



ANIMAL WELFARE UPDATE

Our animal welfare policy forms one of the three pillars of our *Sustainable Sourcing Policy*, which can be viewed in its entirety on our [Sustainable Sourcing webpage](#). The following breakout of our animal welfare policy is provided as an opportunity for us to share additional details on our animal welfare efforts and progress to date.

Why is Sustainable Sourcing Important to Us?

Globally, food and agricultural systems are under increased pressure from a growing population, changing weather patterns, water scarcity, and in some instances, unsustainable farming practices. By prioritizing sustainable production and farming practices we can help improve soil fertility, water quality and availability, reduce greenhouse gas emissions, improve animal welfare, protect biodiversity, and enhance the livelihoods of farmers.

We are committed to excellence and quality in everything we do. These values not only form the basis for how we do business, but are what helps set us apart from the competition.



Our *Sustainable Sourcing Policy*, is an extension of these values and who we are and strive to be as a company.

Increasingly our guests are interested in where their food comes from, the methods used to grow and produce it, and how companies like us are acting responsibly throughout our supply chain.



We want to be able to meet this growing demand and are taking steps today to do so.

Through more sustainable sourcing, we are better able to manage potential business risks including the security or availability of supply as well as external stakeholder pressures on the brand and company.



We need to protect the value we have today, and continuously improve to be even more successful tomorrow.

OUR APPROACH TO ANIMAL WELFARE

We fundamentally understand that animal welfare is not a singular issue for a single species, but rather, a set of holistic and comprehensive principles for all animals throughout their lifecycles. Our animal welfare goals seek to ensure our supply chain is produced under the highest quality, humane, and ethical considerations, the foundation of which is ensuring our broiler chickens, pigs, beef cattle, dairy cows, and laying hens come from suppliers who are committed to the “five freedoms” of animal welfare including:

- Freedom from hunger and thirst
- Freedom from living in discomfort
- Freedom from pain
- Freedom to express normal species behavior
- Freedom from fear and distress

In order to ensure these basic freedoms are being provided, we are partnering with our suppliers and animal welfare experts, such as World Animal Protection (WAP), to implement specific standards, goals, and guidance related to the advancement of animal welfare through our supply chain. Our *Sustainable Sourcing Policy* outlines the social, environmental, and animal welfare goals we plan to accomplish by 2025 (unless an earlier date is otherwise noted).

Scope of Our Animal Welfare Commitments

Our animal welfare policy and related goals (established in 2016 as a part of our *Sustainable Sourcing Policy*) apply to our company-owned and operated restaurants. As a popular and expanding restaurant company, we plan that any future concepts or businesses acquired and operated by us after January 1st, 2018, will comply with our animal welfare policy and the requirements of our *Sustainability Sourcing Policy* and the *Sustainability Code of Conduct* under the original timeline of eight years from date of full acquisition and operation.

LEADERSHIP AND ACCOUNTABILITY

In order to ensure the effective implementation of our *Sustainable Sourcing Policy*, including our animal welfare commitments, we have designated management responsibility across the organization with overall ownership and responsibility resting with the Vice President of Sustainability. Sustainability, as a department, reports directly to the President of the company on all issues. Additionally, on a monthly basis the company's Sustainability Committee meets to discuss current sustainability and animal welfare efforts, challenges, and opportunities, and is made up of the CEO, President, Chief Culinary Officer, Senior Vice President of Operations, Senior Vice President of Global Development, Senior Vice President of Purchasing, Senior Vice President of Performance Development, Vice President of Beverage and Bakery, Vice President of Organizational Engagement and Talent, Vice President of Staff Relations, Vice President of Information Technology, Vice President of Quality Assurance, Vice President of Risk Services, Vice President of Sustainability, Vice President of Global Procurement, Vice President of Kitchen Operations, Senior Director of Public Relations, and the Director of Marketing. This management structure provides us with accountability at the highest levels in the company, and allows us to better integrate animal welfare as a part of normal business procedures and not as an afterthought ad-on. To this end, we seek to work with farmers and producers who share our philosophy and agree to implement and maintain our animal welfare standards.

We are proud to highlight several key successes from 2017/2018:

- Expanded our selection of delicious vegetarian and vegan dishes, which when combined with our existing options, provide guests with a large and diverse selection of vegetarian and vegan menu items.
- Developed species-specific key performance indicators (KPI's) to standardize and enhance our internal and external reporting related to animal welfare.
- Created species-specific *Supplier Implementation Guides*, which detail our animal welfare requirements and provide supporting resources for how ingredients and products are to be raised, transported, and harvested by our suppliers.
- Facilitated detailed supplier reporting and disclosure programs on a rolling calendar year, starting with pigs, beef cattle, dairy cows, broiler chickens, and laying hens, all to be completed by end of 2018.
- Initiated several projects with the Monterey Bay Aquarium Seafood Watch Program to reduce antibiotic and chemical usage for aquaculture seafood products.
- Extended our *Sustainable Sourcing Policy* and animal welfare commitments to Canada with our newly opened company-owned restaurant in Toronto.

