

Shake Shack Inc.  
Form DEF 14A  
April 26, 2018

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

SHAKE SHACK INC.

(Exact name of registrant as specified in its charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

April 26, 2018

To Our Stockholders:

You are cordially invited to attend the 2018 Annual Meeting of Stockholders of Shake Shack Inc., which will be held virtually on June 12, 2018, at 9:00 a.m. Eastern time. The Annual Meeting can be accessed by visiting [www.virtualshareholdermeeting.com/SHAK2018](http://www.virtualshareholdermeeting.com/SHAK2018), where you will be able to listen to the meeting live, submit questions, and vote online. We believe that a virtual stockholder meeting provides greater access to those who may want to attend and therefore have chosen this over an in person meeting.

Instructions regarding how to attend the meeting online and details concerning the matters expected to be acted upon at the meeting are described in detail in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

Your vote is important. Please cast your vote as soon as possible over the Internet, by telephone, or by completing and returning the enclosed proxy card in the postage-prepaid envelope so that your shares are represented. Your vote will mean that you are represented at the Annual Meeting regardless of whether or not you join the meeting. Returning the proxy does not deprive you of your right to attend the meeting online and to vote your shares during the Annual Meeting.

We look forward to your attendance at the meeting.

Sincerely

/s/ Randy Garutti  
Randy Garutti  
Chief Executive Officer



SHAKE SHACK INC.  
225 VARICK STREET, SUITE 301  
NEW YORK, NEW YORK 10014

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Stockholders of Shake Shack Inc. will be held virtually on June 12, 2018, at 9:00 a.m. Eastern time. The Annual Meeting can be accessed by visiting [www.virtualshareholdermeeting.com/SHAK2018](http://www.virtualshareholdermeeting.com/SHAK2018), where you will be able to listen to the meeting live, submit questions, and vote online for the following purposes:

1. To elect the two directors named in the Proxy Statement as Class III directors of Shake Shack Inc., each to serve for three years and until his or her successor has been elected and qualified, or until his or her earlier death, resignation or removal.

2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 26, 2018.

3. To conduct an advisory vote on the compensation of Named Executive Officers.

4. To conduct an advisory vote on the frequency of future advisory votes on the compensation of Named Executive Officers.

5. To transact such other business as may properly come before the meeting or any adjournment or postponement hereof. The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

Beginning on or about April 26, 2018, we will send to our stockholders a Notice of Internet Availability of Proxy Materials with instructions on how to access our proxy materials over the Internet and how to vote your shares and how to attend the Annual Meeting virtually. If you did not receive such Notice, you may elect to receive future notices, proxy materials and annual reports electronically through the Internet by following the instructions in this Proxy Statement. Only stockholders of record at the close of business on April 17, 2018 are entitled to notice of, and to vote at, the meeting or any adjournment or postponement thereof.

By Order of the Board of Directors

/s/ Ron Palmese

Ron Palmese

Senior Vice President, General Counsel  
and Corporate Secretary

New York, New York

April 26, 2018

**Whether or not you expect to attend the meeting, please vote via the Internet, by telephone, or complete, date, sign and promptly return a proxy card so that your shares may be represented at the meeting.**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 12, 2018: THIS PROXY STATEMENT AND THE ANNUAL REPORT ARE AVAILABLE AT [WWW.PROXYVOTE.COM](http://WWW.PROXYVOTE.COM) AND [INVESTOR.SHAKESHACK.COM](http://INVESTOR.SHAKESHACK.COM).**

SHAKE SHACK INC.  
Proxy Statement  
For the Annual Meeting of  
Stockholders To Be Held on June 12, 2018

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SHAKE SHACK INC.  
225 VARICK STREET, SUITE 301  
NEW YORK, NEW YORK 10014

## PROXY STATEMENT

### The Meeting

The Board of Directors (the “**Board of Directors**” or the “**Board**”) of Shake Shack Inc., a Delaware corporation (“**Shake Shack**” or the “**Company**”), is soliciting proxies for use at the 2018 Annual Meeting of Stockholders (the “**Annual Meeting**”) to be held virtually on June 12, 2018, at 9:00 a.m. Eastern time. The Annual Meeting can be accessed by visiting [www.virtualshareholdermeeting.com/SHAK2018](http://www.virtualshareholdermeeting.com/SHAK2018), where you will be able to listen to the meeting live, submit questions, and vote online. The Notice of Internet Availability of Proxy Materials was first furnished to stockholders on or about April 26, 2018. Electronic copies of this Proxy Statement and the Annual Report for the year ended December 27, 2017 are available at [www.proxyvote.com](http://www.proxyvote.com) and [investor.shakeshack.com](http://investor.shakeshack.com).

### Voting Rights, Quorum and Required Vote

Only holders of record of our common stock at the close of business on April 17, 2018 (the “**Record Date**”) will be entitled to vote at the Annual Meeting. At the close of business on the Record Date, we had 27,630,728 shares of Class A common stock outstanding and entitled to vote and 9,220,236 shares of Class B common stock outstanding and entitled to vote. Holders of the Company’s Class A common stock and Class B common stock are entitled to one vote for each share held as of the Record Date. A quorum is required for our stockholders to conduct business at the Annual Meeting. The holders of a majority in voting power of all issued and outstanding stock entitled to vote at the Annual Meeting, present or represented by proxy, will constitute a quorum for the transaction of business. Your shares are counted as present at the Annual Meeting if you are present and vote online at the Annual Meeting or if you have properly submitted a proxy. Abstentions and “broker non-votes” (as defined below) will be counted in determining whether there is a quorum.

