Risk Dominoes: Building an Interconnected ERM



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The Wendy's Company

2026 Konnect

Wendy's ERM Program



Wendy’s ERM Framework

PURPOSE

Consistent, proactive identification and management of risks to support the achievement of Wendy's strategic objectives.

Enables us to take the **right risks** for growth and to capitalize on opportunities

FRAMEWORKS

COSO ERM 2017

Enterprise Risk Management
Integrated Framework

ISO 31000:2018

Risk Management Guidelines

ISO 31050:2023

Emerging Risk Guidelines

TCFD

Task Force on Climate-related
Financial Disclosures

LINES OF BUSINESS

1st Line

Business Operations
Own and manage risk day-to-day

2nd Line

ERM · Risk Oversight
Provides support and structure

3rd Line

Internal Audit
Independent assurance

Other Frameworks

Technology

- COBIT
- ITIL
- DORA
- NIST
- CIS CSC

Data Governance & Privacy

- DCAM
- GDPR

Financial

- SOX
- GAPP
- BASEL

Sustainability

- GRI
- SASB
- US & CAN Beef Sustainability Frameworks

Environmental Health & Safety

- ISO 45001
- OSHA
- ANSI

Regulatory Compliance

- DOJ GUIDANCE
- ISO 37301

Risk Governance at Wendy's

BOARD OF DIRECTORS

Ultimate oversight responsibility of enterprise risk. Oversees the Company's corporate governance strategy, policies and programs and monitors emerging best practices in corporate governance. Receives ERM update annually.

SENIOR LEADERSHIP TEAM

SLT has sponsorship of each risk identified through the ERM process. Provides management oversight of key risk functions, including ERM, Ethics & Compliance, Data Governance, InfoSec, CSR, QA, etc.

RISK OWNERS & SMEs

Risk Owners responsible for identification, assessment, and management of risks. Risk Owners may identify SMEs to support risk assessment and risk treatment action planning.



BOARD COMMITTEES

Board Committee focus areas:

- Audit: ERM process, with a focus on financial reporting, fraud, and certain ESG and operational risks
- Compensation: Risks relating to Company's pay policies and practices, and succession planning
- N&CG: Risks associated with corporate governance and Board matters, including director qualifications, independence, and shareholder proposals
- Technology: Risk related to technology strategies and capabilities, information security, and data
- CSR: Risks related to food issues, quality, animal welfare, climate, and other ESG issues