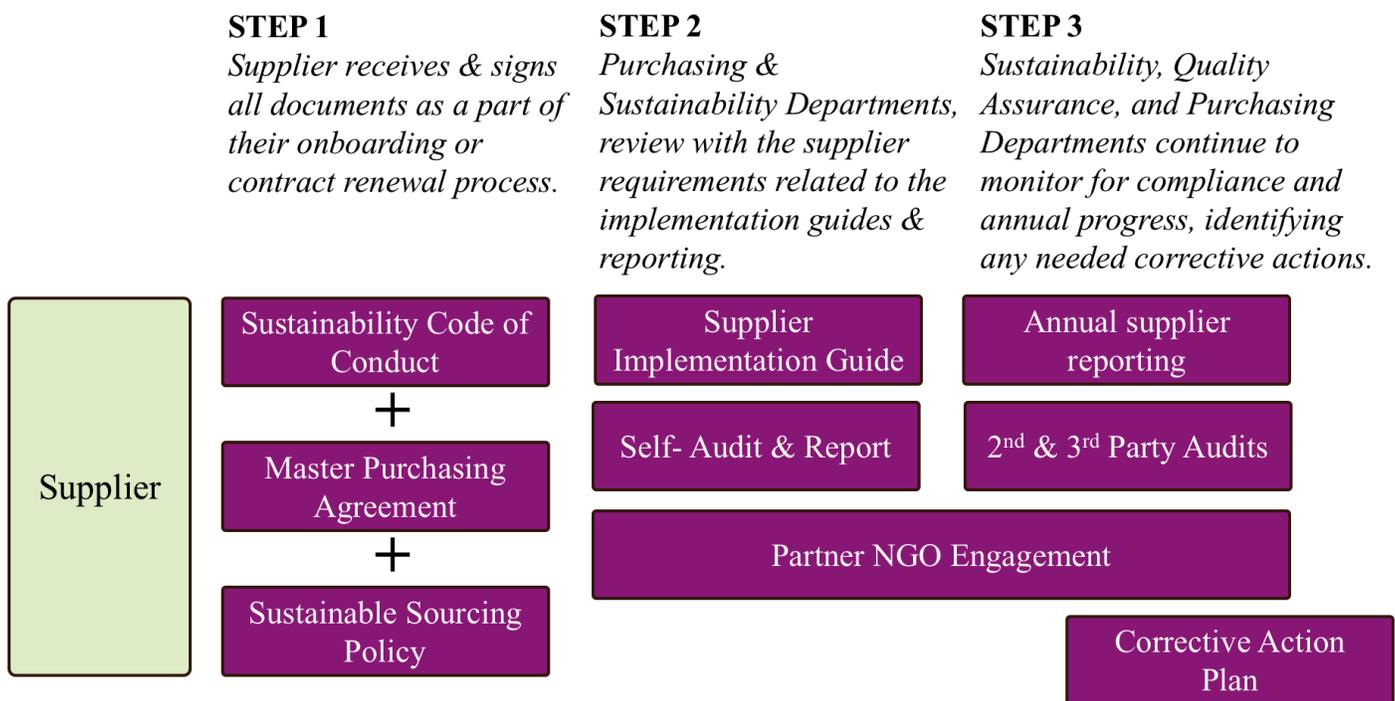
“It’s exciting to see The Cheesecake Factory extending its strong commitment to animal welfare to include their new company owned restaurant in Toronto, Canada. We were proud to support them in developing one the industry’s most comprehensive and holistic animal welfare policies. The meaningful commitments made by this iconic brand show the positive changes happening for animals across the industry. With this expansion, The Cheesecake Factory will ensure all animals are sourced to the same high standards set at its locations in the U.S.”

World Animal Protection Canada

Training, Auditing, and Non-Compliance

At a minimum level we work to source our products according to several industry programs such as the National Dairy Program – Farmers Assuring Responsible Management (FARM), Pork Quality Assurance Plus (PQA+), Beef Quality Assurance (BQA), National Chicken Council (NCC), United Egg Producers (UEP), Transport Quality Assurance (TQA), North American Meat Institute (NAMI), and others. We seek to continuously improve our approaches to animal welfare in our supply chain, and have established a strong internal framework (shown in Figure 1 below) that allows us to leverage multiple direct touch points with our suppliers. Our Sustainability Department plays the key role in supporting the day-to-day implementation of our animal welfare and sustainability policies, from working with animal welfare NGO’s, to integrating animal welfare standards into supplier contracts with our Purchasing department, or identifying suppliers at risk of non-compliance for additional animal welfare auditing and monitoring from our Quality Assurance department.

Figure 1 – Evaluation & Compliance Process



Supplier Implementation Guides

In addition to providing our suppliers with our clear animal welfare policy commitments, we are also detailing specific management practices and supporting resources related to the animals under their care. These *Supplier Implementation Guides* (noted in step two above) contain several levels of requirements, presented at right, which our suppliers are disclosing and we are tracking for compliance as part of our animal welfare policy.



