



April 7, 2021

Mr. Nelson Peltz
Chairman, The Wendy's Company
1 Dave Thomas Blvd.
Dublin, OH 43017

CC: Todd Penegor, President and CEO, The Wendy's Company
Board of Directors, The Wendy's Company

Dear Mr. Peltz,

With the dire consequences of COVID-19 and of systemic racism on our minds, the undersigned investors representing \$1 trillion dollars in assets under management urge Wendy's to join the Fair Food Program (FFP), and thus meet the standard set by all of Wendy's major peers. As long-term investors responsible for addressing the human rights risks within our portfolios, we expect companies such as Wendy's to adopt established standards for risk management to protect workers throughout their supply chains. This is particularly important in the midst of a global pandemic and in the wake of a global movement demanding racial justice. COVID-19 has highlighted what appears to be the inadequacy of Wendy's approach, as its food suppliers have had widely-publicized failures to protect worker safety, including suppliers that Wendy's recently celebrated as sustainability leaders.¹ Furthermore, it has been reported that Wendy's food supply chain was disrupted due to COVID-19.²

During the pandemic, the human rights abuses that frequently arise in agricultural supply chains have disproportionately exposed Brown, Black, and Indigenous farmworkers to a deadly virus without adequate safety protections. These and other abuses present material risks – reputational, compliance, business continuity, human capital management, and supply chain – to the company and its shareholders. These risks are considered to be highly material by a growing number of investors. Earlier this year, 335 institutional investors representing \$9.5 trillion in assets under management supported a statement calling on companies to take steps to mitigate the impacts of COVID-19 on all of their stakeholders, including the health and safety of workers.³ Additionally, the Securities and Exchange Commission (SEC) issued guidance indicating that companies should consider health and safety and impacts on human capital in their COVID-19 related disclosures.⁴ This is especially pertinent as companies are facing increasing scrutiny from their own investors on the accuracy and potential misrepresentations in their disclosures.⁵

¹ Wendy's supplier Cargill had a plant that experienced the largest COVID-19 outbreak linked to a single facility in North America: 1,560 cases. Lack of protections at Tyson, another Wendy's supplier, resulted in more than 12,500 Tyson employees contracting COVID-19, and a recent wrongful death lawsuit alleges that managers laid bets on how many workers would get infected. These two suppliers – Cargill and Tyson's – were both among those designated by Wendy's as finalists for its 2019 "Squarely Sustainable Supplier of the Year" Award, which was ultimately given to Cargill.

² <https://www.nytimes.com/2020/05/05/business/coronavirus-meat-shortages.html>

³ <https://www.iccr.org/investor-statement-coronavirus-response>

⁴ <https://www.sec.gov/corpfin/coronavirus-covid-19> , <https://www.sec.gov/corpfin/covid-19-disclosure-considerations>

The above-noted failures of certain Wendy's suppliers indicate that the company's existing Supplier Code of Conduct, including its enforcement mechanisms, are insufficient. Our review of that Code – together with the company's public statements on its supply chain practices as they relate to the pandemic, which do not include any COVID-19 safety protections required for the essential workers who harvest and process the company's meat and produce⁶ – only heighten our concerns. In contrast, the FFP is a highly effective risk mitigation and avoidance tool, having earned widespread recognition, including a Presidential Medal from the Obama-Biden administration,⁷ for protecting the human rights of farmworkers in tomato supply chains of Wendy's main competitors, including McDonald's, Burger King, Subway and Yum Brands. This contrast is especially noteworthy in the face of COVID-19 risks to the company's food supply chain, including tomatoes.⁸

The FFP is unmatched in its ability to address and prevent risks of modern slavery⁹ and sexual assault,¹⁰ as well as a host of other human rights abuses, and since the early days of the pandemic, it has worked to enforce worker health and safety protections on participating farms, thereby protecting both the operational continuity and reputation of its participating companies.¹¹ These efforts have further cemented its status as the "gold standard" of social responsibility programs, as confirmed by a recent independent study of 40 leading initiatives which found the FFP represents "the only existing model with the proven potential to afford protection for the most vulnerable and lowest-wage workers in global supply chains."¹² Even as COVID-19 has ravaged farmworkers and their communities throughout the United States,¹³ we believe the FFP is the only social certification to have established mandatory, enforceable COVID-19 protections for farmworkers.

Today's letter reiterates a request that investors sent to you in March 2020, just as the U.S. was locking down due to the COVID-19 pandemic. Receipt of that letter was never acknowledged by the company, and the situation since then has become more dire. Farmworkers are essential workers, ensuring that Americans are fed, and yet the very nature of farm labor puts them at increased risk for infection.¹⁴ This risk is compounded by the fact that most of these low-wage workers are Brown, Black, and Indigenous people of color, statistically proven to suffer higher rates of severe outcomes from COVID-19, including death rates that are 2.3 times higher for Hispanic Americans than white Americans.¹⁵

In that March 2020 letter, investors urged Wendy's to join the FFP because it is uniquely effective for risk mitigation and compliance in the agricultural industry. This effectiveness is due to the fact that it makes farmworkers the frontline monitors of their own human rights, able to report abuses to an independent monitor without fear of retaliation, and backed by enforceable market consequences agreed to by major

⁶ <https://www.wendys.com/supply-chain-practices>

⁷ <https://www.fairfoodprogram.org/recognition/>

⁸ Wendy's prides itself on sourcing its tomatoes from greenhouses, but tomato greenhouses have not been immune to serious COVID-19 outbreaks. In New York State, a tomato greenhouse touted as the largest-ever single build greenhouse in North America, Green Empire Farms, was the locus of a major outbreak, with more than half the workforce testing positive. In response to a question, Wendy's told shareholders at its 2020 annual meeting that it had not purchased from Green Empire Farms directly, but it is nevertheless notable to us that Green Empire Farms, which only opened last year, is owned by Mastronardi Produce, the largest producer and distributor of greenhouse-grown produce in North America and a reported supplier of Wendy's.