For Proposal No. 1 - Election of Directors, directors will be elected by a plurality of the votes of the shares of common stock cast at the Annual Meeting, which means that the two nominees receiving the highest number of “for” votes will be elected. Withheld votes and broker non-votes will have no effect on Proposal No. 1.

Proposal No. 2 - Ratification of Appointment of Independent Registered Public Accounting Firm, requires the affirmative vote of the holders of a majority in voting power of the stock entitled to vote at the Annual Meeting,

present at the Annual Meeting or represented by proxy. Abstentions will count the same as votes against Proposal No. 2. There will be no broker non-votes with respect to Proposal No. 2 because a broker may exercise its discretion to vote for or against the proposal in the absence of instruction from its clients.

Proposal No. 3 - Approval (on an advisory basis) of the Compensation of the Named Executive Officers. In order to be approved on an advisory basis, this proposal must receive the affirmative vote the holders of a majority in voting power of the stock entitled to vote at the Annual Meeting, present at the Annual Meeting or represented by proxy. Abstentions will count the same as votes against Proposal No. 3. Broker non-votes will have no effect on Proposal No. 3.

Proposal No. 4 - Selection (on an advisory basis) of the Frequency of Future Advisory Votes on the Compensation of our Named Executive Officers. Approval of a frequency requires votes for that frequency from the holders of a majority in voting power of the stock entitled to vote at the Annual Meeting, present at the Annual Meeting or represented by proxy. Because stockholders have four choices (one year, two years, three years or abstain) on the advisory approval of a frequency of future votes on the compensation of the

Company's Named Executive Officers, it is possible that no frequency will receive a majority vote. If no frequency receives the affirmative vote of a majority of the shares entitled to vote and present at the Annual Meeting or represented by proxy, our Board intends to regard the frequency receiving the greatest number of votes as the recommendation of our stockholders. Abstentions will be counted as shares present and entitled to vote on this proposal and will have the same effect as a vote against each frequency. Broker non-votes will not be counted as shares present and entitled to vote. We will consider the frequency that receives the highest number of votes cast by stockholders to be the frequency that has been selected by stockholders. However, because this vote is advisory and non-binding on us or our Board in any way, our Board may decide that it is in our and our stockholders' best interests to hold an advisory vote on executive compensation more or less frequently than the option selected by our stockholders.

### Voting Your Shares

If you are a registered holder, meaning that you hold our stock directly (not through a bank, broker or other nominee), you may vote online at the Annual Meeting, by telephone or electronically through the Internet by following the instructions included on your Notice of Internet Availability of Proxy Materials or proxy card, or by completing, dating, signing and promptly returning your proxy card. All signed, returned proxies that are not revoked will be voted in accordance with the instructions contained therein. Signed proxies that give no instructions as to how they should be voted on a particular proposal at the Annual Meeting will be counted as votes "for" such proposal, in the case of the election of the Class III directors, as a vote "for" election of each of the nominees presented by the Board, and in the case of Proposal No. 4, for holding future advisory votes on the compensation of our Named Executive Officers every "one year."

In order to vote via the virtual meeting website, any registered holder can attend the Annual Meeting by visiting [www.virtualshareholdermeeting.com/SHAK2018](http://www.virtualshareholdermeeting.com/SHAK2018), where stockholders may vote and submit questions during the meeting. The meeting starts at 9:00 a.m. Eastern time. Please have your 16-Digit Control Number to join the Annual Meeting. Instructions on how to attend and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at [www.proxyvote.com](http://www.proxyvote.com).

If your shares are held through a bank, broker or other nominee, you are considered the beneficial owner of those shares. You may be able to vote by telephone or electronically through the Internet in accordance with the voting instructions provided by that nominee. You may also vote by completing, dating, signing and promptly returning the voting instruction form sent by that nominee. You must obtain a legal proxy from the nominee that holds your shares if you wish to vote online at the Annual Meeting. If you do not provide voting instructions to your broker in advance of the Annual Meeting, New York Stock Exchange rules grant your broker discretionary authority to vote on "routine" proposals. Where a proposal is not "routine," a broker who has received no instructions from its clients does not have discretion to vote its clients' uninstructed shares on that proposal, and the unvoted shares are referred to as "broker non-votes." For the Annual Meeting, Proposals No. 1, 3 and 4 are not considered a "routine" proposal, and Proposal No. 2 is considered a "routine" proposal.

In the event that sufficient votes in favor of the proposals are not received by the date of the Annual Meeting, the Chairman of the Annual Meeting may adjourn the Annual Meeting to permit further solicitations of proxies.

The telephone and Internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to give their voting instructions and to confirm that stockholders' instructions have been recorded properly. Stockholders voting via the telephone or Internet should understand that there may be costs associated with telephonic or electronic access, such as usage charges from telephone companies and Internet access providers, which must be borne by the stockholder.

## Expenses of Solicitation

The expenses of any solicitation of proxies to be voted at the Annual Meeting will be paid by the Company. Following the original mailing of the proxies and other soliciting materials, the Company and its directors, officers or employees (for no additional compensation) may also solicit proxies in person, by telephone or email. Following the original mailing of the proxies and other soliciting materials, the Company will request that banks, brokers and other nominees forward copies of the proxy and other soliciting materials to persons for whom they hold shares of common stock and request authority for the exercise of proxies. We will reimburse banks, brokers and other nominees for reasonable charges and expenses incurred in forwarding soliciting materials to their clients.

