



FOOD

Delivering high-quality food, transparently

2020 CORPORATE RESPONSIBILITY REPORT

GOOD DONE
RIGHT.

Food safety

At Wendy's, high-quality food, produced responsibly and delivered transparently, is our commitment to every customer.



Building on our foundation

Wendy's complements its own established in-house food safety standards with expert partnerships to maintain our unwavering commitment to safe food. We recognize that serving safe products requires transparency about where every ingredient comes from, how it is handled on its journey to us and what processes we and others use to turn ingredients into finished meals.



WeSafe: tracking the elements of quality

Wendy's is a long-time leader in the development and execution of quality processes and initiatives that are focused intensely on providing a safe and wholesome food supply, and we are always looking for ways to strengthen our processes further. Over the past five years, Wendy's has invested in a new innovative digital system, called WeSafe, to help streamline the supply chain data tracking process needed for our quality assurance program. This new system integrates all the unique data streams that measure the

status of key menu items as they make their way through supply chains to our restaurants. In 2020, more than 11 million data points were uploaded into WeSafe.

For example, when tracking Wendy's fresh, never-frozen beef¹ sourced from North America, WeSafe tracks and analyzes production, product sampling, cold chain temperature data and more. The data WeSafe tracks is available to us and our suppliers in real-time. This level of transparency and quick collaboration further demonstrate our commitment to delivering the high-quality, safe food our customers expect.



Delivering A Safe, Wholesome Food Supply

At Wendy's, we:

- ✓ Verify that produce suppliers are using progressive Good Agricultural Practices when it comes to soil, water and plants and that our greenhouse suppliers are employing high-tech growing systems;
- ✓ Validate compliance of our animal welfare commitments at supplier facilities;
- ✓ Visit manufacturing plants and farms to confirm supplier capabilities and compliance firsthand;
- ✓ Evaluate manufacturing plant production systems to ensure product consistency, quality and regulatory compliance;
- ✓ Engage independent auditors to assess manufacturing plant programs and identify opportunities to improve;
- ✓ Conduct pathogen, shelf-life and stability tests as part of our food safety protocol;
- ✓ Collect data from critical aspects of the manufacturing process and make it accessible to our suppliers through WeSafe;
- ✓ Randomly select product samples from our distributors for lab analysis and visual inspection;
- ✓ Require refrigerated trucks to have automated GPS temperature monitoring systems with alarms to ensure our menu items stay at the right temperature for safety and quality;
- ✓ And track customer feedback to identify trends and resolve issues.

¹ Fresh beef available in the contiguous U.S., Alaska and Canada.



Tagged for quality: piloting RFID technology

Wendy's is currently testing radio frequency identification (RFID) tagging technology to potentially improve the traceability and efficiency in the way we handle supplies. These passive electronic tags affixed to cartons (of produce, meat, cutlery and other products) contain information about contents and expiration dates, and handheld scanners make it easy to view that data. While the program is still in the pilot stage, early results suggest this technology could reduce receiving time by up to 90% and cut inventory counting time in half, while also reducing food waste. Time is valuable and these savings could allow Wendy's team members to focus even more on our customers.



Partners in safety

In addition to reinforcing all the necessary training and cleaning procedures for great restaurant operations, we expanded our relationship with global hygiene and safety expert Ecolab® in 2020. They have long provided the essential cleaning materials and systems for our restaurants: Now their EcoSure® division is helping us raise the bar even further when it comes to operational excellence at the restaurant level through their sophisticated public health technology and best-in-class safety benchmarking.



Food quality

Guided by our food vision, **Fast Food Done Right**, we'll continue to push the envelope to deliver the best possible menu items while providing transparent information on sourcing practices, nutrition and allergens.



Wendy's food vision: Fast Food Done Right

"Quality" can be a broad term. That's why we're specific about what elements go into Wendy's [food vision](#) and our approach to quality food: Real, Fresh, Craveable, Forward-Leaning and Doesn't Cost a Fortune.

High-quality innovations

In addition to our food vision, we actively conduct robust customer sensory testing to help fuel our menu innovation pipeline and inform ingredient sourcing decisions. This, combined with how we listen to our customers, crew members, franchisees and suppliers, helps us innovate our menu.

Highlights in 2020 include our efforts to improve core menu items, like our revamp of the Classic Chicken Sandwich; our continued investment in sourcing the freshest ingredients, such as greenhouse-grown lettuce in Canada; and our work to develop and launch breakfast across the United States.