ERM COMMITTEE

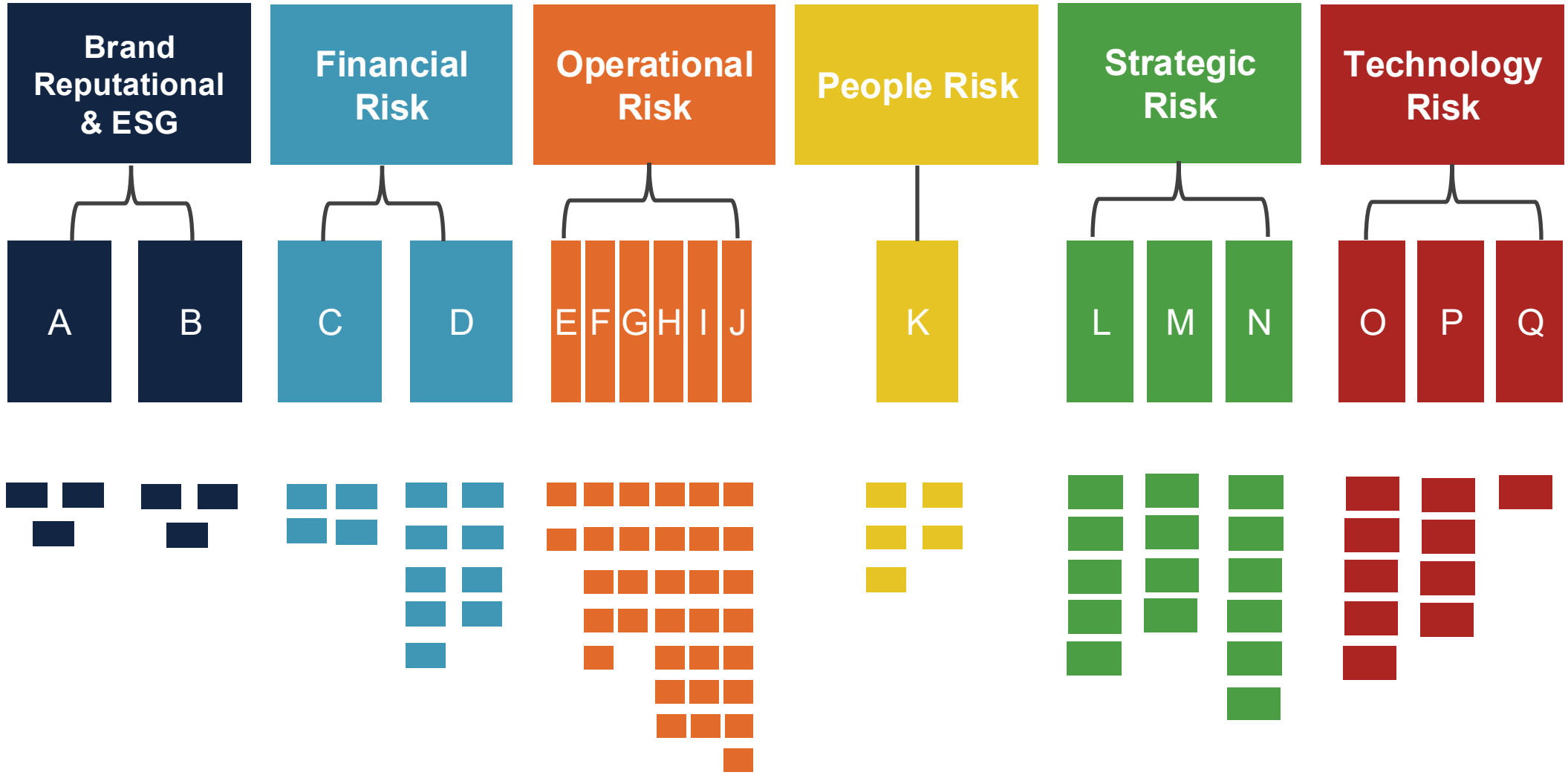
Cross-functional leaders meeting quarterly to support risk management across the enterprise. Identify risks and receive updates regarding risks, controls, and risk treatment activities. Accountable to the SLT and Audit Committee.

