

2019 SUSTAINABILITY REPORT UPDATE

CULTIVATE A BETTER WORLD



MEXICAN GRILL

CULTIVATE A BETTER WORLD

2019



CHAPTER

1



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INTRODUCTION

A LETTER FROM OUR CHAIRMAN AND CEO



When I joined Chipotle in 2018, I was excited for the opportunity to lead a brand that was so purpose-driven. These past two years have helped me truly understand what our purpose is and how powerful it can be. "Cultivate a Better World" is not just a slogan, it's our mission.

We've worked hard to support our local communities through fundraisers and food donations, while furthering access to real, nutritious food for everyone. We're continually striving to take better care of the environment and our communities by championing sustainable agriculture. Our mission weaves its way throughout the world - one person, one farm, and one animal at a time.

For me, Cultivate a Better World is about doing the right thing, even when it's hard. It's about standing up for the next generation of farmers to give them a fighting chance so that, together, we can ensure the future of real food is safe. It's about providing our 85,000+ employees and their families with industry-leading benefits and access to healthcare. It's about setting up compost and recycling at every Chipotle possible to keep unnecessary waste out of the landfill.

I am committed to changing the food culture for the better. I'm committed to our legacy being one of access to real and nutritious food that is raised responsibly. I'm committed to serving food that was prepared by passionate people who love their job. I'm committed to supporting our employees with industry-leading benefits. I'm committed to continually understanding and improving the impact we have on our environment, throughout our entire value chain.

I am so proud of our progress, but I'm equally as encouraged by where we are going. Our sustainability efforts are a continual journey, and we're working tirelessly to remain on the cutting edge of positive impact. I hope you also feel encouraged by the data in this progress update.

For me, Cultivate a Better World is about doing the right thing, even when it's hard. It's about standing up for the next generation of farmers to give them a fighting chance so that, together, we can ensure the future of real food is safe.

Whether you're reading this as a customer or employee, supplier or vendor, investor or stakeholder, I hope you share my pride in supporting Chipotle and our mission to Cultivate a Better World.

Sincerely,

Brian Niccol
Chairman and CEO
Chipotle Mexican Grill

INTRODUCTION

A LETTER FROM OUR HEAD OF SUSTAINABILITY



I'm extremely honored and excited to share with you the progress we have made towards our public goals since last reporting.

With a mission to "Cultivate a Better World," comes great responsibility to ensure our actions as a brand align with that message. Know that we have been working hard behind the scenes to stay on the leading edge of corporate sustainability.

I want to individually thank you for reading and, more importantly, for caring. We are so fortunate to have such an engaged group of stakeholders. From investors, to suppliers, to shareholders, to employees and our customers, we work each day to make you proud of Chipotle. When you eat Chipotle, you are supporting a business with integrity that is actively fighting to Cultivate a Better World.

From the young farmers I have met across the country, to the NGOs we've partnered with and the many, many talented crew members we employ in our restaurants, I've been so inspired by everyone I have engaged with this last year. It will take all of us working towards this common goal of Cultivating a Better World. I am so encouraged by what you all have shown us.

I welcome any feedback, engagement and ideas regarding the information you find in this report and beyond. I want this report, and all others, to serve as a conversation starter. Sustainability is such a broad field

From investors, to suppliers, to shareholders and our customers, we work each day to make you proud of Chipotle.

and none of these material issues are simple. While there is so much thought, data, and piloting that goes into our strategy, we want to hear from you on where you believe there is more work to be done. Much like the state of sustainability, our mission is ever evolving, and we want you to be part of our journey.

While we are proud of the progress we have made, we know there is much work to be done still. It is this never-ending journey towards "more sustainable" that keeps us eager for more brainstorming, more innovation, and more progress.