Breakfast: new time and tastes; same great quality

Our croissants are made the traditional way, with real butter. Our biscuits contain real buttermilk. The sauce is true Hollandaise sauce, with Swiss cheese blended in. Our eggs are grade-A and fresh-cracked.

Responsible sourcing

A higher standard

We continuously improve how we source our ingredients and how we demonstrate accountability for ethical business practices, sustainability and social responsibility. That is why we are building on our long-standing work in this area by formalizing our approach to responsible sourcing.

To deliver the best dining experience, we have to use the best ingredients, and that starts with sourcing from like-minded supplier partners. We're building on these efforts and committing to responsibly sourcing our top 10 priority food categories by 2030.

– Liliana Esposito, Chief Corporate Affairs & Sustainability Officer

GOAL



Wendy's is committed to responsibly sourcing² our top 10 priority food categories by 2030. The top 10, determined by spend and impact on the world around us³, include:

PROTEIN

- ✓ Beef
- ✓ Chicken
- ✓ Pork (bacon and sausage)
- ✓ Dairy (Frosty® and cheese)
- ✓ Eggs

PRODUCE

- ✓ Tomatoes and lettuce/leafy greens
- ✓ Potatoes (fries, baked potatoes, seasoned potatoes)

OTHER

- ✓ Beverages (cold drinks and coffee)
- ✓ Buns and bakery (buns, biscuits, croissants, cookies)
- ✓ Oils (dressings, shortening/frying oil, margarine)

² We are in the process of developing environmental and social criteria to define what responsible sourcing means for each food category. The criteria will be informed by a lifecycle assessment of our priority food categories, our Animal Care Standards Program, and a human rights risk assessment and through collaboration with key supply chain partners and stakeholders. We will use the criteria to understand our current status, set new targets and demonstrate progress and transparency through reporting.

³ We will utilize the results of the lifecycle assessment, which Wendy's is undertaking in 2021, to confirm our top 10 priority food categories.



Implementing the Animal Care Standards Program

Ensuring the humane treatment of animals has been a core element of Wendy's quality assurance and supply chain practices for decades and many of the requirements we've developed for our suppliers have set the standard for the quick service restaurant industry. We are guided by our long-standing relationships with progressive industry experts, many of whom serve on our Wendy's Animal Welfare Council, and our data-based approach to animal welfare. Over the last two years, we have expanded the council to include expertise in auditing, animal science, well-being and behavior, with specialties across our key protein categories. We tasked the council with helping us raise the standards we apply to our protein supply chain and the process for driving continuous improvement. In 2020, we announced the first milestone of that effort, the new Wendy's Animal Care Standards Program.

To inform the development of new standards, Wendy's Animal Care Standards Program uses a detailed assessment tool that allows us to recognize progressive suppliers, better track farm conditions and animal care and quantify the results. While we've always audited, for the first time we are cataloguing the animal welfare best practices of all protein supply facilities, including 15 measures of welfare. We began implementing the program in 2020 by piloting the framework and validating the metrics to ensure its effectiveness in establishing new, even higher standards. By the end of 2024, Wendy's expects to have a comprehensive accounting of animal welfare best practices for beef, pork, chicken, eggs and dairy. This new level of visibility will allow us to identify progressive work and give preference to suppliers who go the extra mile—like our suppliers that are studying the impact of lighting on broiler chicken behavior or reducing the use of medically important antibiotics, meaning antibiotics important for treating human disease, in our beef and pork supply chains.



THE WENDY'S ANIMAL CARE STANDARDS PROGRAM ASSESSMENT

Suppliers will be assessed in the following areas, with performance results adjusted for demonstrating progress in traceability and transparency, antibiotic use, stocking and housing conditions and euthanasia and stunning.



Animal Management Programs

Fostering a culture of animal care by implementing animal management programs that promote training, include robust auditing and biosecurity measures and provide traceability throughout the animals' lives.

- Traceability & Transparency
- Auditing & Certification
- Employee / Contractor Training Program
- Biosecurity Program
- Animal Welfare Advisory & Research



Animal Health

Prioritizing the health of the animals by providing quality care under expert veterinary oversight to minimize necessary medical intervention

- Antibiotic Use
- Feed Additives
- Diet & Nutrition
- Genetic Influences on Health



Physical Alterations

Avoiding physical alterations by only implementing such treatments when they are in the best interest of the animal and, when necessary, doing so humanely.