## Revocability of Proxies

Any person submitting a proxy has the power to revoke it prior to the Annual Meeting or at the Annual Meeting prior to the vote. A proxy may be revoked by a writing delivered to the Company stating that the proxy is revoked, by a subsequent proxy that is submitted via telephone or Internet no later than 11:59 p.m. (New York City time) on June 11, 2018, by a subsequent proxy that is signed by the person who signed the earlier proxy and is delivered before or at the Annual Meeting, or by attendance at the Annual Meeting and voting online. If you are a beneficial owner and wish to change any of your previously provided voting instructions, you must contact your bank, broker or other nominee directly.

## Delivery of Documents to Stockholders Sharing an Address

We have adopted a procedure approved by the Securities and Exchange Commission (“SEC”) called “householding” under which multiple stockholders who share the same address will receive only one copy of the Annual Report, Proxy Statement, or Notice of Internet Availability of Proxy Materials, as applicable, unless we receive contrary instructions from one or more of the stockholders. If you wish to opt out of householding and receive multiple copies of the proxy materials at the same address, you may do so by notifying us by telephone at (844) 742-2504, by email at investor@shakeshack.com, or by mail at Shake Shack Inc. at 225 Varick Street, Suite 301, New York, New York 10014, and we will promptly deliver the requested materials. You also may request additional copies of the proxy materials by notifying us by telephone or in writing at the same telephone number, email address, or address. If you are currently receiving multiple copies of the proxy materials and wish to receive only one copy at the same address, then please notify us by telephone or in writing at the same telephone number, email address, or address. Stockholders with shares registered in the name of a brokerage firm or bank may contact their brokerage firm or bank to request information about householding.

## **Electronic Delivery of Proxy Materials to Stockholders**

Beginning on or about April 26, 2018, we mailed or e-mailed to our stockholders a Notice of Internet Availability of Proxy Materials with instructions on how to access our proxy materials over the Internet and how to vote. If you received such Notice and would prefer to receive paper copies of the proxy materials, or if you received paper copies of the proxy materials and would prefer to receive a notice for future annual meetings, you may notify us by telephone, email or mail at the telephone number, email address and mailing address provided above.

## **Our Structure and Certain Defined Terms**

Shake Shack was formed for the purpose of facilitating an initial public offering and other related transactions in order to carry on the business of SSE Holdings, LLC and its subsidiaries (“**SSE Holdings**”). Shake Shack is a holding company with no direct operations and our principal asset is our equity interest in

SSE Holdings. We have a majority economic interest in, the sole voting interest in, and control the management of, SSE Holdings.

As used in this Proxy Statement, unless the context otherwise requires:

“**IPO**” refers to the Company’s initial public offering, which closed on February 4, 2015.

“**LLC Interests**” refers to the single class of common membership interests of SSE Holdings.

“**Voting Group**” refers collectively to (i) Daniel Meyer, (ii) the Daniel H. Meyer Investment Trust (the “**Investment Trust**”), (iii) the Daniel H. Meyer 2012 Gift Trust U/A/D 10/31/12 (the “**Gift Trust**”), of which Mr. Meyer’s spouse is a trustee and beneficiary, and (iv) Gramercy Tavern Corp., which is controlled by Mr. Meyer, which we refer to as “**GT**,” which, together with Mr. Meyer, the Investment Trust and the Gift Trust, we refer to collectively as the “**Meyer Group**,” (v) certain affiliates of Leonard Green & Partners, L.P., which we refer to as “**LGP**,” and (vi) certain other owners of SSE Holdings at the time of the IPO who are parties to the Stockholders Agreement, as amended, as described in “Certain Relationships and Related Party Transactions—The IPO and Other Organizational Transactions—Stockholders Agreement” in this Proxy Statement. Until June 20, 2016, the Voting Group held Class A common stock and Class B common stock representing in the aggregate a majority of the combined voting power of our common stock.

## Proposal No. 1 - Election of Directors

The Company's Board of Directors is presently comprised of eight members who are divided into three classes designated as Class I, Class II and Class III. One class of directors is elected by the stockholders at each annual meeting to serve a three-year term. Class I directors consist of Anna Fieler, Jeff Flug and Daniel Meyer; Class II directors consist of Randy Garutti, Joshua Silverman and Jonathan D. Sokoloff; and Class III directors consist of Jenna Lyons and Robert Vivian.

Class III directors standing for re-election at the Annual Meeting are Jenna Lyons and Bert Vivian. Class I directors will stand for re-election at the 2019 annual meeting of stockholders and Class II directors will stand for re-election at the 2020 annual meeting of stockholders.

Each of the nominees for election to Class III is currently a director of the Company. If elected at the Annual Meeting, each of the nominees would serve for three years and until his successor is duly elected and qualified, or until such director's earlier death, resignation or removal. If any of the nominees is unable to serve or for good cause will not serve (a contingency which the Board does not expect to occur), the proxies will be voted for a substitute nominee chosen by the present Board. In such situation and in any other situation in which a nominee will not serve, the present Board may also (i) reduce the size of the Board or (ii) maintain the size of the Board and the stockholders may vote for a substitute nominee chosen by the present Board to fill the vacancy or vote for just the remaining nominee or nominees, leaving a vacancy or vacancies that may be filled at a later date by the Board.

