

YUM BRANDS INC
Form DEF 14A
April 05, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

YUM! BRANDS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

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YUM! Brands, Inc.
1441 Gardiner Lane
Louisville, Kentucky 40213

April 5, 2019

Dear Fellow Shareholders:

On behalf of your Board of Directors, we are pleased to invite you to attend the 2019 Annual Meeting of Shareholders of YUM! Brands, Inc. The Annual Meeting will be held Thursday, May 16, 2019, at 9:00 a.m., local time, in the Yum! Conference Center at 1900 Colonel Sanders Lane in Louisville, Kentucky.

Once again, we encourage you to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their shareholders over the Internet. We believe that this e-proxy process expedites shareholders' receipt of proxy materials, lowers the costs of delivery and helps reduce the Company's environmental impact.

Your vote is important. We encourage you to vote promptly whether or not you plan to attend the meeting. You may vote your shares via a toll-free telephone number or over the Internet. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding the three methods of voting prior to the meeting are contained on the notice or proxy card.

If you plan to attend the meeting, please bring your notice, admission ticket from your proxy card or proof of your ownership of YUM common stock as of March 18, 2019 as well as a valid picture identification. Whether or not you attend the meeting, we encourage you to consider the matters presented in the proxy statement and vote as soon as possible.

Sincerely,

Greg Creed

Chief Executive Officer

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to Be Held on May 16, 2019 this notice and the proxy statement are available at www.investors.yum.com/governance-documents. The Annual Report on Form 10-K is available at www.investors.yum.com/annual-reports.

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YUM! Brands, Inc.
1441 Gardiner Lane
Louisville, Kentucky 40213

Notice of Annual Meeting
of Shareholders

Thursday, May 16, 2019 9:00 a.m.

Yum! Conference Center, 1900 Colonel Sanders Lane, Louisville, Kentucky 40213

ITEMS OF BUSINESS:

- (1) To elect eleven (11) directors to serve until the 2020 Annual Meeting of Shareholders and until their respective successors are duly elected and qualified.
- (2) To ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2019.
- (3) To consider and hold an advisory vote on executive compensation.
- (4)-(6) To consider and vote on three (3) shareholder proposals, if properly presented at the meeting.
- (7) To transact such other business as may properly come before the meeting.

WHO CAN VOTE?:

You can vote if you were a shareholder of record as of the close of business on March 18, 2019.

ANNUAL REPORT:

A copy of our 2018 Annual Report on Form 10-K is included with this proxy statement.

WEBSITE:

You may also read the Company's Annual Report and this Notice and proxy statement on our website at www.investors.yum.com/annual-reports.

DATE OF MAILING:

This Notice, the proxy statement and the form of proxy are first being mailed to shareholders on or about April 5, 2019.

By Order of the Board of Directors

Scott A. Catlett

General Counsel and Corporate Secretary

YOUR VOTE IS IMPORTANT

Under securities exchange rules, brokers cannot vote on your behalf for the election of directors or on executive compensation related matters without your instructions. Whether or not you plan to attend the Annual Meeting, please provide your proxy by following the instructions on your Notice or proxy card. On or about April 5, 2019, we mailed to our shareholders a Notice containing instructions on how to access the proxy statement and our Annual Report and vote online.

If you received a Notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you request a copy. Instead, you should follow the instructions included in the Notice on how to access and review the proxy statement and Annual Report. The Notice also instructs you on how you may submit your vote by proxy over the Internet.

If you received the proxy statement and Annual Report in the mail, please submit your proxy by marking, dating and signing the proxy card included and returning it promptly in the envelope enclosed. If you are able to attend the Annual Meeting and wish to vote your shares personally, you may do so at any time before the proxy is exercised.

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YUM! Brands, Inc.

