

January 20, 2016

Mr. Eugene I. Lee Jr.
President & Chief Executive Officer
Darden Restaurants
1000 Darden Center Drive
Orlando, FL 32837

Dear Mr. Lee,

Thank you for the December 10, 2015 response (from Ms. Young) to the letter we sent from 51 environmental, health, animal welfare, consumer, food and worker organizations, representing millions of their members. In that letter we asked your company to improve its practices when it comes to serving and sourcing good food that is better for people, the planet and animals. We are writing to reiterate our requests and to invite Darden to meet with us in the first quarter of 2016 so that we may discuss how your company can better demonstrate its leadership in these areas.

In your response, you rightly acknowledged that Darden's customers care deeply about where their food comes from, and how it is produced, yet failed to acknowledge or respond directly to the key issues we raised in the letter addressing those very questions. We are familiar with Darden's 2014 Citizenship Report and "People, Planet & Plate" commitment, and it is clear there is a major gulf between your company's rhetoric on strong animal and social welfare, workers' rights and environmental protection, and the actual impacts of its food sourcing and labor management practices.

Darden's customers and our supporters will not be satisfied with unsubstantiated rhetoric or misguided priorities. To be a true leader, Darden must make public specific goals and benchmarks with respect to its employment practices and food sourcing criteria and impacts, particularly around its animal protein offerings.

As described in our previous letter, **we are asking Darden to improve its labor practices and make a commitment to source 20 percent of its purchases under criteria aligned with the Good Food Purchasing Policy.** These criteria are very similar to those adopted by other leading third-party sustainable food procurement initiatives. We believe that adopting these practices would truly address Darden's "People, Planet & Plate" aspirational commitment — "to provide guests with nutritious, high-quality and responsibly-sourced food, as well as operate responsibly by protecting the natural environment, supporting and developing our employees, and giving back to our communities."

Below are the specific steps we're asking Darden to take in order to create a meaningful shift toward achieving its stated goals:

1. Provide Meaningful Support for Local Economies: By 2020, Darden should source 20 percent of its food purchases from local and regional, small- and medium-sized food producers at fair prices.

Darden's commitment to local community is expressed primarily through its restaurant community grant program, which provided \$2.2 million in grants to local non-profits and an additional \$4.8 million through its educational foundation.

Action needed: While local philanthropic initiatives are laudable, a much more meaningful way to provide long-term sustainable benefits in the communities where Darden's restaurants are located is to pay living wages and increase food purchases from local and regional, small- and mid-scale producers and pay fair prices to these producers. In doing so, Darden will not only increase opportunities for small-scale food producers, but it will also positively contribute to local and regional economic growth, reduce its carbon footprint, provide fresher

food, protect precious farmland and support a more resilient food system. Darden will also attract more customers who are increasingly aware of the value of locally produced food.

2. Enhance Environmental Sustainability: By 2020, Darden should reduce meat and dairy purchases by 20 percent (5 percent a year), serve smaller portion sizes, add meat/dairy-free entree options, and increase sourcing from organically certified food producers (excluding factory farms/CAFOs).

Darden's commitment to protecting the environment is focused primarily on how the company can curb water and energy use (and thus reduce costs) in its restaurant operations, and achieve zero waste over time.

While reducing energy and water use in Darden's restaurant operations is a great start, a sincere effort to reduce energy, water use and other environmental impacts should involve setting equally specific goals and benchmarks for the company's food supply chain, especially meat and dairy products since these animal proteins constitute the vast majority of Darden's energy, water and carbon footprint. While your company's Citizenship Report notes that each Darden-owned restaurant has achieved an average annual reduction of 132,000 gallons of water per year since 2008, our analysis shows that an equivalent water footprint savings could be achieved by reducing Darden's beef purchases by just 213 pounds a year per restaurant (less than 1 pound per day!), or reducing its cheese purchases by 800 pounds.

Action needed: The fastest, most straightforward and economical way to reduce Darden's water and climate impact is to reduce the amount of meat purchased and served at its restaurants. Offering smaller meat and dairy portion sizes and increasing plant protein options is a simple way to reduce your company's environmental impact while achieving many of the company's other stated goals, including improved health and wellness, reduced food waste and reduced financial risk. Making a modest commitment to reducing meat and dairy purchases by at least 5 percent each year over the next four years would yield important water, greenhouse gas and food waste reduction benefits that should be tracked by the company, similar to how Darden tracks its restaurants' operational footprint.