With gratitude,

Caitlin Leibert
Director of Sustainability

CHAPTER

1

FOOD & ANIMALS





2019 FOOD & ANIMAL IMPACT

OVERVIEW



PURCHASED

15M POUNDS



OF ORGANIC BEANS, RICE,
AND WHEAT FOR TORTILLAS

CONTRIBUTED

\$500,000

TO SUPPORT YOUNG FARMERS

29.5M POUNDS



OF CHICKEN FED BY
NON GMO GRAINS

PURCHASED

35.5M POUNDS

OF LOCAL PRODUCE FROM
62 LOCAL FARMERS



AWARD-
WINNING

ANIMAL WELFARE PROGRAM

INCREASED

OUR DOMESTIC PORK SUPPLY
FROM SMALL-TO-MEDIUM
SIZED FARMS BY

33.4%

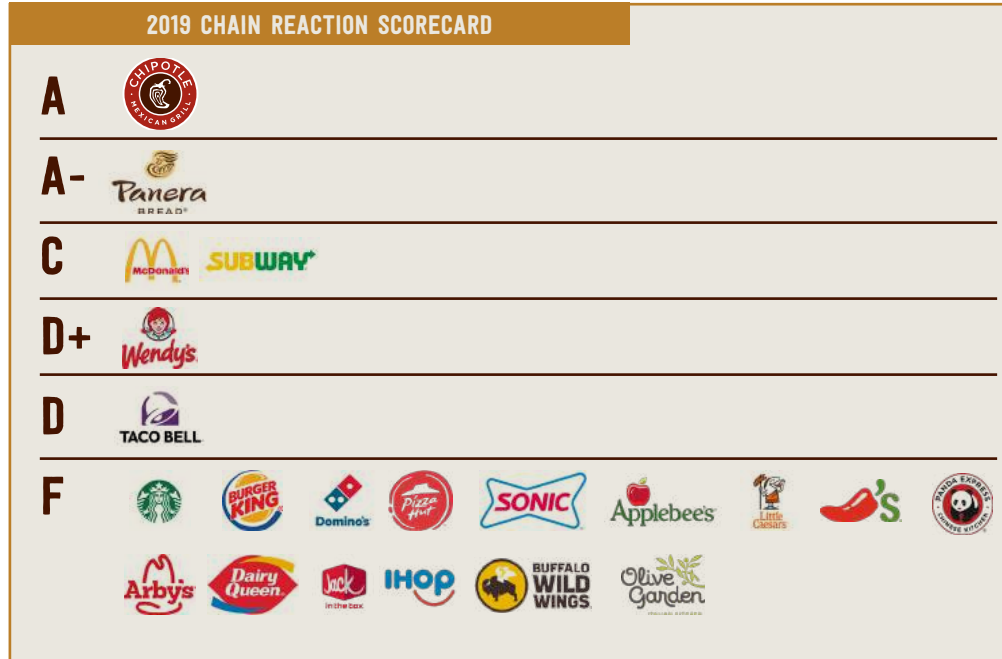




FOOD & ANIMALS

AWARDS & RECOGNITION

IN 2019, WE RECEIVED AWARDS AND RECOGNITION FOR OUR SOURCING AND STANDARDS INCLUDING:



“A” score on the Antibiotics Off The Menu “Chain Reaction Scorecard”.



Received a Compassion in World Farming Good Sow Commendation.

“Thankfully, food businesses like Chipotle have stepped up to the plate where it matters most for farmed animals to eliminate the worst-of-the-worst factory farming practices. We’re encouraged by Chipotle’s dedication to improving the lives of mother pigs and look forward to continuing to work alongside the company in the future.”

– Compassion in World Farming



Achieved new high BBFAW animal welfare score (moved from Tier 3 to Tier 2).



THE HUMANE SOCIETY OF THE UNITED STATES

A+ score on the Humane Society United States’ Food Industry Scorecard, which ranked the animal welfare progress of nearly 100 major food companies. Chipotle is the highest ranked restaurant on the list.

FOOD & ANIMALS

ANIMAL WELFARE

PROGRESS UPDATE



33.4%

ANIMAL WELFARE IS IMPORTANT TO US AND A KEY COMPONENT OF OUR FOOD WITH INTEGRITY VISION. THAT'S WHY WE'VE SET CERTAIN GOALS TO HELP MAKE SURE WE WORK WITH FARMS THAT RESPONSIBLY RAISE THEIR ANIMALS.

GOALS

1

Increase total pounds of pork produced domestically by small-to-medium sized farms (those that sell 10 to 1,000 hogs per year) by 5% in 2019.



PROGRESS



ACCOMPLISHED

In 2019, we increased our pork purchased from domestic small-to-medium sized family farms by 33.4%



5%

GOAL

RESULT

2

Increase non-GMO feed given to chickens in our supply chain to 45% by 2020.

BELOW
TARGET

While the output from our non-GMO grain growers increased, it couldn't keep up with how fast our chicken purchases grew in order to satisfy increased customer traffic.

Because of this, the overall percentage of non-GMO feed that we use went down. However, we supported 29.5 million pounds of chicken fed by non-GMO grains, which accounted for 20% of our 2019 supply.

FOOD & ANIMALS

CHICKEN WELFARE

PROGRESS UPDATE



CHIPOTLE IS COMMITTED TO MAKING RESPONSIBLY RAISED MEATS ACCESSIBLE TO EVERYONE. TO FURTHER IMPROVE OUR CHICKEN WELFARE, WE HAVE COMMITTED TO USING STANDARDS ALIGNED WITH THE GLOBAL ANIMAL PARTNERSHIP'S STANDARD FOR BROILER CHICKENS.

GOALS

1

Continue to work with our chicken suppliers to advance broiler chicken welfare with respect to environmental enrichments, natural lighting, improved stocking density, and controlled atmospheric stun.

PROGRESS



ON TRACK

In 2019, we attended and spoke at two summits dedicated to the topic of our 2024 broiler chicken welfare commitments, as well as heard from the researchers behind these commitments.

We held multiple discussions with key supply partners to scope out the potential timelines and investments that would be necessary in progressing toward our 2024 broiler chicken welfare commitment. In 2019, we extended this 2024 broiler welfare commitment beyond our US market to our restaurants in Canada and Europe.



FOOD & ANIMALS

LOCAL PRODUCE PROGRAM

PROGRESS UPDATE



BUYING FROM LOCAL FARMERS AND GROWERS NOT ONLY HELPS STRENGTHEN RURAL COMMUNITIES, IT ALSO MEANS WE GET DELICIOUS INGREDIENTS THAT TRAVEL FEWER MILES TO OUR RESTAURANT. OUR COMMUNITIES WIN, OUR RESTAURANTS WIN, AND YOU WIN.