⁹ <https://www.cnn.com/2017/05/30/world/ciw-fair-food-program-freedom-project>

¹⁰ <https://civileats.com/2020/03/09/after-metoo-this-group-has-nearly-erased-sexual-harassment-in-farm-fields/>

¹¹ <https://www.nytimes.com/live/2021/01/05/dining/food-industry-coronavirus>

¹² https://www.msi-integrity.org/wp-content/uploads/2020/07/MSI_Not_Fit_For_Purpose_FORWEBSITE.FINAL_.pdf

¹³ <https://www.politico.com/news/2020/09/08/farmworkers-coronavirus-disaster-409339>

¹⁴ <https://www.pbs.org/wgbh/frontline/article/covid-19-farmworkers-among-highest-risk-studies-show/>

¹⁵ <https://www.nytimes.com/2021/02/18/us/covid-life-expectancy.html?smid=em-share>

corporate purchasers of the produce the workers picked. The ability to report health and safety violations without fear of retaliation has become even more crucial during the pandemic, when reliable in-person audits have become more challenging yet the ability to avoid contracting COVID-19 remains a life and death issue for farmworkers and the families they come home to.

In closing, given the FFP's unparalleled success, its adoption by Wendy's main competitors, and the seriousness of the human rights risks in U.S. agriculture – especially in light of COVID-19, and at a time of global reckoning over racial justice – we believe it is incumbent upon the company to join the FFP. Your response to this letter will be an important signal of intent in meaningfully addressing the human rights risks in your food supply chain that have only worsened during the pandemic. Your response will also inform our approach to complementary efforts, such as the shareholder resolution submitted for your 2021 annual shareholder meeting, which asks for Wendy's to disclose concrete evidence on the effectiveness of its Supplier Code of Conduct in protecting the human rights of workers throughout its food supply chain and with respect to COVID-19 in particular. We also add our support to the ongoing investor engagement coordinated by the Interfaith Center on Corporate Responsibility (ICCR), specifically including ICCR's requested meeting with you in your capacity as chair of the Wendy's Board and its committee on Corporate Social Responsibility. Please contact Nadira Narine, nnarine@iccr.org, to facilitate a follow up discussion.

Regards,



Nadira Narine
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Interfaith Center on Corporate Responsibility
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Investors represented

Adrian Dominican Sisters, Portfolio Advisory Board	American Federation of State, County and Municipal Employees (AFSCME)
American Federation of Teachers	Aquinas Associates
BAYADA Hospice / Retired Clergy	Benedictine Sisters of Mount St Scholastica Monastery
Boston Common Asset Management	Boston Trust Walden
Change Finance	Comitato Lady Lawyer Village
CommonSpirit Health	Communications Workers of America
Congregation of Sisters of St. Agnes	Congregation of St. Basil
Congregation of St. Joseph	CorpGov.net

Corporate Responsibility Office - Province of Saint Joseph of the Capuchin Order	CtW Investment Group
Dana Investment Advisors	Daughters of Charity, Province of St. Louise
Domini Impact Investments	Dominican Sisters
Dominican Sisters ~ Grand Rapids	Dominican Sisters of Sinsinawa
Dominican Sisters of Sparkill	Felician Sisters
FSPA	Grey Nuns of the Sacred Heart
Heartland Initiative, Inc.	International Brotherhood of Electrical Workers
International Brotherhood of Teamsters	International Union of Bricklayers and Allied Craftworkers International Pension Fund
Investor Advocates for Social Justice	JLens Investor Network
Lady Lawyer Foundation	Maryknoll Sisters
Miller/Howard Investments, Inc.	Missionary Oblates of Mary Immaculate OIP
Nathan Cummings Foundation	National Education Association
Natural Investments	North America's Building Trades Unions
NorthStar Asset Management, Inc.	Northwest Coalition for Responsible Investment
Office of the NYC Comptroller	OIP Trust
Province of St. Mary of the Capuchin Order	Region VI Coalition for Responsible Investment
Responsible Sourcing Network	Robert F. Kennedy Human Rights Compass Investor Program
School Sisters of Notre Dame - CPP Corporate Responsibility Committee	School Sisters of Notre Dame Cooperative Investment Fund
Seventh Generation Interfaith, Inc.	SHARE
SharePower Responsible Investing	Sisters of Charity of Cincinnati, OH
Sisters of Charity of Nazareth	Sisters of Charity of New York
Sisters of Charity of Saint Elizabeth	Sisters of Charity, BVM

Sisters of Mary Reparatrix

Sisters of Notre Dame de Namur

Sisters of Saint Joseph of Chestnut Hill,
Philadelphia

Sisters of St. Dominic Racine, WI

Sisters of St. Dominic of Blauvelt, New York

Sisters of St. Francis, Oldenburg

Sisters of St. Francis of Philadelphia

Sisters of St. Joseph of Boston

Sisters of the Humility of Mary

Sisters of the Order of St. Dominic

Sisters of the Precious Blood

Sisters of the Presentation of the Blessed Virgin
Mary, New Windsor, NY

Social Justice Committee of the Unitarian
Universalist Congregation at Shelter Rock

Socially Responsible Investment Coalition

St. Mary's Institute

Stance Capital, LLC

Stardust

Sustainable Advisors Alliance

The Workers Circle

Trinity Health

T'ruah

UAW Retiree Medical Benefits Trust

Unitarian Universalist Association

Unitarian Universalist Service Committee (UUSC)

UNITE HERE

United Church Funds

United Steelworkers

Ursuline Sisters of Toledo

Zevin Asset Management