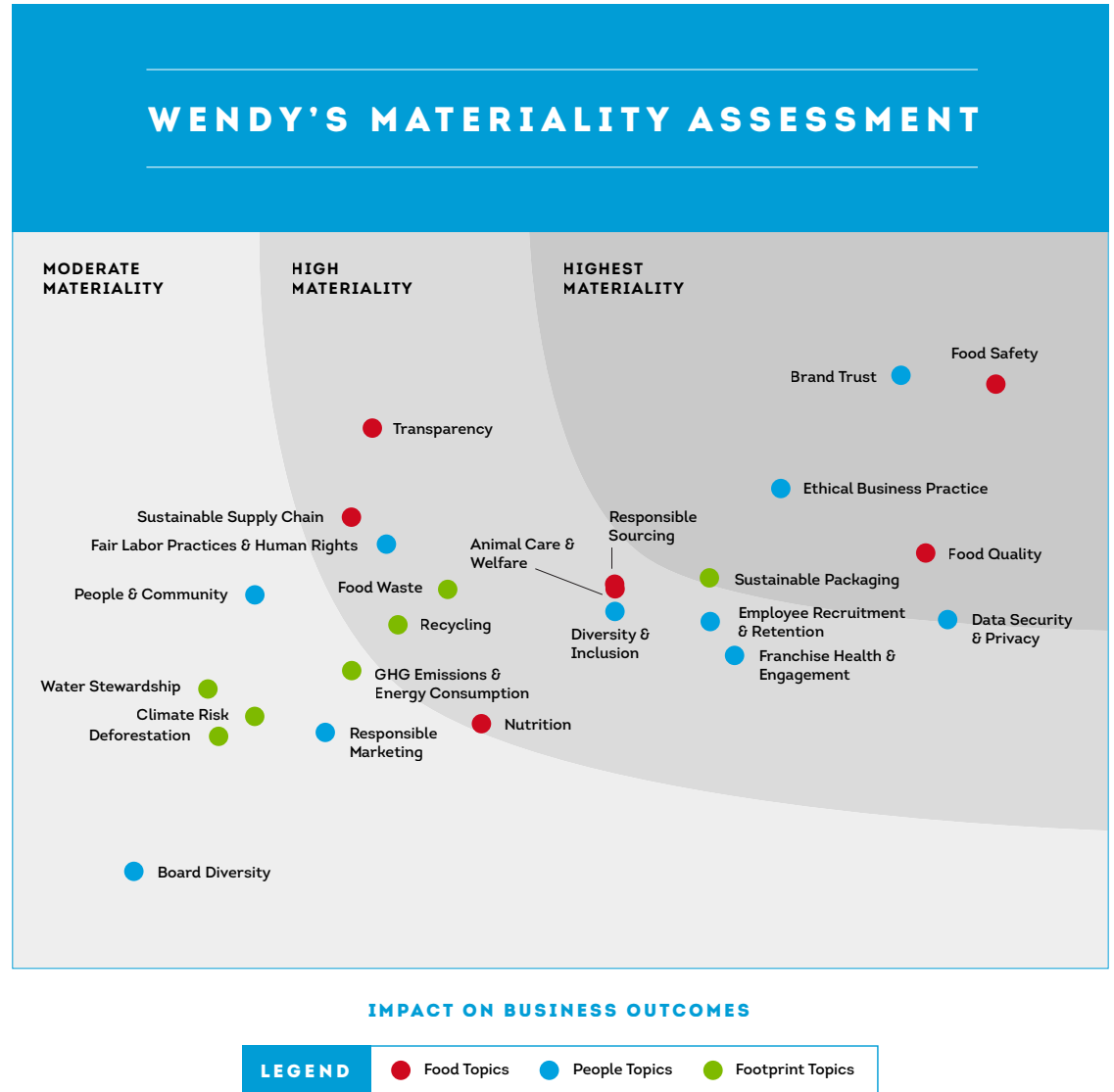


## Wendy's materiality assessment and stakeholder engagement

A company's sense of purpose and long-term thinking is critical in identifying impact. In the fall of 2019, we began a materiality assessment to inform our strategy and to help prioritize our efforts in these areas moving forward. With executive sponsorship from our Chief Corporate Affairs & Sustainability Officer and our Chief Financial Officer, the materiality assessment allowed us to conduct thorough research and benchmarking, analyze industry and global standards and trends and engage a broad range of stakeholders to define and prioritize the topics that we believe may have a significant impact on Wendy's, or could be significantly affected by Wendy's operations.

