<sup>th</sup> anniversary. Since its inception in 2004, the competition has become one of the premier events in youth 3×3 basketball in China. Over the past 20 years, it has provided a stage for more than 3 million young basketball enthusiasts to showcase their skills and growth, contributing to the development of the integration of the sports and education in China. In recognition of its contributions, the Yum China KFC brand was awarded the "Annual Social Value Business Award" at the 2024 Southern Weekly Social Value Ceremony for the KFC China 3×3 Basketball Championship.

In 2024, the KFC China 3×3 Basketball Championship kicked off in September and progressed through a series of city and regional competitions, culminating in the national final in Xi'an. Spanning nearly three months, the tournament covered 36 cities across 25 provinces and municipalities, attracting enthusiastic participation from over 1,500 schools and nearly 14,000 teams.



Case Study

Pizza Hut Sailing Contest

In 2024, for the seventh consecutive year, Pizza Hut collaborated with the Qingdao International Sailing Week and Qingdao International Marine Festival to explore the potential of the "Dining + Sports" model. With dining as a medium, the initiative aimed to promote a positive and healthy lifestyle. During the 16<sup>th</sup> Qingdao International Sailing Week and Qingdao International Marine Festival in September 2024, the "Pizza Hut Sailing Contest" project brought new energy to the event through diverse initiatives such as participating in sailing competitions, offering support and organizing activities such as the " Pizza Hut Sailing Contest" World Tour. These efforts effectively contributed to the promotion and development of sailing culture and celebrated the spirit of sports.





# Appendix

## Progress on Our Sustainability Goals

Goals and Commitments		2024 Progress
Food	• Food safety and quality audit covers <b>100%</b> of restaurants and logistics centers	✔ Achieved
	• Food safety and quality training covers <b>100%</b> of employees in offices, restaurants, and logistics centers	✔ Achieved
	• Food safety assessment covers <b>100%</b> of food and food contact packaging suppliers	✔ Achieved
	<b>Yum China Nutrition and Health Commitment</b> <ul style="list-style-type: none"><li>• <b>100%</b> 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</li><li>• <b>100%</b> 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</li><li>• <b>100%</b> of KFC, Pizza Hut, and Taco Bell products are free of trans fat originating from hydrogenated/partially hydrogenated oils</li><li>• <b>700+</b> tons of salt reduction in French fries/ketchup/frozen cheese by 2030 from a 2020 base year</li><li>• <b>4,500+</b> tons of total sugar reduction by 2030 from a 2020 base year</li></ul>	Ongoing
Environment	<b>Reach Net-zero Value Chain GHG Emissions by 2050</b> <b>Near-term SBTs</b> <ul style="list-style-type: none"><li>• Reduce absolute Scope 1 and 2 GHG emissions <b>63%</b> by 2035 from a 2020 base year</li><li>• Reduce Scope 3 GHG emissions from purchased goods <b>66.3%</b> per ton of goods purchased by 2035 from a 2020 base year</li></ul>	Ongoing
	• <b>20%</b> reduction in energy indirect GHG emissions per company-owned store by 2025 from a 2020 base year	✔ Achieved
	• <b>100%</b> of accessible roofs of all newly built logistics centers with DPV by the end of 2025	Ongoing
	• <b>10%</b> reduction of average restaurant water consumption by 2025 as compared to the 2017 baseline	✔ Achieved
	• <b>10%</b> reduction of food waste per restaurant by 2030 as compared to the 2020 baseline	Ongoing
	• <b>30%</b> reduction in non-degradable plastic packaging weight by 2025 as compared to the 2019 baseline	Ongoing
	• <b>100%</b> of customer-facing plastic-based packaging is recyclable	✔ Achieved
	• <b>100%</b> of FSC-certified paper packaging by 2025	Ongoing ~ <b>33%</b> of paper packaging is FSC-certified
People	• <b>100%</b> of RSPO-certified palm oil purchased	✔ Achieved
	• At least <b>50%</b> of our employees are female	✔ Achieved
	• At least <b>50%</b> of all employees hired, trained, promoted, and retained are female	✔ Achieved
	• Over <b>1.5%</b> of full-time jobs are offered to people with disabilities	Ongoing <b>100%</b> compliant with the relevant national regulatory requirements
Community	• <b>100%</b> of critical suppliers are covered by CSR audit	✔ Achieved
	• Encourage our employees to participate in volunteer services	Ongoing