Mandatory = Required today. Non-compliance with these requirements is unacceptable.



Expected = These requirements will become mandatory in 2025 (or sooner if specified), and as such annual progress will need to be made and documented to ensure goals are met on-time.



Leading = These standards represent high-level achievements in animal welfare and sustainability, which while not required at present, may become required in the future.

Supplier Implementation Guides (Continued)

Each *Supplier Implementation Guide* is species-specific and builds from leading resources such as Certified Humane by Humane Farm Animal Care, Global Animal Partnership, and best practices from industry groups such as the National Dairy Farm Program and others. These requirements and resources are then further developed and reviewed through a consultation process with World Animal Protection (WAP). The guides focus on several key areas including:

- *Breed Selection* – Breed selection can have multiple implications for the welfare of animals, operational management, and overall productivity; therefore, we are providing guidance to suppliers to ensure they are evaluating health and welfare and not just productivity when selecting breeds. We also require suppliers to source animals that have not been subject to genetic engineering or cloning.
- *Feed, Water, Antibiotics, & Hormones* – In order to promote positive health and welfare, we are asking suppliers to provide a wholesome, holistic, and high quality diet, free from hormones, growth promoters, and antibiotics. Additionally, we detail food and water withdrawal periods before loading, transport, and slaughter. While there are varying antibiotic standards, we ask that our suppliers adopt a no antibiotics ever program (NAE), whereby any animals receiving antibiotics will not enter our supply chain. It is important to note that we will never ask or support a producer withholding appropriate veterinary care from a sick or injured animal.
- *Housing & Enrichments* – By providing housing types and environmental enrichments that allow for greater freedom of movement and expression of natural behaviors, we believe animals will show healthy growth, reduced rates of disease and lameness, and lower levels of aggressiveness, thereby reducing the need for physical alterations. As such we will not permit the use of production or confinement systems for any animals in our supply chain which do not meet our animal welfare goals. Additionally, we are working to better understand and influence the future capital expenditures of suppliers related to housing types and design, so as to improve housing-related issues like air quality, freedom of movement, and access to natural light.
- *Health & Management* – A high degree of caring and responsible management is vital to ensure animal welfare. We ask that our supplier's management and key staff be thoroughly trained and competent in animal husbandry and welfare, and have a good working knowledge of their system and the animals under their care. Additionally, we ask suppliers and producers to have a written animal health plan, developed in consultation with a veterinarian that, depending on the species, includes monitoring and reporting on body condition scoring, rates of lameness, morbidity and mortality causes, euthanasia policies, stocking densities, foot pad dermatitis, vaccinations, and management strategies to minimize aggressiveness.
- *Physical Alterations* – The need to perform physical alterations on animals can be greatly reduced or even eliminated by reducing overall stress, better managing housing densities, and providing environmental enrichments that allow animals to display natural behaviors. When physical alterations must be performed we require suppliers adhere to best practices related to the age of the animal, method used, provision of pain relief, and requiring express written permission from us for the practice to be performed.
- *Handling & Transport* – It is important that handling and transport systems are designed and implemented to ensure animals are not caused unnecessary distress or discomfort, and that there is adequate space and thermal comfort. We ask suppliers that the handling and transport of animals be kept to an absolute minimum, and that personnel involved with handling and transport are thoroughly trained and competent to carry out the tasks required of them.
- *Processing & Harvesting* – We ask that animals are slaughtered as soon as possible upon arrival at the processing facility, and should be slaughtered as close as possible to the point of rearing to minimize travel times. All animals harvested by our suppliers are to be stunned prior to processing, and we are encouraging the implementation of Controlled Atmosphere Stunning (CAS) and Video (CCTV) recording for processing facilities.

COLLABORATION & INNOVATION

As a part of our efforts, we continue to work on a day to day basis with a number of leading organizations, partners, industry groups, and stakeholders to implement and facilitate our animal welfare goals as part of our *Sustainable Sourcing Policy*. This collaboration is important, as some of the animal welfare issues we would like our suppliers to address must happen at a broader industry level if our own goals are to be achieved. Additionally, given the multifaceted challenges of sustainable food production, it is important that in the pursuit of higher animal welfare standards significant tradeoffs do not occur related to environmental impacts. As such we continue to collaborate with others across our industry including:

- National Dairy Farm Program – Farmers Assuring Responsible Management (FARM)
- Certified Humane by Humane Farm Animal Care
- Global Animal Partnership
- National Pork Board
- National Restaurant Association - Sustainability Executive Session
- World Animal Protection

