



WHEREAS: In 2022, the Intergovernmental Panel on Climate Change advised that the window for limiting global warming to 1.5 degrees Celsius (1.5°C) is quickly narrowing and that dramatic emissions reduction is required of all industries.¹

In September, the United Nations' Climate Change High-Level Champions group reported that due to escalating climate and nature risk, food companies "could lose up to 26% of their value by 2030, with permanent sector-wide losses equivalent to the 2008 financial crash."² The report identified eliminating deforestation as the highest priority call to action: "unless we end net deforestation, achieving net zero and a 1.5°C world is impossible."³ Deforestation causes 15% of global greenhouse gas emissions and contributes to biodiversity loss.⁴

In addition to exacerbating climate-related risks, deforestation harms agricultural productivity by altering precipitation patterns and other ecosystem services, damages brand reputation, and is increasingly subject to regulatory scrutiny.

Texas Roadhouse's business is highly dependent on beef. Cattle ranching is the leading cause of deforestation globally and drives roughly 90% of the deforestation occurring in the Amazon.⁵

Texas Roadhouse's 10-K notes that changes in consumer preferences and competitive conditions "related to environmental, social and/or governance practices" may impact quarterly operating results.⁶ However, in contrast to peers like Darden Restaurants, The Cheesecake Factory, McDonald's, and Restaurant Brands International, Texas Roadhouse has neither disclosed the geographic origin of its purchased beef nor adopted any policies related to reducing or eliminating deforestation from its supply chains.

Texas Roadhouse purchases the majority of its beef from just three suppliers.⁷ Given the highly consolidated nature of the beef processing industry, and the high cattle-driven

¹ https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf

² <https://climatechampions.unfccc.int/unpriced-nature-and-climate-risk-could-wipe-off-billions/>

³ <https://climatechampions.unfccc.int/wp-content/uploads/2022/09/Assessing-the-financial-impact-of-the-land-use-transition-on-the-food-and-agriculture-sector.pdf>

⁴ <https://www.cdp.net/en/forests>

⁵ <https://www.vox.com/science-and-health/2022/10/19/23403330/amazon-rainforest-deforestation-cattle-laundering>

⁶ <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001289460/1a584dba-5db4-459e-9fa3-5e4232bff938.pdf>

⁷ Ibid.



deforestation exposure of major market players like JBS and Marfrig,⁸ Texas Roadhouse is likely to have deforestation exposure in its supply chains.

Financial institutions with nearly \$9 trillion in assets under management have committed to eliminating agricultural commodity-driven deforestation from their portfolios by 2025.⁹ Failing to end deforestation may make Texas Roadhouse less attractive to investors, less competitive, and have a negative effect on shareholders' financial returns.

BE IT RESOLVED: Shareholders request that Texas Roadhouse issue a report, at reasonable expense and excluding confidential information, disclosing how it can achieve deforestation-free commodity supply chains by 2025.

SUPPORTING STATEMENT: Proponents recommend, at management discretion, that the report include:

- A disclosure of the Company's sourcing geographies and deforestation-free volumes of forest-risk commodities, if any, and relevant certifications;
- An estimate of the greenhouse gas emissions associated with deforestation and land-use change from the Company's supply chains;
- The potential for eliminating native vegetation conversion and primary forest logging from Company supply chains as part of a deforestation-free goal;
- Consideration of guidance from the Accountability Framework initiative, the Science Based Targets initiative, and the Greenhouse Gas Protocol in setting targets and plans.

⁸ <https://www.vox.com/science-and-health/2022/10/19/23403330/amazon-rainforest-deforestation-cattle-laundering>

⁹ <https://climatechampions.unfccc.int/leading-financial-institutions-commit-to-actively-tackle-deforestation/>