



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

DIVISION OF  
CORPORATION FINANCE

February 27, 2018

Lawrence F. Derenge, III  
Yum! Brands, Inc.  
lawrence.derengeiii@yum.com

Re: Yum! Brands, Inc.

Dear Mr. Derenge:

This letter is in regard to your correspondence dated February 27, 2018 concerning the shareholder proposal (the "Proposal") submitted to Yum! Brands, Inc. (the "Company") by the Benedictine Sisters of Mount St. Scholastica and the Benedictine Sisters of Baltimore (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. Your letter indicates that the Proponents have withdrawn the Proposal and that the Company therefore withdraws its January 16, 2018 request for a no-action letter from the Division. Because the matter is now moot, we will have no further comment.

Copies of all of the correspondence related to this matter will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Evan S. Jacobson  
Special Counsel

cc: Susan Mika  
Benedictine Sisters  
snmika2010@gmail.com



John P. Daly

Vice President, Associate General Counsel

**Yum! Brands, Inc.**

1441 Gardiner Lane  
Louisville, KY 40213  
Office 502 874 2490  
Fax 502 874 2112  
john.daly@yum.com

January 16, 2018

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
100 F Street, NE  
Washington, DC 20549

By Email: [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov)

Re: Yum! Brands, Inc. – Exclusion of Shareholder Proposal by the  
Benedictine Sisters of Mount St. Scholastica and the Benedictine  
Sisters of Baltimore

Dear Sir or Madam:

Yum! Brands, Inc. (the “**Company**”) respectfully submits this letter pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), to notify the Securities and Exchange Commission (the “**Commission**”) of the Company’s intention to exclude from the Company’s proxy materials for its 2018 annual meeting of shareholders (the “**2018 Proxy Materials**”) the shareholder proposals submitted to the Company by the Benedictine Sisters of Mount St. Scholastica and the Benedictine Sisters of Baltimore (the “**Proponents**”) in letters dated December 6 and December 7, 2017<sup>1</sup> (collectively, the “**Proposal**”).

The Company requests confirmation that the Commission’s staff (the “**Staff**”) will not recommend to the Commission that enforcement action be taken against the Company if the Company excludes the Proposal from its 2018 Proxy Materials pursuant to (1) Exchange Act Rule 14a-8(i)(7) on the basis that the Proposal deals with matters relating to the Company’s ordinary business operations, and (2) Exchange Act Rule 14a-8(i)(3) on the basis that the Proposal is impermissibly vague and indefinite so as to be materially misleading.

Pursuant to Exchange Act Rule 14a-8(j), the Company is submitting electronically to the Commission this letter, and is concurrently sending a copy to the Proponents, no later than eighty calendar days before the Company intends to file its definitive 2018 Proxy Materials with the Commission.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (November 7, 2008) (“**SLB 14D**”) provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents

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<sup>1</sup> A proposal was submitted by both of the Proponents, but the language is identical.



elect to submit to the Commission or the Staff. Accordingly, we are taking this opportunity to inform the Proponents that if the Proponents elect to submit additional correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

### **Background**

On December 6 and December 7, 2017, the Company received the following Proposal from the Proponents, for inclusion in the 2018 Proxy Materials.

RESOLVED: Shareholders request that the Board of Directors prepare a report evaluating the risk of discrimination that may result from YUM's approach to paid family leave. The report shall be prepared at reasonable cost, omit proprietary information, omit information regarding legal compliance or litigation, and be made available on the Company's website no later than the 2019 annual meeting of shareholders.

A copy of the Proposal and the supporting statements, as well as related correspondence from the Proponents, is attached hereto as **Exhibit A**.

### **Basis for Exclusion**

We respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2018 Proxy Materials pursuant to (1) Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company's ordinary business operations, and (2) Rule 14a-8(i)(3) because the Proposal is impermissibly vague and indefinite so as to be materially misleading.

