Our Food

We are passionate about serving delicious food that lives up to the trust our customers place in us and meets the highest safety and quality standards in every aspect of our business—from sourcing and procurement to our food preparation and delivery.

We will deliver on our commitment by focusing on these key areas:

- **Choice, Transparency and Improvement in Nutrition**
- **Food Safety and Quality**
- **Ethical Sourcing and Supply**
Nutrition

Goal: Be the preferred restaurant of choice for consumers seeking a delicious, balanced option by offering more choice, more transparency and nutritional improvements to our ingredients.

At Yum!, we are focused on improving the nutritional attributes of our menu, promoting physical activity programs and always providing great tasting food. The global debate regarding health and nutrition and the role of quick service restaurants has highlighted many challenges. We are committed to being a productive part of this debate and to helping identify solutions.

Building on our commitment to improving nutrition, Yum! appointed Jonathan Blum as Chief Global Nutrition Officer in early 2012. He reports directly to the Chief Executive Officer and is driving strategy for nutritional improvements across all of Yum! Brands. Blum is leading a global team of nutritionists in developing global guidelines and ultimately elevating the nutritional quality of our food.

Jonathan Blum,
Chief Global Nutrition Officer

“We are really proud of all of the food that we offer. We believe that all of our food can be part of a balanced lifestyle if eaten in moderation and balanced with exercise. We are also making great progress on our nutrition strategy focusing on three main pillars—offering more choice, more transparency and making more nutritional improvement to our ingredients.”
Global Guidelines

We believe we can have the greatest impact in advancing our health and nutrition platform throughout our system and the industry with action-oriented change.

Yum!'s Chief Global Nutrition Officer is working with our brand and divisions to drive nutrition strategy and establish goals for nutritional improvement across all brands. Under his leadership, Yum! has implemented an updated nutrition strategy focused on three pillars:

- more choice for consumers
- more transparency about product nutrition
- more nutritional improvement in our ingredients

Each business has developed specific nutrition plans and accountabilities which are subject to quarterly review by senior management. Continuous progress in sodium reduction is an area of particular emphasis.

We have adopted an overarching goal to ensure each of our brands will offer delicious meal options that meet $\frac{1}{3}$ of the Recommended Daily Allowance (RDA) established for the country in which we do business (or $\frac{1}{3}$ of the World Health Organization RDA if a country has not established RDAs) striving for 15% of meal options by 2015 and 20% by 2020.
Progress & Future Plans

We always listen to the voice of the customer and because they are looking for more choices and variety in the food we serve, we continue to expand our menu choices in all of our restaurants across all of our brands. As we expand our menus, improving nutritional values while maintaining the great taste of our food is also important to us. Balanced choice offerings, eliminating trans fats, reducing sodium and lowering calories and fats are some of our key areas of focus. We also strive to be transparent about the ingredients and nutrient values in our food.

Regena Gerth, R.D.N., L.D.
Yum! Corporate Nutritionist

“As the world’s largest restaurant company, it is our responsibility to make sure that we have balanced meals for people who are interested in accessing lower fat, lower calorie options and that they have information available to make informed purchase decisions. Our teams around the world are working hard every day to ensure we live up to this responsibility.”

At KFC we are proud of the improvements we have made to our high quality food and remain committed to improving the overall nutritional makeup of our products. We will continue providing consumers with great tasting products that meet their dietary needs.

Pizza Hut offers more than 30 million different topping combinations providing an array of toppings including fresh vegetables and lean meats. The brand is committed to continually improving the nutritional profile of our products.

Taco Bell has established nutritional guidelines for both existing menu items and new product development. These guidelines are a holistic approach to nutrition which mirror the USDA Dietary Guidelines across multiple nutrients. We aim to improve menu item nutrient profiles and offer options that allow balanced choices while preserving product integrity, distinction, appeal and taste that our consumers demand.

In this section we are pleased to share our progress and future plans for delivering on our commitments to provide more choice, more transparency and more nutritional improvement across our brands including some of the options our restaurants provide for consumers, as well as plans for future progress to improve the formulation of our products.
Choice

U.S.

KFC introduced Kentucky Grilled Chicken (KGC) in 2009, which was one of the most successful product introductions in the brand's history. KGC is a great solution for consumers who love the flavor of KFC, but are looking for products that are lower in calories. It's marinated, then seasoned with KFC's famous secret herbs and spices and slow grilled to juicy perfection. KGC has between 80 and 220 calories, 4-10 grams of fat and 1-3 grams of saturated fat depending upon the piece.