1441 Gardiner Lane

Louisville, Kentucky 40213

PROXY STATEMENT

For Annual Meeting of Shareholders To Be Held On

May 16, 2019

The Board of Directors (the Board of Directors or the Board) of YUM! Brands, Inc., a North Carolina corporation (YUM or the Company), solicits the enclosed proxy for use at the Annual Meeting of Shareholders of the Company to be held at 9:00 a.m. (Eastern Time), on Thursday, May 16, 2019, in the Yum! Conference Center at 1900 Colonel Sanders Lane in Louisville, Kentucky. This proxy statement contains information about the matters to be voted on at the Annual Meeting and the voting process, as well as information about our directors and most highly paid executive officers.

QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

What is the purpose of the Annual Meeting?

At our Annual Meeting, shareholders will vote on several important Company matters. In addition, our management will report on the Company's performance over the last fiscal year and, following the meeting, respond to questions from shareholders.

Why am I receiving these materials?

You received these materials because our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. As a shareholder, you are invited to attend the Annual Meeting and are entitled to vote on the items of business described in this proxy statement.

Why did I receive a one-page Notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?

As permitted by Securities and Exchange Commission (SEC) rules, we are making this proxy statement and our Annual Report available to our shareholders electronically via the Internet. On or about April 5, 2019, we mailed to our shareholders a Notice containing instructions on how to access this proxy statement and our Annual Report and vote online. If you received a Notice by mail you will not receive a printed copy of the proxy materials in the mail unless you request a copy. The Notice instructs you on how to access and review all of the important information

contained in the proxy statement and Annual Report. The Notice also instructs you on how you may submit your proxy over the Internet. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials contained on the Notice.

We encourage you to take advantage of the availability of the proxy materials on the Internet in order to help lower the costs of delivery and reduce the Company's environmental impact.

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QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

Who may attend the Annual Meeting?

The Annual Meeting is open to all shareholders of record as of close of business on March 18, 2019, or their duly appointed proxies. Seating is limited and admission is on a first-come, first-served basis.

What do I need to bring to attend the Annual Meeting?

You will need a valid picture identification and either an admission ticket or proof of ownership of YUM's common stock to enter the Annual Meeting. If you are a registered owner, your Notice will be your admission ticket.

If you received the proxy statement and Annual Report by mail, you will find an admission ticket attached to the proxy card sent to you. If you plan to attend the Annual Meeting, please so indicate when you vote and bring the ticket with you to the Annual Meeting. If your shares are held in the name of a bank or broker, you will need to bring your legal proxy from your bank or broker and your admission ticket. If you do not bring your admission ticket, you will need proof of ownership to be admitted to the Annual Meeting. A recent brokerage statement or letter from a bank or broker is

an example of proof of ownership. If you arrive at the Annual Meeting without an admission ticket, we will admit you only if we are able to verify that you are a YUM shareholder. Your admittance to the Annual Meeting will depend upon availability of seating. All shareholders will be required to present valid picture identification prior to admittance. **IF YOU DO NOT HAVE A VALID PICTURE IDENTIFICATION AND EITHER AN ADMISSION TICKET OR PROOF THAT YOU OWN YUM COMMON STOCK, YOU MAY NOT BE ADMITTED INTO THE ANNUAL MEETING.**

Please note that computers, cameras, sound or video recording equipment, cellular and smart phones, tablets and other similar devices, large bags, briefcases and packages will not be allowed in the meeting room.

May shareholders ask questions?

Yes. Representatives of the Company will answer shareholders' questions of general interest following the Annual Meeting. In order to give a greater number of shareholders an opportunity to ask questions, individuals or groups will be allowed to ask only one question and no repetitive or follow-up questions will be permitted.

Who may vote?

You may vote if you owned YUM common stock as of the close of business on the record date, March 18, 2019. Each share of YUM common stock is entitled to one vote. As of March 18, 2019, YUM had 305.9 million shares of common stock outstanding.

What am I voting on?