Key Performance Indicators

Indicators	Unit	2024	2023	2022
Food				
Food Safety and Quality Audits on Suppliers	times	300+	500+	470+
Key Raw Materials Sampling Tests in Restaurants	times	390+	400+	350+
Restaurant Food Safety and Quality Audits (i.e. OEC Audit)	times	27,700+	22,000+	21,200+
Microbiological Testing in Restaurants	times	120,000+	100,000+	89,000+
Environment				
Direct (Scope 1) GHG Emissions	tCO <sub>2</sub> e	220,101	187,156	165,197
Energy Indirect (Scope 2) GHG Emissions (Location-based)	tCO <sub>2</sub> e	2,057,158	2,024,512	1,740,134
Energy Indirect (Scope 2) GHG Emissions (Market-based)	tCO <sub>2</sub> e	2,036,762	2,020,460	1,740,134
Average Restaurant Energy Indirect GHG Emissions (Market-based)	tCO <sub>2</sub> e	139	153	148
Other indirect (Scope 3) GHG Emissions	tCO <sub>2</sub> e	10,235,998	10,102,062	8,198,807
Total Electricity Consumption	MWh	3,813,885	3,528,788	3,029,361
Renewable Energy Consumption	MWh	38,009	7,932	/
Average Restaurant Electricity Consumption	MWh	260	269	259
Total Water Consumption	tons	26,086,762	25,598,144	24,961,986
Average Restaurant Water Consumption	tons	1,801	1,967	2,149
Total Amount of Packaging Usage (Plastic Packaging & Paper Packaging)	tons	153,792	130,017	110,485
Total Amount of Plastic Packaging Usage	tons	41,206*	24,805	20,076
Total Amount of Paper Packaging Usage	tons	112,586	105,212	90,409
Packaging Usage per Sales (in million RMB)	tons	2.0	1.8	1.8
Total Packaging Reduction (Plastic Packaging & Paper Packaging)	tons	~31,000	~30,000	~19,400
Percentage of RSPO-Certified Palm Oil	%	100	100	100
People				
Total Number of Employees	person	350,000+	430,000+	400,000+
Number of Full-Time Employees	%	40	36	36
Number of Part-Time Employees	%	60	64	64
Number of Male Employees	%	33	33	34
Number of Female Employees	%	67	67	66
Number of Employees under 31	%	50	53	53
Number of Employees 31~40	%	23	23	25
Number of Employees 41~50	%	22	20	19
Number of Employees over 50	%	5	4	3

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



Yum China	Food	Environment	People	Community	Appendix
Indicators	Unit	2024	2023	2022	
People					
Employee Turnover Rate of RGMs*	%	9.7	9.3	9.0	
Share of Women in All Management Positions	%	61	61	61	
Share of Women in Junior Management Positions	%	62	60	61	
Share of Women in Top Management Positions	%	53	53	53	
Share of Women in Management Positions in Revenue-generating Functions	%	63	63	63	
Share of Women in STEM-Related Positions**	%	19	18	23	
Share of Female Employees in New Hire Employees	%	56	59	59	
Share of Female Employees in Promotion Employees	%	68	66	67	
Share of Female Employees in Turnover Employees	%	58	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	/	60	42	27	
Number of Angel Restaurants	/	66	46	30	
Number of People with Disabilities Employed in Angel Restaurants	person	300+	200+	~200	
Number of People with Disabilities Gained Employment Support	person	1,700+	1,800	~2,000	
Total Amount Spent on Training and Development	million RMB	363	395	338	
Average Amount Spent per Full-Time Equivalent (FTE) on Training and Development	RMB	1,960	1,837	1,673	
Training and Development Hours in Total	million hours	11.1	9.7	8.8	
Average Hours per FTE of Training and Development	hours	60	45	44	
Number of Full-Time Employees Trained	person	139,000+	155,000	140,000	
Number of Part-Time Employees Trained	person	211,000+	277,000	260,000	
Share of Male Employees in Training Programs	%	33	33	34	
Share of Female Employees in Training Programs	%	67	67	66	
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	1.09	1.03	1.07	
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	%	99.2	99.2	98.7	
Community					
Charitable Donations	million USD	~1	~2	~4	

