

Yum China Holdings, Inc.

Risk Management Policy

Purpose

This Risk Management Policy outlines the main principles behind the risk management framework for Yum China Holdings, Inc. (the “Company”) and the Company’s process for identifying, reporting, assessing, mitigating, and monitoring risks.

Risk Governance

The Board of Directors (the “Board”) maintains overall responsibility for overseeing the Company’s risk management framework. The Board regularly reviews risks that may be material to the Company. In furtherance of its responsibility, the Board has delegated specific risk-related responsibilities to the Audit Committee, the Compensation Committee and the Food Safety and Sustainability Committee. The Board and its committees consult with external advisors and internal experts regarding anticipated future threats, trends and risks that may be applicable to the Company, its industry and its operations. The Company regularly provides risk management training to our directors and we believe all our directors possess expertise in risk management.

At the management level, the Company maintains the Compliance Oversight Committee, a management-level committee, which is co-chaired by the Chief Legal Officer and the Chief Financial Officer of the Company and comprised of leaders from multiple functions. The Compliance Oversight Committee meets regularly to monitor and review the implementation of the Company’s compliance programs. The Chief Legal Officer of the Company reports regularly to the Audit Committee on the Company’s key risk areas and compliance programs.

The Head of Corporate Audit, who is a member of the Compliance Oversight Committee, directly reports to both the Audit Committee and the Chief Financial Officer of the Company. In addition, the Corporate Audit function regularly conducts independent risk assessments, including but not limited to the review of management’s risk assessment processes, and develops audit plans accordingly. Our Head of Corporate Audit periodically reports the results of risk assessments and audit observations to the Audit Committee, covering significant issues that have been discovered and recommendations for improvements.



Risk Management Process

○ Risk Identification, Review and Reporting

From the Board to operations teams, the Company underscores the need to promptly identify and manage potential risks. The Company reviews its risk disclosure on a quarterly basis. Identified risks are prioritized and categorized based on various factors, including but not limited to their potential impact, likelihood of occurrence and urgency. Such factors are also used to determine the Company's risk appetite and tolerance levels.

○ Sensitivity Analysis

The Company monitors its exposure to market risks and operational risks using several objective measurement systems, including a sensitivity analysis to measure exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

○ Risk Management Process, Compliance Programs and Audit

Various risk management and compliance programs are in place to help build controls and mitigate risks. In addition, measures have also been put in place to monitor any potential breaches in compliance. The Company's Corporate Audit function also conducts a number of audit exercises each year to assess the measures, tools and processes applied to identifying and managing relevant risks in specific areas.