- Physical Alterations
- Castration



Animal Husbandry, Housing and Slaughter

Operating with care by providing a comfortable environment for animals and allowing them to exhibit their natural behaviors.

- Stocking & Housing Conditions
- Catching/Handling of Animals
- Transportation & Lairage
- Euthanasia & Stunning

Food quality

As we have begun to implement the Wendy's Animal Care Standards Program and our broader Responsible Sourcing efforts, we have also continued to make progress in several important areas within our protein supply chain:



Beef

Wendy's was the first restaurant chain to partner with Progressive Beef™, an innovative animal care and sustainability program that is built on industry-leading best practices and third-party verification. As of the end of 2020, approximately 40% of Wendy's U.S. fresh, never frozen beef¹ supply is sourced from Progressive Beef-certified feedlots. That represents a 15% increase from the prior year and demonstrates progress toward our goal of sourcing more than 50% of our supply from cattle raised under the Progressive Beef program (or the equivalent) by the end of 2021.

As part of our commitment to gauge the use of antibiotics within our beef supply chain and to reduce it meaningfully over time, Wendy's has engaged with a consortium of beef producers since 2017 on this topic. In 2020, nearly a third of Wendy's beef supply came from producers who have made a science-based commitment to at least a 20% reduction in the use of

tylosin, the most common medically important antibiotic used in fed cattle. More on our beef antibiotic reduction efforts can be found on our [website](#).



Chicken

Wendy's has completed the process of eliminating all antibiotics important to human medicine from chicken production in the U.S. All chicken served in Wendy's U.S. restaurants meets this requirement and is Process Verified by the U.S. Department of Agriculture to ensure compliance. With our suppliers and our Animal Welfare Council, we are actively exploring welfare-enhancements to broiler chicken housing, as well as new stunning methods.



Pork

We are committed to eliminating the use of sow gestation stalls in our North American supply chain [by the end of 2022](#). We remain on track with that commitment. We are also working with suppliers and farmers who have committed to an intensive traceability protocol, supporting our goals to track, trace, monitor and report on animal medical treatment histories. Some producers are helping us dive even deeper on available antibiotic use data.

Blockchain: A pork industry first

Did you know that blockchain tracks more than location? Blockchain is an innovative, emerging technology that's gaining traction across industries, but it has yet to be widely adopted. It creates reliable, unalterable records across the supply chain, helping substantiate the responsible sourcing we demand. Wendy's is working with industry partners to test the use of blockchain technology to track and trace some of our Applewood Smoked Bacon through every step of the supply chain—a pork industry first. The coding in our cases of bacon links directly back through every step of the Wendy's supply chain to provide visibility and validation of progress on animal welfare and care, including antibiotic use, the phase-out of gestation stalls and other key factors.

Traceability underscores our commitment to quality and we're actively exploring new avenues from farm to restaurant to get as far back in our supply chain as possible. Piloting blockchain technology is one avenue that proves Wendy's is walking the walk when it comes to responsible sourcing, giving our customers confidence in where their food comes from. We look forward to continuing to explore technology solutions to help us deliver on our traceability goals.

—Jorge Hernandez, Vice President of Quality Assurance

¹ Fresh beef available in the contiguous U.S., Alaska and Canada.



Eggs

In 2016, breakfast was an optional menu offering for operators, and only a few hundred restaurants in the U.S. and a handful of restaurants in Canada served breakfast. At that time, we committed to source 100% of our eggs for those breakfast locations from a cage-free environment by 2020.

As of year-end 2020, [we met that goal](#). Today, we source a volume of eggs from cage-free environments that is sufficient to supply those original breakfast restaurants. However, since 2016, the total egg volumes for the Wendy's system have increased substantially because we launched breakfast across the U.S. restaurant system in 2020.

Approximately 5,800 U.S. restaurants now serve breakfast. We are working closely with the egg industry to source more eggs from a host of suppliers who uphold strong animal welfare practices and are third-party certified, in addition to suppliers who are exploring the latest research, best practices and systems for housing egg-laying hens today.

Looking ahead, we expect our sourcing of eggs from cage-free systems—as well as from other animal welfare-enhanced systems—to steadily increase over time.



Wendy's is setting time-bound goals to reduce antibiotic use

In 2016, Wendy's set a long-term goal to phase out the routine use of medically important antibiotics within our supply chain. Since then, we have been actively working alongside our Wendy's Animal Welfare Council and supplier partners to find ways to meaningfully reduce antibiotic use while still allowing for the treatment of animals when they get sick.

