



Stand For Something Good

2019 SUMMARY

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A Letter From Our CEO

This is our first-ever Stand For Something Good Summary and it has never been clearer to me that Shake Shack's greatest asset is our people.

I'm so proud of our teams around the world for embodying the values we've had since day one and for always challenging us to do better. Shake Shack started as a hot dog cart in Madison Square Park, created for the sole purpose of raising funds for a public art project. Doing good is in our roots, a part of our core DNA—it's what we mean when say that we **Stand For Something Good**.

While we're finalizing this document in April 2020, we're looking back at the successes and learnings of 2019 with immense pride. In many ways, last year feels far in the rearview, but this process highlights what's most important and what we're working to getting back to as soon as we're on the other side of COVID-19.

These are unprecedented times for our world, our team members, our company, our industry, and the global economy. Yet, the values that shine through in this summary will never waiver—in fact, they're only made stronger and more important in times of crisis. 2020 will look different as we shift resources to taking care of our teams and the front lines fighting COVID-19, but we'll always prioritize our values above all else.

In recent weeks, our team has handled this crisis with grit and grace. But to applaud them only for their most recent efforts would do them a great disservice. We had a fantastic 2019 and we have a lot more to accomplish, and it is all thanks to our people.

– **Randy Garutti**



About Shake Shack

About This Summary

Our Business



About This Summary

The Stand For Something Good 2019 Summary provides a high-level overview of Shake Shack's domestic, company-owned operations for the 2019 calendar year (unless otherwise noted).

The Summary covers four key priority areas:

SOCIAL IMPACT

SUPPLY CHAIN + ENVIRONMENTAL IMPACT

EMPLOYEES + CULTURE

CORPORATE GOVERNANCE

Our mission to Stand For Something Good has always been a part of our core values. We are using this opportunity to share our current status and, as we continue to evolve our strategy, we'll share our progress through subsequent updates. In 2020, we are actively reviewing Sustainability Accounting Standards (SASB) guidelines for our industry and assessing the best benchmarks to set for ourselves and report against.

Questions or requests for more information can be sent to investor@shakeshack.com.



Our Business

As of December 25, 2019, we had **163 domestic company-operated Shacks** and 22 domestic licensed Shacks in 30 states and Washington, D.C.

In fiscal 2019, we significantly expanded our domestic company-operated footprint by opening **39 new Shacks**, representing a 31.5% increase in our domestic company-operated Shack count.

In 2019, we made a home in new cities including New Orleans, Salt Lake City, San Francisco, Providence, Columbus, Virginia Beach and more.



Stand For Something Good

Our Mission

2019 Company Milestones

Corporate Giving

Pride



Our Mission



Our mission is to **Stand For Something Good** in all aspects of our business, including sourcing premium ingredients from like-minded purveyors, well-crafted and responsible design of our Shacks, and community support through donations, events and volunteering.

Stand For Something Good is a call to action for all of our stakeholders—our team, guests, communities, suppliers and investors—and we actively invite them all to share this philosophy with us.

This commitment drives our integration into the local communities in which we operate and fosters a deep and lasting connection with our guests.



2019 Company Milestones

Earned a **100% score on Human Rights Campaign's Corporate Equality Index** for our support of the LGBTQ+ community in the workplace

Fully transitioned all of our ketchup to **Simply Heinz**, eliminating the use of high-fructose corn syrup

Started testing a **four-day work week** for some of our Shack leaders to help create necessary balance in a hard-working job

Celebrated Pride with a national Pride Shake, community events all over the country, and a retail collection by partnering with The Trevor Project

JANUARY

FEBRUARY

MARCH

JUNE

Raised **\$220K for No Kid Hungry** with our 12th Annual Great American Shake Sale

Named "**Best Burger Joint**" by Chain Reaction report, highlighting our commitment to hormone- and antibiotic-free proteins

Eliminated plastic straws and switched to paper cups, another step in **reducing our reliance on single-use plastics**

SEPTEMBER

OCTOBER

DECEMBER



Corporate Giving

In 2019, Shake Shack gave nearly **half a million dollars** to causes we believe in, including:

1% for the Planet (\$28K)

A longtime partner, Shake Shack donates 1% of sales from our bottled water to 1% for the Planet, which directs funds to environmental nonprofits around the world.

