



January 11, 2021

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

Re: Yum! Brands, Inc. – Exclusion of Shareholder Proposal by CtW Investment Group and School Sisters of Notre Dame Cooperative Investment Fund

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 2021 annual meeting of shareholders (the “2021 Proxy Materials”) the shareholder proposal submitted to the Company by CtW Investment Group and co-filer School Sisters of Notre Dame Cooperative Investment Fund (the “Proponents”) in letters dated November 30, 2020 and December 4, 2020, respectively (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 2021 Proxy Materials pursuant to Exchange Act Rule 14a-8(i)(7) on the basis that the Proposal deals with matters relating to the Company’s ordinary business operations.

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 2021 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 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 March 25, 2020, the Company announced that, due to the COVID-19 crisis, it would pay employees who are required to stay home, or who work at a restaurant that is closed, for their scheduled or regularly scheduled hours during their time away from work (“emergency relief pay”) and that the Company would work with its franchise partners to encourage a similar approach.

On November 30, 2020 and December 4, 2020, the Company received the following Proposal from the Proponents, for inclusion in the 2021 Proxy Materials.

RESOLVED that shareholders of YUM! Brands ask the board of directors to analyze and report on the feasibility of extending the paid sick leave policy adopted in response to COVID-19 and made effective on March 25, 2020 as a standard employee benefit not limited to COVID-19 and creating incentives for franchisees to adopt such a policy.

A copy of the Proposal and the supporting statement submitted by each Proponent is attached hereto as Exhibit A.

Basis for Exclusion

We respectfully request that the Staff concur with our view that the Proposal may be excluded from the 2021 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company’s ordinary business operations.

The Proposal Is Excludable Under Rule 14a-8(i)(7) Because it Deals With Matters Related to the Company’s Ordinary Business Operations.

Shareholder proposals may be excluded under Rule 14a-8(i)(7) if they deal with a matter relating to a company’s ordinary business operations. The Commission has stated that two central considerations underlie this exclusion. See *Exchange Act Release No. 34-40018* (May 21, 1998) (the “1998 Release”). The first covers the proposal’s subject matter. The Staff has clarified 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.” *Staff Legal Bulletin No. 14I (CF)* (Nov. 1, 2017) (“SLB 14I”). The second central consideration relates to the degree to which the proposal micromanages the business. *The 1998 Release*.

A shareholder proposal that requests a report does not change the nature of the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the report is within the ordinary business of the issuer. See *Exchange Act Release No. 20091* (Aug. 16, 1983) (the “1983 Release”). In addition, the Staff has indicated that where “the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under rule 14a-8(i)(7).” *Johnson Controls, Inc.* (Oct. 26, 1999).

This Proposal is excludable because it interferes with management’s ability to run the business without implicating a significant policy issue and because it micromanages the business.

a. The Proposal is excludable because it relates to general employee compensation and benefits.

The Staff consistently has concurred with the exclusion of shareholder proposals under Rule 14a-8(i)(7) when the proposal relates to general employee compensation and benefits matters. In Staff Legal Bulletin No. 14J (Oct. 23, 2018) (“SLB 14J”), the Staff explained that “proposals that relate to general employee compensation and benefits are excludable under Rule 14a-8(i)(7).” *See, e.g., Walmart Inc.* (Apr. 8, 2019) (concurring with the exclusion of a proposal that requested evaluation of the risk of discrimination that may result from the company’s policies on hourly employees taking absences for personal or family illness on the basis that the proposal relates to the company’s management of its workforce, and does not focus on an issue that transcends ordinary business matters); *Capital Cities Communications, Inc.* (March 14, 1984) (concurring with the exclusion of a proposal requesting a written report of the company’s policies on, among other matters, wages, benefits, pensions and sick leave on the basis that deals with a matter relating to the conduct of the company’s ordinary business operations (i.e., employee compensation and employee relations)); *Amazon.com, Inc.* (Mar. 1, 2017) (concurring with the exclusion of a proposal requesting adoption and publication of principles for minimum wage reform, noting that “the proposal relates to general compensation matters, and does not otherwise transcend day-to-day business matters” despite the proponent’s assertion that minimum wage was a significant policy issue); *CVS Health Corp.* (Mar. 1, 2017) (same); *The Home Depot, Inc.* (Trillium Asset Management, LLC) (Mar. 1, 2017) (same); *The TJX Companies, Inc.* (Mar. 1, 2017) (same).