\* 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.  
In 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).  
\*\* 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
	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: <b>Materiality:</b> 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. <b>Quantitative:</b> 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. <b>Consistency:</b> 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> .
	A1.1 The types of emissions and respective emissions data.	Total water discharge: 22,762,735 tons Water discharge intensity: 1,571 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	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	Environment > Climate Change, P33
	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.
	A1.4 Total non-hazardous waste produced and, where appropriate, intensity.	Total non-hazardous waste: 428,740 tons Non-hazardous waste intensity: 30 tons per store Total waste recycled/reused: 161,711 tons Total waste disposed: 267,029 tons
	A1.5 Description of emissions target(s) set and steps taken to achieve them.	Environment > Climate Change, P33
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environment > Circular Economy, P40

Yum China	Food	Environment	People	Community	Appendix
KPI	Description		Responses		
A2	Use of Resource				
KPI	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment, P30		
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Environment > Climate Change, P33		
	A2.2	Water consumption in total and intensity.	Environment > Nature, Forests and Water, P39		
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environment, P30		
	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, P39		
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Environment> Circular Economy, P40			
A3	The Environment and Natural Resources				
KPI	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environment, P30		
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment, P30		
A4	Climate Change				
KPI	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environment > Climate Change, P33		
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environment > Climate Change, P33		
B Society					
B1	Employment				
KPI	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, anti-discrimination, and other benefits and welfare.	The laws and regulations that Yum China complies with, include but are not limited to: • Labor Law of the PRC • Labor Contract Law of the PRC • Regulations on the Prohibition of Child Labor People > Caring Workplace, P49		
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Total number of employees: 350,000+ Total workforce rate: • By gender: Female: 67% Male: 33% • By employment type: Full-time: 40% Part-time: 60% • By age: Under 31 years old: 50% 31~40 years old: 23% 41~50 years old: 22% Over 50 years old: 5% • By region: Mainland China: 99.99800% Hong Kong, Macau, and Taiwan: 0.00143% Other regions: 0.00057%		
	B1.2	Employee turnover rate by gender, age group and geographical region.*	Turnover Rate of RGMs: 9.7% • By gender: Female: 5.4% Male: 4.3% • By region: Mainland China: 9.7% Hong Kong, Macau, and Taiwan: 0.0% Other overseas regions: 0.0% • By age: Under 31 years old: 3.3% 31~40 years old: 5.5% 41~50 years old: 0.9% Over 50 years old: 0.0%		

\* 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.  
In 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).



KPI	Description		Responses
B2	Health and Safety		
KPI	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: • <i>Security Law of the PRC</i> • <i>Law of the PRC on the Prevention and Control of Occupational Diseases</i> • <i>Fire Protection Law of the PRC</i> People > Caring Workplace, P49
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	From 2020 to 2024, work-related fatalities of Yum China continued to be zero.
	B2.2	Lost days due to work injury.	In 2024, there were about 10,954* lost days due to work injury.
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People > Caring Workplace, P49
B3	Development and Training		
KPI	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People > Caring Workplace, P49
	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% • Trained employees by gender: Female: 67% Male: 33% • Trained employees by category: Non-manager: 94% Managers: 6%
	B3.2	The average training hours completed per employee by gender and employee category.	Average hours per FTE of training and development: 60 hours The average training hours completed per employee**: • By gender: Female: 22 Male: 29 • By employment category: Non-manager: 24 Managers: 30
B4	Labor Standards		
KPI	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: • <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 > Caring Workplace, P49
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	People > Caring Workplace, P49
	B4.2	Description of steps taken to eliminate such practices when discovered.	People > Caring Workplace, P49
B5	Supply Chain Management		
KPI	General Disclosure	Policies on managing environmental and social risks of the supply chain.	People > Responsible Sourcing, P60
	B5.1	Number of suppliers by geographical region.	By the end of December 2024, the number of suppliers (major commodities such as food and packaging) by region (countries of suppliers) is as follows: Total: 848 China: 841 Overseas: 7

\*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. In 2023, we expanded the data scope to include all employees, including restaurant service teams, 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.