#### **1. The Proposal is excludable under 14a-8(i)(7) because paid family leave concerns management of the workforce in the absence of any meaningful policy issues.**

Shareholder proposals may be excluded under Rule 14a-8(i)(7) if they relate to a company's ordinary business operations. The SEC has stated that two central considerations underlie this exclusion. *See* Staff Legal Bulletin No. 14I (CF) (November 1, 2017). The first covers the proposal's subject matter, stating that "proposals that raise matters that are 'so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight' may be excluded, unless such a proposal focuses on policy issues that are sufficiently significant because they transcend ordinary business and would be appropriate for a shareholder vote." *Id.* The second central consideration relates to the degree to which the proposal micromanages the business. *Id.*

The Staff has concluded that analysis for a proposal focuses on the underlying subject matter of a proposal's request, not how the proposal is framed. *See* Staff Legal Bulletin No. 14E (Oct. 27, 2009) ("The fact that a proposal would require an evaluation of risk will not be dispositive of whether the proposal may be excluded under Rule 14a-8(i)(7). Instead, similar to the way in which we analyze proposals asking for the preparation of a report, . . . we look to the underlying subject matter of the report . . . to determine whether the proposal relates to ordinary business"). As a result, the proper analysis of the Proposal concerns the report's substance, the Company's paid family leave policy, rather than a risk assessment or the necessity of a report. This Proposal is excludable because it interferes with management's ability to run the business without implicating a recognized significant policy issue and because it micromanages the business.

**a. The Proposal interferes with compensation and management of the workforce, fundamental tasks in the day-to-day operation of the business.**

The Proposal covers two tasks that the Staff has specifically cited as fundamental to the day-to-day operation of the business: compensation and management of the workforce. The Proposal requires the Company to investigate its compensation practices of which paid family leave is but one component. In Staff Legal Bulletin No. 14A (July 12, 2002), the Staff “agree[d] with the view of companies that they may exclude proposals that relate to general employee compensation matters in reliance on rule 14a-8(i)(7).” The Staff has repeatedly permitted the exclusion of proposals that concerned various components of compensation packages. See *Exelon Corp.* (February 21, 2017) (regarding a reduction in retiree benefits, “[A]lthough the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of general employee benefits.”); *Chipotle* (March 8, 2016) (permitting an exclusion requesting principles for minimum wage reform); and *CVS Caremark* (February 29, 2008) (permitting an exclusion to implement health care principles as interfering with the company’s management of health care benefits). Similarly, the amount and type of compensation that the Company is required to offer in order to attract the best talent for a position (including whether or not to offer paid family leave) is a highly fact specific determination, exactly the type of “nitty gritty” analysis best suited to management, not the shareholders.

The Proposal also interferes with the management of the workforce. The Staff has previously stated that the “management of the workforce, such as the hiring, promotion and termination of employees” is another task that is fundamental to management’s day-to-day operation of the business. Exchange Act Release No. 34-40018 (May 21, 1998) (“**The 1998 Release**”). The Staff has consistently permitted exclusions for these types of activities. See *Mobil Corp.* (January 26, 1993) (concluding that a proposal requesting the company make an effort to retain as many employees as possible may be excluded because it related to the company’s ordinary business operations); and *CBS Inc.* (February 24, 1989) (concluding that a proposal requesting the company increase the number of employees in one of its departments may be excluded because it related to the company’s ordinary business operations). Shareholders are not in the best position to evaluate the staffing policies at individual restaurant locations.

The relationship between the Company and the Company’s employees constitutes a critical component of the Company’s day-to-day management. The workplace environment is fundamentally related to the Company’s ordinary business operations. The determination whether to make paid family leave a part of the employee benefit mix for some portions of its operations and not others, like its decisions about wages and retirement benefits, is a fundamental business issue for the Company’s management and requires an understanding of the business implications that could result from changes made to employee policies. Under the view of either compensation or management of the workforce, the Proposal attempts to replace management’s fundamental tasks with shareholder votes.