Similarly, the Staff has concurred with the exclusion of shareholder proposals addressing general employee benefits. In *Exelon Corp.* (Feb. 21, 2007), the proposal requested the implementation of rules and regulations that would forbid the company’s executives from establishing incentive bonuses requiring the reduction of retiree benefits in order to meet such incentive bonuses. The Staff concurred with the exclusion noting that the proposal “relat[es] to [the company’s] ordinary business operations (i.e., general employee benefits).” *See also ConocoPhillips* (Feb. 2, 2005) (concurring with the exclusion of a proposal to eliminate pension plan offsets as ordinary business operations relating to employee benefits); *International Business Machines Corp.* (Jaracz) (Jan. 2, 2001) (concurring with the exclusion of a proposal requesting cost of living allowances to the company’s retiree pensions as ordinary business operations relating to employee benefits).

Here, analogous to the line of precedent discussed above, the Proposal addresses the general compensation of the Company’s employees, the amount of time the employees are expected to be at work, as well as the general employee benefits available to the Company’s employees. The Company’s policies concerning paid sick leave for its employees, and its policies implemented in response to the unprecedented COVID-19 pandemic, are part of Company management’s determinations with respect to the overall employee benefits and compensation packages. With regard to the Company’s current emergency relief pay policy, Company management takes into consideration, among other things, the health and safety of employees, government orders, and the evolving guidance from public health authorities worldwide. The Proposal goes significantly beyond paid sick leave and relates to a policy implemented by management as it runs the business on a day-to-day basis and in response to the evolving business environment, including the evolution of the COVID-19 pandemic and related quarantine recommendations separate and apart from illness. Such policies could not, as a practical matter, be subject to direct shareholder oversight.

As of the Company’s most recent Form 10-K, filed February 20, 2020 (the “Form 10-K”), the Company has approximately 34,000 employees worldwide (and its current policy regarding company-owned restaurant employee pay relates to employees in approximately 900 of its U.S. company-owned restaurants.

Determinations regarding the types of benefits and the amounts of compensation—including with regard to paid sick leave—for the numerous employees across the Company’s large, complex, and international organization is a fundamental responsibility of the Company’s management. It is not practical to subject such decisions to shareholder oversight because shareholders are not in a position to determine the appropriateness of employees’ wages and benefits in the context of: the local, regional, national, and international labor markets; the roles that various Company employees perform; employees’ overall compensation packages; and the evolving impact that COVID-19 has on such determinations. Because the Company’s approach to sick leave and employee absences relates to the Company’s employee staffing and compensation decisions, the Proposal’s request addresses matters relating to the day-to-day operation of the Company’s business, which shareholders are not in a position to vote upon on a fully informed basis. Accordingly, consistent with the foregoing precedent, the Proposal may be properly excluded under Rule 14a-8(i)(7) because it addresses matters relating to general employee compensation and benefits.

b. The Proposal is excludable because it relates to the Company’s management of its workforce.