5% Concrete Donations (\$45K)

Nearly every domestic, company-owned location donates 5% of sales of a specific concrete to a local non-profit partner.

25% Donation Days (\$82K)

One of the ways we support our communities and neighbors is through these traditional restaurant fundraisers. Scheduled in advance with a local nonprofit, 25% of all participating checks are donated back to the organizer.

Great American Shake Sale (\$220K)

Every year since 2012, we've teamed up with Share Our Strength's No Kid Hungry on our campaign to raise money towards its goal of ending childhood hunger in America. During the campaign, Shake Shack guests who donate \$2 or more receive a voucher for a free shake—valued at \$6—redeemable on their next visit.

The Trevor Project (\$25K)

During the month of June, we celebrated Pride with community events, a national Pride Shake, a retail collection and by highlighting employees who identify as part of the LGBTQ+ community on our social channels. We were proud to donate \$25K to The Trevor Project, supporting their many services including a national 24-hour, toll-free confidential suicide hotline for LGBTQ+ youth.

Pride

In 2019, we celebrated Pride with our biggest campaign yet, including public-facing and internal elements. Our goal was to be loud and proud in celebrating and supporting our LGBTQ+ communities!



Partnered with the **Trevor Project** to donate \$25K in support of their national 24-hour, toll-free confidential suicide hotline for LGBTQ+ youth.



Ran a **Pride Shake** nationally, one of our top-performing limited time shakes of the year.



Teams participated in and hosted community events in **14 cities** across the country.



Flew team members into NYC to join us for a Home Office fireside chat, model for the Pride retail collection and **share their stories on our social channels.**

Supply Chain + Environmental Responsibility

Sourcing + Supply Chain

2019 Supply Chain Milestones

Our Shacks

Packaging Update



Sourcing + Supply Chain

Shake Shack has always been committed to working with best-in-class suppliers across our domestic supply chain. We pride ourselves on sourcing premium ingredients from like-minded ranchers, farmers and food purveyors—using real, premium ingredients like 100% antibiotic- and hormone-free proteins (beef, chicken and pork) that are always vegetarian fed, humanely raised, source verified, plus raised and harvested in the USA. Our beef and chicken are always fresh, never frozen.

Additionally, we have remained committed to using cage-free eggs in all of our food and have done so for the past three years. All of our buns are non-GMO, and our vanilla and chocolate frozen custard recipes use only real sugar, no corn syrup and milk from dairy farmers who pledge not to use artificial growth hormones.

To further transparency for our team, guests and suppliers, our [Animal Welfare Policy](https://www.shakeshack.com/stand-for-something-good), which can be found on our website at www.shakeshack.com/stand-for-something-good, outlines our core beliefs regarding responsible animal husbandry.



2019 Supply Chain Milestones

- Named “Best Burger Joint” by this year’s Chain Reaction report, highlighting our commitment to hormone- and antibiotic-free proteins
- **Removed high-fructose corn syrup** from our Heinz Ketchup by switching to Simply Heinz and our cookie crumble mix-in for our Cookies & Cream Shake
- Eliminated plastic straws and switched to paper cups, another step in reducing our reliance on single-use plastics
- Improved our pickles by **removing preservatives**
- Added a **grass-fed beef patty** to our San Francisco market from a cattle rancher who practices regenerative farming
- We have eliminated 185,606 pounds of trash + **recycled 2,316,600 pounds of waste oil to date** thanks to our partnership with Restaurant Technologies Inc.