Risk Tiering and Aggregation

Tier 1
Board & C-Suite Reporting

Tier 2
C-Suite & Functional Reporting

Tier 3
Risk assessment, C-Suite sponsorship, Risk Owner assignment



The Gap



Theory

Reality



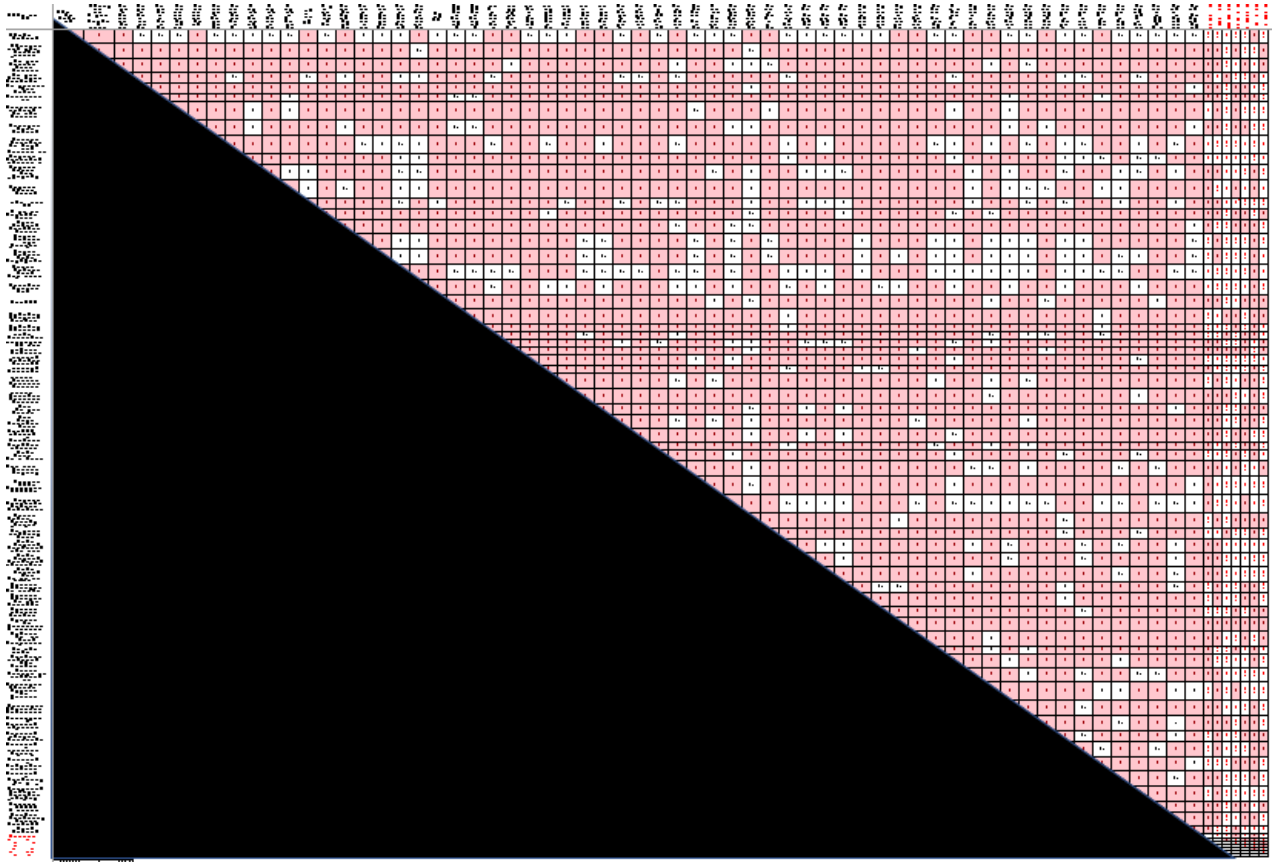


Risk Correlations:
How to Get Started

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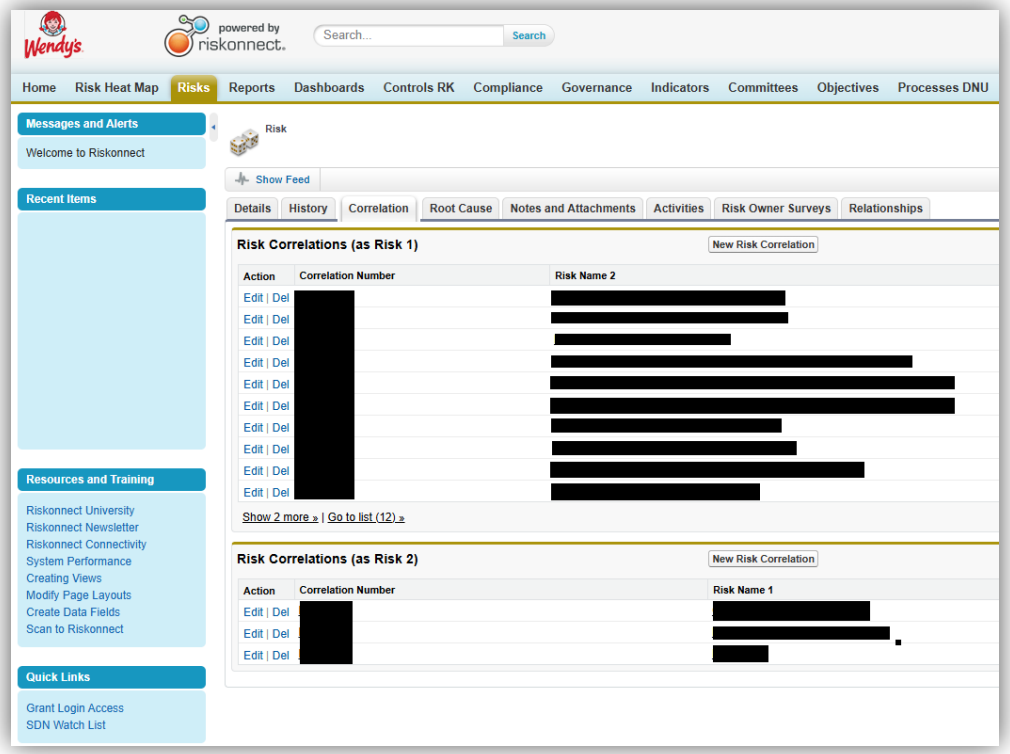
Identifying Risk Correlations

