

UNLOCKING OPPORTUNITY FOR GOOD GROWTH!

Dear fellow stakeholders:

At Yum! Brands, we have a bold vision for building the world's most loved, trusted and fastest growing restaurant brands through our **Recipe for Good Growth**. As the world's largest restaurant company, our diversified global system includes approximately 1,500 franchisees operating more than 55,000 restaurants in over 155 countries and territories. Our iconic KFC, Taco Bell, Pizza Hut and The Habit Burger Grill brands delight millions of customers daily with our craveable food and memorable experiences. We and our franchisees are proud of the meaningful career opportunities we provide to unlock opportunity for team members and for the communities we serve.

In 2022, we celebrated our 25th anniversary as a public company. Since 1997, Yum! has delivered total shareholder returns of 14% annually, approximately double the S&P return, reflecting our continued focus on delivering outsized value for our shareholders. These impressive results are a testament to our resilient, diversified business and the strength of our four distinctive brands. While our first 25 years were remarkable, we are even more confident in our next chapter of growth.

Yum!'s **Recipe for Good Growth** is grounded in the idea that our growth and brand relevance will only endure if our brands are inclusive, sustainable and reflective of evolving employee, franchisee and stakeholder needs. We're focused on **Good** priorities that influence long-term **Growth** and **Growth** priorities that enable us to expand the **Good** we're able to accomplish.

Our **Good** priorities involve social responsibility, risk management and sustainable stewardship of our People, Food and Planet. These priorities are at the center of how we're building a resilient growth business. As a result, we're including environmental, social and governance (ESG) priorities into our business strategy and adopting responsible practices that align with our purpose, vision and values.

People: We Unlock Opportunity

Championing equity; inclusion and belonging; education and skills; and entrepreneurship.

Food: We Serve Food People Trust


Going above and beyond when it comes to food safety and offering balanced choices.

Planet: We Grow Sustainably

Minimizing our environmental impact by reducing carbon emissions, plastic waste and land use.



David Gibbs,
Chief Executive Officer
Yum! Brands, Inc.



Our Growth priorities form our framework for building sustainable, long-term results. Outlined below, these priorities drive higher same-store sales and net-new unit growth and serve as our guiding principles across business decisions.

Unrivaled Culture & Talent

Leveraging our people-first culture to fuel brand performance and franchisee success.

Bold Restaurant Development

Driving market and franchise unit expansion with strong economics.

Unmatched Operating Capability

Recruiting and equipping the best restaurant operators in the world to deliver great customer experiences.

Relevant, Easy & Distinctive Brands

Innovating and elevating iconic restaurant brands that people trust and champion.

In the spirit of these priorities, we have made strategic investments to gain cutting-edge capabilities involving consumer insights, leadership development, digital commerce, artificial intelligence (AI) and data analytics, which will help sustain our global growth momentum.

Highlights from 2022: During the past year, the advantages of our business model and the commitment of our world-class franchisees have shone brighter than ever. We achieved record-breaking industry development, opening 4,560 restaurants in over 110 countries, resulting in 3,076 net-new units, beating our industry record set the previous year. We reached a new high of \$24 billion in digital sales – doubling our digital business since 2019 – demonstrating the power of our digital ecosystem and capabilities of our brands to meet changing consumer needs around the world. Our investments in digital and technology, powered by Yum!’s global scale, are enabling Easy Experiences for customers, Easy Operations in our restaurants and Easy Insights to accelerate profitable growth for franchisees and Yum!.

We also made strong progress around our three **Good** priorities. On **People**, we are proud that women fill 42% of our senior leadership positions globally. Our commitment is to achieve gender parity in leadership globally by 2030 in alignment with Paradigm for Parity®. In addition, we have awarded more than \$50 million in funding to over 30 social impact programs across 11 countries through Yum!’s global Unlocking Opportunity Initiative, which is our commitment to tackle inequality through equity and inclusion, education and entrepreneurship for employees, front-line restaurant teams and communities around the world. On **Food**, we continue to simplify ingredients in our menu items and are on track to remove artificial colors and flavors from core food ingredients globally by 2025. And on **Planet**, all brands continue making progress toward our goal of 100% of our consumer-facing packaging being reusable, recyclable or compostable. In addition, with our science-based targets to reduce greenhouse gas emissions by 46% by 2030, we decreased emissions against our 2019 baseline by approximately 24% for company-owned buildings and restaurants, while our franchisees decreased emissions by 20%.

To bring these accomplishments to life, let me share specific highlights from each of our brands:

KFC is "Always Original." KFC's global growth engine was unstoppable this past year, expanding its footprint to over 27,000 restaurants by opening nearly 2,500 new units around the globe. Development was widespread with new units opened in over 100 markets, including significant openings in India, Thailand, Turkey and China. KFC is committed to providing customers with an easy and convenient digital experience and has rapidly grown its omnichannel business. Many of our markets are also taking industry-leading positions and making strategic investments to progress and advance our **Good** agenda. For example, KFC U.K. is in a multi-year partnership with the University of Liverpool to create and build KFC's first net-zero carbon restaurant.

Taco Bell is truly a **Category of One for Everyone**, believing every person deserves the right to Live Más. In 2022 Taco Bell had a banner year in creating iconic moments within culture, including the return of the fan-favorite Mexican Pizza. Taco Bell's digital business keeps growing, reporting 40% growth year over year. The brand also leads the industry in exciting asset innovation such as the first-of-its-kind Defy restaurant featuring a two-story design with a proprietary vertical lift to transport iconic menu items straight from the kitchen to fans. Additionally, the international business hit a significant development milestone as it reached 1,000 units globally. Plus, through the Taco Bell Foundation, the brand awarded \$8 million in Live Más Scholarships in 2022, with more than \$2 million supporting Taco Bell team members in the U.S.

Pizza Hut is focused on ensuring it delivers the joy of pizza through a **Hot, Fast and Reliable** experience for every customer, a commitment upon which the brand executed by expanding its digital ordering and off-premises channels. Pizza Hut is fully embracing technology on both sides of the counter by developing market-leading partnerships with aggregators around the world and by rolling out Dragontail's AI platform to over 2,500 restaurants across nearly 30 countries. Pizza Hut had an outstanding year of unit growth, opening nearly 1,600 new units. The brand is committed to the pillars of Yum!'s **Good** agenda as evidenced by efforts that include removing 100% of consumer-facing plastic packaging in Taiwan and India, as well as investing in initiatives to ensure "An Equal Slice for Everyone" such as vocational training centers in Sri Lanka for marginalized youth.

The Habit Burger Grill is the **Spirit of Santa Barbara**, blending unbeatable hospitality with uncompromising quality. In 2022, The Habit's mix of digital sales reached 35%, a new high. The Habit ended the year with 18% of stores owned by franchisees, up five percentage points from the previous year. Plus, The Habit demonstrated its ability to deliver hand-crafted meals at scale with \$2 million in AUVs. In addition, The Habit made significant strides in reducing its use of plastic, a move that will eliminate 288,000 pounds of plastic each year moving forward.

In closing, we wrapped 2022 and Yum!'s 25th anniversary with outstanding results. As we enter 2023, we are energized about accelerating our global growth to deliver industry-leading performance, which will help maximize value to our shareholders. Thank you to our shareholders, customers and Yum! family for your continued support.



David Gibbs, CEO