GOALS

- 1 Increase both the total pounds of produce purchased from local growers and the number of growers in our Local Growers Program in 2019.

PROGRESS



ACCOMPLISHED

Increased local produce by 6.5 million pounds in 2019 (from 29 million in 2018 to 35.5 million in 2019)

Increased number of local growers by 19 (from 43 growers in 2018 to 62 growers in 2019)



- 2 Expand our Local Growers Program beyond produce to include meat, dairy and other applicable ingredients by 2020.



ON TRACK

In an effort to expand our tracking of local ingredients beyond produce, we created an online tool that maps out farm and processing plant locations in relation to our distribution centers and restaurants. This first step will allow us to determine where we stand today and what goals to set for the future.



FOOD & ANIMALS

ORGANIC INGREDIENTS

PROGRESS UPDATE



WHILE WE ALREADY SERVE MORE ORGANIC INGREDIENTS THAN ANY FAST FOOD CHAIN, WE STILL DON'T CONSIDER THE JOB FINISHED. SOURCING ORGANIC IS ONE OF THE MANY WAYS WE ENSURE THAT INGREDIENTS ARE RAISED RESPONSIBLY. NOT TO MENTION IT JUST TASTES BETTER.

GOALS

1

Increase both the total pounds and total percentage of organic rice, beans and tortillas purchased by 2021.

PROGRESS



ACCOMPLISHED

| | |
|---|--|
| Beans: <u>increased</u> from 7.3 million pounds to <u>9.4 million pounds</u> | |
| Rice: <u>increased</u> from 2 million pounds to <u>2.1 million pounds</u> | |
| Wheat Flour: <u>increased</u> from 3 million pounds to <u>3.4 million pounds</u> | |
| Cilantro: <u>increased</u> from 30% organic to <u>50% organic</u> and 21% transitional | |

FOOD & ANIMALS

SUPPLIERS

PROGRESS UPDATE



AT CHIPOTLE, WE'RE ESPECIALLY THANKFUL FOR THE FARMERS WHO SUPPLY OUR INGREDIENTS. THAT'S WHY WE'RE ALWAYS LOOKING FOR WAYS TO SHOW OUR APPRECIATION FOR EVERYTHING THEY DO.

GOALS

1

In an effort to ensure farmers are compensated fairly, we will map meat and dairy farmer networks to ensure our premiums reach the individual farmer throughout the supply chain.

PROGRESS



ON TRACK

In 2019, we created an online tool that maps out our farmer network.

We then initiated discussions with multiple suppliers to gather the breakdown of where each cent of our premiums go.

We will continue to expand our efforts in this very important area.





OUR
COMMITMENT
TO
YOUNG
FARMERS

**REAL FOOD NEEDS REAL FARMERS AND
REAL FARMERS NEED A REAL CHANCE.**

**FARMERS COMMITTED TO
SUSTAINABLE AND ETHICAL FARMING
NEED HELP TO HAVE A CHANCE TO
SUCCEED - BOTH FOR THE SAKE OF THE
FUTURE OF REAL NUTRITIOUS FOOD
AND THE COMMUNITIES THAT RELY
ON THESE FARMS.**





IN THE UNITED STATES, YOUNG FARMERS ARE FACING MORE CHALLENGES THAN EVER:

100

million acres of

U.S. FARMLAND

will change ownership in the next 5 years

56%

of farms **LOST** money last year

40x

more farmers were **LOST** in recent years than gained



IN 2019, WE COMMITTED TO SUPPORTING THE NEXT GENERATION OF FARMERS.

Through our purpose to Cultivate a Better World, we're putting programs in place that make a real impact, including seed grants, education and scholarships, and guaranteed three-year contracts.

At the time of publication, the Chipotle Cultivate Foundation has contributed more than \$500,000 to support the next generation of farmers.



EDUCATION AND NEXT-GENERATION SCHOLARSHIPS

Both Chipotle and The Chipotle Cultivate Foundation have partnered with Niman Ranch's Next Generation Scholarship to cultivate the future of farming through education and scholarship opportunities.



Chipotle has contributed more than \$250,000 to the scholarship fund. Through the Chipotle Cultivate Foundation, we have increased our 2020 pledge five-fold, with a 2020 pledge of \$125,000. In addition to the scholarship fund, Chipotle is also partnering with Niman Ranch to sponsor education and training opportunities for young farmers.





YOUNG FARMER GRANT PROGRAM

In partnership with the National Young Farmer's Coalition (NYFC), The Chipotle Cultivate Foundation is offering startup grants to 50 young farmers under the age of 40. Support will go towards needs such as a new barn, new equipment, or a just a day-to-day jumpstart.

We raised money through consumer actions to fund the Young Farmer Grant Program. On December 6, 2019, \$1 from every entrée purchased on chipotle.com and the Chipotle app went towards the Young Farmer Grant Program via the Chipotle Cultivate Foundation.