The names of the nominees for election as Class III directors at the Annual Meeting and of the incumbent Class I and Class II directors, and certain information about them, including their ages as of the Record Date, are included below.

Director Nominees	Class	Age	Position	Year Elected to Current Term	Current Term Expiration	Expiration of Term for which Nominated
Jenna Lyons <sup>(1)</sup>	III	49	Director	2015	2018	2021
Robert Vivian <sup>(2)</sup>	III	59	Director	2015	2018	2021
<b>Continuing Directors</b>						
Daniel Meyer <sup>(3)</sup>	I	60	Chairman of the Board of Directors	2016	2019	-
Anna Fieler <sup>(4)</sup>	I	46	Director	2017	2019	-
Jeff Flug <sup>(5)</sup>	I	55	Director	2016	2019	-
Randy Garutti	II	43	Chief Executive Officer and Director	2017	2020	-
Joshua Silverman <sup>(6)</sup>	II	49	Director	2017	2020	-
Jonathan D. Sokoloff <sup>(4)</sup>	II	60	Director	2017	2020	-



- (1) Member of the Nominating and Corporate Governance Committee and Compensation Committee.
- (2) Chairperson of the Audit Committee and the Compensation Committee.
- (3) Chairman of the Board.
- (4) Member of the Compensation Committee.
- (5) Chairperson of the Nominating and Corporate Governance Committee and member of the Audit Committee.
- (6) Member of the Nominating and Corporate Governance Committee and the Audit Committee.

Nominees for Election as Class III Directors

**Jenna Lyons** has served on the Board of Directors of Shake Shack since December 2014. Ms. Lyons served as the President, Executive Creative Director of J.Crew Group, Inc. from July 2010 until her resignation from the company in April 2017, and before that served as Executive Creative Director since April 2010. Prior to that, she was Creative Director since 2007 and, before that, was Senior Vice President of Women's Design since 2005. Ms. Lyons joined J.Crew Group, Inc. in 1990 as an Assistant Designer and has held a variety of positions within J.Crew Group, Inc., including Designer from 1994 to 1995, Design Director from 1996 to 1998, Senior Design Director in 1999, and Vice President of Women's Design from 1999 to 2005. Ms. Lyons is currently a member of the board of directors of the Council of Fashion Designers of America, a not-for-profit organization. Ms. Lyons brings to her service on our Board of Directors deep knowledge and experience in leadership of complex organizations and retail businesses.

**Robert Vivian** has served on the Board of Directors of Shake Shack since June 2010. Mr. Vivian served as the Co-Chief Executive Officer of P.F. Chang's China Bistro from January 2009 until his retirement from the company in December 2011. Prior to that time, he served as P.F. Chang's President from December 2000 through January 2009 and as its Chief Financial Officer from 1996 through December 2000. Mr. Vivian previously served as a director of P.F. Chang's China Bistro from January 2009 through April 2011. Before joining P.F. Chang's, Mr. Vivian served in a variety of positions with Brinker International, Inc. Mr. Vivian brings to his service on our Board of Directors a breadth of financial and operational leadership experience in the hospitality business and board practices of other major corporations.

Continuing Directors

**Daniel Meyer** has served as the Chairman of the Board of Directors of Shake Shack since January 2010. Mr. Meyer is the founder and Chief Executive Officer of Union Square Hospitality Group ("USHG"), which owns and operates the following restaurants: Union Square Cafe, Gramercy Tavern, Blue Smoke, Jazz Standard, The Modern, the Cafes at MOMA, Maialino, Untitled, Studio Cafe, North End Grill, Porchlight, Marta, Cafe Marchio, Vini E Fritti, Martina, and Daily Provisions; and an event services business, Union Square Events. The restaurants have earned 28 James Beard Awards among them. Mr. Meyer co-authored the best-selling *Union Square Cafe Cookbook* and authored the New York Times bestseller *Setting the Table: The Transforming Power of Hospitality in Business*. Mr. Meyer is currently a member of the board of directors of Olo and Tender Greens as well as the following not-for-profit organizations: Share Our Strength, Madison Square Park Conservancy and the Irving Harris Foundation. Mr. Meyer previously served as a member of the board of directors of The Container Store from 2013 to 2017, Sotheby's from 2011 to 2015 and OpenTable from 2000 through 2014, as well as the following not-for-profit organizations: City Harvest, New Yorkers for Parks, Union Square Partnership and NYC & Co. Mr. Meyer brings to his service on our Board of Directors a deep understanding of our business derived from his leadership role in our founding and our subsequent growth, and his long career in hospitality, and a particular knowledge and experience in strategic planning and leadership of complex organizations, hospitality businesses and board practices of other major corporations.