You will be voting on the following six (6) items of business at the Annual Meeting:

The election of eleven (11) directors to serve until the next Annual Meeting of Shareholders and until their respective successors are duly elected and qualified;

The ratification of the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2019;

An advisory vote on executive compensation; and

Three (3) shareholder proposals.

We will also consider other business that properly comes before the meeting.

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QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

How does the Board of Directors recommend that I vote?

Our Board of Directors recommends that you vote your shares:

FOR each of the nominees named in this proxy statement for election to the Board;

FOR the ratification of the selection of KPMG LLP as our independent auditors;
FOR the proposal regarding an advisory vote on executive compensation; and

AGAINST each of the three (3) shareholder proposals.

How do I vote before the Annual Meeting?

There are three ways to vote before the meeting:

By Internet If you have Internet access, we encourage you to vote on *www.proxyvote.com* by following instructions on the Notice or proxy card;

By telephone by making a toll-free telephone call from the U.S. or Canada to 1(800) 690-6903 (if you have any questions about how to vote over the phone, call 1(888) 298-6986); or

By mail If you received your proxy materials by mail, you can vote by completing, signing and returning the enclosed proxy card in the postage-paid envelope provided.

If you are a participant in the direct stock purchase and dividend reinvestment plan (Computer Share CIP), as a registered shareholder, you will receive all proxy materials and may vote your shares according to the procedures outlined herein.

If you are a participant in the YUM! Brands 401(k) Plan (401(k) Plan), the trustee of the 401(k) Plan will only vote the shares for which it has received directions to vote from you.

Proxies submitted through the Internet or by telephone as described above must be received by 11:59 p.m.,

Eastern Daylight Saving Time, on May 15, 2019. Proxies submitted by mail must be received prior to the meeting. Directions submitted by 401(k) Plan participants must be received by 12:00 p.m., Eastern Daylight Saving Time, on May 14, 2019.

Also, if you hold your shares in the name of a bank or broker, your ability to vote by telephone or the Internet depends on their voting processes. Please follow the directions on your notice carefully. A number of brokerage firms and banks participate in a program provided through Broadridge Financial Solutions, Inc. (Broadridge) that offers telephone and Internet voting options. If your shares are held in an account with a brokerage firm or bank participating in the Broadridge program, you may vote those shares telephonically by calling the telephone number shown on the voting instruction form received from your brokerage firm or bank, or through the Internet at Broadridge s voting website (www.proxyvote.com). Votes submitted through the Internet or by telephone through the Broadridge program must be received by 11:59 p.m., Eastern Daylight Saving Time, on May 15, 2019.

Can I vote at the Annual Meeting?

Shares registered directly in your name as the shareholder of record may be voted in person at the Annual Meeting. Shares held through a broker or nominee may be voted in person only if you obtain a legal proxy from the broker or nominee that holds your shares giving you the right to vote the shares.

Even if you plan to attend the Annual Meeting, we encourage you to vote your shares by proxy. You may still vote your shares in person at the meeting even if you have previously voted by proxy.

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QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

Can I change my mind after I vote?

You may change your vote at any time before the polls close at the Annual Meeting. You may do this by:

Signing another proxy card with a later date and returning it to us prior to the Annual Meeting;

Voting again by telephone or through the Internet prior to 11:59 p.m., Eastern Daylight Saving Time, on May 15, 2019;

Giving written notice to the Corporate Secretary of the Company prior to the Annual Meeting; or

Voting again at the Annual Meeting.

Your attendance at the Annual Meeting will not have the effect of revoking a proxy unless you notify our Corporate Secretary in writing before the polls close that you wish to revoke a previous proxy.

Who will count the votes?

Representatives of Computershare, Inc. will count the votes and will serve as the independent inspector of election.

What if I return my proxy card but do not provide voting instructions?

