

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

Dear Mr. Peltz,

The undersigned investors 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, requesting a report on the protection of the human rights of workers in the company's food supply chain ("Resolution").¹ We are writing now to ask that:

- (1) The report requested by the Resolution, which received over 95% shareholder support, be made available to shareholders prior to the publication of the Company's proxy materials for the 2022 Annual Meeting, so that shareholders have adequate opportunity to evaluate Board responsiveness to the Resolution and the critical questions it raises, and
- (2) The Company clarify for shareholders whether there is now, or has been in the past, any connection between Wendy's tomato supply chain and the Mexican tomato producers subject to an October 2021 Withhold Release Order (WRO) issued by U.S. Customs and Border Protection (CBP) due to indicators of forced labor found by a CBP investigation.²

In its May 2021 proxy statement, Wendy's told shareholders that it would "provide enhanced public disclosure on the subject matter contained in the proposal's resolution as part of our ongoing ESG reporting."³ As concerned investors, we believe that there is a time-sensitive need for that disclosure, covering all elements of the Resolution, due to three developments since May 2021, identified below, which heighten already-existing material risks to the company's reputation, supply chain resiliency, and exposure to potential litigation:

¹ <https://iasj.org/wp-content/uploads/Wendys-2021-Shareholder-Proposal-Protecting-Essential-Food-Chain-Workers-Rights-During-COVID-19-FINAL.docx.pdf>

² <https://www.cbp.gov/newsroom/national-media-release/cbp-issues-withhold-release-order-tomatoes-produced-farm-mexico>

³ <https://www.proxydocs.com/branding/966152/2021/ps/>

- (1) New evidence has emerged demonstrating increased prevalence of forced labor in agriculture in the wake of COVID-19.⁴ This is exemplified by both the October 2021 CBP WRO on Mexican tomatoes and multiple recent forced labor indictments by the U.S. Department of Justice, including one in November 2021 involving more than 70,000 farmworkers petitioned-for under the H-2A guestworker visa program.⁵
- (2) At least one of the farms covered by the CBP WRO, Horticola Tom. S.A. de C.V.,⁶ appears to be a tomato greenhouse,⁷ and therefore potentially connected to Wendy’s all-greenhouse tomato supply chain.⁸ Reports also continue to emerge of worker rights violations at tomato greenhouses owned by Mastronardi Produce,⁹ which is a reported Wendy’s supplier.¹⁰
- (3) August 2021 guidance published by CBP advises companies 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,”¹¹ which was a focus of the Resolution and has been recognized with a Presidential Medal.¹² Unlike its major competitors,¹³ such as McDonalds and Burger King, Wendy’s does not participate in the Fair Food Program, and instead relies on traditional social audits. In November 2021, a major food brand was sued in connection with its reliance upon a traditional social auditor that allegedly failed to appropriately address forced labor concerns.¹⁴

⁴ https://polarisproject.org/wp-content/uploads/2021/06/Polaris_Labor_Exploitation_and_Trafficking_of_Agricultural_Workers_During_the_Pandemic.pdf

⁵ <https://www.vice.com/en/article/dypvn7/georgia-modern-day-slavery-federal-investigation>

⁶ <https://www.cbp.gov/newsroom/local-media-release/pharr-cbp-officers-agriculture-specialists-intercept-tomato-shipment>

⁷ <https://www.facebook.com/HorticolaTOM/>

⁸ <https://www.wendys.com/csr-what-we-value/food/responsible-sourcing/fresh-produce/hydroponic-farming>

⁹ <https://www.centralmaine.com/2021/10/23/madison-tomato-grower-repeatedly-violated-federal-laws-with-hiring-practices-report-found/> (Backyard Farms); <https://cnycentral.com/news/local/green-empire-farms-cited-four-times-by-osha-after-investigation> (Green Empire Farms).

¹⁰ <https://www.typeinvestigations.org/investigation/2020/09/14/the-immokalee-way-protecting-farmworkers-amid-a-pandemic/>. While Wendy’s said at its 2020 AGM that it had not purchased from Green Empire Farms at that time, it has not confirmed the same about Backyard Farms or the farms covered by the CBP WRO.

¹¹ <https://www.cbp.gov/sites/default/files/assets/documents/2021-Aug/CBP%202021%20VTW%20FAQs%20%28Forced%20Labor%29.pdf>

¹² <https://www.news-press.com/story/news/local/amy-williams/2015/01/30/coalition-immokalee-workers-gets-presidential-medal/22623915/>

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

¹⁴ <https://corpaccountabilitylab.org/calblog/2021/11/2/cal-files-suit-against-hershey-and-rainforest-alliancensbp>

In sum, due to the growing human rights risks present in food supply chains and especially greenhouse tomatoes—about which shareholders have already expressed concern to the Company through near-unanimous support of the Resolution—it is important that the Company issue the report, with the information sought by the Resolution, prior to publication of the Company’s proxy materials for the 2022 Annual Meeting, so that shareholders have all relevant information necessary to evaluate the Board’s responsiveness to the Resolution and shareholder concerns. The Company should also clarify any connection, past or present, between its tomato supply chain and the tomato farms covered by the WRO.

Regards,