The subject of the Proposal concerns the Company’s policies with regard to the benefits that it offers to its employees and thus directly involves the manner in which the Company manages its workforce. The Staff has previously stated that the “management of the workforce” is a task that is so fundamental to management’s ability to run a company on a day-to-day basis that it “could not, as a practical matter, be subject to direct shareholder oversight.” *The 1998 Release*. The Staff has consistently concurred with exclusion of proposals relating to management of the workforce, including those related to the company’s policies concerning its employees. *See, e.g., Amazon.com, Inc.* (Apr. 1, 2020) (concurring with the exclusion of a proposal requesting a report on steps the company has taken to reduce the risk of accidents because the proposal focused on workplace accident prevention, an ordinary business matter, and did not transcend the company’s ordinary business operation); *Apple, Inc.* (Nov. 16, 2015) (allowing the exclusion of a proposal asking Apple’s compensation committee to adopt new compensation principles responsive to the U.S.’s “general economy, such as unemployment, working hour[s] and wage inequality”); *Merck & Co. Inc.* (Mar. 6, 2015) (proposal to fill entry level positions only with outside candidates excludable under Rule 14a-8(i)(7) where the Staff noted that “the proposal relates to procedures for hiring and promoting employees” and that “[p]roposals concerning a company’s management of its workforce are generally excludable under Rule 14a-8(i)(7)”); *Starwood Hotels & Resorts Worldwide, Inc.* (Feb. 14, 2012) (proposal that, by a certain date, management verify United States citizenship for certain workers excludable under Rule 14a-8(i)(7), noting that “[p]roposals concerning a company’s management of its workforce are generally excludable under Rule 14a -8(i)(7)”); *Donaldson Company, Inc.* (Sept. 13, 2006) (concurring that a proposal requesting the establishment of “appropriate ethical standards related to employee relations” could be excluded); *Consolidated Edison, Inc.* (Feb. 24, 2005) (concurring that a proposal requesting the termination of certain supervisors could be excluded as it related to “the termination, hiring, or promotion of employees”); and *Intel Corp.* (Mar. 18, 1999) (proposal to establish an employee bill of rights is excludable).

More generally, the Staff has long recognized that proposals that attempt to govern business conduct involving internal operating policies and practices (ranging from benefit plans to ethics, conflict of interest and other policies concerning employees) may be excluded pursuant to Rule 14a-8(i)(7) because they infringe on management’s core functions. *See, e.g., FedEx Corp.* (Jul. 7, 2016) (concurring in the exclusion of a proposal relating to the terms of the company’s employee retirement plans); *Costco Wholesale Corp.* (Nov. 14, 2014) (concurring in the exclusion of a proposal relating to the company’s policies concerning its employees, specifically, a revised Code of Conduct that includes an anti-discrimination policy); *Willis*

Group Holdings Public Limited Co. (Jan. 18, 2011) (concurring in the exclusion of a proposal relating to the terms of the company's ethics policy under Rule 14a-8(i)(7)); and *Honeywell International Inc.* (Feb. 1, 2008) (concurring in the exclusion of a proposal relating to the company's terms of its conflicts of interest policy).

The Company is a global business that owns the KFC, Pizza Hut, Taco Bell and The Habit Burger Grill restaurant brands and it has employees located around the world. The relationship between the Company and the Company's employees constitutes a critical component of the Company's day-to-day management. The Company's determinations as to how many staff to hire and how much time to allow them to be off work are the essence of the Company's day-to-day business operations. The workplace environment is fundamentally related to the Company's ordinary business operations. The determination of whether to pay employees who are required to stay home from work and under what circumstances they should be permitted to stay home from work 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. As it operates its business, the Company must balance various needs and requirements that apply to the Company's entire workforce inside and outside of the United States. The types of arrangements that are the subject of the Proposal are inextricably linked to the Company's policies for compensating its employees, and, more generally, the way the Company manages its workforce. The matters previously considered by the Staff, as set forth above, are no different than the matters addressed in the Proposal. The Proposal relates to fact-specific employment-related decisions which are a fundamental part of day-to-day business decisions of management at various levels in the Company and in various jurisdictions around the world. The Proposal attempts to replace management's fundamental responsibilities with shareholder votes.