KFC continues to offer a variety of sides to balance any meal including green beans, mashed potatoes and gravy, corn and cole slaw, each having less than 10 grams of fat per serving.

In 2013, KFC introduced the Li'l Bucket® Kids Meal with plenty of meal options under 300 calories. For example, a Kids Meal including a Kentucky Grilled Chicken drumstick, green beans, GoGo squeeZ™ applesauce and Capri Sun® Roarin' Waters has 205 calories.

With more than 30 million different topping combinations, Pizza Hut pizza is one of the most customizable products on the planet. For example, ordering a Thin 'N Crispy® pizza with half cheese, extra sauce and toppings that are lower in fat (lean meats such as chicken or ham and fruit/vegetables), can mean consumers are enjoying a great tasting pizza with 25 percent less fat than the regular Thin 'N Crispy® pizzas. Customization is made simple through the “Create Your Own” ordering feature at PizzaHut.com and throughout all of our ordering options.

In addition to personalization and customization, Pizza Hut offers an array of toppings including fresh vegetables like green peppers and mushrooms, naturally-preserved Italian Sausage, 100 percent white meat chicken, and 100 percent real beef, pork, and ham.

Further, Pizza Hut's Pan, Thin 'N Crispy®, Hand-Tossed Style, and Stuffed Crust pizzas contain:

- Zero grams of artificial trans fat
- No high fructose corn syrup
- No MSG
- No artificial colors/dyes

For consumers looking for lower calorie, lower fat options, the Fresco Menu features Taco Bell® favorites with freshly prepared pico de gallo—a delicious mix of diced tomatoes, white onions and cilantro—that replaces the cheese and sauce. Packed with flavor and only five calories per serving, pico de gallo reduces fat and calories without sacrificing flavor. For example, a Fresco Grilled Steak Soft Taco contains 150 calories and 4.5 total fat grams versus 200 calories and 10 total fat grams in the traditional product.

International

At KFC UK, as part of our work to reduce calories, salt and fat and add healthier choices to our menu, we continue to explore ‘better for you’ and ‘lighten up’ options. These include Corn on the Cob, Salads and BBQ Beans, as well as drinks such as Tropicana Orange Juice, Copella Apple Juice, Low Sugar Fruit Shoots, diet soft drinks, bottled water, Innocent Fruit Tube and Munch Bunch Yogurt.
In April 2011, KFC UK and Ireland launched Brazer, our first griddled (non-fried) product. We followed this with the BBQ Rancher in February 2012, which is available as a burger, twister or salad. This involved installing new ovens in all stores. The BBQ Rancher burger contains fewer than 400 calories, lower than many high street sandwiches, and the salad option has fewer than 200 calories. The BBQ Rancher Range and Kids’ Meals are classified as not high in fat, salt or sugar as defined by the Food Standards Agency Nutrient Profiling Scheme.

In 2013, KFC Germany launched its third non-fried product, the Grilled Gourmet Chicken Burger. There are now three grilled products available: a burger, a twister, and a salad. These lighter menu options are displayed on dedicated special green menu board spaces.

KFC France launched a new oven cooked sandwich in 2013 called the Brazer Parmesan which offers more balanced choices to their customers.

In December 2013, KFC Thailand launched Foilicious, chicken on the bone oven cooked in foil to preserve the flavor and juiciness of the chicken. Customer satisfaction and product quality were very high.

In Australia, Pizza Hut launched a Light & Delicious range, and offered a gluten free base that is a permanent option on the menu.

Pizza Hut Canada launched a range of balanced pizza and pasta options endorsed by their authorities.

Pizza Hut Europe launched new balanced options in 2013:

- Tuscani pizza range with salad on top in Poland (Prosciutto & Arugula, Chorizo & Spinach)
- Pizza Sun in Germany, Romania, Luxembourg and Sweden
- Fresh fruit beverages, including grapefruit, cucumber and basil, and watermelon lemonades
- Salad bar enhancements
- New plated salad offerings in Poland, Greece, Cyprus and Romania

**China**

In China, our largest growth market, we have steadily increased the number of menu choices since the mid-1990s. More than 40 different vegetable options have been served in our China restaurants since 2001. We offer a variety of locally relevant, nutritionally balanced menu items, including the following:

