

**YUM CHINA HOLDINGS, INC.**  
**CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**Purpose**

The Audit Committee is appointed by the Board of Directors (the “Board”) of Yum China Holdings, Inc. (the “Company”) to assist the Board in the oversight of (1) the integrity of the financial statements of the Company, (2) the independent auditor’s qualifications and independence, (3) the performance of the Company’s internal audit function and independent auditors, and (4) the compliance by the Company with legal and regulatory requirements.

The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual report or proxy statement.

**Committee Membership**

The Audit Committee shall consist of no fewer than three members. Each member of the Audit Committee shall meet the independence and experience requirements of the New York Stock Exchange (the “NYSE”) and the applicable requirements for audit committee services imposed by the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the rules and regulations of the SEC. All members of the Audit Committee shall be financially literate, including being able to read and understand fundamental financial statements, including balance sheets, income statements and cash flow statements. At least one member of the Audit Committee shall be an “audit committee financial expert” (as defined by the SEC).

The Board shall appoint the members of the Audit Committee annually, and shall designate the Chairperson of the Audit Committee. Each member of the Audit Committee shall serve until the earliest to occur of the date he or she is replaced by the Board, resigns from the Audit Committee or resigns from the Board. The Board shall have the power at any time to change the membership of the Audit Committee and to fill vacancies in it, subject to such new member(s) satisfying the applicable independence, experience and “financial expert” requirements referred to above.

No director may serve as a member of the Audit Committee if he or she serves on the audit committee of more than two other public companies unless the Board determines that such simultaneous service would not impair his or her ability to effectively serve on the Audit Committee. No member of the Audit Committee may receive any compensation from the Company or any current subsidiary of the Company other than director's fees, which may be received in cash, stock options, stock appreciation rights or other in-kind consideration.

**Meetings**

The Audit Committee shall meet as often as it determines necessary, but not less

frequently than quarterly. The Audit Committee shall meet periodically in separate executive sessions with management (including the Company's Chief Financial Officer and Chief Accounting Officer), the internal auditors and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Audit Committee deem appropriate. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. Written minutes of Audit Committee meetings shall be maintained.

### **Committee Authority and Responsibilities**

The Audit Committee shall have the sole authority to appoint, determine funding for or replace the independent auditor. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

The Audit Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the range of fees and terms thereof) to be performed for the Company by the independent auditor, subject to the de minimis exception for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Audit Committee prior to the completion of the audit. The Audit Committee shall review and discuss with the independent auditor any documentation supplied by the independent auditor as to the nature and scope of any tax services to be approved, as well as the potential effects of the provision of such services on the auditor's independence. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members, when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services and tax services, provided that decisions of such subcommittee to grant pre-approvals and take any other actions shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors to assist with the execution of its duties and responsibilities set forth in this Charter. The Company shall provide appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Audit Committee, as well as funding for the payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall review the Company's accounting and financial

management succession planning.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall annually review its own performance and annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

The Audit Committee, to the extent necessary or it deems appropriate, shall:

**Financial Statement and Disclosure Matters**

1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including disclosures made in management's discussion and analysis and the results of the independent auditor's review of the quarterly financial statements.
3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, adjustments that were noted or proposed by the independent auditor but were passed as immaterial or otherwise, and the exceptions noted in the reports to the Audit Committee by the internal auditors and independent auditor, and the progress made in responding to the exceptions.
4. Review and discuss with management and the independent auditor any major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.
5. Review and discuss with management (including the senior internal audit executive) and the independent auditor the Company's internal controls report and the independent auditor's attestation report prior to the filing of the Company's Form 10-K.
6. Discuss with the independent auditor the independent auditor's judgment about (a) the quality, not just the acceptability, of the accounting principles applied in the Company's financial reporting and (b) the competence, performance and cooperation of internal audit and management.

7. Review and discuss with the independent auditor quarterly reports from the independent auditors on:
  - (a) all critical accounting policies and practices to be used;
  - (b) all alternative treatments of financial information within U.S. generally accepted accounting principles (“GAAP”) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
  - (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
8. Discuss with management the Company’s earnings press releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be general (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
9. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance-sheet structures on the Company’s financial statements.
10. Review and approve the Company’s decision to enter into swaps and other derivatives transactions that are exempt from exchange execution and clearing under “end user exception” regulations established by the Commodity Futures Trading Commission; and review and approve the Company’s policies governing the Company’s use of swaps and other derivatives transactions subject to the end-user exception.
11. Discuss with management the Company’s major risk exposures, including financial risks, the Company’s cyber-security and other technology risks, and risks related to the Company’s tax matters, and the steps management has taken to monitor and control such exposures, including the Company’s risk assessment and risk management policies.
12. Discuss with the independent auditor the matters required to be discussed pursuant to PCAOB Auditing Standard No. 16, “Communications with Audit Committees,” and any matters described in the review letter from the independent auditor.
13. Review disclosures made to the Audit Committee by the Company’s CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein, and any fraud involving management or other employees who have a significant role in the Company’s internal controls.

### **Oversight of the Company's Relationship with the Independent Auditor**

14. Before the engagement of an independent auditor and at least annually thereafter, review and discuss with the independent auditor the independent auditor's written communications to the Audit Committee regarding the relationships between the auditor and the Company that, in the auditor's professional judgment, may reasonably be thought to bear on its independence and affirm in writing to the Audit Committee that the auditor is independent.
15. Review and evaluate the lead partner of the independent auditor team.
16. Obtain and review a report from the independent auditor at least annually regarding: (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the independent auditor; (c) any steps taken to deal with any such issues; and (d) all relationships between the independent auditor and the Company. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the independent auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and internal auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.
17. Obtain from the independent auditor a formal written statement delineating all relationships between the independent auditor and the Company. It is the responsibility of the Audit Committee to actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and for purposes of taking, or recommending that the full Board take, appropriate action to oversee the independence of the outside auditor.
18. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to ensure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
19. Set policies for the Company's hiring of employees or former employees of the independent auditor.
20. Discuss with the independent auditor material issues on which the national office

of the independent auditor was consulted by the Company's audit team.

21. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.
22. Discuss with internal audit and management their views as to the competence, performance and independence of the independent auditor.
23. Review with the independent auditor any audit problems or difficulties and management's response thereto. The review should include discussion of the responsibilities, budget and staffing of internal audit.

#### **Oversight of the Company's Internal Audit Function**

24. Review the internal audit function of the Company, including the independence, competence, staffing adequacy and authority of the function, the ability of the function to raise issues to the appropriate level of authority, the reporting relationships among the internal auditors, financial management and the Audit Committee and the internal audit reporting obligations.
25. Review the appointment and replacement of the senior internal auditing executive.
26. Review the significant reports to management prepared by the internal auditing department and management's responses.
27. Discuss with the independent auditor and management the internal audit department's responsibilities, budget and staffing, and any recommended changes in the planned scope of the internal audit function.

#### **Compliance Oversight Responsibilities**

28. Obtain from the independent auditor assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act.
29. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Conduct. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Conduct.
30. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of

concerns regarding questionable fraud, accounting, auditing and financial matters. Review periodically with management and internal audit these procedures and any significant complaints received.

31. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
32. Discuss with the Company's Chief Legal Officer legal matters that may have a material impact on the financial statements or the Company's compliance policies and internal controls.
33. Review and approve or ratify all related-party transactions in accordance with the Company's policies and procedures with respect to related person transactions.

**Limitation of Audit Committee's Role**

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP, applicable rules and regulations. These are the responsibilities of management and the independent auditor.