If you vote by proxy card, your shares will be voted as you instruct by the individuals named on the proxy card. If you sign and return a proxy card but do not specify how your shares are to be voted, the persons named as proxies on the proxy card will vote your shares in accordance with the recommendations of the Board. These recommendations are:

FOR the election of the eleven (11) nominees for director named in this proxy statement (Item 1);

FOR the ratification of the selection of KPMG LLP as our independent auditors for the fiscal year 2019 (Item 2);

FOR the proposal regarding an advisory vote on executive compensation (Item 3); and

AGAINST each Shareholder Proposal (Items 4-6).

What does it mean if I receive more than one proxy card?

It means that you have multiple accounts with brokers and/or our transfer agent. Please vote all of these shares. We recommend that you contact your broker and/or our transfer agent to consolidate as many

accounts as possible under the same name and address. Our transfer agent is Computershare, Inc., which may be reached at 1 (888) 439-4986 and internationally at 1 (781) 575-2879.

Will my shares be voted if I do not provide my proxy?

Your shares may be voted if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority under the New York Stock Exchange rules to vote shares for which their customers do not provide voting instructions on certain routine matters.

The proposal to ratify the selection of KPMG LLP as our independent auditors for fiscal year 2019 is considered a routine matter for which brokerage firms

may vote shares for which they have not received voting instructions. The other proposals to be voted on at our Annual Meeting are not considered routine under applicable rules. When a proposal is not a routine matter and the

brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote.

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QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

How many votes must be present to hold the Annual Meeting?

Your shares are counted as present at the Annual Meeting if you attend the Annual Meeting in person or if you properly return a proxy by Internet, telephone or mail. In order for us to conduct our Annual Meeting, a majority of the outstanding shares of YUM common

stock, as of March 18, 2019, must be present in person or represented by proxy at the Annual Meeting. This is referred to as a quorum. Abstentions and broker non-votes will be counted for purposes of establishing a quorum at the Annual Meeting.

How many votes are needed to elect directors?

You may vote **FOR** each nominee or **AGAINST** each nominee, or **ABSTAIN** from voting on one or more nominees. Unless you mark **AGAINST** or **ABSTAIN** with respect to a particular nominee or nominees or for all nominees, your proxy will be voted **FOR** each of the director nominees named in this proxy statement. In an uncontested election, a nominee will be elected as a director if the number of **FOR** votes exceeds the number of **AGAINST** votes.

Abstentions will be counted as present but not voted. Abstentions and broker non-votes will not affect the outcome of the vote on directors. Full details of the Company's majority voting policy are set out in our Corporate Governance Principles at www.investors.yum.com and at page 19 under "What other significant Board practices does the Company have?" Majority Voting Policy.

How many votes are needed to approve the other proposals?

In order to be approved, the other proposals must receive the **FOR** vote of a majority of the shares, present in person or represented by proxy, and entitled to vote at the Annual Meeting. For each of these items, you may vote **FOR**, **AGAINST** or **ABSTAIN**. Abstentions will be counted as shares present and entitled to vote at the Annual Meeting. Accordingly,

abstentions will have the same effect as a vote **AGAINST** the proposals. Broker non-votes will not be counted as shares present and entitled to vote with respect to the particular matter on which the broker has not voted. Thus, broker non-votes will not affect the outcome of any of these proposals.

When will the Company announce the voting results?

The Company will announce the voting results of the Annual Meeting on a Current Report on Form 8-K filed within four business days of the Annual Meeting.

What if other matters are presented for consideration at the Annual Meeting?

The Company knows of no other matters to be submitted to the shareholders at the Annual Meeting, other than the proposals referred to in this Proxy Statement. If any other matters properly come before the shareholders at the Annual Meeting, it is the intention of the persons named on the proxy to vote the shares represented thereby on such matters in accordance with their best judgment.

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GOVERNANCE OF THE COMPANY

The business and affairs of YUM are managed under the direction of the Board of Directors. The Board believes that good corporate governance is a critical factor in achieving business success and in fulfilling the Board's responsibilities to shareholders. The Board believes that its practices align management and shareholder interests.

