

**Whereas:**

Climate change presents significant risks to restaurant businesses and their supply chains. The 2018 National Climate Assessment found “climate change presents numerous challenges to sustaining and enhancing crop productivity, livestock health, and the economic vitality of rural communities,” and rising temperatures are “the largest contributing factor to declines in the productivity of U.S. agriculture.”<sup>1</sup> Not only is agricultural production vulnerable to climate change, it also reportedly contributes up to 23 percent of greenhouse gas emissions, making it vulnerable to regulatory actions designed to mitigate climate change.<sup>2</sup>

Wendy’s is the third largest quick service restaurant company in the hamburger sandwich segment.<sup>3</sup> Thus, regulatory efforts to reduce emissions from agriculture and the impacts of climate change on agricultural production both constitute material risks to Wendy’s.

Proponents commend our company’s efforts to reduce emissions from its restaurants, packaging, and transportation.<sup>4</sup> However, Wendy’s disclosures regarding its beef supply chain focus primarily on animal welfare, antibiotics, and food safety. Wendy’s is therefore only addressing a small fraction of its total carbon footprint. One recent analysis shows emissions from the supply chains of food and beverage companies are, on average, 5.9 times greater than direct emissions.<sup>5</sup>

Competitors including Chipotle, McDonald’s, Starbucks, and Yum! Brands are taking responsibility for emissions throughout their full value chains and working to align their total carbon footprints with the Paris Climate Agreement’s goal to limit global temperature increases to well below 2°C. Many other companies sourcing significant volumes of beef are doing so as well, including Cargill, Tesco, Tyson Foods, and Walmart. These companies are measuring their full value chain emissions and pursuing science-based goals to manage them. They are using a variety of strategies, such as working with farmers on low-carbon agricultural techniques, focusing resiliency efforts on at-risk producers, and collaborating with other companies to scale efforts.

Developing a plan to measure and reduce Wendy’s full value chain emissions footprint is a prudent and vital course of action that will help our company reduce risks associated with climate change, including production and supply disruptions, and help prepare it for future carbon-related regulations and industry developments.

**Resolved:**

Shareholders request Wendy’s Board of Directors issue a report, at reasonable cost and omitting proprietary information, describing whether, and how, the Company plans to measure and reduce its total contribution to climate change, including emissions from its supply chain, and align its

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<sup>1</sup> <https://nca2018.globalchange.gov/>

<sup>2</sup> [https://www.ipcc.ch/site/assets/uploads/2019/08/4.-SPM\\_Approved\\_Microsite\\_FINAL.pdf](https://www.ipcc.ch/site/assets/uploads/2019/08/4.-SPM_Approved_Microsite_FINAL.pdf)

<sup>3</sup> <http://d18rn0p25nwr6d.cloudfront.net/CIK-0000030697/40e58ca0-b473-433d-99b7-561ba60c88bb.pdf>

<sup>4</sup> <https://www.wendys.com/sites/default/files/2020-01/Wendys-2019-CSR-0121.pdf>

<sup>5</sup> <https://quantis-intl.com/report/dig-in-food-report/>

operations with the Paris Agreement's goal of maintaining global temperature increases well below 2°C.

**Supporting Statement:**

Shareholders encourage the Board of Directors, in preparing the report, to consider the benefits and drawbacks of:

- Adopting greenhouse gas emissions reduction targets for Wendy's full carbon footprint;
- Increasing the scale, pace, and rigor of initiatives aimed at reducing the carbon intensity of Wendy's supply chain;
- The potential impacts of any considerations regarding increasing the use of plant-based protein.