- Seasonal vegetables and corn salad
- Egg and vegetable soup, and fish ball soup with green vegetables
- An entire line of delicious, healthy roasted foods, including Roasted Chicken Leg Burger in a variety of local and international styles; Roasted Pork Burger such as BBQ Flavored Double Mighty Burger; Roasted Wings; and local favorites with a distinctive KFC twister and wrap.
- Chinese-style breakfast menu of Congees and Soya Milk
- Rice product with local and international flavor has been highly praised by customers since the first launch in February 2010
India

In 2012, KFC India launched an oven product called Fiery Grilled Chicken. All KFC restaurants in India (361 stores as of December 31, 2013) now have ovens and oven prepared products. Fiery Grilled Chicken was promoted heavily and has proven to be a successful addition to the menu.

Pizza Hut in India meets the goal of providing more than 15% of the meals with less than \( \frac{1}{3} \) RDA, which includes personal portion pastas and Magic Pan Pizza.

Taco Bell in India has also met the goal of more than 15% of the meals with less than \( \frac{1}{3} \) RDA, which includes the burrito, quesadilla, and Mexican pizza.
Nutritional Improvement

As we work to make nutritional improvements to our products, we are committed to reducing sodium, eliminating trans fats, restricting allergens and sensitivities and lowering calories and fats—all while maintaining the delicious taste our customers know and love.

Sodium

KFC U.S. is working hard to reduce sodium in its products. The brand began its journey to reduce sodium in 2007 by working with suppliers to find options to reduce sodium without compromising product quality or unique taste. Great progress has been made to date, yet the brand recognizes there is still more work to do and is committed to addressing this nutritional improvement.

Taco Bell U.S. has an ongoing commitment to reduce sodium levels, and teams are continuously evaluating ingredient technologies and functionalities with suppliers to help reduce sodium levels in Taco Bell food.

Amid rising concerns of Americans sodium intake, Pizza Hut successfully removed over half a million pounds of salt from its menu in 2012 and has plans to remove another 1.5 million pounds of salt from core ingredients in 2014.

The brand teams in India continue to look for ways to reduce sodium in KFC and Pizza Hut menu options by working with suppliers and nutrition experts.

Before the introduction of the Public Health Responsibility Deal, KFC UK was the first quick-service chain in the UK to stop salting fries. We have maintained a program to reduce the amount of salt in our food every year for more than five years and recently became one of the first companies to sign the Salt Pledge as part of the Responsibility Deal, committing us to further reduce salt by training employees and changing our kitchen practices.

KFC UK is exploring an innovative technology that uses salt crystal to further reduce salt in our Original Recipe chicken without impacting taste. Our aim is to deliver an additional 15% reduction in salt from our best-selling products by the end of 2014.

- KFC UK’s efforts successfully cut the salt content in five of our chicken options by 8 – 20% in 2012. Specifically, salt content in recent years has fallen by 24% in our popcorn chicken since 2009
- 30% in our Zinger chicken since 2011
- 15% in our Hot Wings in 2012
- 15% in our mini fillets in 2013

In Australia, KFC has successfully implemented sodium reduction initiatives for a number of products, making significant reductions across a range of products including:

- 2010: Reduced sodium across core chicken menu items by an average of 15% and seasoned chip salt by 21%
- 2011: Reduced sodium in burger buns by 30% and dinner rolls by 37%

Further reductions across various menu items including tortillas, bacon and chicken products are currently in progress.

We have also been testing a number of sodium reduction initiatives to proactively help customers make more nutritional choices. During
World Salt Awareness Week, KFC Australia actively encouraged customers via in-store communications to hold the salt when ordering KFC chips. This is just one educational initiative Australia will roll out to help customers make informed decisions when they visit KFC.

Since 2008, Pizza Hut has been testing significant sodium reductions in core products, which have been rolled out in Korea, Canada and Australia. Reductions of up to 50% have been achieved and our goal is to roll this out globally. The brand has also developed a broader global menu for the dine-in business including pastas, individual pizzas, plated salads, an enhanced salad bar and beverages broadening the brand's appeal through menu variety and choice.

Since 2009, KFC Germany has reduced sodium in several menu items including:

- Original Recipe breading by 16%
- Marinade for fillet bites by 20%
- Tortillas by 35%
- Buns by 25%

As a result of the complete analysis of the nutritional values in 2013, KFC Germany will implement several product improvements to further reduce salt in 2014. There will also be a strategy in place for new product development to control salt levels in all promotional and new products launched in the market.