**Anna Fieler** has served on the Board of Directors of Shake Shack since December 2017. Ms. Fieler has over 20 years of marketing leadership experience with particular expertise in leading organizations through disruptive technology transformations. Ms. Fieler served as the Chief Marketing Officer of POPSUGAR Inc, a leading digital lifestyle media company, from June 2014 until her resignation from the company in March 2018. She previously served as Chief Marketing Officer for ItsOn, developing and launching a consumer mobile interface on its cloud-based platform, from November 2013 to January 2014. Ms. Fieler's other marketing leadership experiences include serving as Chief Marketing Officer at Stella & Dot, a global fashion and accessories company, from September 2011 to June 2012, and VP and Head of Marketing at Tiny Prints, which was acquired by Shutterfly Inc in March of 2011, from March 2009 to September 2011. She has also served various general management and marketing leadership roles at eBay from 2001-2007. Ms. Fieler began

her career in traditional advertising at Ogilvy & Mather in 1995. Ms. Fieler graduated magna cum laude with a B.A. degree in Psychology from Brown University in 1995, and received her M.B.A. from Harvard Business School in 2000. Ms. Fieler currently serves on the board of Girls Leadership, a non-profit organization. Ms. Fieler brings to her service on the Board of Directors deep knowledge in digital marketing and experience in innovation.

**Jeff Flug** has served on the Board of Directors of Shake Shack since January 2010. Mr. Flug has over 25 years of leadership and management experience primarily in the financial industry, as well as in the non-profit sector. After graduating from the University of Massachusetts/Amherst in 1984, with a B.B.A. in Accounting, *summa cum laude*, Mr. Flug began his career as an accountant at PricewaterhouseCoopers where he attained his C.P.A. in 1986. Mr. Flug attended Columbia Business School, where he received his M.B.A. in Finance in 1988. In 1988, Mr. Flug joined Goldman, Sachs & Co., and ultimately served as a Managing Director and Head of Fixed Income Financial Futures and Options Sales. In 2000, Mr. Flug became the Head of North America Fixed Income Institutional Sales for JPMorgan Chase & Co. In 2006, Mr. Flug served as CEO and Executive Director for Millennium Promise, a not-for-profit organization whose mission is to end extreme poverty and malaria in Africa. Mr. Flug served as USHG's Chief Financial Officer and Chief Operating Officer from December 2009 until January 2011, and as USHG's President from January 2011 until his retirement from the company in June 2015. Mr. Flug currently serves as a board member of Pennant Park Investment Corporation and Pennant Park Floating Rate Capital Limited. Mr. Flug previously served as a member of the board of directors of USHG from 2009 until his retirement from the company in June 2015 and Sears Hometown & Outlet Stores and the Mountain School of Milton Academy, both from 2012 until 2015. Mr. Flug brings to his service on our Board of Directors a broad base of financial experience and particular knowledge and experience in strategic planning and leadership of complex organizations.

**Randy Garutti** has served as Shake Shack's Chief Executive Officer and on the Board of Directors since April 2012. Prior to becoming Chief Executive Officer, Mr. Garutti served as Chief Operating Officer of SSE Holdings since January 2010. Prior to leading Shake Shack, Mr. Garutti was the Director of Operations for USHG, of which Mr. Meyer is the Chief Executive Officer and Chairman, overseeing the operations for all its restaurants. In addition, Mr. Garutti served as General Manager of Union Square Cafe and Tabla, both of which won numerous accolades in the hospitality industry. Mr. Garutti graduated from Cornell University's School of Hotel Administration in 1997. Mr. Garutti currently serves on the board of directors of Square, Inc. Mr. Garutti also is a member of the board of directors of the Columbus Avenue Business Improvement District, a not-for-profit organization. Mr. Garutti brings to his service on our Board of Directors his experience in the leadership, development and growth of our business, and his particular knowledge and broad experience in the hospitality business.

**Joshua Silverman** has served on the Board of Directors of Shake Shack since November 2016. Mr. Silverman currently serves as CEO of Etsy, Inc., a position he has held since May 2017. Mr. Silverman served as Executive in Residence for Greylock Partners, a venture capital firm, from October 2015 to April 2017. He previously held this position from October 2010 through June 2011. From June 2011 to December 2015, Mr. Silverman served as President of Consumer Products and Services at American Express. Prior to joining American Express, Mr. Silverman served as CEO of Skype from February 2008 until September 2010. From July 2006 until March 2008, Mr. Silverman served as CEO of Shopping.com, an eBay company, and, from December 2003 until June 2006, Mr. Silverman served as Managing Director of Markplaats.nl & eBay NL, a Dutch subsidiary of eBay. Mr. Silverman is the co-founder of

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Evite, Inc., and served as its CEO from December 1998 until its sale in May 2001. Mr. Silverman received his B.A. in Public Policy from Brown University in 1991 and his M.B.A. from Stanford University Graduate School of Business in 1997. Mr. Silverman currently serves on the board of directors of Etsy Inc., as well as the following not-for-profit organizations: ScriptEd.org, which equips students in under-resourced schools with both fundamental coding skills and professional experiences, and Clubbed Thumb Theater. He also served on the Consumer Advisory Board of the Consumer Financial Protection Bureau from 2012 to 2015. Mr. Silverman was selected to our

Board of Directors because he possesses particular knowledge and experience in strategic planning and leadership of complex organizations.

*Jonathan D. Sokoloff* has served on the Board of Directors of Shake Shack since December 2012. Mr. Sokoloff is currently a Managing Partner with LGP, which he joined in 1990. Before joining LGP, he was a Managing Director in Investment Banking at Drexel Burnham Lambert since 1985. Mr. Sokoloff serves as a member of the board of directors of the parent holding companies of Advantage Solutions and Jetro Cash & Carry and serves as a member of the board of directors of The Container Store, USHG, J.Crew, Jo-Ann Stores, Signet Jewelers Limited and Top Shop/Top Man Limited. He is a trustee of his alma mater, Williams College, as well as a trustee of the Los Angeles County Museum of Art and a director of the Melanoma Research Alliance. Mr. Sokoloff brings to his service on our Board of Directors particular knowledge and experience in finance, and his broad-based experience in the leadership of retail businesses and the board practices of other major corporations.