The corporate governance section of the Company website makes available the Company's corporate governance materials, including the Corporate Governance Principles (the Governance Principles), the Company's Articles of Incorporation and Bylaws, the charters for each Board committee, the Company's Worldwide Code of Conduct, the Company's Political Contributions and U.S. Government Advocacy Policy, and information about how to report concerns about the Company. To access these documents on the Company's website, www.yum.com, click on Investors and then Corporate Governance.

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GOVERNANCE OF THE COMPANY

What is the composition of the Board of Directors and how often are members elected?

Our Board of Directors presently consists of 11 directors whose terms expire at this Annual Meeting. Our directors are elected annually. The average director tenure is 5.5 years, with our longest- and shortest-tenured directors having served for 13 years (Mr. Nelson) and for 1 year and 4 months, respectively (Ms. Domier).

As discussed in more detail later in this section, the Board has determined that 10 of the 11 individuals standing for election are independent under the rules of the New York Stock Exchange (NYSE).

How often did the Board meet in fiscal 2018?

The Board of Directors met 5 times during fiscal 2018. Each of the directors who served in 2018 attended at least 75% of the meetings of the Board and the committees of which he or she was a member and that were held during the period he or she served as a director.

What is the Board's policy regarding director attendance at the Annual Meeting of Shareholders?

The Board of Director's policy is that all directors should attend the Annual Meeting and all persons then serving as directors attended the 2018 Annual Meeting.

How does the Board select nominees for the Board?

The Nominating and Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and shareholders. The Committee's charter provides that it may

retain a third-party executive search firm to identify candidates from time to time.

In accordance with the Governance Principles, our Board seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated

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GOVERNANCE OF THE COMPANY

and are selected based upon contributions they can make to the Board and management. The committee's assessment of a proposed candidate will include a review of the person's judgment, experience, independence, understanding of the Company's business or other related industries and such other factors as the Nominating and Governance Committee determines are relevant in light of the needs of the Board of Directors. The committee believes that its nominees should reflect a diversity of experience, gender, race, ethnicity and age. The Board does not have a specific policy regarding director diversity. The committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees, if any.

In connection with this evaluation, it is expected that each committee member will interview the prospective nominee before the prospective nominee is presented to the full Board for consideration. After completing this evaluation and interview process, the committee will make a recommendation to the full Board as to the person(s) who should be nominated by the Board, and the Board determines the nominee(s) after considering the recommendation and report of the committee.

In 2017 we implemented several initiatives to transform the Company, centering on a new multi-year strategy to accelerate growth, reduce volatility and increase capital returns to shareholders. In connection with this

transformation strategy we developed our *Recipe for Growth*, which focuses on four growth drivers intended to accelerate same-store sales growth and net-new restaurant development at KFC, Pizza Hut and Taco Bell around the world. The Company remains focused on building the world's most loved, trusted and fastest growing restaurant brands by:

Building *Distinctive, Relevant and Easy Brands*, by increasing investment in consumer insights, core product innovation, digital excellence and initiatives that strengthen the quality, convenience and appeal of the customer experience;

Developing *Unmatched Franchise Operating Capability*, strengthening how we equip and recruit the best restaurant operators to deliver great customer experiences, and build and protect our brands;

Driving *Bold Restaurant Development* through partnerships with growth-minded franchisees who can expand and penetrate markets with modern restaurants, strong economics and value; and

Growing *Unrivaled Culture and Talent* to strengthen the customer experience and franchise success with best-in-class people capability and culture.

We look for director candidates that have the skills and experience necessary to help us achieve success with respect to the four growth drivers and the Company's implementation of its Recipe for Growth. As a result, the skills that our directors possess are thoroughly considered to ensure that they align with the Company's goals.

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GOVERNANCE OF THE COMPANY

The following table describes key characteristics of the Company's Recipe for Growth and indicates how the skills our Board collectively possesses positively impacts the growth drivers: