

WHEREAS: The Cheesecake Factory (CAKE) uses palm oil, soy, beef, paper/pulp, coffee and cocoa in its products and packaging. These commodities are leading drivers of deforestation and native vegetation conversion globally, which are responsible for approximately 11 percent of global greenhouse gas emissions.

A recent report from the UN Framework Convention on Climate Change identifies deforestation as a source of policy and supply-chain-related cost impacts, demand-related revenue impacts, and regulatory and reputational risks. While CAKE states that the company “is working towards zero deforestation from the sourcing of produce, cocoa, coffee, and tea,” as well as palm oil, this aspiration not only lacks a specific, time-bound commitment, but also omits key commodities such as beef, soy, and paper/pulp, which comprise three of the top four commodity drivers of deforestation. Furthermore, in its 2021 CSR report, CAKE estimates that only 62 percent of its key produce ingredients are free from deforestation, leaving nearly 40 percent exposed to deforestation risk.

The Intergovernmental Panel on Climate Change advises that greenhouse gas emissions must be halved by 2030 and reach net zero by 2050 to limit warming to 1.5°C and prevent the worst consequences of climate change. CAKE has committed to setting 1.5°C-aligned emissions targets with the Science Based Targets initiative (SBTi), which has identified 2025 as the date by which companies must achieve deforestation-free supply chains in order to align with a 1.5°C scenario. CAKE may be unable to deliver on its climate commitment if it does not eliminate supply chain deforestation by 2025, thereby exposing the company to reputational risk.

While leading restaurant companies including McDonald’s and Yum! Brands have made timebound commitments to eliminate supply chain deforestation, CAKE does not disclose its forest footprint and lacks a policy to address deforestation risk from all sourced forest-risk commodities. As comprehensive no-deforestation policies and action plans become the industry standard, CAKE’s lack thereof increasingly lags peer companies positioning themselves to address these deforestation risks.

Finally, 35 financial institutions with nearly US \$9 trillion in AUM have committed to eliminating agricultural-commodity-driven deforestation from their portfolios by 2025. As an increasing number of asset managers incorporate deforestation risk into their investment decision making, CAKE must achieve a deforestation-free supply chain by 2025 or risk becoming un-investable.

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

SUPPORTING STATEMENT: In achieving this goal, proponents recommend:

- Eliminating native vegetation conversion and primary forest logging from company supply chains as part of a deforestation-free goal;
- Estimating the greenhouse gas emissions associated with deforestation and land-use change from the company's supply chains;
- Consideration of guidance from Accountability Framework initiative in setting targets and plans; and
- Annual disclosure of quantitative progress toward these best practices.