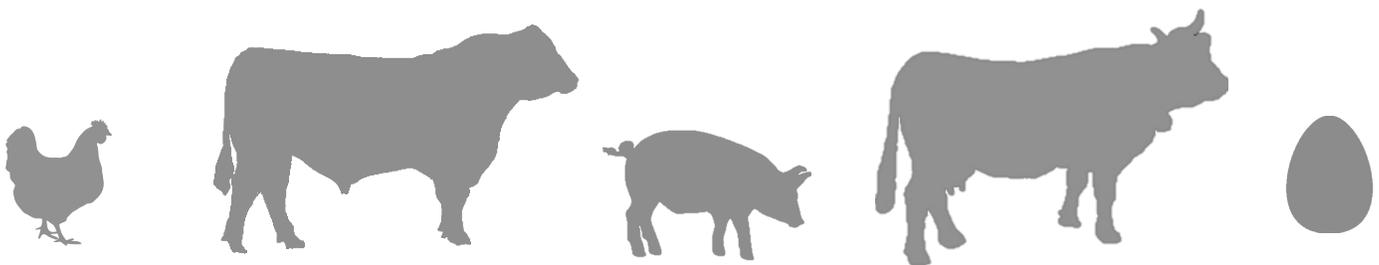
ANIMAL WELFARE GOALS AND PERFORMANCE

We realize we have a complex supply chain, which will require us to work closely with our suppliers, vendors, and business partners to achieve our goals. As such we recognize that our policy will be an ongoing journey - one where we are continually learning about the opportunities and challenges to securing high quality, humane, and sustainable ingredients.

With this in mind, we would like to share an update on our progress related to our restaurants, the challenges we have encountered, and the future outlook for our efforts according to each species we currently source. For each animal welfare goal that is a part of our policy, we have detailed by species, the current status (using the colored key at right), the specific goal language, our progress to date, and a snapshot of our future outlook.

KEY

- Completed
- In-Progress
- Delayed





DAIRY COWS

STATUS	GOAL	OUR PERFORMANCE	FUTURE OUTLOOK
	<p>Sourcing antibiotic-free dairy, defined as no-antibiotics ever (NAE). We will not support a supplier withholding appropriate veterinary care from a sick or injured animal, but once treated with antibiotics, these animals may not enter our supply chain.</p>	<ul style="list-style-type: none"> ▪ When antibiotics are to be provided due to ill health then strict withdrawal periods must be met to ensure no traces of the medicine remain in the milk. ▪ While our dairy suppliers have committed to responsible and judicious use of antibiotics with veterinary oversight, we are continuing to work with our suppliers to source no antibiotics ever (NAE). ▪ Additional specific data on antibiotic use will be available after September 12th when our data request period closes for our dairy suppliers. 	<ul style="list-style-type: none"> ▪ The majority of the food service and restaurant industry antibiotic goals are focused on eliminating antibiotics medically important to human use. The group of companies committed to NAE is significantly smaller. As such, we face challenges as our collective purchasing power is not yet large enough to sway larger producers and suppliers to pursue NAE if they are not already doing so. To address this, we are actively partnering with our producers and suppliers to build a phased approach around their commitments to phase out medically important antibiotics and actively establish a pathway to NAE production in alignment with our goals.
	<p>Phasing out physical alterations as a preventive measure, including for dairy cows: tail docking, dehorning, disbudding, and ear notching. When physical alterations are undertaken, pain management must be administered and/or best practices implemented.</p>	<ul style="list-style-type: none"> ▪ The routine practices of tail-docking and ear notching have largely been eliminated from our dairy sourcing (~90-95% by volume), per National Dairy Program – Farmers Assuring Responsible Management (FARM) requirements. ▪ At present approximately 60% of our dairy comes from suppliers who provide pain control when dehorning or disbudding. 	<ul style="list-style-type: none"> ▪ A portion of the data requests for dairy products or products which contain dairy as an ingredient were not received or contained only partial information. In order to be confident in our reporting on physical alterations, these products will be a focus for the remainder of 2018. This data gap particularly relates to the potential that heifers/calves may have been tail docked prior to the establishment of our goal but may still be in the lactating string.
	<p>Ensuring our dairy comes from suppliers who utilize a wholesome, quality, and holistic feed with no animal by-products.</p>	<ul style="list-style-type: none"> ▪ Given a wide range of feed practices from our suppliers, based on local conditions and product specifications, we are continuing to work with our suppliers to ensure their specific feed formulations and standards utilize high quality and holistic feed, and are working to verify the specific feed types being provided. 	



