



FOOTPRINT

Delivering more with less environmental impact

2020 CORPORATE RESPONSIBILITY REPORT

GOOD DONE RIGHT.

Sustainable packaging

In 2020, a cross-functional Wendy's team spent more than six months consulting with internal and external stakeholders, including suppliers, third-party partners and academic institutions, to set benchmarks and incremental goals to improve Wendy's packaging footprint. The continued work of this team will support a new, ambitious packaging goal.

GOAL



Wendy's is committed to sustainably sourcing 100% of our customer-facing packaging by 2026.

To accomplish this, over the next five years, Wendy's will optimize our customer-facing packaging and transition to sustainable options, including items that:

- Have higher recycled content⁶
- Use fewer raw materials
- Adhere to an established restricted substance list⁷
- Are recyclable, compostable or reusable⁸
- Are sourced from areas that do not contribute to deforestation⁹

We continue to set additional incremental goals and make progress. In the U.S., we are establishing a restricted substances list, exploring strawless lids and using a Company-operated restaurant to test innovative packaging ideas. In Canada, we are moving from plastic salad bags to paper and from plastic stir sticks to birch wood stir sticks. Further, we anticipate full elimination of per- and polyfluoroalkyl substances, commonly called PFAS, from consumer-facing packaging in the U.S. and Canada by the end of 2021.

⁶ Recycled content is the proportion, by mass, of recycled material in packaging. Recycled material is material that has been reprocessed from recovered material by means of a manufacturing process and made into a final product or into a component for incorporation into a product.

⁷ Work with third-parties to ensure transparency and accountability to avoid any known chemicals of concern, such as PFAS.

⁸ Recyclable packaging can be diverted from the waste stream through available processes and programs and can be collected, processed and returned to use in the form of raw materials or products. Compostable packaging means that it undergoes degradation by biological processes during composting to yield CO₂, water, inorganic compounds, and biomass at a rate consistent with other known compostable materials and that leaves no visible, distinguishable, or toxic residue. Reusable packaging means that it has been conceived and designed to accomplish within its lifecycle a certain number of trips, rotations or uses for the same purpose for which it was conceived. No packaging shall be claimed to be reusable or refillable unless the product or packaging can be reused or refilled for its original purpose.

⁹ All consumer-facing paper, fiber and pulp-derived packaging materials will hold applicable certification or equivalent by 2026 (e.g., Sustainable Forestry Initiative, Forest Stewardship Council, or Programme for the Endorsement of Forest Certification).

NEXTGEN CONSORTIUM



In 2019, Wendy's became a supporting partner of the NextGen Consortium, a collaboration managed by Closed Loop Partners that is devoted to finding global solutions to reduce single-use food packaging waste. We continue to work closely with NextGen Consortium as it expands its work beyond its initial focus on fiber to-go cups. NextGen is now working to identify even more opportunities to advance the design, commercialization and recovery of packaging alternatives – from new materials and recovery strategies to reusable packaging systems that keep materials in use for as long as possible.

Squarely Sustainable Council

Wendy's employee-led Squarely Sustainable Council brings together passionate employees and subject matter experts to advance environmental efforts at our Restaurant Support Center. During 2020, the Council initiated several events that covered topics such as solid waste solutions, sustainable packaging and operational efficiencies. We are working to leverage the input of the Council to help inform sustainable practices in our new flexible work environment.

Climate and energy

Our journey to greenhouse gas (GHG) reduction targets

In 2020, Wendy's completed our first GHG inventory, which measured our Scope 1 and 2 emissions of natural gas, propane, gasoline and electric power at all Company-operated restaurants as well as in fleet vehicles and in corporate offices in calendar year 2019.

In our second inventory covering calendar year 2020, we found these locations used approximately 734,000 gigajoules, of which approximately 63% was electricity from local grids. Overall GHG emissions were reduced by 6.3% from 2019 levels, with the bulk of this change occurring within Scope 2 emissions.

Using these findings, Wendy's has outlined a roadmap to help us achieve more reductions and increased transparency for our emissions across our supply chain.

GOAL



Wendy's will benchmark, track and reduce our Scope 1, Scope 2 and Scope 3 GHG emissions and set a science-based target by the end of 2023¹⁰.

By the end of 2021:

- Benchmark and report our 2020 total Scope 1 and 2 GHG emissions to CDP
- Conduct a lifecycle assessment on Scope 3 including our Scope 3 supply chain emissions from agriculture and land use change
- Commit to the Science-Based Target initiative and begin developing a target for Scopes 1, 2 and 3

By the end of 2022:

- Report our total Scope 1 and 2 GHG emissions in our 2021 CSR Report
- Report the findings of our Scope 3 lifecycle assessment
- Continue to report Scope 1 and 2 GHG emissions to CDP
- Continue work on Science-Based Target initiative process

By the end of 2023:

- Report our total Scope 1, 2, and 3 GHG emissions and track our reduction progress
- Validate our science-based target with Science-Based Target initiative and publicly disclose the target

Wendy's will report to [CDP](#) and participate in the Climate section for the 2020 calendar year. This work provides a framework to shape our evolving sustainability program.