As a follow-up on New Year's Day, we got festive with a "Cultivate the Future of Farming" float featured in the Rose Parade. Chipotle donated \$1 to the National Young Farmers Coalition, via The Chipotle Cultivate Foundation, for every post on Facebook, Instagram and Twitter using #farmers. Our float highlighted real ingredients and celebrated the next generation of local growers. This activation resulted in a \$250,000 donation from The Chipotle Cultivate Foundation to the NYFC to help support the Young Farmer Grant Program.





THREE-YEAR CONTRACTS

Chipotle implemented Three-Year Contracts for farmers under the age of 40 who meet our Food with Integrity standards. Starting with beef, pork, and dairy – we'll buy our products from these farmers for a minimum of three years to help increase their chances of profitability despite market fluctuations.

We are committed to helping the next generation of farmers by paving a path to profitability. We wanted to give these young farmers more than just a chance, so we came up with a few initiatives that provide the framework, resources, and stability needed to succeed.

With the help of our network of approved suppliers, we created a unique program that provides commitments that helps young farmers secure capital to invest in their farms and reduce the risk of market changes or uncertainty.



Additionally, we'll support these young farmers through various approved livestock and dairy networks, including Niman Ranch, and our Local Growers Initiative.

By focusing on young farmers in particular, we're ensuring our support of sustainable agriculture, as more than 80% of young farmers are farming sustainably according to the NYFC Young Farmer Census. Through this program, and all of the assistance we're offering young farmers, we hope to help farming remain a sustainable vocation for generations to come.





CHAPTER

2

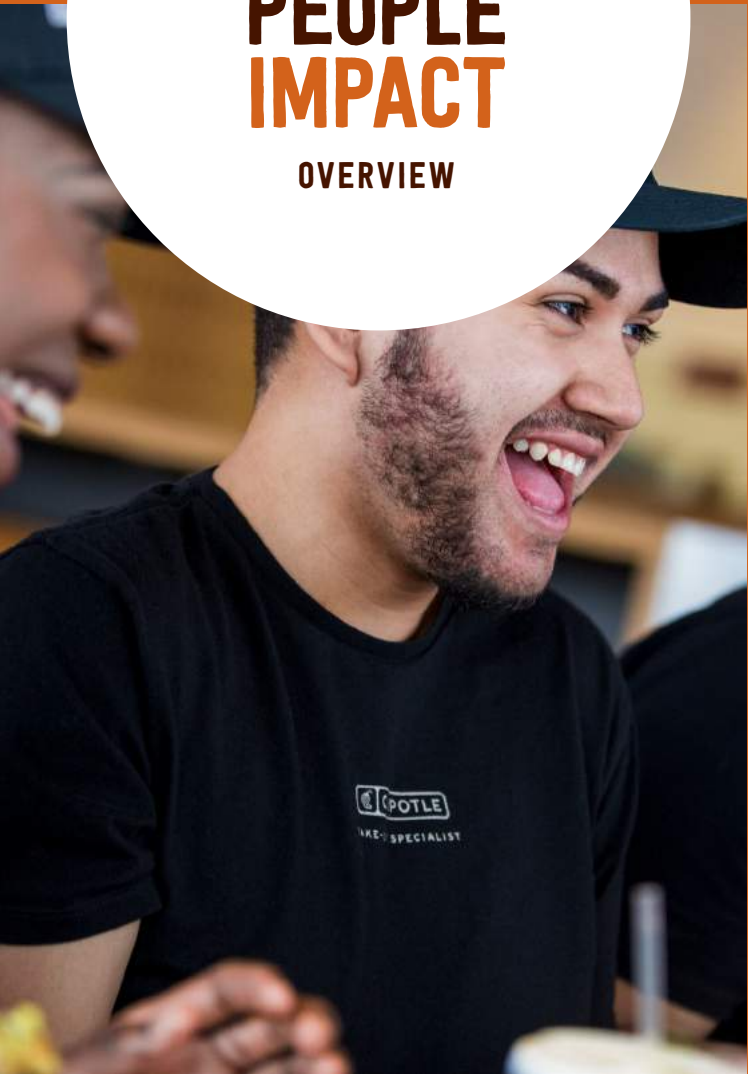
PEOPLE





2019 PEOPLE IMPACT

OVERVIEW



DONATED OVER
**\$2.8
MILLION**

IN FOOD TO THOSE
IN NEED IN OUR
COMMUNITIES

ESTABLISHED
**AWARD-
WINNING
CULTURE**



DONATED OVER
**\$9
MILLION**

THROUGH 52,206
LOCAL COMMUNITY
FUNDRAISERS

GAVE
\$25,000

TO THE UNITED
WAY TO HELP WITH
DISASTER RELIEF
EFFORTS

GRANTED OVER
\$272,000

THROUGH THE CHIPOTLE
CULTIVATE FOUNDATION

LAUNCHED
FOUR

EMPLOYEE RESOURCE
GROUPS AND AN
OVERARCHING
CULTURE COMMITTEE

OFFERED
INDUSTRY-LEADING
**DEBT
FREE
DEGREES**



EIGHT
GROWTH-STAGE VENTURES
ACCELERATED VIA
CHIPOTLE ALUMINARIES
PROJECT 1.0, IN
PARTNERSHIP WITH
CHIPOTLE CULTIVATE
FOUNDATION

ALL CHIPOTLE
EMPLOYEES NOW HAVE
ACCESS TO

**FREE &
CONFIDENTIAL
EMPLOYEE
ASSISTANCE
PROGRAM (EAP)
SERVICES**

LOGGED
**200+
VOLUNTEER
HOURS**



ACHIEVED
A HUMAN RIGHTS
CAMPAIGN
CORPORATE
EQUALITY INDEX
SCORE OF
90%



AWARDS & RECOGNITION

WE KNOW WE'RE PARTIAL, BUT WE THINK OUR PEOPLE ARE THE BEST IN THE INDUSTRY.