**b. There is no SEC Staff recognized significant policy issue implicated and no recognized theory of discrimination asserted.**

A proposal that touches upon management’s ability to run the company can be overcome by a significant policy issue, but none are present in this case. Where a significant policy issue is found, it does not preclude exclusion under Rule 14a-8(i)(7) if such policy issue does not transcend the ordinary business matters to which the proposal relates. The Staff has frequently permitted exclusions for significant policy issues that did not rise above the ordinary business matter that was the subject of the proposal. *PetSmart* (March 24, 2011) (recognizing the humane treatment of animals as a significant policy issue, but upholding the exclusion because requiring supplier certifications of humane treatment is an ordinary business issue); *Wal-Mart* (March 9, 2001) (upholding the exclusion of a proposal to ban the sale of

handguns and ammunitions because the significant policy issue of gun control did not transcend management's ability to determine what particular products to sell); and *Apache* (March 5, 2008) (excluding a proposal to implement equal employment principles because the non-discrimination principles touched upon ordinary business matters, including the allocation of employee benefits, advertising policies, and the sales of goods and services). Even if the Proposal touched upon a recognized significant policy issue, it would need to overcome management's fundamental ability to manage the workforce and determine compensation, two critical components to the Company's ordinary business operations.

The Proposal does not involve a significantly sufficient policy issue and instead attempts to frame the policy issue as discriminatory to circumvent the ordinary business exclusion. The Proposal's discriminatory claim does not implicate a recognized class facing discrimination and instead touches upon business reasons for implementing tailored compensation plans.

**i. Paid family leave is not a SEC Staff recognized significantly sufficient policy issue.**

The Staff has never recognized paid family leave as a significant policy issue. It is a benefit offered by some employers, but its use is not widespread. The Proponents note in the supporting statements to the Proposal that 87% of private sector workers do not receive any paid family leave. The Company's compensation package is very competitive with those in its industry. Its exclusion from many employer's compensation packages can be explained by its relative standing in the benefits hierarchy.

While it may be important for some employees, paid family leave is not among one of the most sought after benefits for employees overall. A recent survey by the Harvard Business Review indicates that paid family leave is not a critical benefit. Jones, Kerry. "The Most Desirable Employee Benefits." *Harvard Business Review* (Feb. 15, 2017), <https://hbr.org/2017/02/the-most-desirable-employee-benefits>. Paid family leave placed eighth on a list of benefits most valued by job seekers, just below tuition assistance and ahead of free gym membership.

In addition, the Company (and its industry) experiences a significantly higher percentage of part-time workers and significantly higher turnover rates. Under a traditional paid family leave policy, many restaurant employees would be ineligible because they would not meet the minimum eligibility requirements for hours worked and length of service. As a result, paid family leave may be even less valuable to the Company's restaurant employees than the general workforce.

The Proponents likely recognized that paid family leave on its own is not a policy issue that transcends management's ability to conduct ordinary business, because the Proponents attempt to frame the paid family leave issue as discriminatory by the Company. But a closer evaluation of the facts reveals any differentiation in policies does not affect any recognized class, and is instead a result of management applying different compensation packages to different labor markets.

**ii. The Company does not discriminate because it differentiates compensation packages to account for different labor markets and applies such benefits equally within each set of roles.**

Although the Staff has repeatedly stated that discrimination can be a significant policy issue (*See Procter & Gamble Company* (August 16, 2016) (allowing a proposal evaluating the risks to LGBT employees from conflicting state and company anti-discrimination policies); *General Electric* (Feb. 10, 2015) (permitting a proposal to implement the Holy Land Principles for discrimination between Israelis and Palestinians); and *AT&T* (January 5, 1990) (allowing a proposal on phasing out the company's affirmative action

program)), this Proposal does not involve a legally recognized protected class for purposes of discrimination laws. Because discrimination is a recognized policy issue, the Proposal alleges the potential for discrimination to avoid the ordinary business exclusion that applies to general employee compensation matters. However, the Company varies its compensation packages to account for different labor markets and does not discriminate against anyone within each level of employment.