KPI	Description	Responses
	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 > Responsible Sourcing, P60
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 > Responsible Sourcing, P60
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	People > Responsible Sourcing, P60
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: • 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 People > Customer Mania, P59
	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 2024, 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, P15
	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.	People > Customer Mania, P59 Corporate Governance > Compliance Management, P15
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.	Yum China strictly complies with Company Law of the PRC, Criminal Law of the PRC, Anti-money Laundering Law of the PRC, and other laws and regulations and adopts a "zero tolerance" attitude towards corruption. Corporate Governance, P14
	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, P64
KPI	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport.)	Community, P64
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Community, P64



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, P78 Appendix> HKEX ESG Reporting Guide Index, P80 Appendix> SASB Index, P88
	2-5 External assurance	Assurance Report, P90
	2-6 Activities, value chain and other business relationships	About Yum China, P08
	2-7 Employees	About Yum China, P08
	2-8 Workers who are not employees	About Yum China, P08
	2-9 Governance structure and composition	Sustainability Strategy, P09
	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, P09
	2-13 Delegation of responsibility for managing impacts	Sustainability Strategy, P09
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Strategy, P09
	2-15 Conflicts of interest	Corporate Governance, P14
	2-16 Communication of critical concerns	Sustainability Strategy, P09
	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, P09
	2-19 Remuneration policies	People > Caring Workplace, P49
	2-20 Process to determine remuneration	People > Caring Workplace, P49
	2-22 Statement on sustainable development strategy	Sustainability Strategy, P09
	2-23 Policy commitments	People, P46
	2-24 Embedding policy commitments	Corporate Governance, P14
	2-25 Processes to remediate negative impacts	Corporate Governance, P14



GRI Standards	Disclosure	Section(s)
GRI 2: General Disclosures	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance, P14
	2-27 Compliance with laws and regulations	Corporate Governance, P14
	2-28 Membership associations	Food > Industry Development, P28
	2-29 Approach to stakeholder engagement	Sustainability Strategy, P09
GRI 3: Material Topics	3-1 Process to determine material topics	Sustainability Strategy, P09
	3-2 List of material topics	Sustainability Strategy, P09
	3-3 Management of material topics	Sustainability Strategy, P09
GRI 201: Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	Environment > Climate Change, P33
	201-3 Defined benefit plan obligations and other retirement plans	People > Caring Workplace, P49
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Community, P64
	203-2 Significant indirect economic impacts	People > Caring Workplace, P49 People > Responsible Sourcing, P60 Community > Rural Revitalization, P68
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	Corporate Governance, P14
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Corporate Governance, P14
GRI 301: Materials	301-1 Materials used by weight or volume	Environment > Circular Economy, P40
	301-2 Recycled input materials used	Environment > Circular Economy, P40
	301-3 Reclaimed products and their packaging materials	Environment > Circular Economy, P40
GRI 302: Energy	302-1 Energy consumption within the organization	Environment > Climate Change, P33
	302-2 Energy consumption outside of the organization	Environment > Climate Change, P33
	302-3 Energy intensity	Environment > Climate Change, P33
	302-4 Reduction of energy consumption	Environment > Climate Change, P33
	302-5 Reductions in energy requirements of products and services	Environment > Climate Change, P33
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	Environment > Nature, Forests and Water, P39



GRI Standards	Disclosure	Section(s)
GRI 303: Water and Effluents	303-2 Management of water discharge related impacts	Environment > Nature, Forests and Water, P39
	303-3 Water withdrawal	Environment > Nature, Forests and Water, P39
	303-4 Water discharge	Total water discharge: 22,762,735 tons
	303-5 Water consumption	Environment > Nature, Forests and Water, P39
GRI 304: Biodiversity	304-2 Significant impacts of activities, products and services on biodiversity	Environment > Nature, Forests and Water, P39
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Environment > Climate Change, P33
	305-2 Energy indirect (Scope 2) GHG emissions	Environment > Climate Change, P33
	305-3 Other indirect (Scope 3) GHG emissions	Environment > Climate Change, P33
	305-4 GHG emissions intensity	Environment > Climate Change, P33
	305-5 Reduction of GHG emissions	Environment > Climate Change, P33
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	Environment > Circular Economy, P40
	306-2 Management of significant waste-related impacts	Environment > Circular Economy, P40
	306-3 Waste generated	Environment > Circular Economy, P40
	306-4 Waste diverted from disposal	Environment > Circular Economy, P40
	306-5 Waste directed to disposal	Environment > Circular Economy, P40
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	People > Responsible Sourcing, P60
GRI 401: Employment	401-1 New employee hires and employee turnover	People > Caring Workplace, P49
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	People > Caring Workplace, P49
	401-3 Parental leave	People > Caring Workplace, P49
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	People > Caring Workplace, P49
	403-2 Hazard identification, risk assessment, and incident investigation	People > Caring Workplace, P49
	403-3 Occupational health services	People > Caring Workplace, P49
	403-4 Worker participation, consultation, and communication on occupational health and safety	People > Caring Workplace, P49
	403-5 Worker training on occupational health and safety	People > Caring Workplace, P49