Energy conservation

Keeping food fresh, cooking and serving it while creating a safe, comfortable environment for our customers and crew requires energy. As part of our sustainability mission, Wendy's is working on multiple fronts to reexamine and reduce the ways our restaurants consume energy in their day-to-day operations.

Better Buildings Challenge

In 2015, Wendy's was among the first restaurant brands to sign on to the U.S. Department of Energy's Better Buildings® Challenge – and the first restaurant company to include its franchisees in the Challenge. Nineteen franchise owners representing nearly 1,400 restaurants are currently participating in the Challenge. Using 2012 as our baseline year, we committed to reducing energy consumption in Company-operated restaurants by 20% per transaction by 2025. In 2020, Wendy's achieved a 15% reduction in energy per square foot for our Company operations against our 2012 baseline.

Wendy's ongoing commitment to energy efficiency throughout its organization shows tremendous leadership. As a Better Buildings Challenge partner, Wendy's is driving greater energy savings at company and franchise restaurants. This organizational prioritization of greater efficiency saves dollars, creates jobs and drives innovation in the food service sector.

—Maria T. Vargas, Director of the Better Buildings Initiative at the U.S. Department of Energy

¹⁰ Scope 1 emissions are defined as direct company GHG emissions; Scope 2 as indirect emissions derived from energy sources (electricity, steam, heat and cooling); and Scope 3 is all indirect upstream and downstream emissions that occur in the value chain, excluding indirect emissions associated with power generation (which is included in Scope 2). As part of the lifecycle assessment we are conducting on our most material ingredients, we will also identify areas for GHG emission reductions. That assessment will further identify areas for climate goal setting, identify relevant and material Scope 3 GHG emission categories for Wendy's and help to develop a roadmap for Scope 3 reporting. All of this information will help inform our Science Based Target for our GHG roadmap.



Wendy's Energy Score

In partnership with Go Sustainable Energy, Wendy's developed a statistical proprietary model to analyze Wendy's energy usage at company restaurants and franchisees participating in the Better Buildings Challenge. This tool, known as the Wendy's Energy Score, was created using a similar methodology that is used by the Environmental Protection Agency to develop their ENERGY STAR® Energy score, which is not currently available for restaurants. The Wendy's Energy Score provides a score of 0-100, with the higher the score reflecting the better energy performance.

The Wendy's Energy Score is used to benchmark and prioritize energy investments. Not surprising, the Wendy's smart building design consistently ranks in the top quartile demonstrating their better energy performance. These same buildings rank among the most efficient in the Better Buildings Challenge when looking at energy per transaction.



Award-winning energy leadership

In 2020, Wendy's was awarded the 2020 Energy Efficiency Innovation award by AEP Ohio®, the state's largest utility provider. This award was given for our ongoing efforts to reduce energy and support our franchisees in energy reduction efforts. Wendy's continues to innovate by benchmarking energy use and demonstrates energy reduction in operational improvements and strategic energy investments, such as LED parking lot light upgrades, walk-in cooler upgrades and HVAC replacements.

Saving energy in HVAC

Wendy's engages key partners in sustainable business practices to help us improve the ways our equipment operates and how we purchase and use energy. One significant energy use in a restaurant is heating, ventilation and air conditioning. In our ongoing effort to find deep energy retrofit solutions, Wendy's piloted and rolled out energy management systems with GridPoint® and Transformative Wave® at more than 50% of our Company restaurants.

GridPoint's platform captures real-time, equipment-level energy and facility data to understand how our buildings are operating and to identify inefficiencies. The system then optimizes HVAC run-times and electrical demand while prioritizing customer comfort to make our restaurants more efficient. This means less energy used, lower utility costs, and less CO2 emissions coming from our restaurants.

To-date, we have installed GridPoint systems at more than 300 Wendy's locations, with 110 having been installed in 2020 alone.

Also in 2020, Wendy's installed Transformative Wave HVAC upgrades and ventilation control solutions at 79 Company-operated restaurants. Transformative Wave reduces the HVAC energy needed while improving the temperature, ventilation control, and overall comfort. The ventilation system at these restaurants is continuously monitored and adjusted to ensure energy savings and active ventilation control. Our initial pilot locations have now been in operation for one year, with energy use down 15% and GHG emissions down by 10% in 2020 compared to 2019.