As noted above, a shareholder proposal being framed in the form of a request for a report does not change the nature of the proposal. The Staff has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the report is within the ordinary business of the issuer. *See the 1983 Release*. In addition, the Staff has indicated that "[where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under rule 14a-8(i)(7)." *Johnson Controls, Inc.* (Oct. 26, 1999). The Staff has repeatedly recognized that proposals which call for reports where the subject matter of the report deals with the management of the issuer's workforce may be excluded pursuant to Rule 14a-8(i)(7). *See e.g. Walmart Inc.* (Apr. 8, 2019) (concurring in the exclusion of a proposal calling for a report on hourly employees taking absences for personal or family illness); *Bank of America Corporation* (Mar. 1, 2017) (concurring in the exclusion of a proposal calling for a report on compensation and incentive policies for low level employees); and *Wells Fargo & Company* (Feb. 14, 2014) (concurring in the exclusion of a proposal calling for a report on compensation for employees who have the ability to expose the issuer to material financial loss).

c. There is no Staff-recognized significant policy issue implicated.

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. The Staff has not previously recognized paid sick leave as a practice that raises significant policy issues. When assessing proposals under Rule 14a-8(i)(7), the Staff considers the terms of the resolution and its supporting statement as a whole. *See Staff Legal Bulletin No. 14C* (June 28, 2005) ("In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole."). In the supporting statement for the Proposal, the Proponents cite public health concerns and various legislative initiatives requiring companies to provide paid sick leave. In *Walmart Inc.*, the proponent argued that these precise factors supported a determination that a paid sick leave policy constituted a significant policy issue. *See Walmart*

Inc. (Apr. 4, 2019). The Staff disagreed, and instead concluded that the proposal related to the company's management of its workforce and did not focus on an issue that transcends ordinary business matters. *Id.* (concurring in the exclusion of a proposal requesting that the board of directors evaluate the risk of discrimination that may result from the company's policies on hourly employees taking absences for personal or family illness). Nothing about the operations of the Company would justify a different conclusion in this case. Like Walmart Inc., the Company is a retail-oriented business that employs tens of thousands of people. Both companies operate in numerous locations throughout the world. Nothing about the nature of the Company's business or its employees would result in paid sick leave being a practice that transcends ordinary business matters.

In addition, in other situations where a proposal has sought policies applying to a large swath of employees, the Staff has not found that such proposals relate to a significant policy issue. *See CVS Health Corp.* (Mar. 1, 2017) (permitting exclusion of the proponent's proposal advocating for minimum wage reform); *CVS Health Corp.* (Feb. 27, 2015) (concurring in the exclusion of a proposal requesting the company "to amend its equal employment opportunity policy (or equivalent policy) to explicitly prohibit discrimination based on political ideology, affiliation or activity," finding that the proposal related to the company's policies "concerning its employees" notwithstanding the proponent's assertion that the proposal raised a significant policy issue); *see also The Walt Disney Co.* (Nov. 24, 2014); *Deere & Co.* (Nov. 14, 2014); *Costco Wholesale Corp.* (Nov. 14, 2014). The Staff has consistently determined that changes to employee policies are excludable under Rule 14a-8(i)(7) because the company's relationships with its employees are part of the general operations of the company. In particular, the Staff has recently determined that the type of request made by the Proponents "relates to general compensation matters, and does not otherwise transcend day-to-day business matters." *Amazon.com, Inc.* (Mar. 1, 2017) (concurring in the exclusion of a proposal by the proponent to adopt and publish principles for minimum wage reform); *see, also, CVS Health Corp.* (Mar. 1, 2017) (concurring in the exclusion of a proposal substantially the same).

Furthermore, the Proposal does not raise a significant policy issue that transcends the Company's ordinary business in the particular context of the Company. The Proposal requests a report on the feasibility of extending the paid sick leave policy adopted in response to COVID-19 as a standard employee benefit and requests that the Company create incentives for its franchisees to adopt such a policy. The Company owns only approximately 2% of all restaurants in its system, with the remainder owned and operated by independent franchisees. As a result, the overwhelming majority of the employees to which the Proposal relates are not employees of the Company but employees of the franchisees. The Company does not have the right under its franchise agreements to make policies regarding the employment practices of these franchisees. The Company may share its practices with its franchisees but does not advise them or incentivize them on their employment practices. Thus, even if, contrary to the numerous letters cited above, the Proposal were to raise a significant policy issue for some issuers, it would not be a significant policy issue for the Company because it relates overwhelmingly to employment relationships over which the Company has no control.

d. The Proposal is excludable because it micromanages the business.