We are excited to share these findings for the first time in this report. With the support of a global professional services firm, we engaged with nearly 1,000 diverse stakeholders including members of Wendy's board of directors, customers, employees, franchisees, shareholders, suppliers and non-governmental organizations (NGOs); identified Wendy's 24 most material topics; and validated the results of our materiality assessment with company leadership. We organized our efforts under our Food, People and Footprint framework, which enables us to align these focus areas within the context of our broader business strategy. This equates to eight priority topics: Packaging & Waste; Climate, Energy & Water; Food Safety & Quality; People & Ethics; Animal Care & Welfare; Nutrition; Data Security & Privacy and Traceability & Transparency.



# METRICS

Reporting

2020 CORPORATE RESPONSIBILITY REPORT

**GOOD** DONE  
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# Metrics



Our materiality assessment informs our ESG strategy and helps prioritize our efforts in the most important areas moving forward. Based on these results, we defined metrics for our focus areas to track and report our progress annually.

Topic	Metric	2020	External Framework Alignment	
			SASB	GRI
<b>Food Safety</b>	Percentage of restaurants inspected by a food safety oversight body	All our restaurants operate in locations that are subject to regular inspections by public health authorities. Additional information is included in the <a href="#">Food Safety</a> section of our report.	FB-RN-250a.1	
	Number of recalls issued	No recalls were issued in 2020. Additional information is included in the <a href="#">Food Safety</a> section of our report.	FB-RN-250a.2	
<b>Responsible Sourcing</b>	Percentage of food purchased that meets environmental and social sourcing standards	Refer to the <a href="#">Responsible Sourcing</a> section of our report for information on our approach to responsible sourcing of our ingredients.	FB-RN-430a.1	
	Percentage of food purchased that is certified to third-party environmental and/or social standards	See next page. Additional information is included in the <a href="#">Responsible Sourcing</a> section of our report.	FB-RN-430a.1	
	Percentage of eggs that originated from a cage-free environment	5% of the eggs we purchased for our U.S. restaurants were cage-free. Additional information is included in the <a href="#">Responsible Sourcing</a> section of our report.	FB-RN-430a.2.	
	Percentage of pork that was produced without the use of gestation crates	We are on track to meet our 2022 commitment. Additional information is included in the <a href="#">Responsible Sourcing</a> section of our report.	FB-RN-430a.2	

# Metrics



External Framework Alignment

Topic	Metric	2020	SASB	GRI
<b>Responsible Sourcing</b>	Percentage of food purchased that meets environmental and social sourcing standards <sup>11</sup>		FB-RN-430a.1	
	<b>All ingredients:</b> Wendy's Code of Conduct (U.S. and Canada restaurants)	100%	FB-RN-430a.1	
	<b>Beef:</b> Progressive Beef (U.S. restaurants)	40%	FB-RN-430a.1	
	<b>Beef:</b> Beef Quality Assurance (U.S. restaurants)	100%	FB-RN-430a.1	
	<b>Beef and Pork:</b> Professional Animal Auditor Certification / North American Meat Institute Animal Welfare (U.S. and Canada restaurants)	100%	FB-RN-430a.1	
	<b>Chicken:</b> Professional Animal Auditor Certification / National Chicken Council Animal Welfare (U.S. restaurants)	100%	FB-RN-430a.1	
	<b>Chicken:</b> Raised Without Antibiotics Important to Human Medicine <sup>12</sup> (U.S. restaurants)	100%	FB-RN-430a.1	
	<b>Pork:</b> Pork Quality Assurance Plus (U.S. restaurants)	100%	FB-RN-430a.1	
	<b>Fish:</b> Marine Stewardship Council (U.S. restaurants)	100%	FB-RN-430a.1	
	<b>Dairy Products:</b> National Dairy FARM Program (U.S. restaurants)	100%	FB-RN-430a.1	
	<b>Fresh Produce:</b> Certain suppliers of fresh produce are subject to Wendy's requirement to provide additional third-party assurances and requirements related to human rights and labor practices.	Additional information can be found on our <a href="#">Supply Chain Practices</a> webpage.	FB-RN-430a.1	
	<b>Coffee:</b> Rainforest Alliance (U.S. restaurants)	100%	FB-RN-430a.1	
<b>Palm oil:</b> Roundtable on Sustainable Palm Oil (U.S. and Canada restaurants)	Additional information can be found on our <a href="#">Responsible Sourcing</a> webpage.	FB-RN-430a.1		

<sup>11</sup> Wendy's primarily operates in the United States, which accounted for 82.6% of our global revenue for the reporting year. As such, we focused our disclosures on our U.S. restaurants. Where available, we have also included data on our Canadian restaurants.  
<sup>12</sup> We require all chicken suppliers in the U.S. to maintain the Raised Without Antibiotics Important to Human Medicine certification by the United States Department of Agriculture Process Verified Program.