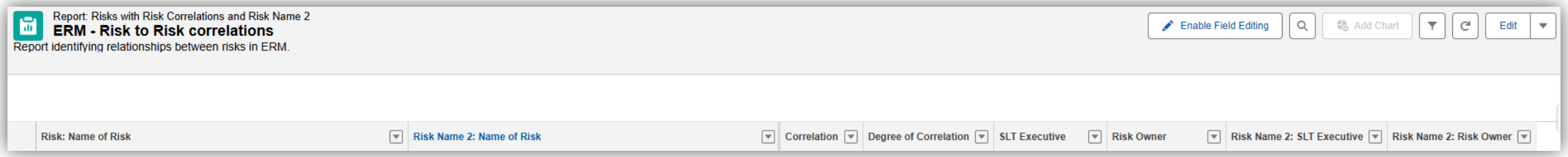
- We mapped tier 3 risk correlations in 2019
- Considered 2.3K+ potential risk to risk correlations, including direction and strength
- Iterative process that involved ERM Manager and CRO
- Gathered input from Risk Owners and SMEs to validate
- Resulted in 592 correlations identified
- *Note – This was a highly manual and time-consuming process. Recommend using AI as starting point today to draft initial relationships then review and refine*



Into the Platform we go….

- Individual correlations identified for each risk
- Most risks have correlation as both Risk 1 (triggers another risk) and Risk 2 (triggered by another risk)
- All correlations entered in risk records
- Report created in platform





Let's Make a Network Diagram

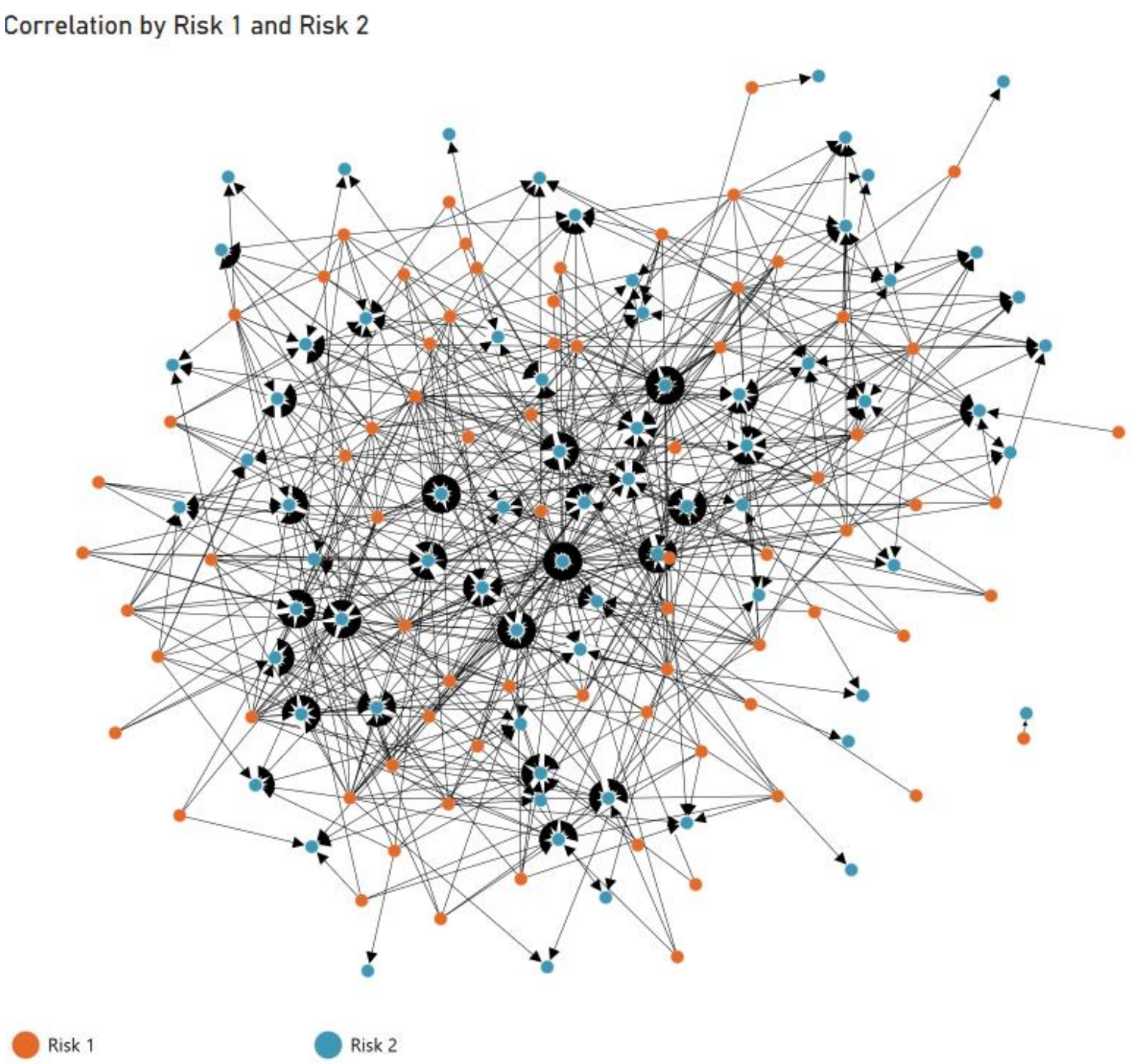
Report Name	Description
ERM - Risk to Risk correlations	Report identifying relationships between risks in ERM.