The Staff has stated that a proposal may also be excluded under Rule 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*. Recently the Staff restated this view and clarified that a proposal that is not excludable based on subject matter may be excludable if that proposal micromanages the company. *See SLB 14J*. A proposal may micromanage a company when it "involves intricate detail, or seeks to impose specific time-

frames or methods for implementing complex policies.” *Id.* In addition, the Staff has clarified that “[n]otwithstanding the precatory nature of a proposal, if the method or strategy for implementing the action requested by the proposal is overly prescriptive, thereby potentially limiting the judgment and discretion of the board and management, the proposal may be viewed as micromanaging the company.” *SLB 14K*. For example, in *JPMorgan Chase & Co.* (Mar. 22, 2019), the Staff considered whether a proposal requesting a policy prohibiting the vesting of equity-based awards for senior executives due to a voluntary resignation to enter government service was excludable under 14a-8(i)(7). In concurring with exclusion under Rule 14a-8(i)(7), the Staff noted that the proposal micromanages the company by seeking to impose specific methods for implementing complex policies.

Although the Proposal requests preparation of a report, it is directed specifically at the Company’s implementation of a paid sick leave policy and even more specifically at the emergency relief pay policy adopted by the Company in response to COVID-19. As detailed below, any policy change affecting the Company’s or the Company’s franchisees’ employees would require an understanding of intricate facts and circumstances that would be lengthy, complicated and difficult for a shareholder to easily grasp in order to make a fully informed decision.

Insofar as the Proposal relates to its own employees, the Company’s decisions with respect to its employment practices are complex and nuanced and any attempt to address the concerns described in the Proposal will need to be analyzed on a country by country, and in some cases, a state by state basis. The Company employs approximately 34,000 individuals (as of the Form 10-K) in at least 17 countries. The terms of employment and ways in which the Company compensates its employees are highly fact-specific and vary based on local needs and customs. In addition, the Company’s response to the COVID-19 pandemic is evolving as orders from federal, state and local governments and guidelines from health authorities worldwide change over time. Decisions on employee compensation and benefits extended to employees, particularly as they relate to addressing the evolving COVID-19 global pandemic, involves the day-to-day management of the Company’s workforce.

Of particular note is that the Proposal requests an analysis and report on the feasibility of extending the policy adopted by the Company in response to the COVID-19 pandemic “as a standard employee benefit not limited to COVID-19.” Put another way, the Proposal asks the Company to evaluate the policy in the context of its normal operating environment. Any such evaluation would necessarily require the Company to weigh myriad factors such as the sick pay and other benefits the Company already offers to employees; the circumstances under which the policy would be triggered (local epidemics or worldwide pandemics); the extent to which stay at home orders imposed by governmental authorities are present; the types of illnesses covered (infectious or all illness); whether the policy would require actual illness or only exposure or traceable contact to an infected person; whether medical evidence of the illness is required; whether the number of sick days is limited or unlimited; whether the number of sick days are limited to an amount accrued by the employee or are all immediately available; whether sick days would reduce the number of personal days to which an employee was entitled; and how the Company should manage the interaction of all of these considerations with evolving state and local law and possibly evolving federal law on paid sick leave.

The management of a global workforce is complex and it is impractical to ask shareholders to balance the myriad considerations throughout the Company, which include the details and circumstances of differing employee populations and vary depending on current and future state, federal and international law in a manner that can maintain profitability for the Company. Moreover, by specifically addressing the Company’s emergency relief pay policy adopted in response to COVID-19, the Proposal is overly

prescriptive and limits the judgment and discretion of the board and management. This level of micromanagement compels exclusion of the Proposal under Rule 14a-8(i)(7).

