

# Implement Environmental Strategies to Fulfill Commitments

*Yum China has identified environmental priorities after the evaluation of materiality aspects in the value chain, while taking into consideration leading ESG rating systems and tracking the emerging issues and trends in our industry. We have set challenging goals and commitments for environmental priorities and refer to these goals to drive our constant progress in protecting the environment.*





## 1 Our Vision

We care about the environment and minimizing our environmental footprint.

## 2 Seize Opportunities and Meet Challenges

We continuously improve our restaurant operational processes to ensure compliance with regulatory and policy developments, while achieving alignment between environmental protection and restaurant operations;

We embrace new technologies, such as artificial intelligence, Internet of Things (IoT), environmentally friendly materials, high-performance equipment and waste management, as we continue to apply and promote energy-saving initiatives in our restaurants to reduce consumption and emissions;

We help raise public awareness of environmental protection and promote energy-saving initiatives without compromising customers' in-store dining experience;

We continuously monitor industry trends in our supply chain to reduce sustainability risks.

## 3 Our Goals and Commitments

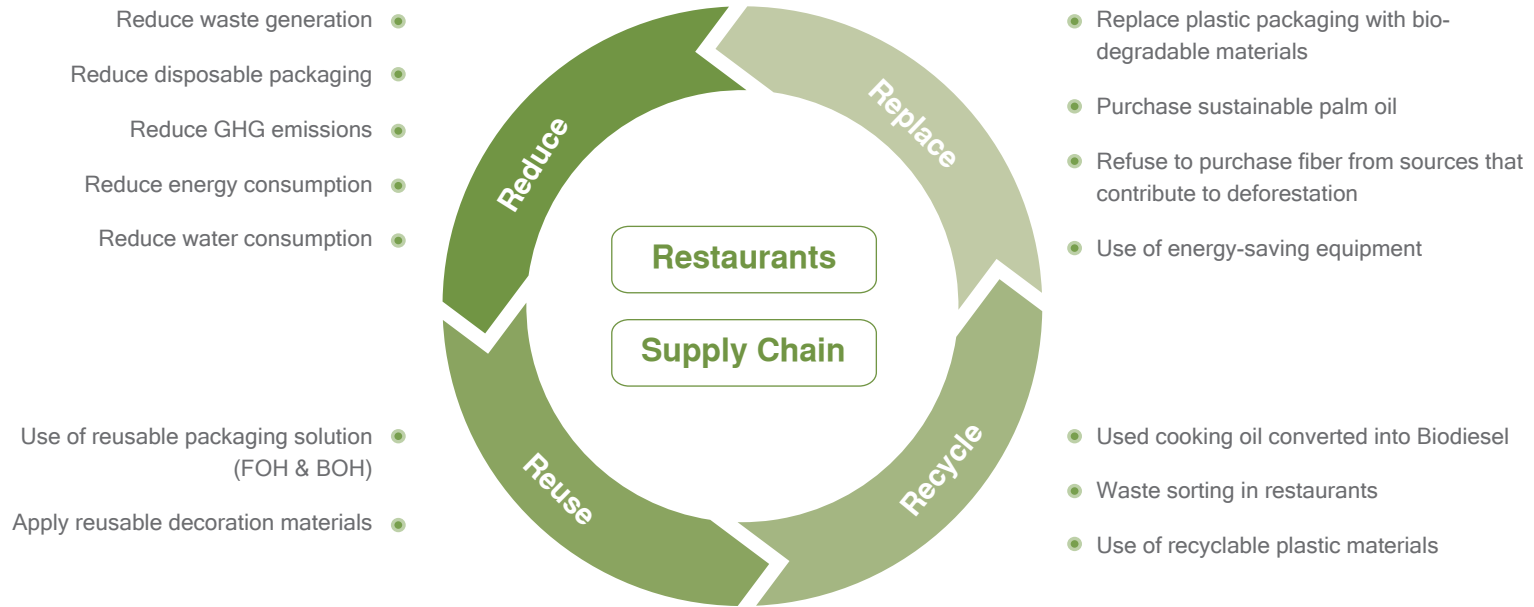
We regularly recalibrate our challenging goals and commitments to reflect evolving environmental priorities and ensure continuous improvement.

Environmental Priority	Goal and Commitment	
Sustainable Restaurants	<b>Energy Efficiency / Carbon Emissions</b>	<b>10%</b> Reduce average restaurant energy and GHG emissions by an additional 10% by 2025.
	<b>Water Efficiency</b>	<b>10%</b> Reduce average restaurant water consumption by an additional 10% by 2025.
	<b>Green Building</b>	<b>100%</b> Design and build all new restaurants in accordance with the Yum China Green Building Standards.
	<b>Sustainable Packaging</b>	All consumer facing, plastic based packaging is recyclable.
Sustainable Supply Chain	<b>Responsible Sourcing</b>	Complete CSR audits on all critical suppliers.
	<b>Sustainable Sourcing</b>	Only purchase RSPO certified palm oil.  Refuse to purchase paper products from suppliers that cause deforestation.

Note: 1. Energy efficiency, carbon emissions and water efficiency goals are developed using a 2017 baseline.  
 2. The goal and commitment of Sustainable Restaurants cover all company-owned and unconsolidated affiliates restaurants.  
 3. See detailed progress towards goals and commitments in "2018 Sustainability Highlights" (Page 6).

## 4 Our Sustainability 4R Principles

In order to achieve our stated environmental goals and guide our environmental protection activities, we have developed the Yum China Sustainability 4R Principles: Reduce, Reuse, Recycle, and Replace. While building sustainable restaurants, we are actively sharing and promoting our sustainability concepts and practices with our suppliers to create a sustainable ecosystem.



In 2018, the **Yum China Sustainability Award** was launched to recognize those who have made outstanding contributions to sustainability at Yum China.