**The Board of Directors recommends a vote FOR the election of each of the nominated directors.**

## CORPORATE GOVERNANCE

### Composition of our Board of Directors

In accordance with our amended and restated certificate of incorporation and the amended and restated bylaws, our Board of Directors consists of eight members and is divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. The authorized number of directors may be changed by resolution of the Board of Directors. Vacancies on the Board of Directors can be filled by resolution of the Board of Directors. Daniel Meyer serves as the Chairman of our Board of Directors. We believe the following directors are independent as required by the rules of the New York Stock Exchange: Anna Fieler, Jeff Flug, Jenna Lyons, Joshua Silverman, Jonathan D. Sokoloff and Robert Vivian. Anna Fieler, Jeff Flug and Daniel Meyer are the Class I directors and their terms will expire in 2019. Randy Garutti, Joshua Silverman and Jonathan D. Sokoloff are the Class II directors and their terms will expire in 2020. Jenna Lyons and Robert Vivian are the Class III directors and their terms will expire in 2018. The division of our Board of Directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Pursuant to the Stockholders Agreement, described under “Certain Relationships and Related Party Transactions—The IPO and Other Organizational Transactions—Stockholders Agreement,” the Meyer Group is entitled to designate individuals to be included in the slate of nominees recommended by our Board of Directors, for election to our Board of Directors at each annual or special meeting at which directors are to be elected, as follows: so long as the Meyer Group owns in the aggregate (i) at least 50% of the total outstanding shares of our Class A common stock and Class B common stock that it owned immediately following the IPO, it will be entitled to nominate a number of individuals that, if elected, will result in there being five directors on the Board of Directors who are deemed to have been designated by the Meyer Group, (ii) less than 50%, but at least 25%, of the total outstanding shares of our Class A common stock and Class B common stock that it owned immediately following the IPO, it will be entitled to nominate a number of individuals that, if elected, will result in there being four directors on the Board of Directors who are deemed to have been designated by the Meyer Group, (iii) less than 25%, but at least 10%, of the total outstanding shares of our Class A common stock and Class B common stock that it owned immediately following the IPO, it will be entitled to nominate a number of individuals that, if elected, will result in there being two directors on the Board of Directors who are deemed to have been designated by the Meyer Group, and (iv) less than 10%, but at least 5%, of the total outstanding shares of our Class A common stock and Class B common stock that it owned immediately following the IPO, it will be entitled to nominate a number of individuals that, if elected, will result in there being one director on the Board of Directors who is deemed to have been designated by the Meyer Group. As of the Record Date, the Meyer Group owns at least 50% of the total outstanding shares of our Class A common stock and Class B common stock that it owned immediately following the IPO.

Each of LGP and Select Equity Group (“**SEG**”) was entitled to nominate one director on the Board of Directors who is deemed to have been designated by LGP or SEG, so long as LGP or SEG owns, in the aggregate, at least 50% of the

total outstanding shares of Class A Common Stock and Class B common stock that it owned immediately following the IPO. As of the Record Date, LGP's ownership is below the 50% level; as of the record date prior to the most recent annual meeting of stockholders, SEG's ownership was below the 50% level. Accordingly, neither LGP nor SEG currently is entitled to nominate director candidates to our Board pursuant to the Stockholders Agreement.

For purposes of the Stockholders Agreement, the Meyer Group designated Mr. Meyer, Mr. Garutti, Mr. Flug, Ms. Lyons and Mr. Vivian as its nominees. The Meyer Group may only designate an individual or individuals to the extent its designee(s) is up for election at an annual meeting. Pursuant to the Stockholders Agreement, the members of the Voting Group, which as of the Record Date collectively hold 30% of the



combined voting power of the Company, have agreed to vote their shares for Ms. Lyons and Mr. Vivian, each as nominated by the Meyer Group.

#### Leadership Structure of the Board of Directors

The positions of Chairman of the Board and Chief Executive Officer are presently separated. We believe this arrangement, at this time, allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Chairman of the Board to lead the Board of Directors in its fundamental role of providing advice to and independent oversight of management. Our bylaws and corporate governance guidelines, which do not require that our Chairman and Chief Executive Officer positions be separate, allow our Board to determine the board leadership structure that is appropriate for us at any given point in time, taking into account the dynamic demands of our business, our senior executive personnel, and other factors.

#### **Presiding Director**

The Board of Directors has created the position of presiding director (“**Presiding Director**”) to serve as the lead non-management director of the Board. Each independent director serving on the Board shall take turns serving as the Presiding Director on a rotating basis. The Presiding Director position will be rotated among the independent directors, in alphabetical order of last name, effective the first day of each calendar quarter. Our Presiding Director at the time of the Annual Meeting is Anna Fieler.

The Presiding Director has the power and authority to do the following: (1) to preside at all meetings of non-management directors when they meet in executive session without management participation; (2) to set agendas, priorities and procedures for meetings of non-management directors meeting in executive session without management participation; (3) to generally assist the Chairman of the Board; (4) to add agenda items to the established agenda for meetings of the Board; (5) to request access to the Company’s management, employees and its independent advisers for purposes of discharging his or her duties and responsibilities as a director; and (6) to retain independent outside financial, legal or other advisors at any time, at the expense of the Company, on behalf of the Board or any committee or subcommittee of the Board.