In KFC Africa there has been a 5% reduction in the Original Recipe breading resulting in 45 tons of salt removed from our customer’s diets.

Pizza Hut Europe has reduced the salt in its mozzarella cheese by 15% and in its dough by 17%.
Nutritional Improvement

As we work to make nutritional improvements to our products, we are committed to reducing sodium, eliminating trans fats, restricting allergens and sensitivities and lowering calories and fats—all while maintaining the delicious taste our customers know and love.

Palm Oil

As part of our global nutrition strategy, our goal over the next four years is to phase out palm oil wherever feasible. We have been working toward that goal and today, nearly 70% of our global restaurants do not use palm oil as their cooking oil.

Since 2007, KFC UK and Ireland gradually improved cooking oils by switching to rapeseed-based cooking oils that are high in monounsaturated fatty acids. These oils are healthier options as they are not closely linked to health problems such as cardiovascular disease. In 2011, we removed palm oil from our fryers and replaced it with high oleic rapeseed oil and sunflower oil. This move has cut the saturated fat in our Original Recipe® chicken, fillets and mini fillets by up to 25%.

KFC Australia introduced canola oil in May 2012 replacing responsibly-sourced palm oil for cooking their freshly prepared menu items.

In December 2013, KFC France phased out of palm oil, using a new oil mix consisting of sunflower and rapeseed oil. Remaining markets that are currently using palm oil in products are reviewing and testing alternatives.
Nutritional Improvement

As we work to make nutritional improvements to our products, we are committed to reducing sodium, eliminating trans fats, restricting allergens and sensitivities and lowering calories and fats—all while maintaining the delicious taste our customers know and love.

Sodium
Palm Oil
Other

Trans Fats

Many of our markets including the U.S., Canada and India, have taken steps to remove as much artificial trans fat as feasible (or possible) from product offerings. For example, KFC UK, all products have been free from artificial trans fatty acids, which can contribute to heart disease, since 2007.

Allergens and Sensitivities

Across all of our brands, we manage to guidelines regarding allergens and sensitive ingredients and restrict them in current menu items and in future product development. For example, at Taco Bell, the Frutista Freeze beverages contain only natural flavors and no high fructose corn syrup.

We also identify potential allergens and sensitivities for all products and publish that information on our brand websites for our customers.

Calories and Fat

Pizza Hut U.S.'s Pan, Thin 'N Crispy®, Hand-Tossed Style and Stuffed Crust pizzas contain:

- Zero grams trans fat
- No high fructose corn syrup
- Only heart-healthy vegetable oils

Mayonnaise for the KFC burger in China was upgraded to 3rd generation in which the fat content decreased from 70% to 35%.

KFC Africa replaced the Original Recipe Fillet with a Skinless Fillet in March 2013. This resulted in decreasing the fat from 12 grams to 5 grams per 100 grams and the total energy from 247 Calories to 198 Calories per 100 grams.

KFC UK began testing non-fried options and investing in restaurant ovens to support this initiative in 2011. Three restaurants in the region have also been early adopters of the government's Food Standards Agency to test putting calories on menu boards.

KFC Germany reduced fat by 25% in 2011 when they stopped dipping corn in vegetable oil and began offering customers a butter pack instead.

MSG
Pizza Hut India is monosodium glutamate (MSG) free while KFC India continues to explore ways to reduce MSG in menu items, particularly in grilled and vegetarian options.

KFC Germany is currently reviewing all marinades to assess potential for reducing the use of MSG in chicken products.
Kids Meals

In the U.S., Kids Meals are not a major focus for our brands and represent less than 2% of our business. Everywhere that we offer Kids Meals, we continue to look for ways to offer more choice, more transparency and more nutritional improvement to our youngest customers.

U.S.

New to its portfolio are Pizza Hut’s great tasting School Lunch Pizzas. Meeting the United States Department of Agriculture’s National School Lunch Program and All Foods Sold in Schools nutrition standards, these kid-approved pizzas are made of 51 percent whole wheat crust, lite mozzarella cheese, and reduced fat and sodium pepperoni. Plans to develop and test lighter options for Pizza Hut’s core menu have also been established.

KFC continues to make improvements to Kids Meals and to explore opportunities for improving the product offerings and nutritional makeup of these meals. KFC now has a variety of Kids Meal options, including meals under 300 calories. For example, the Li’l Bucket Kids Meal, packaged in a kid-friendly version of KFC’s iconic bucket, comes with a Kentucky Grilled Chicken® drumstick, green beans, GoGo squeeZ™ applesauce and a Capri Sun Roarin’ Water, for only 210 calories.

