

## Worker-Driven Social Responsibility Report

**RESOLVED:** Shareholders request The Wendy's Company ("Wendy's") publish a report evaluating how implementing worker-driven social responsibility (WSR) principles and supporting binding agreements would impact Wendy's ability to identify and remediate human rights issues in sourcing produce.

**WHEREAS:** Many corporations have developed corporate social responsibility (CSR) programs in response to heightened scrutiny over exploitative and unsafe conditions in global supply chains. However, evidence demonstrates that CSR approaches often fail to identify or remedy persistent rights abuses such as wage theft, health and safety violations, and gender-based violence.<sup>1</sup>

Reports of modern-day slavery and perilous conditions continue to emerge, including among suppliers certified by ethical sourcing certification schemes frequently used in CSR approaches. For example, an investigation of berry and tomato farms in Mexico certified by Fair Trade USA and Equitable Food Initiative found evidence of rampant human rights violations, as well as indicators of forced labor.<sup>2</sup>

Agricultural operations, including in the US, present a high risk of human rights abuses and expose companies like Wendy's to increased risks of operational disruptions, legal liability, and reputational harm.<sup>3</sup> Wendy's has been silent on whether or not it sources - through its reported supplier, Mastronardi - from growers subject to an October 2021 import ban by Customs and Border Protection due to forced labor.<sup>4</sup>

In 2021, 95% of Wendy's shareholders overwhelmingly supported a resolution calling on Wendy's to specifically disclose how it protects workers in its supply chain from human rights violations.<sup>5</sup> In response, Wendy's released a report in December 2021, which Investor Advocates for Social Justice reviewed and concluded did not meaningfully respond to the shareholder concerns and reaffirmed that Wendy's continued to disregard human rights in its food supply chain.<sup>6</sup> The Company's Code of Conduct for Suppliers indicates suppliers' employees should report grievances directly to the supplier, raising the risk of retaliation.<sup>7</sup>

WSR principles were developed to protect workers' rights, in response to the failures of CSR approaches.<sup>8</sup> Recognized as the gold standard for human rights enforcement programs,<sup>9</sup> WSR initiatives are led by workers, include binding agreements between workers and brands, and

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<sup>1</sup> <https://www.msi-integrity.org/not-fit-for-purpose/>; <https://www.vox.com/future-perfect/357989/worker-driven-social-responsibility-corporate-ethics-consumers>

<sup>2</sup>

<https://static1.squarespace.com/static/5810dda3e3df28ce37b58357/t/65380365b86b180f057f6c20/1698169715394/Certified+Exploitation+Oct+2023.pdf>

<sup>3</sup> <https://www.dol.gov/newsroom/releases/whd/whd20230202-2>; <https://www.axios.com/pro/retail-deals/2024/08/16/forced-labor-agriculture-food-retail-supply-chain>

<sup>4</sup> <https://www.cbp.gov/newsroom/national-media-release/cbp-issues-withhold-release-order-tomatoes-produced-farm-mexico>; <https://www.latimes.com/california/story/2021-12-31/u-s-blocks-tomato-shipments-from-mexican-farms-accused-of-abusing-workers>

<sup>5</sup> <https://www.iccr.org/shareholders-calling-human-rights-protections-essential-food-chain-workers-prevail-wendys-annual/>

<sup>6</sup> <https://ciw-online.org/wp-content/uploads/20220308-Shareable-Digital-FFP-Advisory-and-Appendix-1.pdf>

<sup>7</sup> [https://www.wendys.com/sites/default/files/2018-04/2017%20Wendy%27s%20Supplier%20Code%20of%20Conduct\\_FINAL.pdf](https://www.wendys.com/sites/default/files/2018-04/2017%20Wendy%27s%20Supplier%20Code%20of%20Conduct_FINAL.pdf)

<sup>8</sup> <https://wsr-network.org/what-is-wsr/statement-of-principles>

<sup>9</sup> [https://www.msi-integrity.org/wp-content/uploads/2020/07/MSI\\_INSIGHT\\_1.FINAL\\_FORWEBSITE.pdf](https://www.msi-integrity.org/wp-content/uploads/2020/07/MSI_INSIGHT_1.FINAL_FORWEBSITE.pdf)

ensure independent monitoring. They also support timely and effective reporting of harms through grievance mechanisms and worker participation in the design and provision of remedy.<sup>10</sup> Companies incorporating WSR may benefit from improved employer-employee and buyer-supplier relationships, better data on program effectiveness within the supply chain, and quicker identification and resolution of human rights risks in the supply chain.<sup>11</sup>

Unlike many of Wendy's peers - who have taken steps to improve conditions for workers and remediate rights violations by employing WSR approaches such as the Fair Food Program - Wendy's has failed to implement WSR approaches.<sup>12</sup> The requested WSR evaluation would better position Wendy's to understand gaps in its efforts to mitigate legal, reputational, and human rights risks in its supply chain.

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<sup>10</sup> <https://fairfoodprogram.org/>; [https://electronicswatch.org/new-worker-driven-remedy-principles\\_2635094.pdf](https://electronicswatch.org/new-worker-driven-remedy-principles_2635094.pdf)

<sup>11</sup> <https://www.cambridge.org/core/journals/business-and-human-rights-journal/article/overlooked-advantages-of-the-independent-monitoring-and-complaint-investigation-system-in-the-workerdriven-social-responsibility-model-in-us-agriculture/B2FA243E5ACD6F4CBEBCDF0C500BFC4A>

<sup>12</sup> <https://fairfoodprogram.org/partners/>