Each of these systems has had its approach validated using standards set under the International Performance Measurement and Verification Protocol, and the improvement can take place without overhauling a restaurant's physical HVAC systems.

GRIDPOINT

tw transformativewave



We are excited to be the first Wendy's franchise organization to achieve, and exceed, the 20% energy reduction goal. We entered the Better Buildings Challenge to help better the community, grow our business and improve operations, which will also lead to new opportunities for our franchise organization and our people.

—Raul Dominguez, Wendium of Florida, Inc



OUR CLIMATE JOURNEY

2009

Began tracking energy use and identifying conservation opportunities.

2014

Implemented significant energy reduction projects, including converting the parking lot lights to LED at more than 550 restaurants.

2015

Joined the Better Buildings Challenge.

2016

Extended our participation in the Better Buildings Challenge to include franchisees.

Introduced the Smart family of energy efficient Wendy's restaurants.

2019

Partnered with GridPoint and Transformative Wave on HVAC upgrades, resulting in significant energy saving.

2020

Expanded our climate strategy to include forward-looking GHG milestones and goals.

[Click](#) to see our full climate journey.

Water conservation

Water is a necessary part of any foodservice business, from preparation to cleanliness and sanitation to heating and cooling needs. Wendy's is working to eliminate water waste in our restaurants and innovate better ways to use our resources where we can.

Better Buildings Water Challenge

Wendy's joined the Department of Energy's Better Buildings® Water Challenge in 2019. We set a goal to reduce the water use in U.S. Company restaurants by 20% by 2029 against our 2018 baseline year. In 2020, we are happy to report that we have already achieved a total of 15% reduction against our 2018 baseline and are on track toward meeting our 20% goal by our targeted deadline.

We are also proud to have two franchise organizations, which represent 200 restaurants, participating in the Better Buildings Water Challenge. Both share in our goal of reducing water use by 20% by 2029 against our 2018 baseline.

Water-Saving Kitchen Equipment

Over the past three years, Wendy's has been converting to new automated dishwashing equipment that reduces the average water use for dish washing by 47% per cycle. Nearly 1,000 of these warewash units have now been installed

at Company-owned and franchise locations. Thanks to these upgrades, the total annual water reduction is more than 84,000 kGallons per year—enough water to fill more than 7,700 Olympic-sized swimming pools.

Reducing irrigation water use

When irrigation is needed for landscaping, it is important that the systems are operating properly and efficiently to minimize water waste. Wendy's is piloting smart irrigation systems that automatically adjust the irrigation water use based on weather and soil conditions. The system also provides real-time leak alerts to prevent wasting water. The early results are very promising, with more than a 50% reduction in irrigation water use in the first few months. We are on track to save more than 1,000,000 gallons of irrigation water in 2021 from this pilot program.



Deforestation



We recognize the global threat of deforestation, and we are committed to minimizing the risk as we continue to grow. All the fresh, never-frozen beef¹ served in U.S. and Canadian restaurants, which represents more than 90% of our total restaurant footprint, comes from North American farms and ranches. Our commitment also applies to our palm oil supply, for which we align to the globally recognized Roundtable on Sustainable Palm Oil and contribute to the production of certified sustainable palm oil. We plan on analyzing our total Scope 3 supply chain to identify risks such as deforestation as we conduct our lifecycle assessment scheduled for 2021. For a full list of our responsible sourcing efforts, please see the [Food section of this report](#).

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

Food waste

With our focus on fresh ingredients and making our food to order every day, we have developed an efficient food distribution and operation system to enable our operations to run smoothly. It also means we rarely have significant leftovers to dispose of or donate. We're committed to further minimizing our waste and developing food waste solutions that will help protect our environment.



Partnering with Solid Waste Authority of Central Ohio

In 2020, Wendy's partnered with the Solid Waste Authority of Central Ohio to pilot a food waste diversion program in Columbus, Ohio. This pilot program will be valuable to help us optimize our approach to restaurant food waste diversion and proper procedures and training for the team. Using what we've found, Wendy's and the Solid Waste Authority of Central Ohio are jointly exploring how waste diversion approaches might work for Wendy's at scale.

Food waste in our quality assurance program

As part of our commitment to quality, Wendy's assesses our products every day in a lab at our Restaurant Support Center. In 2019, our Quality Assurance department performed a detailed

analysis of how much food we use for necessary testing processes. Without sacrificing critical evaluations or product quality, we were able to optimize our approach and use 46,000 fewer pounds of product samples a year. Continuing to find efficiencies, in 2020, we were able to donate nearly \$100,000 worth of food to the Mid-Ohio Food Collective. Wendy's intends to continue this food donation initiative in 2021 and beyond.



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