External Framework Alignment

Topic	Metric	2020	SASB	GRI
Community	Charitable giving as cash per year	The Company, together with franchises and employees, raised more than \$15.5 million to DTFA ( <a href="#">Give Something Back</a> ) and the Company donated more than \$500,000 to additional charitable organizations ( <a href="#">Community</a> ).		
	Number of children adopted through DTFA	Refer to the <a href="#">Give Something Back</a> section of our report for information on Wendy's continued support of DTFA's mission to find forever families for children in foster care.		
System Health and Engagement	Number of company-and franchise-owned restaurants	Company-owned restaurants: 361 Franchise-owned restaurants: 6,467	FB-RN-000.A	
	Number of company employees and franchise team members	The number of Company employees worldwide, including our corporate employees and company-operated restaurant employees, was approximately 14,000 as of year-end 2020.  Approximately 225,000 team members work across our franchised locations globally.	FB-RN-000.B	
	Franchisee financial health reviews <sup>13</sup>	On an annual basis, the Company collects financial statements from our franchisees to review and understand overall system financial health and also to review health at an individual franchise level. This information is also used in determining if a franchisee can continue to grow with the Wendy's brand through new restaurant development or acquisition of additional restaurants.  In 2019, our franchisee sales in the U.S. grew by approximately 4% compared to the prior year. These strong sales allowed the system to grow EBITDA dollars by approximately 6% in 2019.		

13 As we collect franchise financials after they complete their year-end close and reporting processes, this metric is reported on a one-year lag.



External Framework Alignment

Topic	Metric	2020	SASB	GRI
<b>People</b>	Total number of jobs created, by employment category, at company-owned restaurants	On average, every new restaurant we open creates 35-40 new jobs in that local community.		401-1
	Average hours of training per year per employee	Approximately 20 hours per restaurant employee globally, across our system. Additional information is included in the <a href="#">Training and Development</a> section of our report.		401-1
	Percentage of diversity representation (1) across the workforce, (2) at senior management level, and (3) at board level	Refer to the <a href="#">Diversity and Inclusion</a> section of our report for the percentage of diversity representation of Company employees globally.		405-1
	Ratio of basic salary and remuneration of women to men	For our U.S. Company employees, at all levels of our restaurant employees (crew to District Manager), the base salary ratio ranges from 1 : 0.94 to 1 : 1.01 (male : female).  For our U.S. Company employees at levels above restaurant, the base salary ratio ranges from 1 : 0.96 to 1 : 1.05 (male : female).		405-2
<b>Labor Practices</b>	Total amount of monetary losses as a result of legal proceedings associated with labor law violations and employment discrimination	Refer to the <a href="#">Workplace</a> section of our report for information on our labor practices.	FB-RN-310a.3	406-1



Topic	Metric	2020	External Framework Alignment	
			SASB	GRI
Climate Action	Total energy consumed <sup>14</sup>	733,971 GJ Additional information is included in the <a href="#">Climate and Energy</a> section of our report.	FB-RN-130a.1	302-1
	Percentage grid energy consumed	62.7% Additional information is included in the <a href="#">Climate and Energy</a> section of our report.	FB-RN-130a.1	
	Percentage renewable energy consumed <sup>15</sup>	0% Additional information is included in the <a href="#">Climate and Energy</a> section of our report.	FB-RN-130a.1	302-1
	Scope 1 emissions <sup>16</sup>	14,214 MTCO <sub>2</sub> e Additional information is included in the <a href="#">Climate and Energy</a> section of our report.		305-1
	Scope 2 emissions	Location-Based: 55,035 MTCO <sub>2</sub> e Market-Based: 54,400 MTCO <sub>2</sub> e  Additional information is included in the <a href="#">Climate and Energy</a> section of our report.		305-2
	Scope 3 emissions	Wendy's is conducting a lifecycle assessment on Scope 3 emissions, including our Scope 3 supply chain emissions from agriculture and land use, to further identify areas for climate goal setting; identify relevant and material scope 3 GHG emissions categories for Wendy's; and help to develop a roadmap for Scope 3 reporting. Additional information is included in the <a href="#">Climate and Energy</a> section of our report.		305-3

14 Total energy consumed includes Diesel - Mobile, Diesel - Stationary, Natural Gas, Propane, Gasoline, and Electric Power used, converted to gigajoules (GJ)

15 Wendy's is evaluating potential renewable energy contracts for company operations in 2021 and beyond.

16 Scope 1 emissions does not include fugitive refrigerant emissions from company operations or diesel emissions from emergency generators at the DRSC office. This data is not currently available for calendar year 2020.