Mandating improvements in Darden's suppliers' stewardship and increasing organic purchases are also critical. In the sphere of animal proteins, the company highlights only its commitment to sourcing sustainable seafood (a questionable prospect) but makes no specific commitment to reducing environmental impacts of other proteins. Participation in the [publicly discredited](#), industry-led Global Roundtable on Sustainable Beef does not constitute a serious commitment to reducing environmental impacts of beef. Moving forward, Darden should adopt specific environmental stewardship objectives for its suppliers and source increasing amounts of animal protein from third party-certified organic, transitioning, pasture-based and other sustainable livestock farmers.

3. Ensure A Valued Workforce: Darden should ensure living wages and sustainable working conditions, both in its supply chain and for all the employees in Darden restaurants.

Darden's commitment, as outlined in its Citizenship Report, emphasizes significant worker training, lower-than-average turnover, higher-than-average diversity representation in operations, and high internal promotion rates. It also boasts that its "hourly employees earn, on average, nearly \$15.00 per hour," pointing out that there is an "ability to earn significantly more than that."

While Darden has clearly made progress on important human resource questions, the fact remains that the vast majority of its 150,000 employees are part-time; with many of them paid a wage lower than the federal minimum wage of \$7.25 an hour. Furthermore, we question whether the company has actually increased average wages by \$2 per hour since 2013. Darden reported its average hourly wage the year before was \$13, yet average wages for non-tipped staff have only increased by 25 cents per hour. The company's 10K filings do not elucidate how the average Darden employees achieved a 15% increase in her/his income. Forcing nearly half of the company's workforce to rely upon the goodwill of Darden guests for their livelihood is unacceptable for a \$6.8 billion operation. Wages as low as \$2.13 per hour in a majority part-time workforce are not sustainable for workers, nor the communities in which they reside.

Moreover, Darden's workforce reports that many who would prefer to work full-time are never scheduled for more than part-time. These worksite level observations were confirmed when CEO, Gene Lee, told shareholders at Darden's 2015 annual meeting that nearly 60 percent of Darden's workforce is part-time. Maintaining such a large part-time workforce is commonly seen as a business strategy to skirt obligations to pay health insurance. The Citizenship Report even boasts that the company "helps our employees understand and gain access to health insurance through the Affordable Care Act," but makes no mention of a commitment to increase employer coverage of health care costs

Action Needed: Darden can make a real commitment to the well-being of workers and address poverty in its communities by guaranteeing all of its workforce a fair wage and ending its use of the subminimum tipped wage. Darden should also demonstrate its commitment to worker well-being by offering more opportunities for full-time employment and by providing all of its employees with earned sick time. Earned sick time protects workers and the public. Workers are no longer economically coerced to report for work while ill, thus protecting customers from airborne and foodborne communicable illnesses.

It should also be noted — as was reported by the Associated Press story on December 14, 2015 entitled "Global supermarkets selling shrimp peeled by slaves" — that Darden's pressure on low-labor costs in its supply-chain has resulted in cases of extreme mistreatment of workers and even slavery. Some of the slaves were children in Thailand, peeling shrimp for 14 hours a day in unsanitary conditions, sometimes without pay. Another major Darden supplier, Tyson, has recently come under fire for undermining workers' compensation laws across the United States and subjecting its workers to deplorable conditions in chicken processing plants such as consistent ammonia exposure.

The company has claimed it did not receive any product from the pre-processing sources identified in the Associated Press story and that its main supplier, Thai Union plans to bring all shrimp processing in-house should help improve traceability. Yet given the prevalence of abusive labor in the region, and the mixing of shipments, this is no simple claim to make.

Action Needed: Darden must take more responsibility for worker conditions in its supply chain. We would like further information as to how Darden and its suppliers can guarantee an end to such abuses listed above.

4. Improve Public Health/Good Nutrition: Ensure that all of the meat and poultry served in Darden restaurants is raised without the routine use of antibiotics by 2020; and include generous portions of fruits and vegetables, legumes and whole grains in main dishes; while reducing salt, added sugar, saturated fat and cholesterol, as well as red and processed meat and poultry.

Darden's commitment on antibiotics merely follows the Food and Drug Administration (FDA)'s voluntary guidance that encourages industry to administer antibiotics only under veterinary oversight and to stop using them for the purposes of growth promotion.

Unfortunately, the FDA's voluntary proposal and Darden's commitment will do little to reduce the routine overuse of antibiotics to prevent disease in crowded, stressful, and often unsanitary conditions under which most animals are raised. Because "growth promotion" and "disease prevention" uses overlap significantly, stopping only growth promotion uses would allow continued routine use of antibiotics at low doses in the feed and water of large numbers of animals that are not sick.