Our Core Menu

BEEF



- No hormones, ever
- No antibiotics, ever
- 100% Angus
- Pasture-raised, grain finished
- Vegetarian fed
- Humanely raised
- Source verified
- We work with a variety of suppliers including **Meyer Natural Angus**, **Creekstone Farms** and **Aspen Ridge**

CHICKEN

- No antibiotics, ever
- No hormones, ever*
- Vegetarian fed
- Whole muscle
- All white meat
- Supplied by **Perdue Harvestland**

BUNS

- Non-GMO
- Supplied by **Martin's Potato Rolls**

BACON

- No antibiotics, ever
- No hormones, ever*
- Certified Humane®
- Vegetarian fed
- Raised free range + in deeply bedded pens
- Nitrite-free
- Supplied by **Niman Ranch**



FLAT-TOP DOGS

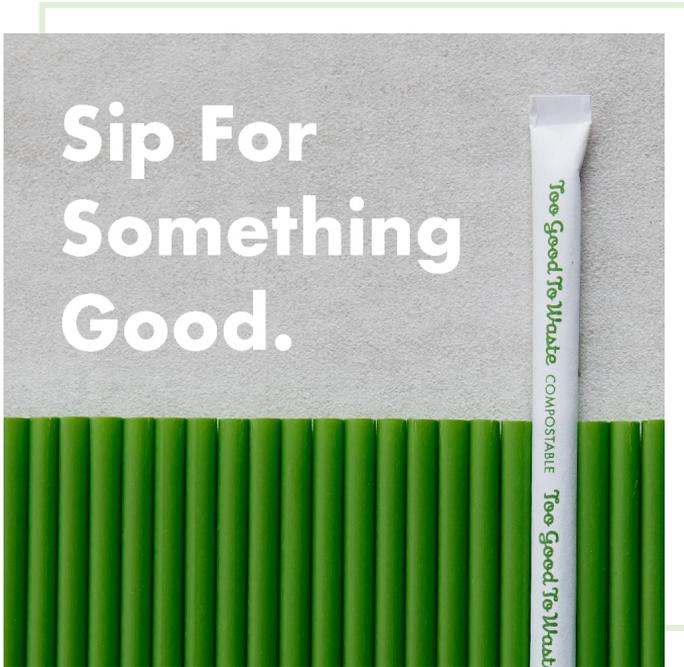
- No hormones, ever
- No antibiotics, ever
- 100% beef
- MSG-free
- Supplied by **Vienna® Beef**

FROZEN CUSTARD

- Only real sugar (no high-fructose corn syrup)
- Cage-free eggs
- Milk from dairy farmers who pledge not to use artificial growth hormones

*Federal regulations prohibit the use of hormones or steroids in poultry and pork.

Packaging Update



Our switch to compostable straws in 2019 reduced over 75,000 pounds of plastic.

In 2020, we plan on eliminating polystyrene from our water drinking cups and switching entirely to paper. Switching over to paper cups will reduce our annual consumption of polystyrene by 162 tons, the equivalent of **12 garbage trucks**.

While it may also seem like a minor change, we'll be increasing the pack size of cups from 855 to 2,500. As a result, we expect to reduce our use of cardboard by 15,941 cases, which is equivalent to the size of **8 American homes**.

A little more detail on materials: Polystyrene is seen as one of the least-recyclable plastics and can take up to 500+ years to decompose. For comparison, paper cups take 20-30 years to decompose. Our **new paper cup** is made using 95% renewable resources and produced in facilities utilizing renewable energy. While this change may not be the whole answer, it is a step in the right direction.

Our Shacks



The sourcing of reclaimed and salvaged materials is a highlight of our Shack design. The majority of our tabletops are fabricated from salvaged wood. To date, **we have salvaged over 50,000 square feet of bowling lane wood**, which translates to about 360 lanes.

We require low-VOC materials in the construction and renovation of our Shacks, as well as the fabrication of our furniture and fixtures. This measure assists with ensuring that all of our team members—even the extended members who are building our Shacks—are afforded adequate indoor air quality.

Looking forward into 2020, our team is testing a high-performance ventilation system that will ultimately be integrated into our Energy Management System strategy. In doing so, we would reduce our associated energy usage by 20%.