This work, combined with our efforts to build greater traceability into our supply chains through the Wendy's Animal Care Standards Program, has allowed us to set new key milestones:

By the end of 2024

Through the Wendy's Animal Care Standards Program, we will map and report on the use of medically important antibiotics and will set targets and strategies to reduce the use of those antibiotics over time within our beef and pork supply chains in the U.S. and Canada. This will build on our work to date with progressive producers who are helping us find ways to reduce antibiotic use through test programs and researching antibiotic alternatives, like probiotics, improved animal management practices, vaccines and more.

By the end of 2030

100% of our U.S. and Canadian beef, chicken and pork will be sourced from suppliers that prohibit the routine use of medically important antibiotics.

Wendy's has been making steady progress on antibiotic reduction for several years, yet we've long believed that traceability is the key to driving real change. Going forward, the Wendy's Animal Care Standards Program will set us on a path to fully understanding the scope of antibiotic use within our supply chain and will allow us to set strategies to achieve our 2030 goal – a goal that protects against the overuse of antibiotics and supports animal health.

Produce

Fresh Produce Initiative: greenhouse-grown for quality and sustainability

Wendy's was the first quick-service restaurant company to make a major investment in produce grown in greenhouses. Why? Because we are always looking to improve the sustainability and quality of our ingredients, and we are excited about what we are seeing. In addition to growing produce year-round with exceptional flavor, higher quality and fewer (or no) pesticides, greenhouses also provide sustainability benefits and a temperature-controlled working environment.



Tomatoes

Since 2019, we have sourced tomatoes for our North American restaurants exclusively from greenhouse farms. This change has allowed us to source a more reliable product, typically more consistent in size, firmness and color that arrive at each restaurant fresh and flavorful. Greenhouse-grown tomatoes also make the most efficient use of water and fertilizer, eliminate runoff and use natural Integrated Pest Management methods such as beneficial insects like ladybugs to make pesticides a last resort.



Lettuce

In 2020, Wendy's transitioned all the lettuce served in Wendy's restaurants in Canada to greenhouse-grown lettuce. Our suppliers' greenhouses capture waste heat and carbon dioxide, reducing emissions and creating a self-sufficient source of electricity and heating, while saving water (up to 90% savings from traditional growing methods). This lettuce is also grown without the use of pesticides. Wendy's is actively exploring the potential for greenhouse-grown lettuce in the U.S.



Beverages



Coffee

One hundred percent of the coffee served in Wendy's U.S. and Canadian restaurants is sourced from [Rainforest Alliance Certified](#) farms, which meet comprehensive standards for the protection of wildlands, waterways and wildlife habitat as well as the rights and welfare of workers, their families and communities.



Baking and frying



Palm oil

Globally, Wendy's is not a large user of palm oil, but we recognize the importance of the issue and are committed to using responsible and sustainable sources for the palm oil we do use. In the U.S. and Canada, palm oil is an ingredient in a few products like cookies and oatmeal bars. In some other countries in Latin America and Asia, restaurants use palm oil as a cooking oil and as an ingredient in certain products.

We joined the Roundtable for Sustainable Palm Oil in 2015 and report our progress annually through the Roundtable for Sustainable Palm Oil's Annual Communication of Progress. We also share our progress through the World Wildlife Fund Buyers Scorecard.

The palm oil sourced for Wendy's U.S. and Canadian restaurants, as well as certain international markets like New Zealand, Indonesia and the Philippines, contributes to the production of sustainable palm oil. Wendy's encourages physical segregation in our supply chain where possible (Mass Balance) and we purchase RSPO credits to offset our impact. For more on deforestation, please visit the [Footprint](#) section of this report.



Oil re-use

Wendy's distribution and operations systems are [already low in food waste](#) but we always strive to do better. As part of that effort, our Company-operated and franchised restaurants in the U.S. and Canada work with DAR PRO to convert used cooking oil from our fryers into renewable diesel fuel. Renewable diesel is a clean, efficient low carbon fuel that emits up to 85% less greenhouse gas compared to petroleum diesel. In the U.S. in 2020, we converted more than 24 million pounds of used cooking oil into 2.8 million gallons of renewable diesel (that amount of fuel is equivalent to 128 trips to the moon and back). In Canada, we converted a little more than 2 million pounds of used cooking oil into renewable diesel.



LESS GREENHOUSE GAS

IN 2020 WE CONVERTED:

24M

pounds
of used
cooking oil



2.8M

gallons of
renewable
diesel