Power BI



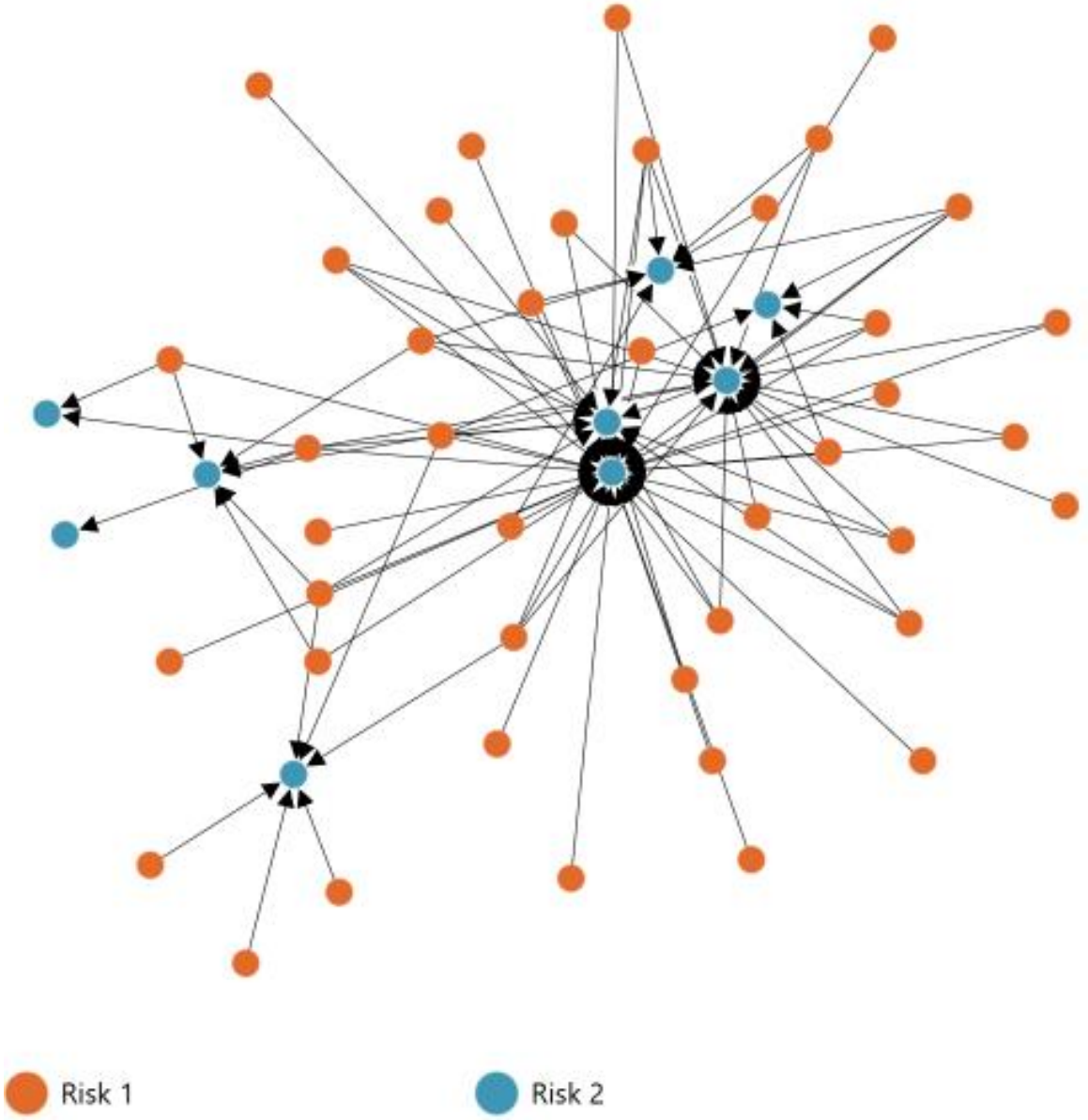
The Result



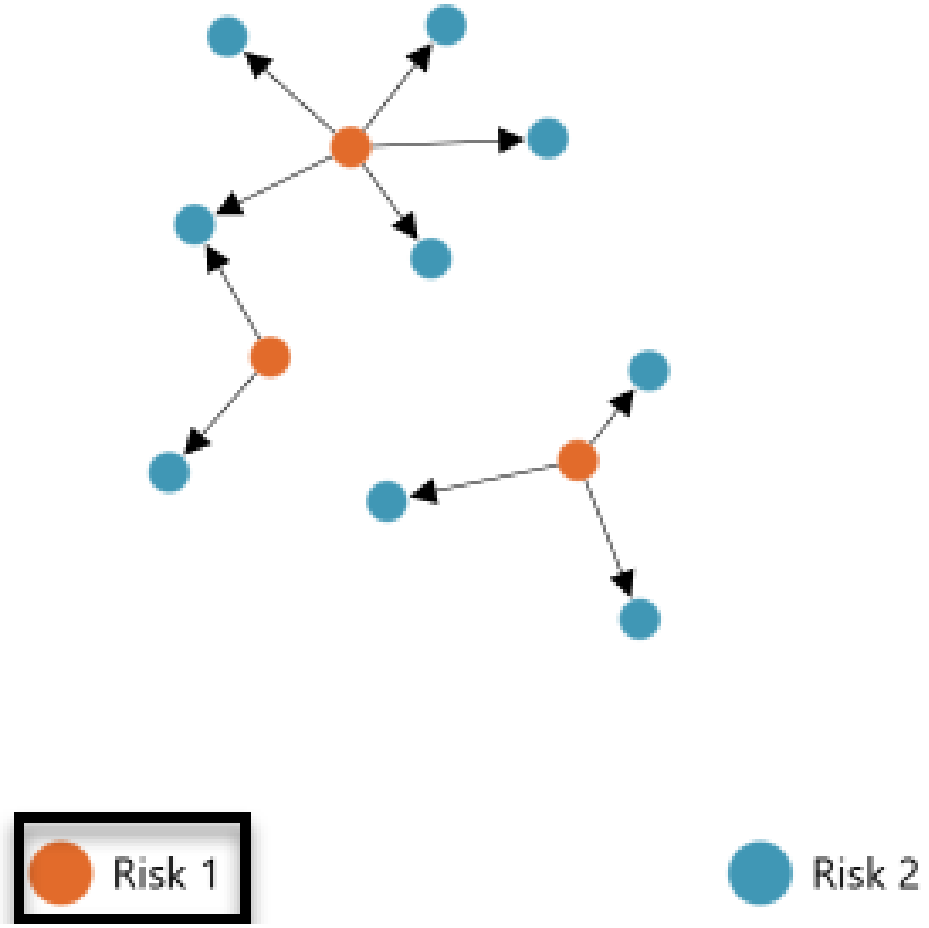
