

# **YUM CHINA HOLDINGS, INC.**

## **CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

### **Purpose**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to discharge the Board’s responsibilities relating to compensation of the Chief Executive Officer (the “CEO”) of Yum China Holdings, Inc. (the “Company”) and the Company’s other executive officers (collectively, including the CEO, the “Executive Officers”). The Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the Company as they affect the Executive Officers.

### **Compensation Committee Membership**

The Committee shall consist of no fewer than two members. The members of the Committee shall meet the independence requirements of the New York Stock Exchange (the “NYSE”) and any other applicable laws or regulations.

Each member of the Committee also shall qualify as an “outside” director within the meaning of Internal Revenue Code Section 162(m) and as a “non-employee” director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

The members of the Committee shall be appointed by the Board. The Board shall appoint one member of the Committee to serve as Committee Chairman. Each member of the Committee shall serve until the earliest to occur of the date he or she is replaced by the Board, resigns from the Committee or resigns from the Board. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies on it, subject to such new member(s) satisfying the above requirements.

### **Meetings**

The Committee shall meet as often as necessary to carry out its responsibilities. The Committee Chairman shall preside at each meeting. In the event the Committee Chairman is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting. Written minutes of Committee meetings shall be maintained.

### **Committee Responsibilities and Authority**

1. The Committee shall, at least annually, review and approve the annual base salaries and annual incentive opportunities of the Executive Officers.
2. The Committee shall review and submit to the Board recommendations

concerning the Company's compensation philosophy and the Committee's determination regarding the overall soundness of the Company's compensation and benefits programs.

3. The Committee shall review and approve the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or (if directed by the Board) together with the other independent Board members, determine and approve the CEO's compensation level based on this evaluation. The CEO shall not be present during any Committee deliberations or voting with respect to his or her compensation. The Committee shall also review and approve the corporate goals and objectives relevant to the compensation of (1) the Chief Financial Officer of the Company, (2) President and Chief Operating Officer, and (3) General Manager, KFC, evaluate their performance in light of their respective goals and objectives, and, either as a committee or (if directed by the Board) together with the other independent Board members, determine and approve their compensation levels based on these evaluations. The Committee may, as and when appropriate, review and approve the corporate goals and objectives relevant to the other Executive Officers, and evaluate their performance in light of those goals and objectives.
4. The Committee shall, periodically and as and when appropriate, review and approve the following as they affect the Executive Officers: (a) all other incentive awards and opportunities, including both cash-based and equity-based awards and opportunities; (b) any employment agreements and severance arrangements; (c) any change in control agreements and severance protection plans and change in control provisions affecting any elements of compensation and benefits; and (d) any special or supplemental compensation and benefits for the Executive Officers and individuals who formerly served as Executive Officers, including supplemental retirement benefits and the perquisites provided to them during and after employment.
5. The Committee shall review and discuss the Compensation Discussion and Analysis (the "CD&A") required to be included in the Company's proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (the "SEC") with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.
6. The Committee shall produce the annual Compensation Committee Report for inclusion in the Company's proxy statement in compliance with the rules and regulations of the SEC.
7. The Committee shall monitor the Company's compliance with requirements under

the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits.

8. The Committee shall review periodically the Company's compensation plans, policies and programs to assess the extent to which they encourage excessive or inappropriate risk-taking or earnings manipulation.
9. The Committee shall oversee the Company's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and shall consider whether to recommend adjustments to the Company's executive compensation policies and practices as a result of such votes. The Committee shall also oversee the Company's compliance with the requirement under NYSE rules that, with limited exceptions, shareholders approve equity compensation plans.
10. The Committee shall develop and implement policies with respect to the recovery or "clawback" of any excess compensation (including stock options) paid to the Executive Officers based on erroneous data.
11. The Committee shall annually, or more frequently as it deems appropriate, review the succession planning for the Company's senior executive officers, including the CEO, and make recommendations to the Board.
12. The Committee shall make regular reports to the Board.
13. The Committee shall annually review its own performance.
14. The Committee shall have the sole authority to retain and terminate (or obtain the advice of) any advisor to assist it in the performance of its duties, but only after taking into consideration all factors relevant to the adviser's independence from management, including those specified in Section 303A.05(c) of the NYSE Listed Company Manual. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any advisor retained by the Committee, and shall have sole authority to approve the advisor's fees and the other terms and conditions of the advisor's retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any advisor retained by the Committee.
15. The Committee may form and delegate authority and duties to subcommittees as it deems appropriate.
16. The Committee shall review and reassess the adequacy of this Charter from time to time and recommend any proposed changes to the Board for approval.