#### **Communications by Stockholders and Other Interested Parties with the Board of Directors**

Stockholders and other interested parties may contact an individual director, the Presiding Director, the Board as a group, or a specified Board committee or group, including the non-management directors as a group, by sending regular mail to Board of Directors, Shake Shack Inc., 225 Varick Street, Suite 301, New York, New York 10014, Attention: Corporate Secretary, or by email at [investor.shakeshack.com](mailto:investor.shakeshack.com).

Each communication should specify the applicable addressee or addressees to be contacted, as well as the general topic of the communication. The Company initially will receive and process communications before forwarding them to the addressee. The Company also may refer communications to other departments at the Company. The Company generally will not forward to the directors a communication that is primarily commercial in nature, relates to an improper or irrelevant topic, or requests general information regarding the Company.

#### Board Committees

Our Board of Directors has three standing committees: an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. Each of these Committees reports to the Board of Directors as they deem appropriate, and as the Board of Directors may request. The composition, duties and responsibilities of these Committees are described below. In the future, our Board of Directors may establish other committees, as it deems appropriate, to assist it with its responsibilities.

Pursuant to the terms of the Stockholders Agreement, the Meyer Group currently has the right to designate fifty percent (50%) of the members of each committee of the Board of Directors because it has the right to designate at least four individuals for nomination to the Board of Directors. If the Meyer Group has the right to designate between one and three individuals for nomination to the Board of Directors, the Meyer Group will have the ability to designate at least one-third, but in no event fewer than one, of the members of each committee of the Board of Directors.

#### Audit Committee

The Audit Committee operates under a written charter adopted by the Board of Directors. The charter contains a detailed description of the scope of the Audit Committee's responsibilities and how they will be carried out. The Audit Committee's charter is available on our website at [investor.shakeshack.com](http://investor.shakeshack.com), under "Governance Documents." The primary responsibilities of the Audit Committee are to (i) assist the Board of Directors in fulfilling its oversight and monitoring responsibility of reviewing the financial information that will be provided to stockholders; (ii) appoint, compensate, retain, evaluate, terminate and oversee our independent registered public accounting firm; (iii) discuss with our independent registered public accounting firm their independence from management; (iv) review with our independent registered public accounting firm the scope and results of their audit; (v) approve all audit and permissible non-audit services to be performed by our independent registered public accounting firm; (vi) oversee the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC; (vii) review and monitor our accounting principles, accounting policies, financial and accounting controls and compliance with legal and regulatory requirements; and (viii) establish procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

Our Audit Committee consists of Robert Vivian, Jeff Flug and Josh Silverman, with Mr. Vivian serving as chair. As required by Rule 10A-3 of the Exchange Act and the New York Stock Exchange rules, each of Messrs. Vivian, Flug and Silverman meet the definition of "independent director" for purposes of serving on an audit committee. In addition, the Board of Directors has determined that each of Messrs. Vivian and Silverman qualifies as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K.

#### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee operates under a written charter adopted by the Board of Directors. The charter contains a detailed description of the scope of the Nominating and Corporate Governance Committee's responsibilities and how they will be carried out. The Nominating and Corporate Governance Committee's charter is available on our website at [investor.shakeshack.com](http://investor.shakeshack.com), under "Governance Documents." The primary responsibilities of the Nominating and Corporate Governance Committee are to (i) identify individuals qualified to become members of our Board of Directors, consistent with criteria approved by our Board of Directors and in

accordance with the terms of the Stockholders Agreement; (ii) develop and recommend to our Board of Directors a set of corporate governance guidelines and principles; and (iii) oversee the evaluation of the Board of Directors.

Our Nominating and Corporate Governance Committee consists of Jeff Flug, Jenna Lyons and Joshua Silverman, with Mr. Flug serving as chair. As required by the New York Stock Exchange rules, each of Messrs. Flug and Silverman and Ms. Lyons meets the definition of “independent director” for purposes of serving on a nominating and corporate governance committee.

## Compensation Committee

The Compensation Committee operates under a written charter adopted by the Board of Directors. The charter contains a detailed description of the scope of the Compensation Committee's responsibilities and how they will be carried out. The Compensation Committee's charter is available on our website at *investor.shakeshack.com*, under "Governance Documents." The primary responsibilities of the Compensation Committee are to (i) review and approve the corporate goals and objectives with respect to the compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of these goals and objectives, and determine the compensation of the Chief Executive Officer based upon that evaluation; (ii) review and set or make recommendations to the Board of Directors regarding the compensation of other executive officers; (iii) review and make recommendations to the Board of Directors regarding director compensation; (iv) review and approve or make recommendations to the Board of Directors regarding the Company's incentive compensation and equity-based plan and arrangements; and (v) retain and obtain advice from compensation consultants.

Our Compensation Committee consists of Anna Fieler, Jenna Lyons, Jonathan D. Sokoloff and Robert Vivian, with Mr. Vivian serving as chair. As required by the New York Stock Exchange rules, each of Messrs. Fieler, Sokoloff and Vivian and Ms. Lyons meets the definition of "independent director" for purposes of serving on a compensation committee.

