

Resolved: Shareholders request that Yum! Brands, Inc. ("YUM") report annually to investors, at reasonable expense and excluding proprietary information, on how the company is curtailing the impact on the Earth's climate caused by deforestation in YUM's supply chain. The report should include quantitative metrics on supply chain impacts on deforestation and progress on goals for reducing such impacts.

Supporting Statement: YUM utilizes beef, soy, palm oil, and pulp/paper in its business: the leading drivers of deforestation globally. But YUM's limited action on deforestation sets the company behind peers like McDonald's and exposes the company to significant business risks, given the link between deforestation and climate change. These include supply chain unreliability, brand damage, and failure to meet shifting consumer and market expectations.

A 2019 IPCC report that stated that "Agriculture, forestry and other types of land use account for 23% of human greenhouse gas emissions" and urged the world to halt deforestation'. Six million people participated in global climate strikes in September 2019, and consumers are increasingly making choices to reduce their environmental footprint. Yet YUM is still sourcing from Cargill and JBS, the two companies most responsible for the Amazon fires'.

Deforestation has attracted significant attention from civil society, business and governments. Value chains that are illegally engaged in deforestation are vulnerable to interruption with new regulations and enforcement. In the EU, regulators are planning new laws that will require companies to demonstrate that goods they put on the EU market are not tainted with deforestation or human rights abuses'.

The SCRIPT Soft Commodity Risk Platform scores YUM at 24 out of 100 due to lack of a strategy for addressing deforestation, risk awareness, board oversight, traceability, and time-bound targets•. Where policies have been adopted, there is a lack of transparency on implementation or they are limited in scope. For example YUM does not disclose its palm oil mill lists, which is an essential first step in verifying no deforestation or exploitation in its supply chain. Lack of transparency erodes investor and consumer confidence.

Proponents believe meaningful indicators in a report like the one we request could include:

- For key commodities that YUM sources such as palm oil, soy, beef, and pulp/paper, the proportion that can be traced back to its source, and the proportion verified as not contributing to physical expansion into peatlands

or forests using High Carbon Stock Approach methods, and including the supply chain across all geographies;

- Tracking these figures against an anticipated timeframe (as established by management) for meeting its sourcing goals for each commodity consistent with the criteria above, including processes for verification, supplier non-compliance protocols, supplier suspension procedures, and trackable grievance processes.

We urge shareholders to support **this** proposal.

1 <https://www.ipcc.ch/2019/08/08/land-i5-a-critical-resource> srccl/

2 <https://stories.mightyearth.org/amazonfires/index.html>

3 https://ec.europa.eu/environment/forests/eu_comm_2019.htm

4 <https://www.script.finance.com/1/portfolio-risk/companies/973>