Tier 3 Risk Correlations

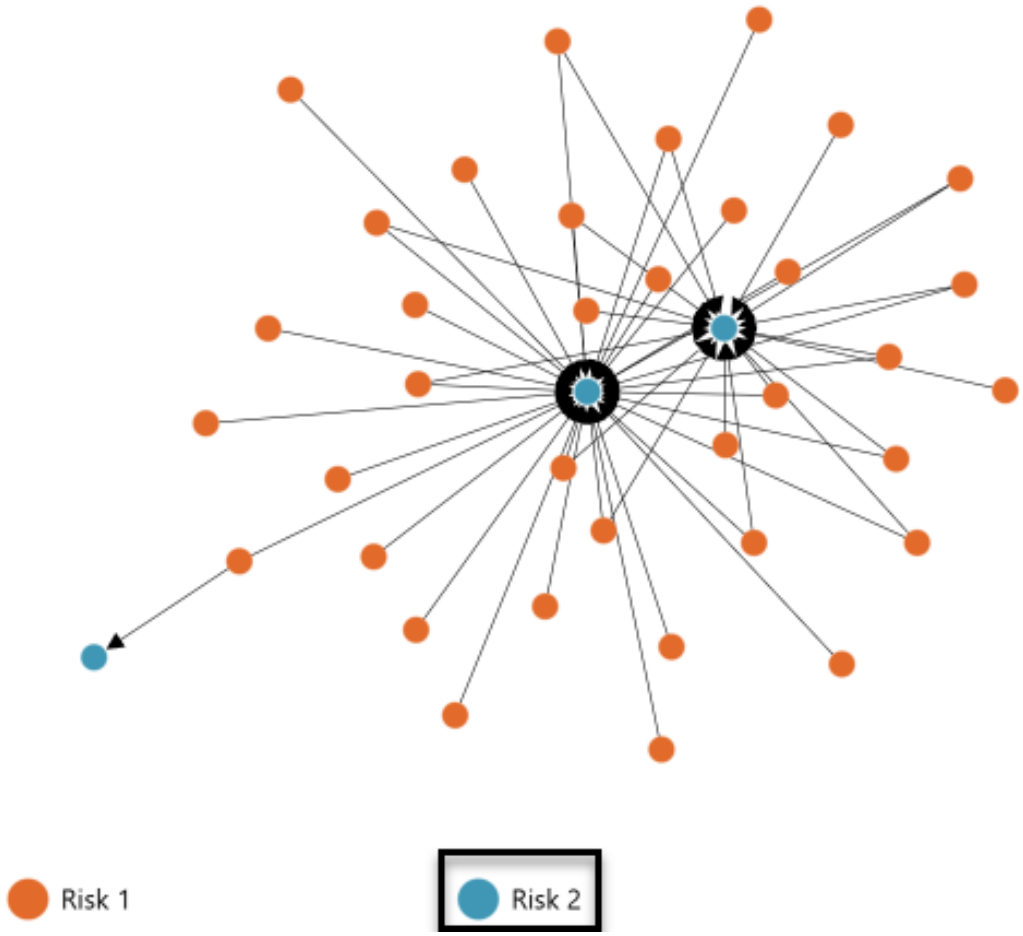
We refer to this as The Hairball or Birds Nest