GRI Standards	Disclosure	Section(s)
GRI 403: Occupational Health and Safety	403-6 Promotion of worker health	People > Caring Workplace, P49
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People > Caring Workplace, P49
	403-8 Workers covered by an occupational health and safety management system	People > Caring Workplace, P49
	403-9 Work-related injuries	People > Caring Workplace, P49
	403-10 Work-related ill health	People > Caring Workplace, P49
GRI 404: Training and Education	404-1 Average hours of training per year per employee	People > Caring Workplace, P49
	404-2 Programs for upgrading employee skills and transition assistance programs	People > Caring Workplace, P49
	404-3 Percentage of employees receiving regular performance and career development reviews	People > Caring Workplace, P49
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	People > Caring Workplace, P49
	405-2 Ratio of basic salary and remuneration of women to men	People > Caring Workplace, P49
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	People > Caring Workplace, P49
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	People > Caring Workplace, P49
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	People > Caring Workplace, P49
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	Community > Community Caring, P70
	413-2 Operations with significant actual and potential negative impacts on local communities	Community > Community Caring, P70
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	People > Responsible Sourcing, P60
	414-2 Negative social impacts in the supply chain and actions taken	People > Responsible Sourcing, P60
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
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Food > Food Safety and Quality, P20
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	People > Customer Mania, P59
	417-2 Incidents of non-compliance concerning product and service information and labeling	Food > Food Safety and Quality, P20
	417-3 Incidents of non-compliance concerning marketing communications	Food > Food Safety and Quality, P20
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Corporate Governance, P14



SASB Index

Topic	Accounting Metrics	Responses
Energy Management	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	Environment > Climate Change, P33
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, P40
Food & Packaging Waste Management	(1) Total amount of waste (2) Percentage food waste (3) Percentage diverted	Total amount of waste: 428,740 tons Percentage diverted: 38% Environment > Circular Economy, P40
	(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: 153,792 tons Environment > Circular Economy, P40
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 fulfill 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
	Number of advertising impressions made on children, percentage promoting products that meet national dietary guidelines for children	People > Customer Mania, P59
Labor Practices	(1) Voluntary turnover rate for restaurant employees* (2) Involuntary turnover rate for restaurant employees*	Voluntary turnover rate for RGMs: 8.4% Involuntary turnover rate for RGMs: 1.2%
	(1) Average hourly wage, by region (2) Percentage of restaurant employees earning minimum wage, by region	We published the <i>Yum China Human Rights Policy</i> , 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 > Caring Workplace, P49
	Total amount of monetary losses as a result of legal proceedings associated with (1) labor law violations (2) employment discrimination	People > Caring Workplace, P49
Supply Chain Management & Food Sourcing	Percentage of food purchased that (1) meets environmental and social sourcing standards (2) is certified to third-party environmental and/or social standards	Environment > Climate Change, P33 People > Responsible Sourcing, P60 Food > Food Safety and Quality, P20
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	Environment > Climate Change, P33 People > Responsible Sourcing, P60 Food > Food Safety and Quality, P20
	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.

In 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).



Assurance Report



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Independent Practitioner's Limited Assurance Report

毕马威华振沪通字第 2500040 号

To the Board of Directors of Yum China Holdings, Inc.:

Report on selected information in Yum China Holdings, Inc.'s Sustainability Report as of and for the year ended 31 December 2024

Conclusion


We have performed a limited assurance engagement on the following information in Yum China Holdings, Inc.'s ("Company") 2024 Sustainability Report as of and for the year ended 31 December 2024 (hereafter referred to as "the Assured Sustainability Information"):

Assured Sustainability Information
1. Direct (Scope 1) GHG Emissions
2. Energy Indirect (Scope 2) GHG Emissions
3. Total Electricity Consumption
4. Average Restaurant Electricity Consumption
5. Renewable Energy Consumption
6. Total Water Consumption
7. Average Restaurant Water Consumption
8. Amount of UCO Converted into Biodiesel in Sichuan Biodiesel Project
9. Percentage of RSPO-certified Palm Oil
10. Percentage of CSR Audited Critical Suppliers
11. Share of Women in Total Workforce
12. Lost-time Injury Frequency Rate for Employees
13. Work-related Fatalities for Employees
14. Total Amount of Packaging Usage