Employees + Culture

Our Culture

2019 People Milestones

Workforce Composite

Talent Acquisition + Development

All In

Compensation + Benefits

Employee Engagement + Relations

HUG Fund



Our Culture

At Shake Shack, people are the core of our business. We take pride in ensuring **people** are at the forefront of our decisions, allowing us to foster our strong and diverse culture. Continued emphasis on our core values lets us offer a fun, enhanced work environment that allows for both professional and personal growth.

Specifically, we demonstrate this vision by:

- **Putting Our People First.** We believe that by taking care of our team members, developing leaders and forging an inclusive, diverse and supportive culture, we create a better workplace and more successful company.
- **Creating a Winning Guest Experience.** Shake Shack was founded on the idea of Enlightened Hospitality™. Today, we deliver on that vision's promise by building new digital tools for our customers, offering them new and exciting menu innovations and engaging with them in unique, meaningful ways.
- **Engaging the Community.** From our very first Madison Square Park location, Shacks have always been an integral part of the community. By designing Shacks that speak to the culture of specific areas and neighborhoods, and by giving back to the communities we serve, we stay true to our core values and offer something special to our customers.
- **Operating with Purpose.** As we grow, we will not lose sight of core values—we will scale smart and responsibly.



2019 People Milestones

- Created more than **1,645 new jobs** and promoted **1,634 people**
- Began testing a 4-day workweek for a portion of our Shack leaders to help create the necessary work/life balance in a hard-working job
- Earned a 100% score on Human Rights Campaign's Corporate Equality Index for our support of the LGBTQ+ community in the workplace
- Continued our work on Diversity and Inclusion initiatives so everyone has equal opportunity for growth
- Celebrated Pride with our biggest campaign yet, participating in events across the country from NYC to LA and Seattle to Austin, ultimately donating \$25,000 to The Trevor Project
- Invested in a strong foundation and infrastructure by implementing an internal taskforce called **Project Concrete**. Its goal is to continue to build the foundation for robust growth ahead, working to lessen our administrative workload over the long term so we can focus on supporting our teams.

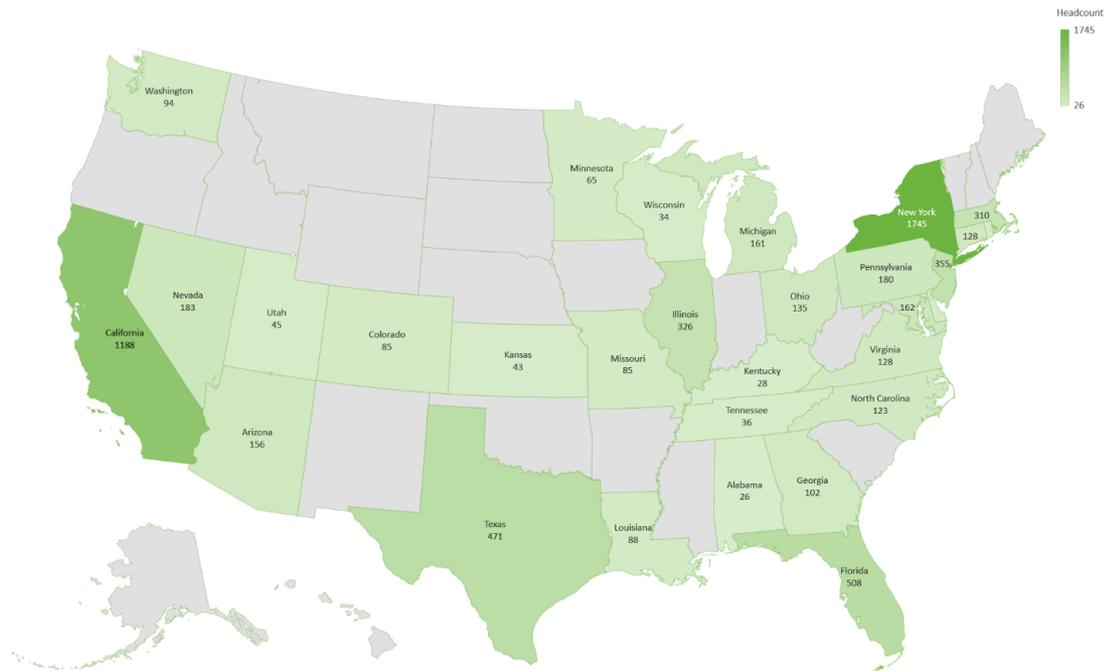
2019 Workforce Composite

Total Headcount: 7,337

Restaurant Employees: 7,096

Home Offices Employees: 241

Shake Shack Total Headcount by State



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Talent Acquisition + Development