Additionally, as mentioned above, the vast number of individuals to which this Proposal relates are not employees of the Company, but are employees of franchisees. As a result, the report called for by the Proposal would obligate the Company to analyze the feasibility of creating an incentive to franchisees to adopt such a policy. Such analysis would include, for example, collecting information from independent franchisees on their current policies and the feasibility for them to implement the requested policy. The Company does not collect information from its franchisees regarding their employee relationships and its franchise agreements specifically provide that the Company's franchisees are solely responsible for all of their employment practices. Thus, implementation of the Proposal would also implicate the day-to-day management of another part of the Company's business – the oversight of its approximately 2,000 independent franchisees.

The Company has franchises in over 152 countries across the world, with over 50,170 restaurants operated by franchisees. The Company does not require franchisees to report information on franchisees' arrangements with their employees regarding compensation and benefits, nor is such reporting specifically contemplated by the Company's franchise agreements. The reporting contemplated by the Company's franchise agreements is generally focused on the financial performance of franchisees, rather than on items relating to employment or other operational matters. In deciding what information to gather from its franchisees, the Company must determine what information is most important to maintain and enhance the reputation and quality of its restaurant brands. In doing so, it must also weigh the burden this reporting places on the franchisees in terms of cost and diversion of management time. These decisions involve a complex weighing of the value of information gathered against the burden placed on the franchisee. These decisions require expertise of management and are not of the type that shareholders are equipped to make. By dictating the policies the Company should implement, and for which it should incentivize its franchisees, the Proposal constitutes the type of micromanagement that permits its exclusion under Rule 14a-8(i)(7).

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 2021 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company's ordinary business operations. Should the Staff disagree with the Company's conclusions regarding the omission of the Proposal, or should any additional information be needed 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 502-874-8719 or by email at larry.derenge@yum.com.

Sincerely,



Lawrence Derenge
Director, Legal
Yum! Brands, Inc.

cc: CtW Investment Group
School Sisters of Notre Dame Cooperative Investment Fund

Exhibit A

Proposal

See attached



November 30, 2020

Mr. Scott Catlett
Corporate Secretary
YUM! Brands, Inc.
1441 Gardiner Lane, Louisville, Kentucky 40213

Dear Mr. Catlett:

On behalf of the CtW Investment Group ("CtW"), I hereby submit the enclosed shareholder proposal ("Proposal") for inclusion in YUM! Brands, Inc. ("Company") proxy statement to be circulated to Company shareholders in conjunction with the next annual meeting of shareholders. The Proposal is submitted under Rule 14(a)-8 (Proposals of Security Holders) of the U.S. Securities and Exchange Commission's proxy regulations.

CtW is the beneficial owner of approximately 50 shares of the Company's common stock, which have been held continuously for more than a year prior to this date of submission. The Proposal requests the board of directors to analyze and report on the feasibility of extending the paid sick leave policy adopted in response to COVID-19 and made effective on March 25, 2020 as a standard employee benefit not limited to COVID-19 and creating incentives for franchisees to adopt such a policy.

CtW intends to hold the shares through the date of the Company's next annual meeting of shareholders. The record holder of the stock will provide the appropriate verification of the Fund's beneficial ownership by separate letter. Either the undersigned or a designated representative will present the Proposal for consideration at the annual meeting of shareholders.

If you have any questions or wish to discuss the Proposal, please contact Cynthia Simon, at (917) 254-1776 or cynthia.simon@ctwinvestmentgroup.com. Copies of correspondence or a request for a "no-action" letter should be forwarded to Ms. Simon at the above email address.

Sincerely,

A handwritten signature in blue ink that reads 'Dieter Waizenegger'.

Dieter Waizenegger
Executive Director, CtW Investment Group

RESOLVED, that shareholders of YUM! Brands ask the board of directors to analyze and report on the feasibility of extending the paid sick leave policy adopted in response to COVID-19 and made effective on March 25, 2020 as a standard employee benefit not limited to COVID-19 and creating incentives for franchisees to adopt such a policy.