KPMG Huazhen LLP, a People's Republic of China partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

毕马威华振会计师事务所(特殊普通合伙), 中国注册会计师事务所, 是毕马威网络成员所, 隶属于毕马威网络成员所组成的独立成员所组成的网络。该网络由毕马威网络成员所组成, 该网络由毕马威网络成员所组成。

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Independent Practitioner's Limited Assurance Report (Continue)

毕马威华振沪通字第 2500040 号

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Assured Sustainability Information of the Company as of and for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with Criteria set out in the appendix to this report.

Our conclusion on the Assured Sustainability Information does not extend to any other information that accompanies or contains the Assured Sustainability Information and our report (hereafter referred to as "other information"). We have not performed any procedures as part of this engagement with respect to the other information.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements* issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.


Other matter

The information for prior periods were not subject to our limited assurance engagement and, accordingly, we do not express a conclusion, or provide any assurance on such information. Our conclusion is not modified in respect of this matter.

Intended use or purpose

This report is made solely to you, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Our conclusion is not modified in respect of this matter.

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Independent Practitioner's Limited Assurance Report (Continue)

毕马威华振沪通字第 2500040 号

Responsibilities for the Assured Sustainability Information

The management of Company are responsible for:

- Designing, implementing and maintaining internal control relevant to the preparation of the Assured Sustainability Information such that is free from material misstatement, whether due to fraud or error;
- Selecting or developing suitable criteria for preparing the Assured Sustainability Information and appropriately referring to or describing the criteria used; and
- Preparing the Assured Sustainability Information in accordance with the Criteria.

Inherent limitations in preparing the Assured Sustainability Information

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. It was impracticable for us to quantify the potential impact of this on the disclosures of the Assured Sustainability Information in the 2024 Sustainability Report. Accordingly, our report relates solely to the Assured Sustainability Information that have been disclosed to us and in the books and records of the Company made available to us.


In addition, we also draw attention of the readers that currently there are no generally accepted practices to evaluate and measure other non-financial information in the Assured Sustainability Information, therefore there are different measurement methods, which may impact the comparability among entities.

Our responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Assured Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to you.

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Independent Practitioner's Limited Assurance Report (Continue)

毕马威华振沪通字第 2500040 号

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Assured Sustainability Information that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Assured Sustainability Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- Evaluated the suitability in the circumstances of the Company's use of relevant criteria, as the basis for preparing the Assured Sustainability Information;
- Through inquiries of relevant staff at the Company who are responsible for the preparation of the Assured Sustainability Information, obtained an understanding of the Company's control environment, processes and information systems relevant to the preparation of the Assured Sustainability Information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- Inspected a limited number of items to or from supporting records, as appropriate;
- Performed analytical procedures over the Assured Sustainability Information where appropriate by comparing the expected results to actual results reported and made inquiries of management to obtain explanations for any significant differences we identified;
- Performed recalculations of selected data in the Assured Sustainability Information; and
- Considered the presentation and disclosure of the Assured Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