DAIRY COWS

STATUS	GOAL	OUR PERFORMANCE	FUTURE OUTLOOK
	<p>Sourcing dairy and dairy products free from rBST/rBGH.</p>	<ul style="list-style-type: none"> Currently approximately 50% of our dairy products, including cheese, yogurt, milk, butter, and cream is produced from cows raised without rBST/rBGH. 	<ul style="list-style-type: none"> While we are encouraged that roughly half of our dairy products are in alignment with our goal, we understand the challenge that some suppliers are not in direct control of their own dairy sourcing. We are continuing to work with these suppliers to increase the percentage of rBST/rBGH free dairy they are sourcing in a method that will allow all suppliers to be compliant with the goal by 2025.
	<p>Ensuring dairy cows have adequate space to move freely and eliminating the practice of tethering of cattle (except during milking or veterinary care).</p>	<ul style="list-style-type: none"> Our sourced dairy products come from suppliers who adhere to the National Dairy Program – Farmers Assuring Responsible Management (FARM) program, helping to ensure throughout their life dairy cows are able to stand up, lie down, adopt normal resting postures and have visual contact with other animals, without risk of injury. While the majority of our dairy comes from producers who do permanently tether or confine dairy cows, we are working to better assess the specific confinement practices as part of our dairy supplier reporting period which will close on September 12th. 	<ul style="list-style-type: none"> We are currently waiting for the close of the dairy data request to evaluate our alignment with the elimination of tethering. We will continue to partner with our suppliers to develop strategies for further implementing improved welfare practices related to space requirements and tethering as a part of our supplier implementation guides.

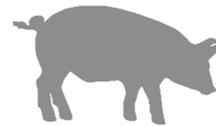


PIGS

STATUS	GOAL	OUR PERFORMANCE	FUTURE OUTLOOK
●	<p>Sourcing antibiotic-free pork, defined as no-antibiotics ever (NAE). We will not support a supplier withholding appropriate veterinary care from a sick or injured animal, but once treated with antibiotics, these animals may not enter our supply chain.</p>	<ul style="list-style-type: none"> Our suppliers for pork have committed to reduce and eliminate the use of antibiotics medically important to human health. At present approximately 3%-5% of our pigs are no antibiotics ever (NAE) by volume. 	<ul style="list-style-type: none"> The majority of the food service and restaurant industry antibiotic goals are focused on eliminating antibiotics medically important to human use. The group of companies committed to NAE is significantly smaller. As such, we face challenges as our collective purchasing power is not yet large enough to sway larger producers and suppliers to pursue NAE if they are not already doing so. To address this, we are actively partnering with our producers and suppliers to build a phased approach around their commitments to phase out medically important antibiotics and actively establish a pathway to NAE production in alignment with our goals.
●	<p>Phasing out physical alterations as a preventive measure, including for pigs; tail docking, castration, teeth clipping, and ear notching. When physical alterations are undertaken, pain management must be administered and/or best practices implemented.</p>	<ul style="list-style-type: none"> Approximately 25% of our supply is raised without the use of teeth clipping/grinding or ear notching, and is castrated before ten days of age. While most of our suppliers still currently tail dock their pigs, it is commonly performed before five days of age, with several suppliers also experimenting with providing pain relief during the procedure. Additionally, several pork suppliers have implemented pilot projects to test non-surgical castration of boars, and we are working with them to monitor the results. 	<ul style="list-style-type: none"> We are working in tandem with our suppliers and animal welfare partners to better understand current and emerging best practices, particularly around approved types of pain relief and proactive management strategies to help reduce/eliminate the need for physical alterations.
●	<p>Ensuring all pigs are housed in a group pen setting from birth as appropriate and are provided environmental enrichments.</p>	<ul style="list-style-type: none"> At present the majority of our suppliers house pigs in group housing, with approximately 10%-15% also provided with environmental enrichments, such as balls, chains, and toys. 	<ul style="list-style-type: none"> Additional work is being conducted to better understand the use of farrowing crates and/or pens by suppliers, and also to expand the use of environmental enrichments that have proven effective and engaging for the animals. The challenges and uncertainty with the current trade climate is making a number of producers reluctant to invest in new infrastructure or improved housing, making changes to farrowing and gestation crates/stalls, or certain environmental enrichments more difficult.

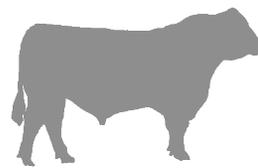


STATUS	GOAL	OUR PERFORMANCE	FUTURE OUTLOOK
●	Eliminating pig gestation crates from our supply chain by 2020.	<ul style="list-style-type: none"> ▪ At present approximately 18% of our supply is raised in gestation crates/stalls for less than 28 days, with another 5%-7% raised without the use of gestation crates/stalls at all. ▪ Overall the majority of our suppliers keep sows in gestation crates/stalls for less than 45 days. 	<ul style="list-style-type: none"> ▪ We are continuing to work with our suppliers to phase out gestation crates/stalls where they are still in use, and are also working to learn more from our suppliers who have been able to successfully transition to no use (zero days) of gestation crates/stalls. ▪ A challenge we continue to encounter is that there is not a commonly applied definition of gestation crate free in the industry or amongst our peers. While we believe gestation crate free to be zero days, some producers and peer companies define 30-60 days of sow confinement as “gestation crate free” or have switched to “group sow housing” with an undefined number of days of gestation crate use. Since this was not our intent, we are building from the currently recommended average of less than 28 days and are continuing to work with our suppliers towards zero days. ▪ We are continuing to encourage on-farm video monitoring of sow farms, and expect about 20%-30% coverage by the end of 2018.
●	Sourcing pigs free from added growth hormones and growth promoters.	<ul style="list-style-type: none"> ▪ At present approximately 6% of our pigs by volume meet this standard. 	<ul style="list-style-type: none"> ▪ We are continuing to work with our suppliers to better understand strategies and challenges to sourcing product free from growth hormones and promoters, particularly beta-agonists like ractopamine.
●	Ensuring our pigs come from suppliers who utilize a wholesome, quality, and holistic feed with no animal by-products.	<ul style="list-style-type: none"> ▪ We are continuing to work with our suppliers to ensure high quality and holistic feed, and are working to verify the specific feed types provided. 	