SUPPORTING STATEMENT

The COVID-19 pandemic and the economic crisis it precipitated have drawn the attention of the public and policy makers to the importance of paid sick leave (PSL) for workers and public health.¹ Workers without PSL risk being fired if they do not come into work despite illness, and some workers cannot afford to miss work and forego wages. PSL allows sick workers to stay home, preventing them from infecting coworkers and those with whom they would come into contact on the job. Studies show that PSL mandates adopted in the U.S. since 2007 have reduced the rate at which employees report to work ill in low-wage industries where employers don't tend to provide PSL and have lowered disease and overall absence rates.

PSL contributes to public health by allowing workers who have been exposed to an infectious disease such as COVID-19 to quarantine, preventing further exposure. According to public health experts, PSL is cost-effective compared to the costs associated with disease spread. Some policy makers argue that PSL has helped to counter the negative economic impact of the pandemic, especially for women and non-white workers, and that a sustainable economy depends on prioritizing safety. Finally, PSL benefits companies, which report that bolstering paid sick leave improves morale and boosts productivity.

Policy makers are debating PSL at the federal, state and local levels. In response to the pandemic, the Families First Coronavirus Response Act (FFCRA) required that certain employers provide paid time off for workers ill with COVID-19 or quarantined due to exposure to the virus. An October 2020 study found that states that gained PSL as a result of the FFCRA had fewer COVID-19 cases and the relationship was statistically significant. The House-passed HEROES Act would fill some of the FFCRA's significant gaps and extend its PSL requirement through 2021. State and local governments, including California, San Francisco, and Philadelphia have also acted to mandate PSL for workers not covered by the FFCRA. Even before the pandemic, bills had been introduced in Congress to require employers to provide PSL, and eight states plus the District of Columbia had established PSL social insurance systems.

¹ See, e.g., <https://www.businessinsider.com/coronavirus-changes-walmart-starbucks-employee-benefits-2020-3>; <https://www.cnn.com/2020/04/16/business/grocery-store-workers-retail-paid-sick-leave/index.html>; <https://www.theatlantic.com/health/archive/2020/03/does-walmart-provide-paid-sick-leave/608779/>; <https://www.washingtonpost.com/business/2020/03/10/walmart-apple-olive-garden-are-among-major-employers-updating-sick-leave-policies-coronavirus-cases-spread/>; <https://qz.com/1841763/us-grocery-workers-risk-coronavirus-but-most-lack-paid-sick-leave/>; <https://www.nytimes.com/2020/03/14/opinion/sunday/coronavirus-paid-sick-leave.html>

In company-owned restaurants, YUM! Brands' policy provides PSL to employees in cases of COVID-19-related quarantine or restaurant closing.² This Proposal asks that YUM! Brands analyze and report to shareholders on the feasibility of making that policy permanent and creating incentives for franchisees to adopt a similar policy, in each case applicable to conditions other than COVID-19.

We urge shareholders to vote for this proposal.

² <https://www.yum.com/wps/portal/yumbrands/Yumbrands/news/press-releases/the+latest+on+yum+brands+response+to+the+coronavirus>

School Sisters of Notre Dame Cooperative Investment Fund
345 Belden Hill Road
Wilton, CT 06897

December 4, 2020

Mr. Scott Catlett, Corporate Secretary
YUM! Brands, Inc.
1441 Gardiner Lane
Louisville, Kentucky 40213

Dear Mr. Catlett:

The *School Sisters of Notre Dame Cooperative Investment Fund* is a Catholic institutional investor committed to aligning our investments with our values. Our responsible investing priorities and justice and peace ministry inform shareholder engagement with our portfolio companies. We are therefore co filing with Ct W Investment Group ("CtW") this proposal on extending paid sick leave policy in response to Covid 19 and beyond.

The Proposal requests the board of directors to analyze and report on the feasibility of extending the paid sick leave policy adopted in response to COVID-19 and made effective on March 25, 2020 as a standard employee benefit not limited to COVID-19 and creating incentives for franchisees to adopt such a policy. The *School Sisters of Notre Dame Cooperative Investment Fund* is the beneficial owner of 64 shares of YUM! stock. The School Sisters of Notre Dame Cooperative Investment Fund has held these shares continuously for over one year and intends to retain the requisite number of shares through the date of your Annual Meeting. A letter of verification of ownership is enclosed.