There are separate policies regarding family leave depending on the employee's role, but within each role all employees are treated equally. In the Company's corporate office and field offices, all eligible employees receive six weeks of paid leave for baby bonding. Restaurant employees in the United States do not receive the baby bonding policy, but are eligible for leave based on both the Family and Medical Leave Act and applicable state law. Both approaches to family leave apply equally to men, birthing women, non-birthing women, LGBTQ individuals and people of color. The only determining factor for which policy an employee can use depends on his or her position of employment, not any identifying gender, race, ethnicity, sexual orientation or parental status. The Proposal instead attempts to create a new protected class, based on restaurant work or income level.

Different compensation packages are a result of different labor markets, not inappropriate discrimination. The compensation package that effectively attracts employees to restaurant locations does not match the compensation package that effectively attracts employees to the field or corporate offices. For example, restaurant locations often serve as the first position of employment for teenagers. Teenage employees are less interested in paid family leave as opposed to other benefits. As a result, the Company offers other benefits uniquely tailored to the restaurant employee population, including tuition assistance. As discussed in Part 1.b.i, restaurant employees also have a significantly higher turnover rate and represent a significantly higher percentage of part-time workers than those in the Company's corporate and regional offices, providing a much smaller percentage of workers who would be eligible under a paid family leave plan. The Company mixes and matches benefits to produce the most compelling compensation package based on the role, rather than blindly applying one set of benefits to all employees. This type of differentiation does not represent a significant policy issue, and does not transcend the ordinary business of developing compensation packages to attract employees. If anything, the differentiation in policies reflects why management needs to retain responsibility, as shareholders are not in a position to evaluate the proper design of compensation packages to attract the most effective workforce.

As discussed in Part 1.a, the Proposal addressed fundamental ordinary business matters, and therefore the types of matters that are excludable under Rule 14a-8(i)(7). And, as discussed in Part 1.b.i and Part 1.b.ii, the Proposal does not implicate a recognized significant policy issue, but rather appears to be driven by ordinary business concerns. The intent of the Proposal is for the Company to evaluate business policies and practices related to compensation and staffing of its employees generally. Based on the history of no-action letters in which the Staff has concurred in excluding proposals relating to employee compensation and the management of the workforce on the basis that they relate to ordinary business matters, the Proposal does not implicate a recognized significant policy issue. Rather, as outlined above, the Proposal involves the type of day-to-day operational oversight of the Company's business that the ordinary business exclusion in Rule 14a-8(i)(7) was meant to address.

## **2. The Proposal is excludable under 14a-8(i)(7) because it micromanages the business.**

The Staff has stated a proposal may also be excluded under 14a-8(i)(7) based on the "degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *The 1998 Release*. A report evaluating the risks of discrimination from the current paid family leave policy would be lengthy, complicated and difficult for a shareholder to easily grasp in order to make a fully

informed decision. Even a cursory discussion of the comprehensive report for shareholders highlights the complications.

The Company would need to produce data on the effectiveness of paid family leave at restaurant locations. This may include measurements of the value of a paid family leave policy against other potential compensation and the likelihood that paid family leave would attract talent away from similar employment opportunities. To obtain this data, the Company may need to survey the restaurant staff and other individuals likely to apply at restaurant locations. The Company would also attempt to calculate the level to which the policy would raise morale and increase job retention, even if other benefits are correspondingly reduced. All of this data will need to be compared against the effects on staffing and increased costs resulting from the policy. Each of these measurements does not naturally lend itself to finite values.

The Company would also need to prepare detailed statistics on its diversity, tracking the number of restaurant and non-restaurant employees based on sex, race, ethnicity, sexual orientation and parental status. This task, while more objective, would require tracking sexual orientation and parental status, information that is not currently collected and is sensitive to both employees and the Company. Even if the data could be collected, the report would need to provide analysis on what level of diversity created discriminatory risks.