THAT'S WHY WE MAKE SURE THAT THEY'RE TREATED FAIRLY AND TAKEN CARE OF. HAPPILY, OTHERS HAVE TAKEN NOTICE:



Forbes Best Employers for Diversity 2020 Award



Comparably Best Companies for Women



Forbes America's Best Employers by State 2019 (#123 Florida)



Comparably Best Companies for Corporate Culture (#44)



Forbes America's Best Employers for Diversity 2019 (#456)



Comparably Best Companies for Diversity



Bloomberg 2020 Gender Equality Index



Orange County Register Top Places to Work in Orange County

PEOPLE

BENEFITS

PROGRESS UPDATE



OUR EMPLOYEES' WELLBEING IS ONE OF OUR MAIN FOCUSES. IT'S IMPORTANT FOR US TO FIND WAYS TO ENRICH THEIR LIVES AND PROVIDE QUALITY CARE THEY DESERVE.

GOALS

1

Make our Employee Assistance Program (EAP) available to all employees so they have access to quality mental health care by 2020.

PROGRESS



ACCOMPLISHED

All Chipotle employees now have access to free and confidential EAP services.



This is just the beginning of how we're strategically investing in the well-being of our employees and their families. Our vision for people is to create a culture where employees can thrive and pursue their passion and by extending access to all levels and enriching our Employee Assistance Program, we are ensuring that our employees can build mental fitness and bring their best selves to work every day.

– **Marissa Andrada,**
Chief People Officer

PEOPLE

TRAINING & DEVELOPMENT

PROGRESS UPDATE



THERE'S NO SHORTAGE OF WAYS WE CAN HELP TAKE CARE OF OUR EMPLOYEES. WE'RE CONTINUALLY LOOKING TO IMPROVE AND EXPAND THE BENEFITS, RESOURCES, AND PROGRAMS WE CAN OFFER OUR PEOPLE TO KEEP THEM HAPPY, HEALTHY, AND PROUD TO WORK AT CHIPOTLE.

GOALS

1

Expand benefit coverage for both Kitchen Managers (KMs) and Service Managers (SMs), giving them access to the same benefits as our General Managers (GMs) and Field Leaders by 2020.

PROGRESS



ON TRACK

While we have not fully expanded our KM/SM benefit offering to match that of GM's, we made significant progress moving into 2020. KM/SM employees now have access to additional dental and vision coverage that was not previously available, as well as free mental health coverage and healthcare advocacy services, regardless of whether they take Chipotle coverage.

In addition, all Chipotle employees can now leverage our industry-leading Debt-Free Degrees and GED/ESL Tuition Reimbursement programs in our efforts to promote lifelong learning and encourage individuals to pursue their passion.



PEOPLE

TRAINING & DEVELOPMENT

PROGRESS UPDATE

**CONTINUED**

GOALS

2

Implement a GM success profile and establish a competency-based interview guide, which will be used to aid Field Leaders in identifying and hiring candidates.

PROGRESS



ACCOMPLISHED

Establishing leadership behaviors for each position has enabled us to define what success looks like, utilize a common language when discussing talent, improve the selection/promotion of talent and target future development needs for career growth.



3

Develop and conduct unconscious bias training for all Field Leaders in 2019 and expand our Diversity & Inclusion program through strategic recruiting and development practices in 2019.



BELOW TARGET

After transitioning our corporate headquarters from Colorado to California in 2018, we spent most of 2019 gathering data to identify the areas of focus for our organization.

Now that we've had a year to establish and review data, find trends, and establish our culture, we're able to confidently make recommendations on our strategy related to diversity and inclusion.

PEOPLE

TRAINING & DEVELOPMENT PROGRESS UPDATE



CONTINUED

GOALS

4

Implement an improved performance review process in 2019 for all employees.

PROGRESS



ACCOMPLISHED

In 2019, we sought to improve the quality of the discussions between employees and their leaders by promoting more touch points throughout the year.

We implemented our “4x4 Discussions” which focus on leaders connecting with their employees four times a year around four questions (two of which look back on performance and values and two of which look forward to set goals for performance and development in the next quarter).

Further, we’ve supported these discussions through providing leaders with learning opportunities on how to have productive discussions, and providing tools for employees to help guide these discussions.



