



March 9, 2022

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

Dear Mr. Peltz:

We, the undersigned city comptroller and state treasurers, welcomed the near-unanimous vote, at Wendy's 2021 Annual Meeting, in support of the shareholder resolution proposed by the Franciscan Sisters of Allegany, NY. This 2021 shareholder resolution requested a report on the protection of the human rights of workers in the company's food supply chain, with a focus on whether Wendy's ensures farmworkers are protected from harms associated with COVID-19 ("Resolution").¹ We are also aware that Wendy's has since issued a "People and Ethics" report ("Report")² that the Company asserts is responsive to the Resolution.

The Report is non-responsive to multiple elements of the Resolution's Resolved Clause and silent regarding more recent reports of human rights abuses with potential connections to the company's supply chain, which present material risks – reputational, compliance, business continuity, and human capital management – to the company and its shareholders.^{3, 4, 5, 6}

Wendy's did not consult with the proponent of the Resolution on the contents of the Report, or inform the proponent of its release, despite requests from the proponent for engagement. We

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<https://iasj.org/wp-content/uploads/Wendys-2021-Shareholder-Proposal-Protecting-Essential-Food-Chain-Workers-Rights-During-COVID-19-FINAL.docx.pdf>

2

https://s1.q4cdn.com/202642389/files/doc_downloads/report-and-resources/Wendys-People-Ethics-Designed-12.3.21.pdf

³ <https://www.vice.com/en/article/88gx8k/modern-day-slavery-georgia-congress>

4

<https://ciw-online.org/blog/2022/01/growing-wave-of-brutal-modern-day-slavery-operations-in-agriculture-prompts-renewed-calls-for-expansion-of-fair-food-program/>

⁵ <https://www.nytimes.com/2019/03/07/business/economy/wendys-farm-workers-tomatoes.html>

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<https://www.naplesnews.com/story/news/local/2021/04/11/protestors-challenge-wendys-protect-farmworkers/7181271002/>

believe that collaborative engagement with shareholders serves the best interests of the company and investors.

We concur with many of the criticisms of the Report set forth in an investor advisory published by the proponent, in particular the following:

- (1) The Report's failure to disclose critical information explicitly sought by the Resolution's Resolved Clause, such as how often Wendy's requires third-party human rights audits of its food suppliers; the number of food supplier locations that received those audits last year; the number of supplier workers personally interviewed during those audits; and the auditors approved by Wendy's to conduct them.
- (2) The Report's admission that Wendy's "did not institute any new requirements specific to COVID-19" to protect farmworkers in its supply chain from a deadly pandemic that disproportionately harms Brown and Black workers.⁷
- (3) The Report's silence as to whether there is any connection between Wendy's supply chain and the two Mexican tomato farms subject to an October 2021 import ban issued by U.S. Customs and Border Protection (CBP) due to indications of forced labor,⁸ despite news reports that tomatoes from those farms were imported into the United States by Mastronardi Produce,⁹ a reported Wendy's supplier.¹⁰

We also find it significant that, in the wake of the multiple instances of forced labor in North American agriculture that have been announced by federal law enforcement agencies in the nine months since the Resolution, two of the government agencies at the center of those announcements—CBP and the U.S. Department of Labor (DOL)—have published guidance recommending that companies join the Coalition of Immokalee Workers' Fair Food Program.¹¹ The CBP FAQ in particular is instructive, finding that "[t]here is ample evidence-based research that demonstrates social audits, as they are currently administered, are ineffective in identifying and reducing forced labor," and companies should instead utilize "worker-driven solutions" like "the Fair Food Program,"¹² which was a focus of the Resolution.

⁷ <https://www.theguardian.com/us-news/2020/dec/02/california-farmworkers-covid-19-infections>

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<https://www.cbp.gov/newsroom/national-media-release/cbp-issues-withhold-release-order-tomatoes-produced-farm-mexico>

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<https://www.latimes.com/california/story/2021-12-31/u-s-blocks-tomato-shipments-from-mexican-farms-accused-of-abusing-workers>

¹⁰ <https://www.thenation.com/article/society/farming-labor-contractors-coronavirus/>

¹¹

<https://www.cbp.gov/sites/default/files/assets/documents/2021-Aug/CBP%202021%20VTW%20FAQs%20%28Forced%20Labor%29.pdf> ; <https://blog.dol.gov/2022/01/13/exposing-the-brutality-of-human-trafficking>

¹²

<https://www.cbp.gov/sites/default/files/assets/documents/2021-Aug/CBP%202021%20VTW%20FAQs%20%28Forced%20Labor%29.pdf>

Wendy's does not participate in the Fair Food Program—unlike all its major competitors, including McDonalds and Burger King, who joined over a decade ago¹³—and instead relies on a model of supply chain monitoring described by experts as “not fit for purpose” to address human rights violations.¹⁴ We are therefore concerned that Wendy's is lagging peers by failing to join the Fair Food Program, which presents heightened risks and may have a material negative impact on the Company's long-term shareholder value.

The Company's failure to issue a report that was responsive to the Resolution, or to respond to the proponent's request for a dialogue on the Resolution following its approval by more than 95% of Wendy's shares voted,¹⁵ raises questions about the Company's governance and oversight over these issues. We will take this non-responsiveness into consideration when voting our proxies in 2022.

Signed,



Zach Conine
Nevada State Treasurer



Michael W. Frerichs
Illinois State Treasurer



Sarah A. Godlewski
Wisconsin State Treasurer



Deborah B. Goldberg
Massachusetts Treasurer and
Receiver-General



Brad Lander
New York City Comptroller



Tobias Read
Oregon State Treasurer

¹³ <https://www.fairfoodprogram.org/partners/>

¹⁴

<https://www.msi-integrity.org/press-release-covid-19-pandemic-exposes-failures-of-traditional-corporate-social-responsibility-while-worker-driven-alternatives-pave-way-forward/>

¹⁵ <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000030697/000119312521166712/d147454d8k.htm>