KPMG Huazhen LLP Shanghai Branch

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7 April 2025

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Basis of Assured Data

No.	Data	Basis
1	Direct (Scope 1) GHG Emissions	Direct (Scope 1) GHG Emissions of Yum China in 2024 were the direct (Scope1) 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 2024. The majority of direct (Scope 1) GHG emissions are derived from installation, operation and disposal of refrigeration and air-conditioning equipment, which is calculated by using Refrigeration and Air-Conditioning Equipment Tool issued by GHG Protocol. The type of refrigerant and original refrigerant charge of refrigeration equipment comes from the nameplate. The type of refrigerant of air-conditioning equipment comes from the nameplate, and the average restaurant original refrigerant charge of air-conditioning equipment is defined by Yum China based on the restaurant area and refrigerant charge. 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 (ASHARE) Handbook – Fundamentals. The rest of direct (Scope 1) GHG 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 Emissions 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 restaurant. 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.
2	Energy Indirect (Scope 2) GHG Emissions	Energy indirect (Scope 2) GHG emissions of Yum China in 2024 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 2024. The energy indirect (Scope 2) GHG emissions of Yum China in 2024 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 2022 national power average carbon dioxide emission factor as stated in the <i>Announcement on the Release of 2022 Power Carbon Dioxide Emission Factors</i> 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 Emissions Accounting Method and Reporting Guide for Food, Tobacco, Alcohol, Beverage and Refined Tea Enterprises (Trial)</i> issued by the National Development and Reform Commission.
3	Total Electricity Consumption	Total electricity consumption of Yum China in 2024 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 2024. Electricity consumption refers to the data on electricity bills and the volume of DPV power consumption from company-owned restaurants, offices, logistics centers and facilities within our operational control.
4	Average Restaurant Electricity Consumption	Average restaurant electricity consumption of Yum China in 2024 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 2024. 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.
5	Renewable Energy Consumption	The renewable energy consumption of Yum China for 2024 was the green electricity transactions and solar power consumed by Yum China's company-owned restaurants and logistics centers in 2024. The volume of green electricity transactions refers to the green electricity volume as 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, 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 consumption volume for self-operated logistics centers comes from data measured by the distributed photovoltaic power measurement system of those self-operated logistics centers.

No.	Data	Basis
6	Total Water Consumption	Total water consumption of Yum China in 2024 was the water consumed by Yum China's company-owned KFC, Pizza Hut, Taco Bell, Little Sheep, Huang Ji Huang and Lavazza restaurants in 2024. 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.
7	Average Restaurant Water Consumption	Average restaurant water consumption of Yum China in 2024 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 2024.
8	Amount of UCO Converted into Biodiesel in Sichuan Biodiesel Project	Amount of UCO converted into biodiesel in Yum China Sichuan biodiesel project in 2024 was the amount of UCO converted into biodiesel in the project, which was carried out in Yum China's KFC, Pizza Hut and Taco Bell restaurants in Sichuan province in 2024. The amount of UCO converted into biodiesel refers to the data on receipts from UCO collectors.
9	Percentage of RSPO-certified Palm Oil	Percentage of RSPO-certified palm oil of Yum China in 2024 was the percentage of RSPO certified palm oil in all the purchased palm oil products of Yum China in 2024.
10	Percentage of CSR Audited Critical Suppliers	Percentage of CSR audited critical suppliers of Yum China in 2024 was the percentage of CSR audited critical suppliers in all the critical suppliers of Yum China in 2024. 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 two million, IT service suppliers and headquarter suppliers).
11	Share of Women in Total Workforce	Share of women in total workforce of Yum China in 2024 was the percentage of female employees out of all employees of Yum China at the end of 2024. 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 2024, including office staff and restaurant staff. The number of female employees refers to the full-time and part-time female employees directly hired by Yum China at the end of 2024, including office staff and restaurant staff.
12	Lost-Time Injury Frequency Rate for Employees	Lost-time injury frequency rate for employees of Yum China in 2024 was the number of lost-time injuries per one million hours worked for employees of Yum China in 2024. The working hours are the total working hours of full-time and part-time employees directly hired by Yum China in 2024, including office staff and restaurant staff. The number of lost-time injuries is the number of injury leaves of full-time and part-time employees directly hired by Yum China in 2024, including office staff and restaurant staff. The lost-time refers to the loss of productivity for Yum China as a result of a work-related injury. The following incidents are not considered to be work-related injury: 1) a worker suffers a heart attack while at work that is unconnected with 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); 3) a worker with epilepsy has a seizure at work that is unconnected with work. 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 employees of Yum China in 2024 were the number of fatalities as a result of work-related injury of full-time and part-time employees directly hired by Yum China in 2024, including office staff 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 that is controlled by Yum China in 2024. The following incidents are not considered to be work-related injury: 1) a worker suffers a heart attack while at work that is unconnected with 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); 3) a worker with epilepsy has a seizure at work that is unconnected with work. The definition of work-related injury is based on the definition from GRI standards- GRI 403: Occupational Health and Safety 2018.
14	Total Amount of Packaging Usage	Total amount of packaging usage of Yum China in 2024 was the total amount of customer-facing Plastic and Paper packaging usage in 2024. The amount of paper packaging usage is calculated by adding the amount of raw paper supplied from suppliers and the amount of molded pulp. The amount of plastic packaging usage equals to the weight of each packaging item multiplied by the number of items in either each case or bag, as well as the total number of cases and bags in 2024.





**YumChina**