International

KFC Australia is a founding member of the Australian Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children and has been engaged since its inception in 2009. The initiative provides a common framework for quick service restaurants and requires that members only publish or broadcast food and beverages that represent a healthier choice (as determined by a set nutrition criteria) to children 14 years of age and over.

Australia has also voluntarily made additional commitments toward responsible marketing practices. In 2008, the team decided to no longer advertise children’s meals in the media or target advertising campaigns directly at children. They were the first quick-service restaurant to remove toys from children’s meals— a decision that was made to reduce ‘pester power’ associated with toys and to support parents in their efforts to make informed dietary choices for their children.

In February 2013, KFC Australia launched a brand new Grilled Chicken Mini Wrap Kids Meal. This new meal is considered a better choice for children because it has been developed to meet a set of strict nutrition criteria for children aged 4-8 years. These criteria were developed by a team of Accredited Practicing Dietitians in consultation with national guidelines and authorities on children’s nutrition. KFC UK does not directly market to children and kids’ meals make up a very small proportion of sales. Our kids’ menu offers fruit drinks and beans, which both count as one of their 5 A DAY fruits and vegetables.

KFC Africa removed toys as an incentive in their kids’ meals.
Stakeholders

Listening to Our Partners

Pizza Hut U.S. is a member of The Whole Grains Council, which helps consumers find whole grain foods and understand their health benefits; helps manufacturers and restaurants create delicious whole grain foods; and helps the media write accurate, compelling stories about whole grains. Pizza Hut’s whole grain crust for school lunch is endorsed by The Whole Grains Council.

Addressing the world’s obesity challenge is daunting and we cannot do it alone. We need to enroll our partners in the effort to drive true and lasting change, as well as citizens’ organizations, academia and specialists who deal with the potential negative impacts of an unbalanced diet.

We build know how by listening to and dialoguing with special interest groups who help shape our understanding of issues as they evolve.

We are an active participant in the International Food Information Council (IFIC), and serve on its Board of Directors. IFIC is deeply involved in all levels of policy and legislative activity. Our presence brings an industry perspective to the decision-making process. It also gives us access to information that helps us formulate company-specific and coalition-oriented strategies that are based on consumer and scientific research.

Our nutritionists are members of the Academy of Nutrition and Dietetics (formerly the American Dietetic Association), the world’s largest organization of food and nutrition professionals. The Academy is committed to improving the nation’s health and advancing the profession of dietetics through research, education and advocacy. Membership in the Academy provides our nutritionists with networking and relationship building opportunities, education on relevant topics including nutrition, physical activity, metabolism, and obesity and an opportunity to be a part of the conversation in improving the nation’s health.

We have had an active partnership with Dairy Management, Inc.™ (DMI) since 2012. With dedicated resources including nutrition experts and onsite dairy scientists, DMI works directly with Taco Bell and Pizza Hut to create new and innovative products using dairy to delight customers. DMI is funded by America’s nearly 49,000 dairy farmers, as well as dairy importers.

We are a Patron Member of the School Nutrition Association. The Patron Program allows Yum! to increase interaction with school foodservice and child nutrition professionals.

We are also Community Partner with ChooseMyPlate.gov where we committed to promoting the U.S. Dietary Guidelines by posting a link to ChooseMyPlate.gov on our brochures, posters and websites.

KFC Thailand also continues promoting a balanced and active lifestyle among young boys ages 12-15 by supporting KFC Seven Shoot, the greatest 7-player youth football league in Thailand, offering children in every school and every community the opportunity to demonstrate their football playing abilities. The goal of this program is to encourage children to spend their spare time exercising and show their football talent.
Food Safety & Quality

Goal: Maintain the safest, highest quality food supply and preparation in the industry.

Food safety is the top priority at Yum!. Our restaurant food safety systems include rigorous standards and training of restaurant employees. These standards and training topics include, but are not limited to, employee health, product handling, ingredient and product temperature management and prevention of cross contamination. Food safety training is focused on illness prevention, food safety and regulation adherence in day-to-day restaurant operations. Standards also ensure code compliance when building new or renovating existing restaurants.

