

Racial Equity Audit Wendy's Corporation 2024

Resolved Clause: Shareholders request the Board of Directors of Wendy's Corporation to undertake and publicly disclose the findings of an independent Racial Equity Audit, above and beyond legal and regulatory matters (and at a reasonable cost and omitting proprietary information), evaluating practices and policies across the entire value chain. At the Board's discretion, the audit should include assessing impacts on restaurant franchise employees, farmworkers and greenhouse workers in the produce supply chain, and communities of color in the areas where the company operates and should include input from civil rights organizations, employees, and customers, focusing on identifying systemic risks at all operational levels.

Whereas Clause:

Racial inequity is a systemic risk that threatens society and the economy.¹ Companies that fail to correct policies, practices, and operations deemed to be racist, discriminatory, or furthering inequities face legal, financial, reputational, and human capital management risks. While Wendy's has made commitments around Diversity, Equity, and Inclusion, the Company has failed to address significant civil rights impacts from the highest levels of corporate governance to the on-the-ground conditions of supplier operations, including the farms and greenhouses throughout the value chain. For example, a Wendy's franchisee faced a lawsuit alleging racial harassment of a Black general manager in training, highlighting concerns about the effectiveness of workplace policies in preventing racial discrimination.² There are racial disparities between hourly restaurant workers and salaried corporate employees. Whereas nearly 70% of Wendy's restaurant crew are nonwhite, only approximately 28% of Wendy's management and 23% of corporate leadership are people of color.³

It is widely recognized that hired farmworkers, who are predominantly from racial minority populations, face structural racism, which is associated with physical and mental health inequities.⁴ Yet Wendy's notably lacks transparency on how it incorporates racial equity into its Supplier Code of Conduct and traceability programs, especially at the farm and greenhouse levels, to ensure equitable treatment and protect against human rights abuses and health and safety violations throughout its supply chain.⁵ Mastronardi Produce, a reported Wendy's supplier,⁶ recently agreed to pay \$178,000 to settle class action claims by farmworkers of wage

¹ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/racial-inequity-a-systemic-risk-8211-state-street-global-advisors-ceo-62047105>;
<https://tiiproject.com/wp-content/uploads/2023/06/TIIP-RacialEquityBrief-6-14-23-FINAL-Submitted.pdf>

² <https://www.mlive.com/news/kalamazoo/2022/02/wendys-violated-civil-rights-of-black-employee-who-was-targeted-with-racial-slur-lawsuit-alleges.html>

³ https://www.wendys.com/sites/default/files/2021-04/People_0.pdf

⁴ <https://ajph.aphapublications.org/doi/full/10.2105/AJPH.2022.307166>;
<https://www.cambridge.org/core/journals/journal-of-law-medicine-and-ethics/article/abs/structural-racism-and-health-disparities/DAA32EAF45A777AEFF379C26E83AEEB5>

⁵ <https://www.epi.org/press/70-of-all-investigations-in-agriculture-detected-violations-of-federal-wage-and-hour-laws-and-farm-labor-contractors-are-the-biggest-violators-policymakers-must-do-more-to-protect-farmworkers-and-hol/>

⁶ <https://www.thenation.com/article/society/farming-labor-contractors-coronavirus/>

violations and pesticide safety violations.⁷ Wendy's 2021 People & Ethics report admitted that it "did not institute any new requirements specific to COVID-19" to protect farmworkers in its supply chain from a deadly pandemic that disproportionately harms the mostly Brown and Black workers who harvest the food we all eat.⁸

Shareholders urge Wendy's to conduct a racial equity audit to identify, prioritize, remedy and avoid adverse impacts on communities of color and stakeholders throughout the value chain. We urge Wendy's to assess its behavior through a racial equity lens in order to obtain a complete picture of how it contributes to, and could help dismantle, systemic racism, thereby reinforcing the company's commitment to racial equity and aligning its practices with the expectations of a diverse and ethically-minded investor, workforce, and consumer base.

⁷ Lopez et al. v. Mastronardi Produce-USA, Inc. et al., Settlement approval order, August 14, 2023

⁸ https://s1.q4cdn.com/202642389/files/doc_downloads/report-and-resources/Wendys-People-Ethics-Designed-12.3.21.pdf; <https://www.ers.usda.gov/topics/farm-economy/farm-labor/#demographic>