

Yum! Brands
Renewable Energy Resolution (2019)

Resolved: Shareholders request that Yum! Brands (Yum) senior management, with oversight from the Board of Directors, issue a report on climate change mitigation strategies, assessing the feasibility of adopting quantitative, company-wide goals for increasing Yum! Brands' use of renewable energy and any other measures deemed prudent by company management, to substantially reduce the company's greenhouse gas (GHG) emissions and climate change risks associated with the use of fossil fuel-based energy. The report should be issued by November 30, 2019 at reasonable cost and omitting proprietary information.

Supporting Statement: In order to mitigate the worst impacts of climate change, the Intergovernmental Panel on Climate Change estimates that a 45% reduction in anthropogenic GHG emissions globally is needed by 2030 (from 2010 levels) to stabilize global temperatures (*Global Warming of 1.5 degrees C, IPCC, Oct 2018*). Setting goals to increase renewable energy as a share of total energy consumed and other such measures to reduce GHG emissions could help insulate our company from regulatory uncertainty and position Yum as contributing to climate solutions, producing reputational benefits.

Fortuitously, many major companies are finding that adopting renewable energy to reduce GHG emissions often benefit their bottom line. The US Energy Information Association reports the average cost of electricity at \$0.1068/kWh for commercial U.S. customers in 2017. By contrast, according to Bloomberg New Energy Finance's 2018 *Sustainable Energy in America Factbook* "the most competitive power purchase agreements (PPAs) came in at just over \$20/MWh for solar [\$0.02/kWh], while wind PPAs... averaged an estimated \$17/MWh in 2017 [\$0.017/kWh]."

Yum's website is silent on specific goals to reduce the company's GHG emissions as well as on renewable energy procurement that could lead to substantial emissions reduction. As such, Yum lags behind its peers in the restaurant industry including McDonald's, which has recently adopted an approved Science-Based Target for GHG emissions reduction across their operations and supply chain. Many other leading food companies, including Kellogg, Grupo Bimbo, Mars, Nestlé, and Starbucks are among the 154 RE100 member companies who have publicly committed to converting to 100% renewable energy. Yum has an opportunity to distinguish itself as being the first U.S. restaurant to join this initiative.

Accordingly, we urge Yum to emulate the best climate risk mitigation practices among its corporate peers such as renewable energy sourcing and to study the feasibility of adopting goals to substantially reduce GHG emissions.