Diversity:

- 55% of workforce are Women
- 50% of workforce is African American
- 22% of workforce is Latinx
- 54% of all new hires are Women
- 52% of all new hires are African American
- 20% of all new hires are Latinx

Talent Development:

- 1,634: Total internal promotions
- 89: Total number of internal promotions to General Manager
- 1,201 (74%): Total number of internal promotions that are Diverse
- 901 (55%): Total number of internal promotions that are Women

All In



Our Diversity + Inclusion initiative, ALL IN, was first launched in 2018.

In 2019, we increased our mentorship program participation by over 40% and hosted several internal events with unique speakers to enhance our mission.

In 2020, we will refine and put additional structure into the program with a high focus on diversity hiring and internal movement across all functions and levels. In addition, we excited to launch Employee Resources Groups (ERG).

Compensation + Benefits



Compensation

- Starting hourly salary at 75% of Shacks is above minimum wage
- Field General Managers are equity grant eligible
- All GMs were granted \$10,000 in SHAK stock each year in March of 2019 and 2020.

Benefits

- Testing a 4-day work week in select Shacks with the intention of launching nationwide
- Employer-paid short-term disability for all employees
- 401(K) with match eligibility
- Commuter benefits
- Generous paid time off policy
- Service award program for career milestones

Employee Engagement + Relations



- We have a strong emphasis placed on **formal development programs** for both functional and leadership skills to build our leaders. These career paths show steps from Team Member to Area Director.
- We're proud to celebrate our **Annual Team Appreciation Day** for all Shack employees with events and gifts.
- Our **recognition program** through our company intranet (AKA Shack Source) gives a platform for public recognition and appreciation for all employees.
- **Engagement Surveys** completed by all levels of the organization assess the overall connection to the company. We run an annual internal survey as well as quarterly Gallup surveys for Shack teams. 2019 surveys showed strong results in pride, enablement, alignment, inclusion, and development.

HUG Fund

The Shake Shack HUG Fund is an employee-funded 501(C)(3) created to provide quick financial assistance to employees impacted by financially devastating circumstances that are beyond their control and their means.

In 2019, employees contributed an additional \$32K into the fund and contribution efforts continue to grow as new employees join the organization.

The committee mobilizes within 48 hours to distribute necessary funds to employees in need as soon as possible to help alleviate their stress.



HUG FUND

WHERE YOUR **CHANGE** GIVES **HOPE**

Corporate Governance

Governance Policies + Charters

Our Board of Directors

Executive Compensation Practices

Data Privacy + Information Security

Forward-Looking Statements



Governance Policies + Charters

We are committed to the ethical operation of our day-to-day business and to maintaining our principles as we continue to grow.

These principles form the foundation of our approach to corporate governance and apply to our team members, our guests, our suppliers, our investors and the communities in which we operate. All Governance Documents can be found on www.investor.shakeshack.com.

POLICIES

[Corporate Governance Guidelines](#)

[Code of Business Conduct and Ethics](#)

[Code of Ethics for Senior Financial Officers](#)

[Insider Trading Compliance Policy](#)

[Related Person Transaction Policy and Procedures](#)

[Audit and Non-Audit Services Pre-Approval Policy](#)

[Global Anti-Corruption Compliance Policy](#)

[International Trade Compliance Policy](#)

[Non-Employee Director Compensation Policy](#)

CHARTERS

[Audit Committee Charter](#)

[Compensation Committee Charter](#)

[Nominating and Corporate Governance Committee Charter](#)

Our Board of Directors

The members of our **Board of Directors** are individuals with a high level of personal and professional integrity and strong ethics and values. Our Board monitors the mix of specific experience, qualifications and skills of its directors to assure that the Board, as a whole, has the necessary tools to perform its oversight function effectively.