Topic	Metric	2020	External Framework Alignment	
			SASB	GRI
Packaging and Waste	Total amount of waste	Refer to the <a href="#">Food Waste</a> section of our report for information on our approach to food waste management.	FB-RN-150a.1	306-2
	Percentage food waste		FB-RN-150a.1	
	Percentage of packaging made from recycled and/or renewable materials	In 2020, Wendy’s consulted with internal and external stakeholders, including suppliers, third-party partners and academic institutions to improve our packaging footprint. As a result of this work, we have set an ambitious new packaging goal—we committed to sustainably sourcing 100% of our customer-facing packaging by 2026.  Additional information is included in the <a href="#">Sustainable Packaging</a> section of our report.	FB-RN-150a.2	301-2
	Percentage of packaging that is recyclable, reusable, and/or compostable		FB-RN-150a.2	
Water <sup>17</sup>	Total water withdrawn	226,546 kgal Additional information is included in the <a href="#">Water Conservation</a> section of our report.	FB-RN-140a.1	303-3
	Total water consumed <sup>18</sup>	35,525 kgal Additional information is included in the <a href="#">Water Conservation</a> section of our report.	FB-RN-140a.1	303-5
	Percentage of water withdrawn in High Water Stress Markets	We have undertaken a water risk assessment of our Company-operated restaurants and are in the process of developing a water action plan based on this assessment. Additional information is included in the <a href="#">Water Conservation</a> section of our report.	FB-RN-140a.1	303-5
	Percentage of water withdrawn in Extremely High Water Stress Markets			

<sup>17</sup> Water metrics cover Company-operated restaurants and corporate offices where Wendy’s receives utility invoices and does not include facilities where water is provided by the landlord and not metered or invoiced by a utility company. Additionally, any well water used is not reflected.

<sup>18</sup> Water consumed reflects water usage that is separately metered for irrigation and does not include instances where irrigation usage is not metered or water that may be consumed through other uses, such as that used as drinking water in our restaurants.



 **Sustainability Accounting Standards Board (SASB)**

SASB is an independent nonprofit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors. We are reporting in line with the voluntary SASB Restaurants Standard for the first time this year.

Topic	Metric	Code	2020
<b>Energy Management</b>	(1) Total energy consumed <sup>19</sup> , (2) percentage grid electricity, (3) percentage renewable <sup>20</sup>	FB-RN-130a.1	<p>(1) Total energy consumed: 733,971 GJ                      (2) Percentage grid electricity: 62.7%                      (3) Percentage renewable: 0%</p> <p>Additional information is included in the <a href="#">Climate and Energy</a> section of our report.</p>
<b>Water Management<sup>21</sup></b>	(1) Total water withdrawn, (2) total water consumed <sup>22</sup> , percentage of each in regions with High or Extremely High Baseline Water Stress	FB-RN-140a.1	<p>(1) Total water withdrawn: 226,546 kgal                      (2) Total water consumed: 35,525 kgal</p> <p>We have undertaken a water risk assessment of our Company-operated restaurants and are in the process of developing a water action plan based on this assessment.</p> <p>Additional information is included in the <a href="#">Water Conservation</a> section of our report.</p>
<b>Food and Packaging Waste Management</b>	(1) Total amount of waste, (2) percentage food waste, and (3) percentage diverted	FB-RN-150a.1	<p>Refer to the <a href="#">Food Waste</a> section of our report for information on our approach to food waste management.</p>
	1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	FB-RN-150a.2	<p>In 2020, Wendy's consulted with internal and external stakeholders, including suppliers, third-party partners and academic institutions to improve our packaging footprint. As a result of this work, we have set an ambitious new packaging goal—we committed to sustainably sourcing 100% of our customer-facing packaging by 2026.</p> <p>Additional information is included in the <a href="#">Sustainable Packaging</a> section of our report.</p>

<sup>19</sup> Total energy consumed includes Diesel - Mobile, Diesel - Stationary, Natural Gas, Propane, Gasoline, and Electric Power used, converted to gigajoules (GJ)

<sup>20</sup> Wendy's is evaluating potential renewable energy contracts for company operations in 2021 and beyond.