PEOPLE

EMPLOYEE RESOURCE GROUPS

PROGRESS UPDATE



WE WORK WITH SOME INCREDIBLY BRIGHT AND TALENTED PEOPLE, AND WE'RE NOT JUST TALKING ABOUT OUR LEADERSHIP OR MANAGERS. SO WE CREATED A PLATFORM THAT GIVES OUR EMPLOYEES THE OPPORTUNITY TO COME TOGETHER AROUND THEIR AREAS OF INTEREST AND LET THEM SHINE!

GOALS

1

Create at least three Employee Resource Groups (ERGs) throughout the organization in 2019 that will spark discussions and allow for employees to play an active role in shaping our culture and company practices.

PROGRESS



In 2019, we established four Employee Resource Groups (ERGs) to support our Restaurant Support Center (RSC) employees. Additionally, we founded the Culture Committee, our overarching employee-led group that helps support and drive culture, including these ERGs.

Employee Resource Groups are voluntary, employee-led groups that foster a diverse, inclusive workplace aligned with organizational mission, values, goals, business practices, and objectives.

Our ERGs provide opportunities for our RSC employees to contribute to surrounding communities (SERVES), improve personal wellbeing (Wellness), empower women in the workplace (HUSTLE), and support our LGBTQ+ community (Pride).



PEOPLE

EMPLOYEE RESOURCE GROUPS

PROGRESS UPDATE



Mission:
 Culture Committee is aimed at building connections between people in order to promote a collaborative company culture and break down silos in the workplace.

Culture Committee provides a space for our people to grow and develop their leadership, project management, and communications skills while also helping to establish culture and authenticity. Culture Committee provided the guidance and tools needed in establishing the following ERGs:

- HUSTLE
- Pride
- Chipotle Serves
- Wellness ERG



Mission:
 Humans Uniting to Support the Ladies' Experience (HUSTLE) was formed to build a workplace where women can thrive. It's our vision to Cultivate a Better World by building an inclusive environment that attracts, elevates, and evolves women in the workplace.

- Highlights:**
- Hosted Leadership Panels around empowering women in the workforces
 - Hosted several HUSTLE chats on important topics for women's development
 - Created Returnity Guides to support mothers returning to work after leave
 - Advocated to provide the shipping of breastmilk during work trips as a covered expense



Mission:
 To foster a work environment that is inclusive of the LGBTQ+ community and to attract, retain, and develop individuals whose authenticity may not be accepted and celebrated elsewhere.

- Highlights:**
- Supported the improvement of our Human Rights Campaign Corporate Equality Index score from a score of 60% in 2018 to 90% in 2020
 - Hosted an Equal Workplace Summit on topics such as gender identity and sexual orientation
 - Raised over \$3,000 for AIDS awareness on behalf of the APLA by participating in AIDS Walk: Los Angeles



Mission:
 To enhance and engage the communities in which we operate.

- Highlights:**
- Hosted two cross-campus volunteer days, logging over 200 volunteer hours
 - Hosted learning lunches for community non-profits
 - Provided ongoing volunteer opportunities for RSC employees



Mission:
 To foster an environment that supports our employee's mental, physical, and financial wellbeing.

- Highlights:**
- Hosted mid-day activity breaks such as yoga and meditation
 - Provided rotating mental and physical activities

PEOPLE

TURNOVER

PROGRESS UPDATE



OUR GENERAL MANAGERS AND RESTAURATEURS ARE THE BEST IN THE BUSINESS. THAT'S WHY ONE OF OUR MISSIONS IS TO KEEP THEM HAPPY, FULFILLED, AND, MOST IMPORTANTLY, ON OUR TEAM.

GOALS

1

Realize less than 25% GM turnover by 2020.

PROGRESS



BELOW
TARGET

Turnover for GM/R improved 15.1% from 2018 as we ended the year at 32.9%. We saw great improvements as a result of our focus on GM development and capability.

By giving GMs career opportunities and providing them with the necessary knowledge, tools, and training, we've been able to support future growth plans and advance as a company.



PEOPLE

GIVING OVERVIEW

WE TOUCHED ON THIS EARLIER IN OUR REPORT, BUT IT'S WORTH REPEATING: WE TRULY CARE ABOUT OUR COMMUNITIES.

THAT'S WHY WE'VE INVESTED AND DONATED TO DIFFERENT ORGANIZATIONS THAT CREATE MEANINGFUL IMPACT THROUGHOUT OUR COMMUNITIES.

SUPPORTING OUR COMMUNITIES IN 2019



Fundraisers

\$9,145,888

donated through 52,206 local community fundraisers



Food Donation

\$2,880,515

worth of food donated to our local community partners



Disaster Relief

\$25,000

given to the United Way to help with recovery efforts from flooding in Nebraska and Iowa



Corporate Giving

\$193,750

given to various causes including the Niman Ranch Next Generation Scholarship Fund, Network for Good, Pelotonia, The Art of Eating Magazine, and MAD Academy



Cultivate Foundation

\$272,650

granted to Uncharted, ment'or and The Culinary Institute of America



Equipment Donation

96 ITEMS

donated including grills, dishwashers, ice machines, fryers, and cookware

PEOPLE

GIVING

THE CHIPOTLE CULTIVATE FOUNDATION OVERVIEW



CHIPOTLE MEXICAN GRILL ESTABLISHED THE CHIPOTLE CULTIVATE FOUNDATION IN 2011 TO EXTEND ITS COMMITMENT TO MAKING REAL FOOD ACCESSIBLE FOR ALL.