Operating great restaurants that meet the highest food safety standards is also part of our commitment and is evident in every aspect of our business—from raw material procurement, including animal proteins and produce, to food preparation and serving to our customers.
Supplier Food Safety

Our suppliers are selected, assessed and rewarded through the Supplier Tracking and Recognition (STAR) system. It is a rigorous, industry-recognized audit system that sets and monitors standards for all of our brands' key suppliers. In 2012, we began testing and integrating the Global Food Safety Initiative (GFSI) process into the STAR system. With this process, suppliers that have been certified under GFSI-benchmarked audit schemes have their performance and compliance monitored by QA personnel in Yum! Brands who review these audits in addition to Yum! Quality Systems audits.

In selecting a supplier we look for key performance indicators for food safety preventive controls including pest control, sanitation, operations and facility management, good manufacturing practices and product protection, recovery and food security. In addition to measuring and testing food safety and security practices, we look for outstanding performance in quality control, not just of our product formulations, but in suppliers' management processes as well.

All suppliers are audited at least once per year, with more frequent audits performed based on risk and performance levels. We have a comprehensive, interactive web-based monitoring system for tracking supplier performance, which was significantly upgraded in 2012-2013 to enhance supplier compliance monitoring and reporting. This highly secure, proprietary system, named STARnet, enables suppliers and Yum! quality managers to specifically manage all facets of their Yum! quality accountabilities from approving product specifications to reviewing and responding to product evaluations and STAR audits.
Restaurant Food Safety

Nothing is more important to us than protecting our customers and our valuable brand reputation by preventing health risks from arising in our restaurants. Our primary objective is to keep our customers safe. The nature of our business demands that we are constantly aware of, and respond to, potential health and safety issues related to the food we serve.

To maintain a rigorous and consistent focus on the dynamic challenges in this area, we formed the Global Food Safety Council. The Council works to continuously improve our food safety practices and minimize the risk of future safety issues from ingredients or the operation of our restaurants. Key areas of corporate oversight of the Council are food safety and policy and regulatory compliance. The Council also identifies internal and external global resources to review our Supply and Restaurant Food Safety Standards, ensure compliance and share best practices. Yum!'s Chief Food Safety Officer leads the Council and it is comprised of senior food safety, quality and compliance leaders across all divisions of Yum!.

Foodborne diseases can pose a significant risk to our supply chain and in our restaurants. There have been a limited number of instances where food-related health issues have arisen in our supply chain or our restaurants. We acted immediately and decisively working with health officials. We have also implemented a strategic, long-term approach that will help us prevent and manage such issues in the future.

Emerging Issues Program

Our global Emerging Issues management is an accountability framework to help protect our brands from the negative impacts of rising food issues. Emerging issue monitoring helps us anticipate local, regional and global emerging issues, and work in partnership with our Crisis Management Program if an issue becomes an actual threat. Monitoring of potential issues is managed at brand/market level by respective Crisis Core Teams.

Once identified, potential issues of brand/market impact are escalated for appropriate risk mitigation and response coordination.
Regulatory Affairs

Proactively establishing positive relationships with key U.S. Federal and State leadership continues to be of strategic importance. In addition, we continue to proactively meet with these leaders and staff to build their awareness of Yum! Food Safety Systems. Federal and State Food Code influence in support of consistent and science based regulations, continues to be a priority.

Yum! is strategically involved in Food and Drug Administration (FDA) initiatives and platforms such as the Retail Food Safety Initiative. Objectives and outcomes of the Retail Food Safety Initiative will impact future agency focus and FDA Food Code updates in the interest of risk mitigation and reduction of foodborne illness in the U.S. Yum! is honored to have been requested by the FDA to participate by representing our industry sector.
Crisis Management

The global Yum! Crisis Management Program is required training for all key Crisis Core Team members throughout Yum! and our brands and teaches them how to identify and manage a crisis within our system. This training offers crisis software to more effectively support local Crisis Core Teams by providing direct and consolidated material access by topic.

Specific to the U.S., Yum! has been serving as an active industry representative in the creation of the first Council to Improve Outbreak Response (CIFOR) Industry Guidelines for outbreak prevention and management. CIFOR is led by the Food and Drug Administration and the Centers for Disease Control and finalized Industry Guidelines will be incorporated into future U.S. Food Code revisions.

Yum! continues to actively retain key experts in varying disciplines to provide both proactive and reactive support to Yum!, our brands and market Crisis Core Teams. These experts are either U.S. and/or globally credible having worked in varying regulatory, medical or academic fields.
Ethical Sourcing & Supply

Goal: Sourcing the freshest food from an environmentally and socially responsible agricultural supply chain.