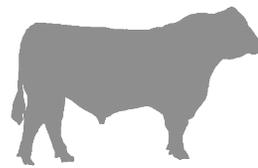
PIGS

STATUS	GOAL	OUR PERFORMANCE	FUTURE OUTLOOK
	<p>Ensuring that during transport, pigs are handled by trained staff using low stress handling techniques and that there is adequate space and thermal comfort for animals. Any sick, or injured animals, or animals that may have difficulty withstanding transport may not be transported without veterinary treatment.</p>	<ul style="list-style-type: none"> ▪ We understand live animal transport creates stress for the animals, and so ask our suppliers to implement training and programs (<i>Pork Quality Assurance (PQA +)</i>, <i>Transport Quality Assurance (TQA)</i>, <i>Pork Avenue, etc...</i>) as well as strategies and practices to lower the stress level and improve comfort for animals being transported to processing facilities. 	<ul style="list-style-type: none"> ▪ We are continuing to partner with our suppliers to gain visibility into the transportation process. Specifically, we are working to understand transport times to processing facilities, so as to better monitor and minimize pre-slaughter transport times, in line with expert animal welfare guidance.
	<p>Ensuring humane practices, such as controlled atmosphere stunning (CAS) or controlled atmosphere killing (CAK), are utilized prior to harvest, and support tools such as live video monitoring to ensure humane processing.</p>	<ul style="list-style-type: none"> ▪ Animals harvested by our suppliers and vendors are required to be rendered unconscious prior to slaughter in order for them to be insensible to pain and distress until death. ▪ At present we estimate that 5%-10% of our current supply by volume comes from CAS facilities. 	<ul style="list-style-type: none"> ▪ We are continuing to encourage our suppliers to utilize and invest in controlled atmosphere stunning (CAS), and are encouraging the continued adoption and use of third-party remote video monitoring for both sow farms and processing facilities.



BEEF CATTLE

STATUS	GOAL	OUR PERFORMANCE	FUTURE OUTLOOK
●	Sourcing antibiotic-free cattle, defined as no-antibiotics ever (NAE). We will not support a supplier withholding appropriate veterinary care from a sick or injured animal, but once treated with antibiotics, these animals may not enter our supply chain.	<ul style="list-style-type: none"> Our suppliers have committed to reduce and eliminate the use of antibiotics medically important to human health “shared class” antibiotics, which we estimate to have reduced shared class antibiotics by 20%. Additional specific data on antibiotic use will be available after September 4th when our data request period closes for our beef suppliers. 	<ul style="list-style-type: none"> The majority of the food service and restaurant industry antibiotic goals are focused on eliminating antibiotics medically important to human use. The group of companies committed to NAE is significantly smaller. As such, we face challenges as our collective purchasing power is not yet large enough to sway larger producers and suppliers to pursue NAE if they are not already doing so. To address this, we are actively partnering with our producers and suppliers to build a phased approach around their commitments to phase out medically important antibiotics and actively establish a pathway to NAE production in alignment with our goals.
●	Phasing out physical alterations as a preventive measure, including for beef cattle: dehorning, disbudding, ear notching, and castration. When physical alterations are undertaken, pain management must be administered and/or best practices implemented.	<ul style="list-style-type: none"> We have several suppliers who are currently rearing and processing beef cattle that are not subject to castration, ear notching, tail docking or dehorning procedures, but at present we do not know our overall percentage as our beef suppliers reporting period will close on September 4th. 	<ul style="list-style-type: none"> We are currently waiting for the close of the beef cattle data request to evaluate our alignment with the elimination of physical alternations. We will continue to partner with our suppliers to develop strategies for further implementing improved welfare practices related to physical alternations as a part of our supplier implementation guides.
●	Sourcing beef cattle free from added growth hormones and growth promoters.	<ul style="list-style-type: none"> We have several suppliers who are currently rearing and processing beef cattle for us that are free from growth hormones and promoters. Specific data will be available after the September 4th reporting period. 	<ul style="list-style-type: none"> We are continuing to learn from our suppliers who are raising beef cattle without the use of growth hormones and promoters, so that we can bring their efforts to our other beef cattle suppliers. We will be able to better share these practices after the data collection process in September.
●	Ensuring our cattle come from suppliers who utilize a wholesome, quality, and holistic feed with no animal by-products.	<ul style="list-style-type: none"> We are continuing to work with our suppliers to ensure high quality and holistic feed and are working to verify the specific feed types provided. 	