Action Needed: With one million people served per day, Darden has a critical role to play in turning the tide of antibiotics overuse in the livestock industry by holding its suppliers to a higher standard. Darden should follow in the footsteps of other industry leaders such as Panera Bread, Chipotle, Subway, McDonald's and Chick-fil-A and commit to phasing out routine use of antibiotics in its meat supply chain.

Darden's commitment on good nutrition is focused on menu transparency, modest targets for reducing the overall calorie and sodium footprints of its menus 20 percent by 2021, and creating at least one children's menu item that conforms to the company's nutritional targets.

These are very modest goals and do not address the high sugar, sodium, cholesterol and saturated fat content of many of your company's menu items. It is positive that Darden has dropped soda from its kids' menus, but it also should drop other sugary drinks, like lemonade, which are no better nutritionally.

Action needed: Darden should work toward making all its kids' meals consistent with the [Rand Performance Standards for Restaurants](#), which are similar to the National Restaurant Association's Kids LiveWell standards. The company also should move more aggressively to reduce sugar content and high sodium, cholesterol and saturated fat content in all its menu items.

5. Make Animal Welfare A Priority: Darden should source at least 20 percent of meat from producers that adhere to verifiable high-welfare standards: Animal Welfare Approved, Global Animal Partnership (at least step 2) and/or Certified Humane Raised and Handled.

Darden's commitment, as outlined in your recent letter, claims to ensure that the "Five Freedoms" are protected throughout its supply chain. However, there is no mention of them in Darden's Citizenship Report, which limits discussion of animal welfare to two paragraphs. The first paragraph states that Darden maintains Food Animal Welfare Principles and that producers are required to certify their practices. However, these policies and certification requirements are not discussed in any detail in the report. The second paragraph, which states that gestating sows should have room to move around in gestational crates, shows that Darden is falling behind its competitors by its continued approval of these crates. While the Five Freedoms are mentioned on Darden's website there is no specificity about how they are met. Thus, Darden's Citizenship Report and lack of detail on its website demonstrate that Darden is not committed to, or interested in, using quantifiable standards that give consumers the assurances they want regarding humane animal treatment.

Additionally, Darden clearly is not fully committed to the Five Freedoms the company claims to follow. According to independent sources, Darden still buys the majority of its eggs from caged hens, and allows pork suppliers to confine sows in gestation crates. Both of those systems contravene at the very least two — and potentially four — of the Five Freedoms (freedom from discomfort and freedom to engage in natural behaviors).

Action needed: To help ensure the Five Freedoms are met, Darden should purchase 100 percent of its eggs and pork from producers who use high-welfare cage- and crate-free production. This will help Darden meet its commitment to the Five Freedoms, and put the company in line with its competitors. Furthermore, the company should go beyond these minimal standards to proactively verify higher animal welfare by ensuring that at least 20 percent of its meat is certified by independent, third-party animal welfare certifiers. Certification by one of the three entities mentioned above would demonstrate Darden's commitment to its customers' values, and maintain a supply chain more in line with the Five Freedoms.

With \$2.6 billion a year in food purchases per year from 2,000 suppliers in 35 different countries, Darden has tremendous power to help shape a better food system for a growing customer base who care deeply about health, social and environmental responsibility, while also offering shareholders good value.

We appreciate that Darden provides a significant amount of information in the Citizenship Report and is keeping people up-to-date on the website, and we urge the company to continue to report on its progress. While we understand that making changes can take time, Darden can signal its commitment by establishing the concrete targets and goals outlined in this letter.

The Citizenship Report mentions meeting Darden's goals will require "new models of partnership and new ways of thinking." Darden states: "We are in the early stages of this journey, but we know it's one that will be critical to our long-term success."

We couldn't agree more. We are ready and willing to help Darden ensure long-term success that supports sustainability for people and the planet.

As indicated in our prior letter, we are requesting an in-person meeting with Darden in the first quarter of 2016 to discuss these issues — and the company's targets for improvement — in greater detail. We are eager to help Darden become a true leader in Good Food. Please contact Kari Hamerschlag by February 5th at 510-207-7257 or khamerschlag@foe.org to arrange this meeting.

Sincerely,

Cathy Liss
President
Animal Welfare Institute

Stephanie Feldstein
Population and Sustainability Director
Center for Biological Diversity

Michael Jacobson
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Jose Oliva
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cc:

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