- The average tenure of Shake Shack's Board of Directors since its IPO is approximately three years.
- Seven of nine directors are independent.
- All committees and committee chairs are independent.
- The positions of Chairman of the Board and Chief Executive Officer are separate.
- There is active outreach to shareholders on corporate governance and other concerns.
- Three of nine directors are women.

More details can be found at www.investor.shakeshack.com



Executive Compensation Practices

The objective of our executive compensation program is to attract, retain and motivate individuals who share our dedication to our community and are committed to our mission, Stand For Something Good. Our program includes:

- A Compensation Committee that's comprised of fully-independent directors
- We cap annual cash incentive award payouts to mitigate risk
- We maintain stock ownership guidelines for our CEO and CFO
- We prohibit hedging and pledging of Company stock
- We hold an annual say-on-pay vote

The compensation arrangements for each of our Named Executive Officers (NEOs) is intended to encourage performance and growth and to align the NEO's interests with those of our stockholders.

- We provide our NEOs with an annual cash incentive which focuses our executives on achieving annual financial, strategic and individual goals.
- Our executive compensation program also includes long-term incentives under our 2015 Incentive Award plan.
- The level of benefit received by our NEOs is dependent on the achievement of pre-determined goals over each annual performance period.
- PSUs are payable in restricted stock units (RSUs) to the extent the Company achieves the Total Revenue and Adjusted EBITDA performance goals over each annual performance period. PSUs make up 50% of the total award value and vest ratably over four years.
- RSUs make up 50% of the total award value and vest ratably over four years.

Data Privacy + Information Security

GOVERNANCE + OVERSIGHT

Our Audit Committee's charter includes oversight over information security and data privacy. The committee meets quarterly to review substantiated risks, pertinent industry developments and potential threat vectors.

Our Board of Directors is also updated at least quarterly by the Information Technology department on privacy and cybersecurity matters.

TRANSPARENCY

Shake Shack makes our privacy policies publicly available for each of our sales channels. The privacy policies posted describe the data (inclusive of personally identifiable information) we collect, why we collect it, how we use it, how long we retain it and the rights guests have regarding their data.

We are committed to complying with applicable Federal and State laws, including the California Consumer Privacy Act (CCPA) and the EU-US Privacy Shield Principles.

CONTROLS, POLICIES + EDUCATION

Shake Shack is committed to implementing leading security and PCI-compliant controls to protect the data entrusted to us by our guests. We conduct regular vulnerability scans and audits of our information security program.

We have mandatory data privacy and security awareness training for all employees and annual payment card handling training for all Shake Shack General Managers.



Forward-Looking Statements

This Summary contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to known and unknown risks, uncertainties and other important factors that may cause the Company's actual results, performance and achievements to differ materially from the results expressed or implied in this Summary. All statements other than statements of historical fact included in this Summary are forward-looking statements, including, but not limited to, statements regarding our business plans and objectives, our strategies and systems for implementing our goals, our commitments to programs and policies, and our expectations and priorities for measuring our goals and the metrics we use. All forward-looking statements are expressly qualified in their entirety by these cautionary statements.

You should evaluate all forward-looking statements made in this Summary in the context of the risks and uncertainties disclosed in the Company's Form 10-K for the fiscal year ended December 25, 2019 and the Current Reports on Form 8-K dated March 16, 2020 and April 17, 2020, as filed with the Securities and Exchange Commission (the SEC). All of the Company's SEC filings are available online at www.sec.gov, www.shakeshack.com or upon request from Shake Shack Inc. The forward-looking statements included in this Summary are made only as of the date hereof and are not guarantees of future performance or commitments. The Company undertakes no obligation to publicly update any of the statements in this Summary, except as required by law.