Even prior to the formation of Yum!, our brands have focused on optimizing our agriculture supply chain. Along the way, we have become more aware of, and attentive to, our social and environmental impacts. We have been responsive to issues as they arise, yet we cannot always control or avoid them at every stage of the supply chain. We work closely with food processors and, where possible, with those who raise livestock and grow our produce to work in environmentally responsible ways. We have made great progress in a number of areas where we feel we can have the greatest and most significant impact.

Our Supplier Code of Conduct sets forth our expectations and minimum standards for all suppliers and subcontractors in our U.S. market. The Code addresses working hours and conditions, non-discrimination, child labor and forced or indentured labor. We require suppliers to conduct audits and inspections to verify compliance with the Code. In addition, we reserve the right to conduct unannounced assessments, audits and inspections of supplier facilities. Violations lead to disciplinary action, including termination of the supplier relationship for repeated violations or noncompliance.
Animal Welfare

“The well-being of animals used in the production of foods for our restaurants is very important. Yum! works closely with the experts on our Animal Welfare Advisory Council to ensure application of science-based, humane animal handling practices. Our suppliers are expected to share our commitment to humane handling of animals and we monitor their performance. Our goal is to work only with suppliers that demonstrate and maintain compliance with animal welfare practices.”

Animal Welfare Advisory Council

Yum! Brands has a track record of leadership in animal welfare. Our U.S. animal welfare leadership program began with the formation of the Animal Welfare Advisory Council. The Council helps us to continuously research new methods for both welfare advancement and viability that will ultimately determine the adoption of improved practices.

The Council was instrumental in developing the Guiding Principles for our Animal Welfare Program. These Principles, which apply to all poultry suppliers across the U.S., focus on:

- Animal treatment
- Partnership with industry experts
- Ongoing training and education
- Performance quantification and supplier improvement
- Communication with industry leaders

The consistency of establishing set standards for our brands has allowed our suppliers to concentrate on compliance and continuous improvement.

Formal, across the board adoption of American Meat Institute slaughter audit protocols for both beef and pork suppliers empowered our suppliers to focus their efforts in accordance with these well established and broadly respected standards.

Additionally, the Council has been working closely with Yum! and our brands around the world to align our core values on animal welfare globally, creating audit documents and policies that address issues of well-being and establish an environment that will assure continuous improvement.

Our suppliers continue to perform admirably with regard to animal welfare issues, understanding fully the requirements of the Yum! program and the expectations of our customers. The chicken, beef and pork industries have addressed these issues earnestly and positively, recognizing that their customers and ours require assurance that animal welfare is taken seriously. Yum! also continues to be a positive force in promoting good welfare practices and the necessity for validation within the industry. We are frequently invited to speak to industry groups, as well as government and public symposia, about animal welfare issues and developments.

External Consultation

While our standards for animal welfare are high, we always seek knowledge from external sources to improve our practices where appropriate. In the U.S., KFC works with the American Association of Avian Pathologists (AAAP) and has previously been represented on two AAAP Welfare subcommittees. Yum! is viewed by experts in academia and industry as possessing valuable insight about advancing animal welfare; addressing legitimate issues with prudence and deliberation to assure incremental improvement.
International Focus

Yum! established the Global Animal Welfare Program with input from the U.S., UK and our Animal Welfare Advisory Council. This program, which is based in science and best practice, allows for adjustments to cover local needs and regulations.

This global program promotes a consultancy approach to drive a better understanding of our objectives and animal welfare in general, especially with respect to developing countries. Our collaborative approach with suppliers has fostered a trusting partnership and we are asked to provide input when challenges arise. We also encourage our suppliers to invest in research and development that leads to improvements in animal welfare.

Partnering with our suppliers on a journey of common goals and continuous improvement has resulted in a balanced approach benefiting animals, suppliers and our consumers who appreciate knowing that their food is coming from an ethical source.

We have seen significant positive trends in performance indicators of good animal health and well-being from our suppliers. Performance data is analyzed, ranked and benchmarked against the best performers in the Yum! Supply Chain. Through this process, suppliers are informed of their strengths and weaknesses compared to other players in our supply chain, thus encouraging improvement in key areas.