Since its inception, the foundation has contributed more than \$5 million to like-minded organizations dedicated to Cultivating a Better World through food.

Each year we focus on one area of impact that furthers our mission, and beginning in 2018, paired an accelerator program with a series of grants.

Current Focus: Supporting the next generation of farmers



OUR 2020 FOCUS

THE NEXT GENERATION OF FARMING

ACCELERATOR

GRANTS

PEOPLE

THE CHIPOTLE CULTIVATE FOUNDATION: ALUMINARIES PROJECT 1.0

IN AN EFFORT TO MAKE REAL FOOD ACCESSIBLE FOR ALL, WE HELD A SEVEN-MONTH ACCELERATOR PROGRAM THAT GAVE GROWTH-STAGE VENTURES A SPOTLIGHT AND MENTORING FROM ESTABLISHED LEADERS.

At the end of 2018, we selected eight growth-stage ventures working in the following verticals: Alternative Farming and Growing Systems, AgTech, Food Waste and Recovery, and Plant and Alternative products.

Our first Aluminaries cohort all offered invaluable services that helped advance the future of Food with Integrity:

- AgVoice is the simplest way to help farmers measure good stewardship practices by using a mobile voice-interaction service that integrates with existing record-keeping apps.
- American Ostrich Farms strives to increase awareness of the resource intensity of food so consumers can make enlightened, healthy choices for themselves and the planet.
- Asarasi Sparkling Tree Water produces sustainable and renewable water that is harvested from the byproducts of maple trees, offering an environmentally friendly, organic plant-based alternative to bottled water sourcing.
- GrubTubs allows restaurants, hotels, and large cafeterias

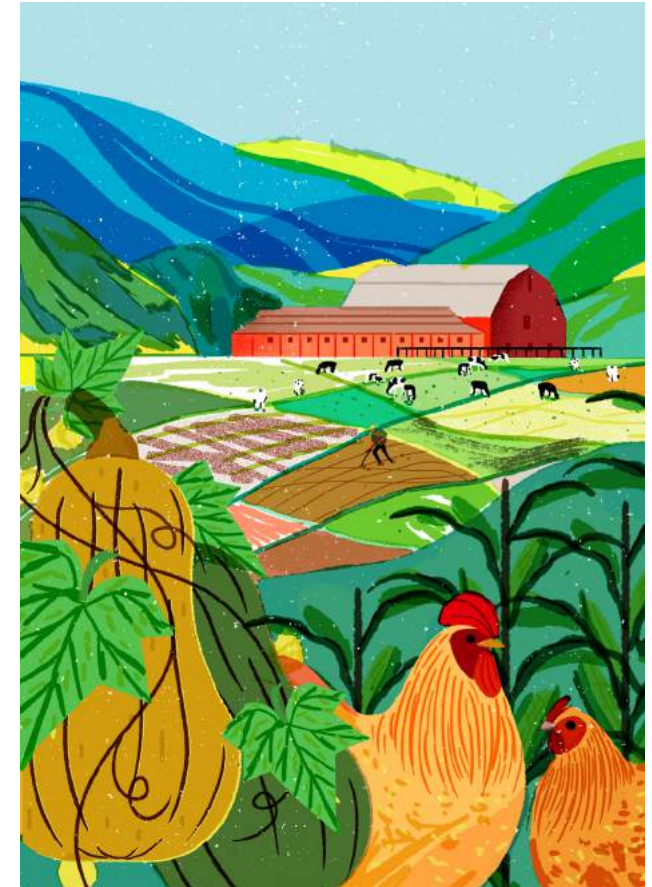
to drastically reduce what they send to landfills, helping to positively impact the environment.

- ImpactVision uses hyperspectral imaging to help food businesses deliver consistent product quality, generate premium products, and prevent supply chain waste.
- Novolyze develops innovative technologies to help the food industry manufacture safer food, while ensuring strong compliance with international food safety and quality standards.
- Rex Ag Labs provides machine learning for a safer and more sustainable food supply.
- Sophie's Kitchen Plant-Based Seafood creates sustainable plant-based seafood alternatives using innovative ingredients and patent-pending technology.

In March of 2019, the eight Aluminaries ventures, 22 mentors, and various leaders throughout Chipotle came together for a five-day boot camp in Newport Beach, CA. Our foundation partner, Uncharted, helped curate the programming focused on fundraising approaches and messaging, operational capacity, marketing, and leadership development.

In addition to the boot camp, each venture received:

- Three to four mentors committed to at least six months of formal advising
- Pro bono mentorship, resources, and service from Chipotle teammates



- Customized support to help ventures get investment ready
- Key introductions to relevant investors who could help ventures scale
- A Chipotle celebrity card with free food for a year

Fueled by celebrity cards and illumination from the boot camp, these entrepreneurs quickly got back to work. The completion of our first accelerator saw our Aluminaries winning million-dollar prizes, partnering with celebrity chefs, expanding their products overseas, and so much more.

