



## **Energy and Sustainability Progress Report**

April 2018

Wendy's is committed to doing its part to take care of the environment in the communities in which it serves and operates through a comprehensive energy stewardship program. Energy conservation makes good business sense and it reflects the responsibility to be a good neighbor. Wendy's has taken a systematic approach to identify and manage potential environmental impacts by putting controls and programs in place in company restaurants, and has also provided these tools to franchisees.

### **Smart Family of Designs**

Wendy's launched a "Smart Family of Designs" platform in 2017, which are more energy efficient restaurants with a reduced footprint, and require a smaller investment than its standard building. The brand has continued to develop its Smart Family of Designs and recently introduced the Smart 2.0 design, which diminishes the environmental impact with an even smaller footprint and added features that promote energy efficiency, while targeting a further reduction of the investment by \$150,000.

The Smart design prototype features outdoor patio furniture made from recycled materials and exterior and interior LED lighting that provides better quality lighting while lowering energy use. In fact, LED lights and fixtures account for a 70 percent drop in energy usage versus using the traditional florescent tube lighting. Kitchens are outfitted with ENERGY STAR™ certified equipment, including fryers and high efficiency HVAC systems with options for refrigerators, ice cube compressors, and other equipment. Combined, these items cut down on restaurant energy consumption and CO2 emissions. A kiosk-centric ordering process also eliminates the need for interior menu boards.

Wendy's, with its franchisees, is working hard to grow the economy, create jobs, and strengthen local communities. Through new restaurant development and work related to Image Activation, its ongoing restaurant remodel initiative, Wendy's is creating new jobs and opportunities. On average, a new Wendy's restaurant creates at least 35 new restaurant jobs. Development projects also create dozens of design and construction jobs, and the company and its franchisees often partner with local businesses on these projects. More jobs mean more tax revenue, which communities use to improve schools, build roads, and invest in public services and community projects.

### **Better Buildings® Challenge**

One of the ways Wendy's has demonstrated leadership in energy stewardship is participation in the U.S. Department of Energy's Better Buildings Challenge. The Better Buildings Challenge is a national program to help improve the energy efficiency of America's commercial and industrial buildings by 20 percent or more.

Wendy's is proud to be among the first restaurant companies to join the Challenge, and the company pledged to reduce energy consumption in U.S. company-owned restaurants by 20 percent by 2025. Wendy's is also the first restaurant company to have its franchisees participate in the program.

Involvement in the Better Buildings Challenge underscores Wendy's commitment to the environment, presents a declaration to environmentally friendly standards and provides third-party validation that the program is effective and sustainable. It also allows Wendy's to share best practices, inform, educate and encourage customers and team members to make similar commitments and take active steps to save energy. The company continues to report progress toward this goal with a 12 percent reduction in energy per transaction in 2017. Furthermore, 70 restaurants – more than 20 percent of its company-owned restaurants — exceeded the overall 20 percent reduction goal in 2017, eight years ahead of schedule.

To further exhibit passion for energy conservation, Wendy's has also created its own program, the Wendy's Energy Challenge, which includes franchise organizations in both the United States and Canada. This program is modeled after the Department of Energy's Better Buildings Challenge. There are currently 19 franchise organizations participating, which represent a total footprint of 4.7 million square feet.

The Company also reports that at its Restaurant Support Center, it has reduced energy usage by 28 percent, thereby lowering greenhouse gas emissions by more than 27 percent, against a 2013 base year.

Progress can be tracked on The Wendy's Company [partner page](#) on the Department of Energy's website.

### **ENERGY STAR® Partner**

The Company reiterates its continued commitment to the Environmental Protection Agency's ENERGY STAR Program as an [ENERGY STAR partner](#). Through this voluntary partnership, Wendy's is working to improve energy efficiency through a strategic, corporate energy management program. In partnership with ENERGY STAR, Wendy's will:

- Measure and track the energy performance of its facilities, where possible, by using tools offered through ENERGY STAR.
- Develop and implement a plan consistent with the ENERGY STAR Energy Management Guidelines to achieve energy savings.
- Communicate the importance of energy efficiency to the Wendy's system, which includes more than 300 franchise organizations across the globe.
- Continue to support the Department of Energy's Better Buildings Challenge.

### **Supplier Code of Conduct**

The foundation of Wendy's purposeful sourcing strategy is its Supplier Code of Conduct, which considers the current best practices and standards of Wendy's supply chain and identifies future aspirations to encourage continuous improvement in a meaningful way. The code focuses on chief areas important to the Wendy's brand and its customers, including: food safety and food ingredients, farm animal health and well-being, human rights and labor practices, environmentally sustainable business practices and business ethics and integrity.

In 2017, Wendy's expanded its [Supplier Code of Conduct](#) to include all U.S. and Canadian contracts managed by Quality Supply Chain Cooperative (QSCC), the sole authorized purchasing organization for Wendy's company and Wendy's North American franchised restaurants; and to other suppliers that provide a significant stream of goods or services to The Wendy's Company on an annual basis, beyond those suppliers managed by QSCC. The code's provisions were also expanded to include additional assurances and requirements related to human rights and labor practices, and The Wendy's Company now requires third-party reviews related to the human rights and labor practices for certain suppliers of hand-harvested, whole, fresh produce.

For the second year in a row, Wendy's achieved 100 percent acknowledgement of the code by designated suppliers. The Company also continues to make progress on developing a plan to expand the scope and application of the code to the international supply community.

### **Sustainable Sourcing**

Wendy's corporate social responsibility extends to the supply chain through its sustainable sourcing strategy. The company's long-standing Animal Welfare Program continues to lead the industry. After eliminating all antibiotics important to human medicine from chicken production last year, Wendy's continues to reduce antibiotic use within the rest of its protein supply chain. The company established that 15 percent of its beef will come from producers that are committed to a 20 percent reduction in medically important antibiotics fed to cattle. 100 percent of the pork supply chain is part of the Pork Quality Assurance Plus program, which requires veterinary oversight of antibiotic use. The company is also working with suppliers toward decreasing the use of antibiotics and measuring progress. Its pork suppliers will eliminate the use of sow gestation stalls by the end of 2022.

Wendy's has committed to purchasing 100 percent cage-free whole eggs for restaurants serving breakfast in the U.S. and Canada by 2022. The brand also participates in the Roundtable on Sustainable Palm Oil and is committed to 100 percent certified sustainable palm oil in its North American products by 2022.

Wendy's is committed to continually improving and sharing progress toward its corporate social responsibility goals. Visit [The Square Deal blog](#) for updates on the company's views on food, family and community.