The aforementioned analysis will need to be broken down by country, U.S. region and restaurant type (for example, rural versus more populated locations) to account for how the program would affect different restaurants. Additionally, overlaying any plan would be a review of the various paid leave laws and privacy laws in each state and country where the Company operates, in addition to anticipating any future changes in law.

Finally, all of this information would be subject to the details of the policies. The shareholders would need to determine the types of leave covered under the policy: do birthing mothers receive the same amount of paid leave as non-birthing parents, what circumstances to apply in the case of leave for adoption (for example, should leave be granted for an adoption from an existing parental relationship that is now becoming formalized?), what illnesses for the employee are covered, and what illnesses for relatives are covered, including what level of relative is eligible. Shareholders would also be responsible for determining eligibility criteria, including the length of service and number of hours worked before an employee is eligible, and whether such eligibility builds up additional paid leave over time, or becomes completely effective upon reaching the eligibility threshold.

The Staff has rejected proposals as micromanaging that have requested too many details of business operations. *Deere and Company* (December 5, 2016) (permitting an exclusion requesting a report on reducing greenhouse gas emissions to net zero by 2030); and *Ford Motor Company* (March 7, 2005) (excluding a proposal to produce a scientific report on global warming). A report communicating all of these data points, assumptions, costs and permutations would drain significant time and financial resources of the Company. There is also a significant possibility that such a report would not effectively inform the shareholders and may not be achievable in the timeline included in the Proposal. It is too complicated to ask shareholders to balance imprecise data on the viability of paid leave and the risks of discrimination in order to develop a detailed plan of paid family leave that encompasses the details and qualifications for eligibility and varies depending on current and future state, federal and international law in a manner that can maintain profitability for the Company. This level of micromanagement may be excluded under 14a-8(i)(7).

**3. The Proposal is excludable under 14a-8(i)(3) because it is impermissibly vague and indefinite so as to be materially misleading.**

A proposal is excludable under Rule 14a-8(i)(3) if the proposal or supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits the use of materially false or misleading statements. The Staff has elaborated on this issue in Staff Legal Bulletin No. 14B (CF) (September 15, 2004) by allowing exclusions where:

[T]he resolution contained in the proposal is so inherently vague or indefinite that neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires.

The Proposal contains several words and phrases that are inherently vague and indefinite. On numerous occasions, the Staff has concurred in excluding proposals under Rules 14a-8(i)(3) in situations where specific terms were undefined and unclear in scope. *See Pfizer* (December 22, 2014) (excluding a proposal for an independent director whose only "nontrivial professional, familial or financial connection to the company or its CEO is the directorship" because the scope of connections was undefined); *General Dynamics* (January 10, 2013) (permitting the exclusion of a proposal concerning vesting equity awards on a pro rata basis, without defining the meaning of what is considered "pro rata"); and *Boeing* (March 2, 2011) (permitting an exclusion because the proposal discussed "preexisting executive pay rights" without explaining the scope of the term). This Proposal is vague and indefinite because it does not define the key terms "paid family leave" and "risks of discrimination."

The term "paid family leave," the very title of the Proposal, is not defined. Paid family leave may refer to a wide variety of policies that compensate employees for periods of non-work. For instance, some policies, like the ones suggested by the supporting statement's use of the terms "infant mortality" and "non-birth mothers" provide paid leave to the mothers and sometimes fathers of newborns or newly adopted children. Other policies, in addition to covering newborns, provide paid time off to the parents of seriously ill children. The multiple references in the supporting statements to "paid parental leave" suggest that the policies to which the Proposal relates may be limited to these types of policies. On the other hand, some paid leave policies, as well as certain statutory provisions mandating paid family leave for some workers, cover leave for a much wider variety of circumstances, including time off to care for any number of family members such as spouses, parents and grandparents. Both the title of the Proposal as well as the broader "caregiving crisis" cited in the supporting statement could lead a shareholder to conclude that the subject of the Proposal addresses the broadest type of family leave policies. The Proposal, by not adequately defining the term "paid family leave" and by including references to policies that suggest a more limited scope, leaves the shareholder unable to discern what he or she is being asked to vote upon.

