



Reasons to Support Our Request to YUM! Brands to Recycle Its Food Service Packaging

Shareholders should support this proposal because the company does not provide adequate information for stakeholders to be able to understand if YUM! Brands has a viable strategy for recycling on-site post-consumer food service packaging and utilizing high levels of recycled content in its packaging.

Shareholders believe more information is required because recycling and efficient use of materials has important implications for the company's energy use and greenhouse gas emissions, as well as a larger world impact on ocean pollution and litter generation.

Lack for Adequate Information

The company statement in opposition says the company does not believe in "greenwashing." YUM! pledged in its 2010 CSR report to recycle its packaging, but three years later has not provided specific goals or timelines. Making a broad, vague corporate commitment but providing no detail for three years arguably constitutes greenwashing.

YUM! Lags Peers

As noted in our proposal, Yum lags quick service restaurant competitors like Starbucks, which committed to recycle all post-consumer paper and plastic cups left in its cafes by 2015. Starbucks has provided industry leadership by setting forth a specific numerical goal and timeline, and publicly discusses its efforts to achieve the goal. YUM! does not. Shareholders deserve to know if the company is serious in its commitment to recycling post-consumer food packaging.

Confusing the Issue

The examples of initiatives provided in the statement in opposition do not specifically address the focus of the proposal, which is **post-consumer packaging recycling**. It discusses certification of forest fiber, recyclability of Pizza Hut box fiber (not the actual amount being recycled), elimination of a plastic coating on KFC buckets, and percent of paper packing with some recycled content. These are all positive steps, but they do not relate specifically to addressing policy plans for recycling in-restaurant packaging.

Seeking to Shift Responsibility

The statement in opposition seeks to shift responsibility away from the company, citing lack of adequate U.S. recycling infrastructure, imposed limits on recycled content in other countries, and "insufficient education" in the U.S. around recycling. True industry leaders do not seek to shift responsibility to others. Starbucks is working on its own to build infrastructure by engaging with governments and waste haulers. Starbucks petitioned the FDA on its own to allow it to use recycled content in its paper beverage cups. There is plenty of education around recycling in the U.S. What is lacking is a visible strategy from YUM! on how it will move ahead on its own as Starbucks has done to develop on-site recycling.



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No Detail

The statement says its CSR report contains more information on recycling; it does not. The report contains exactly one sentence about recycling of packaging: “We are expanding recycling to all of our restaurants as recycling systems become available.”

For the reasons above, shareholders would benefit by the additional information sought in the report.