Senior Leader Correlations by Risk 2



Risk Owner Correlations





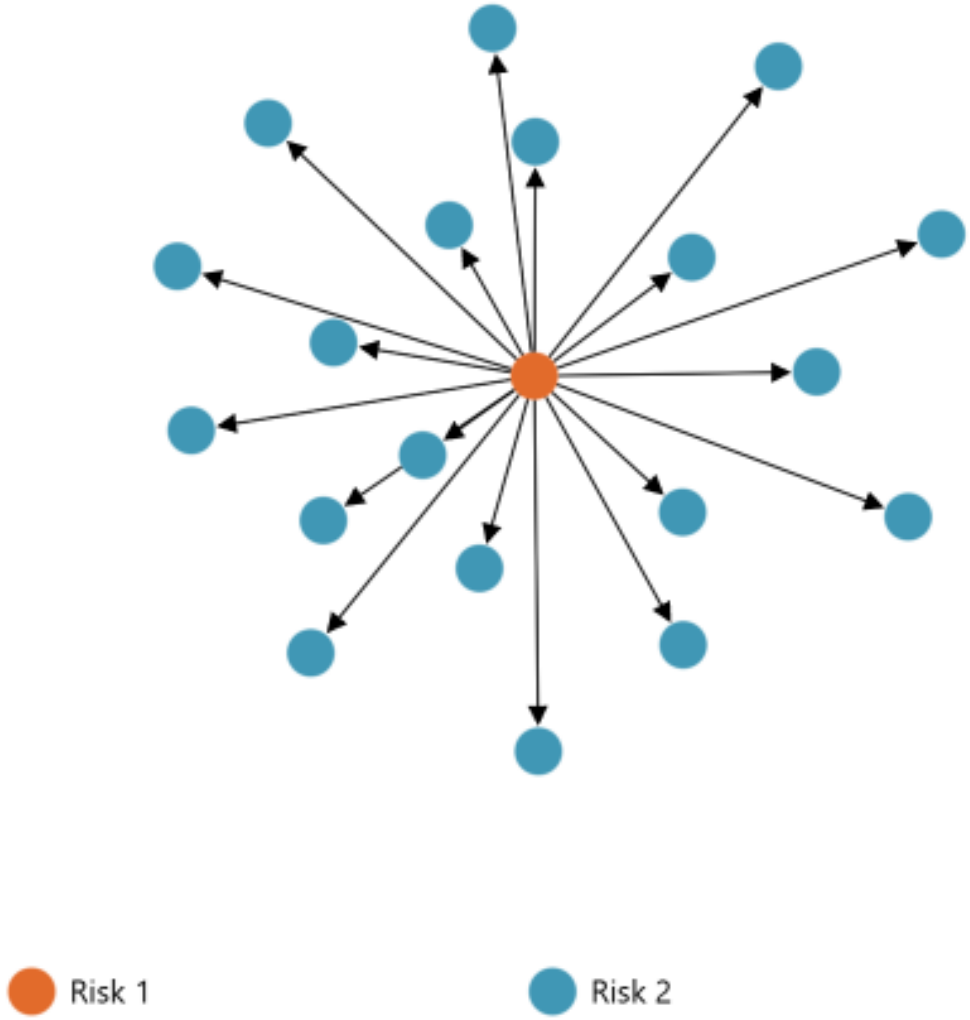


Risk Interconnection:
Practical Application

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Real Risk Example

- Contagious Disease Outbreak was a tier 3 risk on our register (orange dot) prior to manifestation
- Correlated with 19 tier 3 risks (blue dots)
- 12 different Risk Owners
- In real time, ERM was able to provide holistic view of correlations to all Risk Owners, across multiple functions, breaking down barriers driving alignment, where to focus, helping coordinate risk response as the event manifested