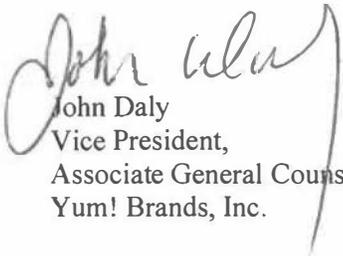
The phrase "risks of discrimination" is another term that is vague and indefinite. What are the risks that the Company is being asked to evaluate? Is it the risk that the Company's policies do not conform to applicable law? If yes, which laws? Those that prohibit certain types of discrimination? Or those that mandate specified types of paid family leave? Alternatively, is it the risk that the Company's policies may not allow it to attract employees in the number and with the skills that it seeks? Perhaps the risk is to the Company's reputation. The Proposal does not say, and as a result the Company and its shareholders may reasonably come to conflicting interpretations as to the specific actions required by the Proposal.

**Conclusion**

Based on the foregoing, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2018 Proxy Materials pursuant to (1) Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company's ordinary business operations and (2) Rule 14a-8(i)(3) because the Proposal is impermissibly vague and indefinite so as to be materially misleading. Should the Staff disagree with the Company's conclusions regarding the omission of the Proposal, or should any additional information be desired in support of the Company's position, I would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of your response.

If the Staff has any questions regarding this request or requires additional information, please contact the undersigned by phone at 502-874-2490 or by email at [john.daly@yum.com](mailto:john.daly@yum.com).

Sincerely,



John Daly  
Vice President,  
Associate General Counsel  
Yum! Brands, Inc.

cc: Benedictine Sisters of Mount St. Scholastica  
Benedictine Sisters of Baltimore

**Exhibit A**

**Proponent Proposals**

*See attached*



BENEDICTINE SISTERS of BALTIMORE  
Emmanuel Monastery

December 6, 2017

Marc Kesselman  
Corporate Secretary  
Yum! Brands, Inc.  
1441 Gardiner Lane  
Louisville, KY 40213

Email: [marc.kesselman@yum.com](mailto:marc.kesselman@yum.com)  
Fax: 972-338-7159

Dear Mr. Kesselman:

I am writing you on behalf of the Benedictine Sisters of Baltimore to co-file the stockholder resolution on Paid Family Leave. In brief, the proposal states **RESOLVED**, shareholders request that the Board of Directors prepare a report evaluating the risk of discrimination that may result from YUM's approach to paid family leave. The report shall be prepared at reasonable cost, omit proprietary information, omit information regarding legal compliance or litigation, and be made available on the Company's website no later than the 2019 annual meeting of shareholders.

I am hereby authorized to notify you of our intention to co-file this shareholder proposal with the Benedictine Sisters of Baltimore. I submit it for inclusion in the 2018 proxy statement for consideration and action by the shareholders at the 2018 annual meeting in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. We are the beneficial owner, as defined in Rule 13d-3 of the Securities Exchange Act of 1934, of 200 number of Yum! Brands, Inc. shares.

We have been a continuous shareholder for one year of \$2,000 in market value of Yum! Brands, Inc. stock and will continue to hold at least \$2,000 of Yum! Brands, Inc. stock through the next annual meeting. Verification of our ownership position will be sent by our custodian. A representative of the filers will attend the stockholders' meeting to move the resolution as required by SEC rules.

We truly hope that the company will be willing to dialogue with us about this proposal. We are considered the lead filers of this resolution and as so, we designate Sr. Susan Mika to be authorized to act in all aspects of the resolution, including negotiation and withdrawal.

