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SHAREHOLDER ADVOCATES RESPOND TO REPORTS THAT TRIAN PARTNERS MAY BE PLANNING WENDY'S TRANSACTION

**News Comes in Wake of Wendy's May 18th Annual General Meeting, Where
Significant Votes Against Key Directors Reflect Shareholder Concerns about
Board Governance**

MAY 26, 2022: On May 24, following news reports that Trian Partners is exploring a transaction concerning the Wendy's Company, Wendy's issued a press release stating that its board would "carefully review any proposal submitted by Trian." These developments came less than a week after Wendy's annual shareholder meeting, at which shareholders cast significant votes against two key board members with Trian ties, Board Chair, Nelson Peltz, and Chair of Nominating and Corporate Governance Committee, Peter Rothschild. Both directors were identified by Majority Action and Investor Advocates for Social Justice (IASJ) as warranting a 'no' vote due to governance issues at the company.

"Both in composition and in leadership, the Wendy's Company board of directors is deeply interlocked with Trian Partners, raising significant questions about the ability of the board to independently evaluate any proposal from Trian Partners," said **Eli Kasargod-Staub, Executive Director of Majority Action**. "Coupled with the inadequate responsiveness of Wendy's board to the concerns of major investors and a majority vote on a 2021 shareholder proposal, Wendy's shareholders will need to carefully scrutinize the details of any proposed transaction in order to ensure that the board's recommendation is in their best interests."

An [exempt solicitation](#) filed by Majority Action and IASJ ahead of the Wendy's Company 2022 shareholder meeting outlined the interlocks between Trian Partners and

the board of Wendy's. Although Trian Partners controls less than a 20% stake in Wendy's,

- Nine of the ten non-executive board members have current or former business associations with Trian and/or Nelson Peltz, Trian principal and board chair at Wendy's.
- Wendy's board leadership is entirely dominated by current Trian principals, and the board does not appear to have a well-defined Lead Independent Director position. The newly appointed Vice-chair is Nelson Peltz's son Matthew.
- Trian principals chair four of the board's seven committees, and the remaining three are chaired by former Trian associates.

The exempt solicitation also detailed concerns about Wendy's inadequate responsiveness to shareholder concerns about ESG risks at the company, focusing on Wendy's failure to disclose information about its oversight of human rights risks in its agricultural supply chain, despite a shareholder proposal on that topic receiving support of 95% of Wendy's voting shareholders in 2021. Unlike major peers such as McDonald's and Yum! Brands, Wendy's has not joined the industry-leading Fair Food Program; the proposal called on the company to disclose the basic information needed to compare its approach to that of its peers. Key disclosures sought—but not provided—include:

- All third party auditors approved by Wendy's to conduct human rights audits
- How often Wendy's requires third-party human rights audits on-site at its meat and produce suppliers
- The number of supplier locations that received third party human rights audits on-site in the last year
- The number of supplier workers personally interviewed at each supplier location during the human rights audits

However, despite the majority vote on the 2021 proposal and [subsequent engagement](#) from leading institutional investors, Wendy's board refused to disclose the critical information necessary to substantiate the board's claim of adequate oversight.

"The existing board structure at Wendy's, heavily influenced by Trian Partners leadership, has already proven ineffective at responding to shareholder concerns about human rights risk management in the supply chain and broader governance issues," said **Courtney Wicks, Executive Director of Investor Advocates for Social Justice**. "Shareholders concerned about these critical ESG matters should approach any proposed transaction from Trian Partners with heightened scrutiny and alert."

Prior to the annual meeting, Majority Action and IASJ presented their arguments to both leading proxy advisor services and major institutional investors. Proxy Advisor

Glass Lewis and the AFL-CIO Office of Investment recommended a vote against Board Chair Nelson Peltz. Proxy advisor Institutional Shareholder Services (ISS) flagged “caution” on four named board members. New York City’s pension funds declared their votes against the same four board members. As a result, Peter Rothschild—chair of the nominating and governance committee overseeing board responsiveness and composition, which were both at issue—received only 86.9% support, placing him the bottom 10% of S&P MidCap 400 board members by any measure. Board Chair Nelson Peltz received significant votes against him once again in 2022, receiving only 92.6% support and placing him in the bottom 17% of the S&P MidCap400.