In Australia, industry leaders, state, territory and Australian governments and Animal Welfare Groups have developed animal welfare codes of practice for the poultry industry. This continues to be governed by the Australian Chicken Meat Federation, Inc. (ACMF). Annual audits are carried out by third-party auditors and corrective actions are taken for missed items.

Suppliers also provide quarterly updates for review via self-auditing programs.

The UK program continues to be a strong and highly collaborative effort between our UK business and its suppliers of local and imported product. In 2011, KFC UK achieved Red Tractor certification for our fresh British chicken on the bone. It is an independent mark of quality and welfare standards for our British fresh chicken. We were also recognized for our commitment to move to free-range eggs in the UK. While elements of the Yum! program are adhered to in this market, additional local regulatory requirements are incorporated as well.

One Program

As we move ahead, we are working to synchronize our animal welfare programs and policies. Integrating universal animal welfare principles that properly account for the issues of food safety and security in the developing world has been our primary focus. In 2012, representatives from Yum! Quality Assurance teams calibrated with third party auditors in Brazil, a major exporter of broiler products, to assure alignment with our policies and standards. We believe that establishing foundational principles for animal well-being while recognizing regional priorities and respecting the cultures of our customers around the world is an achievable goal.

In the near future, we will adopt a single poultry welfare audit throughout our system. Additionally, we will continue to demonstrate our commitment to animal welfare by working to constitute audits and policies that align our program for beef and pork.
Global Sourcing

Steven C. McCormick,
President and Chief Executive Officer, RSCS

Restaurant Supply Chain Solutions, (RSCS), is honored to continue its 16-year partnership with Yum! Brands in providing supply chain management services for KFC, Pizza Hut and Taco Bell. In the U.S., RSCS manages purchases of more than $6 billion on food, packaging, equipment and nonfood items for corporate and most franchise-owned restaurants. Evolving proprietary and strategic purchasing processes allow us to reduce costs and increase efficiencies across an ever-changing supply chain landscape.

Across our global markets, Yum! Brands supply chain professionals work collaboratively with franchise partners to manage food and packaging requirements, carefully leveraging efficiencies, assuring supply and managing trade restrictions. We work with several thousand suppliers, including U.S.-based suppliers that export to other countries.

The Yum! China Division operates its own independent supply chain system, working with over 500 suppliers to provide Yum! China restaurants with goods and services.
Produce

Yum! is an industry leader in driving enhancements in the safety of fresh produce from on-farm practices through processing and distribution to our restaurants. To help further drive food safety enhancements in the produce supply chain, a Produce Safety Advisory Council was formed to advise our brands. The Council includes industry produce experts and premier academic experts in produce and food safety.

Working together, the Council has implemented the following in the U.S.:

- Training requirements for field inspectors who perform field risk assessments. The focus of the training is to identify risk and take actions to mitigate risk
- Pre-planting inspections to ensure only low-risk fields are used
- Pre-harvest testing for E. coli and Salmonella pathogens on produce, including iceberg lettuce, cilantro, romaine lettuce, cabbage, tomatoes and onions
- Finished product lot-by-lot testing of fresh-cut produce
- Wash water system improvements for fresh and fresh-cut produce as well as research into new, more effective methods of washing produce

In collaboration with the United Fresh Produce Association and the produce industry, Yum! Brands established standards for food safety compliance in the tomato supply chain as well as standardization of Good Agricultural Practices audits for all produce. Initiatives including:

- Tomato metrics and avoidance of comingling of tomato fields per lot
- Collaboration with the U.S. Centers for Disease Control and Prevention and the U.S. Food and Drug Administration to proactively share information on the issue
- Multiple joint-produce safety meetings on best practices with industry leaders, including other major quick-service restaurants, retailers and distributors

Additionally, Yum! also encourages Integrated Pest Management (IPM) practices in the growing of fresh produce. Suppliers of fresh produce are actively engaged with growers who apply IPM principles in the production of produce supplied to our brands.
Genetically Modified Foods

Perceptions of the risks and benefits of Genetically Modified Organisms (GMOs) vary from market to market around the globe and we strictly follow all government regulations wherever we operate. In North America, GMOs are generally accepted, whereas in Europe consumers are more resistant to GMOs. Where resistance to GMOs exists, we require our suppliers to provide non-GMO ingredients. For example, in the UK, the Netherlands and Australia, we do not source from suppliers who use GMOs in chicken. In China, we follow government regulations regarding GMO ingredients and require statements from suppliers to communicate their GMO content.