## Risk Oversight

Our Board of Directors is responsible for overseeing our risk management process. Our Board of Directors focuses on our general risk management strategy and the most significant risks facing us, and oversees the implementation of risk mitigation strategies by management. Our Board of Directors is also apprised of particular risk management matters in connection with its general oversight and approval of corporate matters and significant transactions.

Our Board of Directors does not have a standing risk management committee, but rather we administer this oversight function directly through our Board of Directors as a whole. In particular, our Board of Directors is responsible for monitoring and assessing strategic risk exposure, our Audit Committee is responsible for overseeing our major financial risk exposures and the steps our management has taken to monitor and control these exposures, and our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage unnecessary risk-taking. In addition, our Audit Committee oversees the performance of our internal audit function and considers and approves or disapproves any related-party transactions.

Our management is responsible for day-to-day risk management. This oversight includes identifying, evaluating, and addressing potential risks that may exist at the enterprise, strategic, financial, operational, compliance and reporting levels.

#### Risk Considerations in our Compensation Program

We conducted an assessment of our compensation policies and practices for our employees and concluded that these policies and practices are not reasonably likely to have a material adverse effect on the Company. The Company's compensation programs and policies mitigate risk by combining performance-based, long-term compensation elements with payouts that are highly correlated to the value delivered to stockholders. The combination of performance measures for annual bonuses and the equity compensation programs for executive officers, as well as the multi-year vesting schedules for equity awards encourage employees to maintain both a short- and long-term view with respect to Company performance.

## Code of Ethics

We have adopted a written Code of Business Conduct and Ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. We have posted a current copy of the code on our website, *investor.shakeshack.com*. In addition, we intend to post on our website all disclosures that are required by law or the New York Stock Exchange listing standards concerning any amendments to, or waivers from, any provision of the code.

## Director Recommendations

The Nominating and Corporate Governance Committee, in recommending director candidates, and the Board, in nominating director candidates, will evaluate candidates in accordance with the qualification standards set forth in our Corporate Governance Guidelines, available on our website, *investor.shakeshack.com*. In addition, the Nominating and Corporate Governance Committee and the Board may also consider the additional selection criteria listed in the Corporate Governance Guidelines. These qualification standards and additional selection criteria are summarized below.

## Director Qualification Standards

The Nominating and Corporate Governance Committee, in recommending director candidates for election to the Board, and the Board, in nominating director candidates, will consider candidates who have a high level of personal and professional integrity, strong ethics and values and the ability to make mature business judgments.

## Additional Selection Criteria

In evaluating director candidates, the Nominating and Corporate Governance Committee and the Board may also consider the following criteria as well as any other factor that they deem to be relevant:

The candidate's experience in corporate management, such as serving as an officer or former officer of a publicly held company;

- The candidate's experience as a board member of another publicly held company;
- The candidate's experience as an executive of a publicly held retail restaurant company;
- The candidate's professional and academic experience relevant to the Company's industry;

The candidate's diversity (race, ethnicity, gender, geography, sexual orientation, age, nationality, religious beliefs, socio-economic status, physical and/or mental capabilities);

- The strength of the candidate's leadership skills;
- The candidate's experience in finance and accounting and/or executive compensation practices;
- The candidate's experience in successfully scaled technology business(es);

Whether the candidate has the time required for preparation, participation and attendance at Board meetings and committee meetings, if applicable; and



An understanding of the values of Daniel Meyer's vision of "Enlightened Hospitality": caring for each other, one's guests, one's community, one's suppliers and one's investors.

In addition, the Board considers whether there are potential conflicts of interest with the candidate's other personal and professional pursuits.

The Board also monitors the mix of specific experience, qualifications and skills of its directors in order to assure that the Board, as a whole, has the necessary tools to perform its oversight function effectively in light of the Company's business and structure.

#### Diversity

The Company values diversity on a Company-wide basis and seeks to achieve a mix of Board members that represent a diversity of background and experience, including with respect to age, gender, race, ethnicity, and occupation. Although the Board does not establish specific goals with respect to diversity, the Board's overall diversity is a significant consideration in the director nomination process. The Company's Corporate Governance Guidelines provide that our Nominating and Corporate Governance Committee is to take into account the overall diversity of the Board when identifying possible nominees for director. The Nominating and Corporate Governance Committee implements that policy, and assesses its effectiveness, by examining the diversity of all the directors on the Board when it selects nominees for directors. The diversity of directors is one of the factors that the Nominating and Corporate Governance committee considers, along with the other selection criteria described above. The Nominating and Corporate Governance Committee assesses the effectiveness of its efforts at pursuing diversity through its periodic evaluation of the Board's composition.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders in the same manner it considers other candidates, but it has no obligation to recommend such candidates. A stockholder that wants to recommend a candidate for election to the Board of Directors should send a recommendation in writing to Shake Shack Inc., c/o Corporate Secretary, 225 Varick Street, Suite 301, New York, New York 10014. Such recommendation should describe the candidate's qualifications and other relevant biographical information and provide confirmation of the candidate's consent to serve as director.

Stockholders may also nominate directors at the annual meeting by adhering to the advance notice procedure described under "Stockholder Proposals" elsewhere in this Proxy Statement.

### Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past year has served, as a member of the Board of Directors or Compensation Committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

### Family Relationships

There are no family relationships among any of our directors or executive officers.

### Director Compensation

In connection with the IPO, we approved and implemented a non-employee director compensation policy that awarded each non-employee director with an option to purchase shares of our Class A common stock in consideration for his or her service on our Board of Directors.