Please note that the contact persons for this resolution/proposal will be Sr. Susan Mika who may be reached by phone 210-348-6704 or by email: [snmika2010@gmail.com](mailto:snmika2010@gmail.com) and Pat Tomaino of Zevin Asset Management who may be reached by email: [pat@zevin.com](mailto:pat@zevin.com). We would like to be copied on all correspondence – [pkirby@emmanuelosb.org](mailto:pkirby@emmanuelosb.org)

Sincerely,

Sr. Patricia Kirk, OSB, Prioress

## **Paid Family Leave 2018 – Yum! Brands, Inc.**

**WHEREAS:** The United States faces a caregiving crisis. Approximately 87 percent of private sector workers do not have access to a single day of paid family leave (Bureau of Labor Statistics, 2016). One in four new mothers returns to work just 10 days after giving birth (Chicago Tribune, 2017).

Paid family leave promotes gender, racial, and socioeconomic equity, along with workforce attachment and public health. According to The New York Times, "Paid leave raises the probability that mothers return to employment later, and then work more hours and earn higher wages" (2015). Research indicates that 10 weeks of paid leave would reduce infant mortality by 10 percent (Heymann, 2011).

Federal inaction on paid family leave puts companies like Yum! Brands (YUM) at the center of this national policy issue. Corporate America's response is lopsided: 94 percent of low-income working people have no access to paid family leave (Bureau of Labor Statistics, 2016), and companies' approaches are frequently less generous for hourly wage workers and non-birth mothers.

YUM has a particularly unequal approach. While new mothers in YUM's corporate headquarters receive 18 weeks of fully paid leave, new mothers who work in YUM's system of restaurants receive no paid family leave at all. Fathers and adoptive parents working in restaurants are also left out.

This approach runs counter to YUM's commitment to diversity, inviting potential risks. Our Company's unequal stance regarding corporate workers and workers in the restaurant system may disproportionately harm low-income people and workers of color. LGBTQ workers face particular challenges as they are four times more likely to parent adopted children and six times more likely to raise foster children.

Paid parental leave for all parents, including fathers and other non-birthing parents, supports families and promotes gender pay equity (PL+US, 2017). Eighty-nine percent of fathers responding to a 2015 Boston College survey believe it is important for employers to provide paid parental leave. In 2017, the Equal Employment Opportunity Commission sued Estée Lauder citing disparities between paid leave for mothers and fathers.

YUM is also missing an opportunity to bolster its human capital. According to Center for Economic and Policy Research, companies offering paid family leave to all workers report increased morale, as well as cost savings from job retention — including for those in lower-wage jobs. YUM has fallen behind leading companies like Amazon, Nordstrom, and Ikea, which have more equal approaches.

Investors seek clarity on how YUM addresses these challenges, including the risk of discrimination based on gender, race, ethnicity, LGBTQ status, parental status, and/or work status.

**RESOLVED:** Shareholders request that the Board of Directors prepare a report evaluating the risk of discrimination that may result from YUM's approach to paid family leave. The report shall be prepared at reasonable cost, omit proprietary information, omit information regarding legal compliance or litigation, and be made available on the Company's website no later than the 2019 annual meeting of shareholders.



*Mount St. Scholastica*

BENEDICTINE SISTERS

December 7, 2017

Marc Kesselman  
Corporate Secretary  
Yum! Brands, Inc.  
1441 Gardiner Lane  
Louisville, KY 40213

Email: [marc.kesselman@yum.com](mailto:marc.kesselman@yum.com)  
Fax: 972-338-7159

Dear Mr. Kesselman:

I am writing you on behalf of Benedictine Sisters of Mount St. Scholastica to co-file the stockholder resolution on Paid Family Leave. In brief, the proposal states **RESOLVED**, shareholders request that the Board of Directors prepare a report evaluating the risk of discrimination that may result from YUM's approach to paid family leave. The report shall be prepared at reasonable cost, omit proprietary information, omit information regarding legal compliance or litigation, and be made available on the Company's website no later than the 2019 annual meeting of shareholders.

I am hereby authorized to notify you of our intention to co-file this shareholder proposal with the Benedictine Sisters of Baltimore. I submit it for inclusion in the 2018 proxy statement for consideration and action by the shareholders at the 2018 annual meeting in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. We are the beneficial owner, as defined in Rule 13d-3 of the Securities Exchange Act of 1934, of 1,501 shares of Yum! Brands, Inc. shares.