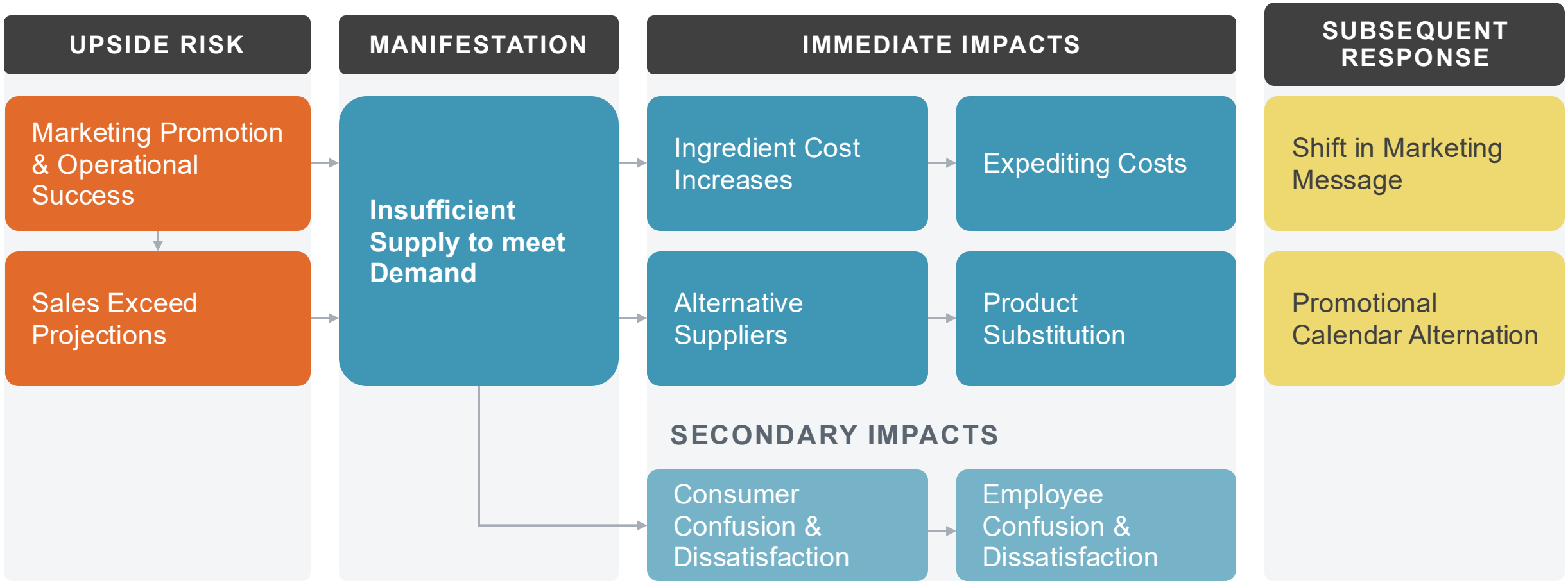


Upside Risk
Interconnection & Cascading Impacts

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Promotion Exceeds Expectations

Promotional overperformance strains supply — driving cost, substitution and confusion impacts that require marketing adjustments.





What it’s about…

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Relationships…
Not Tools

QUESTIONS

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CONNECT WITH ME

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THANK YOU
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