I am hereby authorized to notify you of our intention to file the attached proposal requesting a report on extending paid sick leave. I hereby submit it for inclusion in the proxy statement in accordance with rule 14-a-8 of the general rules and regulation of the Securities and Exchange Act of 1934. If you have any questions or wish to discuss the Proposal, please contact Cynthia Simon, at (917) 254-1776 or cynthia.simon@ctwinvestmentgroup.com .

Sincerely,
Ethel M. Howley, SSND
Ethel Howley, SSND
Social Responsibility Resource Person
ehowley@amssnd.org
p: 203-762-3318

RESOLVED, that shareholders of YUM! Brands ask the board of directors to analyze and report on the feasibility of extending the paid sick leave policy adopted in response to COVID-19 and made effective on March 25, 2020 as a standard employee benefit not limited to COVID-19 and creating incentives for franchisees to adopt such a policy.

SUPPORTING STATEMENT

The COVID-19 pandemic and the economic crisis it precipitated have drawn the attention of the public and policy makers to the importance of paid sick leave (PSL) for workers and public health.¹ Workers without PSL risk being fired if they do not come into work despite illness, and some workers cannot afford to miss work and forego wages. PSL allows sick workers to stay home, preventing them from infecting coworkers and those with whom they would come into contact on the job. Studies show that PSL mandates adopted in the U.S. since 2007 have reduced the rate at which employees report to work ill in low-wage industries where employers don't tend to provide PSL and have lowered disease and overall absence rates.

PSL contributes to public health by allowing workers who have been exposed to an infectious disease such as COVID-19 to quarantine, preventing further exposure. According to public health experts, PSL is cost-effective compared to the costs associated with disease spread. Some policy makers argue that PSL has helped to counter the negative economic impact of the pandemic, especially for women and non-white workers, and that a sustainable economy depends on prioritizing safety. Finally, PSL benefits companies, which report that bolstering paid sick leave improves morale and boosts productivity.

Policy makers are debating PSL at the federal, state and local levels. In response to the pandemic, the Families First Coronavirus Response Act (FFCRA) required that certain employers provide paid time off for workers ill with COVID-19 or quarantined due to exposure to the virus. An October 2020 study found that states that gained PSL as a result of the FFCRA had fewer COVID-19 cases and the relationship was statistically significant. The House-passed HEROES Act would fill some of the FFCRA's significant gaps and extend its PSL requirement through 2021. State and local governments, including California, San Francisco, and Philadelphia have also acted to mandate PSL for workers not covered by the FFCRA. Even before the pandemic, bills had been introduced in Congress to require employers to provide PSL, and eight states plus the District of Columbia had established PSL social insurance systems.

¹ See, e.g., <https://www.businessinsider.com/coronavirus-changes-walmart-starbucks-employee-benefits-2020-3>; <https://www.cnn.com/2020/04/16/business/grocery-store-workers-retail-paid-sick-leave/index.html>; <https://www.theatlantic.com/health/archive/2020/03/does-walmart-provide-paid-sick-leave/608779/>; <https://www.washingtonpost.com/business/2020/03/10/walmart-apple-olive-garden-are-among-major-employers-updating-sick-leave-policies-coronavirus-cases-spread/>; <https://qz.com/1841763/us-grocery-workers-risk-coronavirus-but-most-lack-paid-sick-leave/>; <https://www.nytimes.com/2020/03/14/opinion/sunday/coronavirus-paid-sick-leave.html>

In company-owned restaurants, YUM! Brands' policy provides PSL to employees in cases of COVID-19-related quarantine or restaurant closing.² This Proposal asks that YUM! Brands analyze and report to shareholders on the feasibility of making that policy permanent and creating incentives for franchisees to adopt a similar policy, in each case applicable to conditions other than COVID-19.

We urge shareholders to vote for this proposal.

² <https://www.yum.com/wps/portal/yumbrands/Yumbrands/news/press-releases/the+latest+on+yum+brands+response+to+the+coronavirus>