We have been a continuous shareholder for one year of \$2,000 in market value of Yum! Brands, Inc. stock and will continue to hold at least \$2,000 of Yum! Brands, Inc. stock through the next annual meeting. Verification of our ownership position will be sent by our custodian. A representative of the filers will attend the stockholders' meeting to move the resolution as required by SEC rules.

We truly hope that the company will be willing to dialogue with us about this proposal. We are considered the lead filers of this resolution and as so, we designate Sr. Susan Mika to be authorized to act in all aspects of the resolution, including negotiation and withdrawal.

Please note that the contact persons for this resolution/proposal will be Sr. Susan Mika who may be reached by phone 210-348-6704 or by email: [snmika2010@gmail.com](mailto:snmika2010@gmail.com) and Pat Tomaino of Zevin Asset Management who may be reached by email: [pat@zevin.com](mailto:pat@zevin.com). We would like to be copied on all correspondence -- [rosemarie@mountosb.org](mailto:rosemarie@mountosb.org).

Sincerely,

Rose Marie Stallbaumer, OSB, Treasurer

801 SOUTH 8<sup>TH</sup> STREET \* ATCHISON, KS 66002 \* 913.360.6200 \* FAX 913.360.6190

*www.mountosb.org*

**Paid Family Leave  
2018 – Yum! Brands, Inc.**

**WHEREAS:** The United States faces a caregiving crisis. Approximately 87 percent of private sector workers do not have access to a single day of paid family leave (Bureau of Labor Statistics, 2016). One in four new mothers returns to work just 10 days after giving birth (Chicago Tribune, 2017).

Paid family leave promotes gender, racial, and socioeconomic equity, along with workforce attachment and public health. According to The New York Times, “Paid leave raises the probability that mothers return to employment later, and then work more hours and earn higher wages” (2015). Research indicates that 10 weeks of paid leave would reduce infant mortality by 10 percent (Heymann, 2011).

Federal inaction on paid family leave puts companies like Yum! Brands (YUM) at the center of this national policy issue. Corporate America’s response is lopsided: 94 percent of low-income working people have no access to paid family leave (Bureau of Labor Statistics, 2016), and companies’ approaches are frequently less generous for hourly wage workers and non-birth mothers.

YUM has a particularly unequal approach. While new mothers in YUM’s corporate headquarters receive 18 weeks of fully paid leave, new mothers who work in YUM’s system of restaurants receive no paid family leave at all. Fathers and adoptive parents working in restaurants are also left out.

This approach runs counter to YUM’s commitment to diversity, inviting potential risks. Our Company’s unequal stance regarding corporate workers and workers in the restaurant system may disproportionately harm low-income people and workers of color. LGBTQ workers face particular challenges as they are four times more likely to parent adopted children and six times more likely to raise foster children.

Paid parental leave for all parents, including fathers and other non-birthing parents, supports families and promotes gender pay equity (PL+US, 2017). Eighty-nine percent of fathers responding to a 2015 Boston College survey believe it is important for employers to provide paid parental leave. In 2017, the Equal Employment Opportunity Commission sued Estée Lauder citing disparities between paid leave for mothers and fathers.

YUM is also missing an opportunity to bolster its human capital. According to Center for Economic and Policy Research, companies offering paid family leave to all workers report increased morale, as well as cost savings from job retention — including for those in lower-wage jobs. YUM has fallen behind leading companies like Amazon, Nordstrom, and Ikea, which have more equal approaches.

Investors seek clarity on how YUM addresses these challenges, including the risk of discrimination based on gender, race, ethnicity, LGBTQ status, parental status, and/or work status.

**RESOLVED:** Shareholders request that the Board of Directors prepare a report evaluating the risk of discrimination that may result from YUM’s approach to paid family leave. The report shall be prepared at reasonable cost, omit proprietary information, omit information regarding legal compliance or litigation, and be made available on the Company’s website no later than the 2019 annual meeting of shareholders.