



Dine Equity, Inc
450 N. Brand Blvd., 7th Floor
Glendale, CA 91203

November 29, 2022

To the CEO and Board of Directors,

I am writing to you as Vice President at Color Of Change, the nation's largest online racial justice organization with more than seven million members. We are deeply concerned with documented reports of racial pay disparity and the subpar wage that keeps thousands of Black and low-income AppleBee's employees in the unthinkable reality of surviving an unlivable wage. **It is our understanding that the racial pay disparity results in paying employees less in predominantly "Black" areas while paying employees more in areas where the city makeup has more white residents.** We are also aware of reports of calling out this disparate treatment as well as harsh working conditions that have resorted to retaliation and termination. **For these reasons, Color of Change joins our OneFairWage partners in demanding the settlement of pay (wage) concerns of Black employees and employees of color and all identified concerns from Applebee's employees.**

The subminimum wage for tipped workers, which Applebee's pays tens of thousands of its employees nationwide, is a direct legacy of slavery and has been a source of poverty, racial inequity, and sexual harassment for tipped workers at Applebee's for decades. With the COVID-19 pandemic, subminimum wage tipped workers have experienced a significant decrease in tips and increase in customer harassment; and back-of-house workers or non-service staff, cannot survive on the wages offered as well. **Workers expressed it particularly difficult to be required to enforce COVID-19 protocols on the same customers from which tips are obtained and resulted in being tipped even less and experiencing even greater harassment.** While thousands of independent restaurants and even other chain restaurants have raised tipped workers' wages to the full minimum wage in the context of the Great Resignation,¹ Applebee's persists with paying a subminimum wage of as little as \$2.13 an hour.

Applebee's has always offered among the lowest wages in the industry for both back-of-house and front-of-house staff members. Applebee's had a staffing crisis with back-of-the-house

employees even before the pandemic.² Now front-of-house workers have also been leaving the company in droves, because of the company's insistence on continuing to pay a subminimum wage for tipped workers - while thousands of other restaurant companies are now paying a full minimum wage with tips on top. As a result, workers at Applebee's across the country, have experienced severe understaffing and overwork, and **several workers in our group have been illegally retaliated against, including retaliatory firings**, for complaining about these and other workplace conditions.

Thirty-five percent of back-of-the-house employees are women and eleven percent of back-of-the-house employees are Black. The average employee at back-of-the house makes \$30,192 per year. The troubling part is the stark racial divide the researchers found between the highest- and lowest-paid workers: Basically, white employees overwhelmingly fill the jobs with the heftiest salaries, **while Black workers and workers of color occupy positions with pay closer to the poverty level**. The divide is equally gender-based as well. **White men across the restaurant industry are paid, on average in the U.S., roughly a quarter more than women**, whether white or of color. Likewise, such back-of-the-house positions are not generally targeted by white applicants, who more often seek higher-paying bartender and waiter positions.

And in response, we have tracked Applebee's restaurants in communities that are predominantly White like Utah, Nebraska, and Quakerstown, PA now offering \$15 or even \$20 per hour plus tips, while Applebee's restaurants in Black communities like Birmingham, Detroit, and Chicago continue to offer just the subminimum wage for tipped workers - as low as \$2.13 an hour. Black and low-income workers have the subminimum wage for tipped workers while their peers in the same franchise operation in communities that have more White people are receiving the full minimum wage with tips on top. As a result, we believe that Applebee's policies and practices have had a disparate impact on the company's Black workers and workers of color.

With so much at stake, our team would like to schedule a meeting to discuss this issue further. **We ask that you respond to this email at jade.ogunnaike@colorofchange.org within seventy-two hours so that our staff can coordinate a time for us to meet.** We look forward to hearing from you.

We look forward to speaking with you about these demands.

Sincerely,
Jade Magnus Ogunnaike
Interim Vice President
Color Of Change