BEEF CATTLE

STATUS	GOAL	OUR PERFORMANCE	FUTURE OUTLOOK
	<p>Ensuring that during transport animals are handled by trained staff using low stress handling techniques and that there is adequate space and thermal comfort for animals. Any sick, or injured animals, or animals that may have difficulty withstanding transport may not be transported without veterinary treatment.</p>	<ul style="list-style-type: none"> ▪ Our beef suppliers and dairy suppliers where applicable adhere to North American Meat Institute (NAMI) as well as the Beef Quality Assurance (BQA) standards, National Cattlemen’s Beef Association (NCBA) certification program and others that train staff in handling, care, and transport. ▪ At present a number of our beef cattle suppliers are currently transporting from point of origin to slaughter in less than eight hours. 	<ul style="list-style-type: none"> ▪ We are continuing to partner with our suppliers to gain visibility into the transportation process. Specifically, we are working to better understand the transportation and journey times to processing facilities, so as to better monitor and minimize pre-slaughter transport times, in line with expert animal welfare guidance.
	<p>Ensuring humane practices, such as controlled atmosphere stunning (CAS) or controlled atmosphere killing (CAK), are utilized prior to harvest, and support tools such as live video monitoring to ensure humane processing.</p>	<ul style="list-style-type: none"> ▪ Animals including both beef cattle and dairy cows harvested for us by our suppliers and vendors are required to be rendered unconscious prior to slaughter so that they are insensible to pain and distress until death. ▪ The majority of our beef cattle are processed at facilities which include 3rd party remote video auditing (RVA) of animal welfare practices. 	<ul style="list-style-type: none"> ▪ We are working to better understand new research and best practices related to humane processing and are encouraging the continued adoption and use of third-party remote video auditing across the industry.



LAYING HENS

STATUS	GOAL	OUR PERFORMANCE	FUTURE OUTLOOK
●	Sourcing antibiotic-free eggs, defined as no-antibiotics ever (NAE). We will not support a supplier withholding appropriate veterinary care from a sick or injured animal, but once treated with antibiotics, these animals may not enter our supply chain.	<ul style="list-style-type: none"> ▪ At present due to the effective use of on-farm disease prevention strategies and vaccines, only a small percentage of our egg-laying flocks receive antibiotics and these are administered under the supervision of a veterinarian. ▪ Additional specific data on antibiotic use will be available after September 30th when our data request period closes for our egg suppliers. 	<ul style="list-style-type: none"> ▪ While these current efforts are an important step, we are continuing to work with our suppliers to source no antibiotics ever (NAE) products.
●	Phasing out physical alterations as a preventive measure, including for laying hens: beak trimming, dubbing, de-spurring, and de-toeing. When physical alterations are undertaken, pain management must be administered and/or best practices implemented.	<ul style="list-style-type: none"> ▪ We are working with our suppliers to better inventory their current use of physical alterations as a preventative measure, particularly around debeaking so as to develop strategies to identify and prevent incidences of feather pecking and cannibalism quickly. ▪ Specific data on physical alterations will be available after the September 30th reporting period closes for our egg suppliers. 	<ul style="list-style-type: none"> ▪ In addition to inventorying the use of physical alterations on laying hens in our supply chain, we are working to review emerging research and best practices, such as infrared technology for beak trimming.
●	Sourcing 100% cage-free eggs for restaurant operations by 2020, and for bakery operations by 2025.	<ul style="list-style-type: none"> ▪ We have continuously increased our percentage of cage-free eggs, and source approximately 20% for our restaurants as cage-free, with an additional number of suppliers also switching to cage-free eggs for products where eggs are a sub-ingredient. 	<ul style="list-style-type: none"> ▪ We are on track to achieve 100% cage-free eggs by 2020 for our restaurants and 2025 for our bakery, and are working with our suppliers as contracts come up for renewal or signature to increase the percentage of cage-free eggs.
●	Offering environmental enrichments (such as perches, litter, and pecking objects) for egg laying hens.	<ul style="list-style-type: none"> ▪ We have begun to engage and work with our supplier network and others such as World Animal Partnership (WAP) to define and implement the use of environmental enrichments, specifying the type, number, and placement of them. 	<ul style="list-style-type: none"> ▪ We are continuing to work with our suppliers and partners to implement enrichments, and will also seek to monitor their use and effectiveness.
●	Ensuring our eggs from laying hens come from suppliers who utilize a wholesome, quality, and holistic feed with no animal by-products.	<ul style="list-style-type: none"> ▪ Our suppliers currently provide a nutritious diet specifically designed to meet each hen's age-related needs and we are further working with them to ensure high quality and holistic feed. 	