<sup>21</sup> Water metrics cover Company-operated restaurants and corporate offices where Wendy's receives utility invoices and does not include facilities where water is provided by the landlord and not metered or invoiced by a utility company. Additionally, any well water used is not reflected.

<sup>22</sup> Water consumed reflects water usage that is separately metered for irrigation and does not include instances where irrigation usage is not metered or water that may be consumed through other uses, such as that used as drinking water in our restaurants.


**Sustainability Accounting Standards Board (SASB)**

Topic	Metric	Code	2020
<b>Food Safety</b>	(1) Percentage of restaurants inspected by a food safety oversight body. (2) percentage receiving critical violations	FB-RN-250a.1	All our restaurants operate in locations that are subject to regular inspections by public health authorities. Additional information is included in the <a href="#">Food Safety</a> section of our report.
	(1) Number of recalls issued and (2) total amount of food product recalled	FB-RN-250a.2	No recalls were issued in 2020.  Additional information is included in the <a href="#">Food Safety</a> section of our report.
	Number of confirmed foodborne illness outbreaks, percentage resulting in U.S. Centers for Disease Control and Prevention (CDC) investigation	FB-RN-250a.3	Refer to the <a href="#">Food Safety</a> section of our report for information on our approach to food safety.
<b>Nutritional Content</b>	(1) Percentage of meal options consistent with national dietary guidelines and (2) revenue from these options	FB-RN-260a.1	Refer to our <a href="#">Nutrition &amp; Allergens</a> webpage for information on our approach to nutritional content.
	(1) Percentage of children's meal options consistent with national dietary guidelines for children and (2) revenue from these options	FB-RN-260a.2	Refer to our <a href="#">Nutrition &amp; Allergens</a> webpage for information on our approach to nutritional content.
	Number of advertising impressions made on children, percentage promoting products that meet national dietary guidelines for children	FB-RN-260a.3	Refer to our <a href="#">Nutrition &amp; Allergens</a> webpage for information on our approach to nutritional content.


**Sustainability Accounting Standards Board (SASB)**

Topic	Metric	Code	2020
<b>Labor Practices</b>	(1) Voluntary and (2) involuntary turnover rate for restaurant employees	FB-RN-310a.1	Refer to the <a href="#">Workplace</a> section of our report for information on our labor practices.
	(1) Average hourly wage, by region and (2) percentage of restaurant employees earning minimum wage, by region	FB-RN-310a.2	Refer to the <a href="#">Workplace</a> section of our report for information on our labor practices.
	Total amount of monetary losses as a result of legal proceedings associated with (1) labor law violations and (2) employment discrimination	FB-RN-310a.3	Refer to the <a href="#">Workplace</a> section of our report for information on our labor practices.
<b>Supply Chain Management and Food Sourcing</b>	Percentage of food purchased that (1) meets environmental and social sourcing standards and (2) is certified to third-party environmental and/or social standards	FB-RN-430a.1	Additional information is included in the <a href="#">Responsible Sourcing</a> section and on <a href="#">p. 42</a> of our report.
	Percentage of (1) eggs that originated from a cage-free environment and (2) pork that was produced without the use of gestation crates	FB-RN-430a.2	(1) 5% of the eggs we purchased for our U.S. restaurants were cage-free (2) We are on track to meet our 2022 commitment.  Additional information is included in the <a href="#">Responsible Sourcing</a> section of our report.
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	FB-RN-430a.3	We strive to continuously improve how we source ingredients and how we demonstrate accountability for ethical business practices, sustainability and social responsibility. Our strategy and approach is included in the <a href="#">Responsible Sourcing</a> section of our report.
	Number of (1) Company-owned and (2) franchise restaurants	FB-RN-000.A	(1) Company-owned restaurants: 361 (2) Franchise-owned restaurants: 6,467
	Number of employees and team members at (1) Company-owned and (2) franchise locations	FB-RN-000.B	(1) The number of Company employees worldwide, including our corporate employees and company-operated restaurant employees, was approximately 14,000 as of year-end 2020. (2) Approximately 225,000 team members work across our franchised locations.

23 Any trademarks referenced throughout this report are the property of their respective owner.