BROILER CHICKENS

STATUS	GOAL	OUR PERFORMANCE	FUTURE OUTLOOK
●	<p>Sourcing antibiotic-free broiler chickens, defined as no-antibiotics ever (NAE). We will not support a supplier withholding appropriate veterinary care from a sick or injured animal, but once treated with antibiotics, these animals may not enter our supply chain.</p>	<ul style="list-style-type: none"> Our suppliers have made significant progress towards the elimination of antibiotics important to human health, and have begun to use a number of antibiotic alternatives. These include probiotics as well as essential oils/botanicals such as oregano, yucca, thyme, and pepper. Specific updates on the percentage of our supply that is no-antibiotics ever (NAE), as well as additional performance updates will be available after the September 30th reporting period closes for our chicken suppliers. 	<ul style="list-style-type: none"> The majority of the food service and restaurant industry antibiotic goals are focused on eliminating antibiotics medically important to human use. The group of companies committed to NAE is significantly smaller. As such, we face challenges as our collective purchasing power is not yet large enough to sway larger producers and suppliers to pursue NAE if they are not already doing so. To address this, we are actively partnering with our producers and suppliers to build a phased approach around their commitments to phase out medically important antibiotics and actively establish a pathway to NAE production in alignment with our goals.
●	<p>Phasing out physical alterations as a preventive measure including for broiler chickens: beak trimming, dubbing, caponization, de-spurring, and de-toeing. When physical alterations are undertaken, pain management must be administered and/or best practices implemented.</p>	<ul style="list-style-type: none"> At present physical alterations are not currently performed on the majority of our broiler chickens. 	<ul style="list-style-type: none"> We are working with our suppliers to better inventory the physical alterations used for broiler chickens that are kept on farms for longer periods, for purposes such as breeding.
●	<p>Ensuring that during transport animals are handled by trained staff using low stress handling techniques and that there is adequate space and thermal comfort for animals. Any sick, or injured animals, or animals that may have difficulty withstanding transport may not be transported without veterinary treatment.</p>	<ul style="list-style-type: none"> We ask suppliers to ensure staff responsible for transportation and transport equipment be trained in the proper handling of birds when catching, loading, unloading, and while in transit. Additionally, several of our suppliers have implemented third-party remote video auditing (RVA) programs to help monitor live bird handling and on average transport birds from point of origin to processing in less than 8 hours. 	<ul style="list-style-type: none"> We are continuing to partner with our suppliers to gain visibility into the transportation process. Specifically, we are working to better understand the transportation and journey times to processing facilities, so as to better monitor and minimize pre-slaughter transport times, in line with expert animal welfare guidance.
●	<p>Ensuring our broiler chickens come from suppliers who utilize a wholesome, quality, and holistic feed with no animal by-products.</p>	<ul style="list-style-type: none"> Our suppliers currently provide a nutritious diet specifically designed to meet each birds age-related needs and we are further working with them to ensure high quality and holistic feed. 	



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STATUS	GOAL	OUR PERFORMANCE	FUTURE OUTLOOK
	In alignment with Global Animal Partnership (GAP) 5-Step™ Animal Welfare Rating Standards for Chickens Raised for Meat v2.0, we are committed to:		
●	Purchasing broiler chickens raised without the use of fast growing practices or breeds.	<ul style="list-style-type: none"> We have begun to engage and work with our suppliers and other partners like World Animal Partnership (WAP) to transition to broiler chickens raised under higher welfare standards. 	<ul style="list-style-type: none"> As we continue to work with our suppliers to transition to higher welfare broiler chickens we are also researching new innovations and management practices focused on measuring and improving welfare outcomes, such as innovative on-farm video monitoring systems.
●	Lowering the maximum stocking density for broiler chickens, equal to or less than 6 pounds per square foot within supplier's operations.		
●	Offering environmental enrichments (such as lighting, perches, litter, and pecking objects) for broiler chickens.	<ul style="list-style-type: none"> This includes engaging and working with our suppliers and other partners such as WAP to define and implement the use of environmental enrichments, specifying the type, number, and placement of them to support natural behavior. 	<ul style="list-style-type: none"> We are continuing to work with our suppliers and partners to implement enrichments, and will also seek to monitor their use and effectiveness.
●	Expanding humane slaughter practices of CAS/CAK to include the elimination of live shackling/live dumping.	<ul style="list-style-type: none"> Animals harvested by our suppliers and vendors are required to be rendered unconscious prior to slaughter in order for them to be insensible to pain and distress until death. At present controlled atmosphere stunning (CAS) is being piloted at two new supplier processing facilities plants. 	<ul style="list-style-type: none"> We are continuing to encourage our suppliers to utilize and invest in CAS.

VEAL CALVES

STATUS	GOAL	OUR PERFORMANCE	FUTURE OUTLOOK
●	Eliminating the use of confinement crates for veal calves by 2017.	<ul style="list-style-type: none"> At present time, we do not source veal or veal products. However, we understand that as an innovative company, we are constantly updating and evolving our menu. Should we source veal or veal product in the future, we will source from producers that do not utilize confinement crates. 	