PEOPLE

THE CHIPOTLE CULTIVATE FOUNDATION: ALUMINARIES PROJECT 2.0

ALUMINARIES PROJECT 2.0 IS AN ACCELERATOR PROGRAM THAT SUPPORTS VENTURES FROM ACROSS THE COUNTRY THAT ARE ADVANCING INNOVATIVE SOLUTIONS THAT EMPOWER THE NEXT GENERATION OF FARMERS.

The program will connect ventures to the people and organizations they need to scale their solutions, including mentors, funders, and partners. Together, we will work tirelessly to break down the barriers that stand in the way of young farmers' success.



PEOPLE

GIVING FUNDRAISERS



**SINCE 2014, WE
HAVE DONATED
OVER \$69 MILLION
TO OUR LOCAL
COMMUNITIES
THROUGH
FUNDRAISERS,
SILENT AUCTIONS,
AND RAFFLES.**



These efforts work to bring awareness to and fund important community initiatives and programs. Our fundraisers support nonprofit organizations in the areas of art, education, community gardens, athletic, sustainability, and animal welfare groups.

In 2019, our Community Roots team donated over \$9.1 million and hosted over 52,200 fundraisers in support of these local initiatives across the nation.

PEOPLE

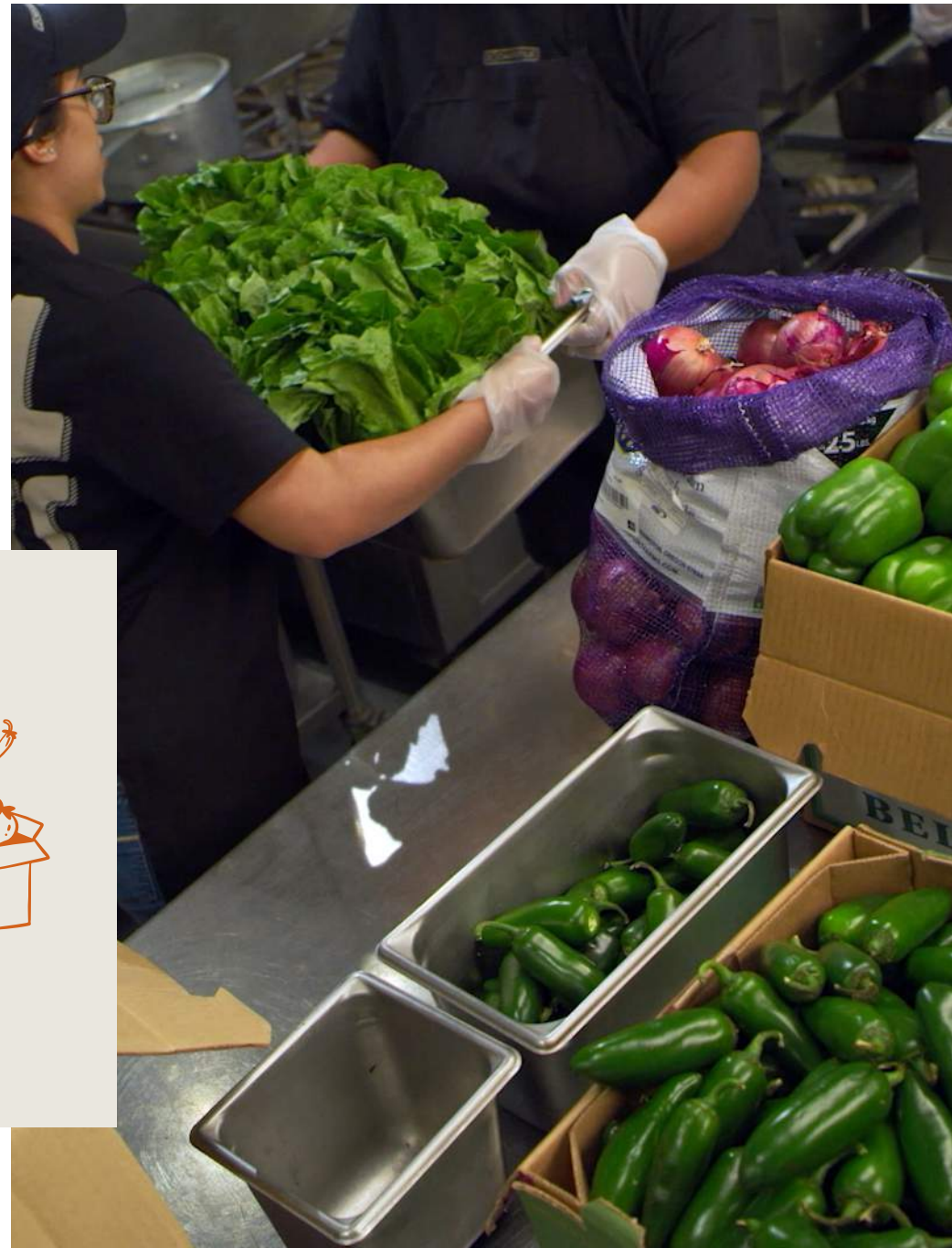
GIVING

FOOD DONATION

BEYOND MONETARY DONATIONS, OUR RESTAURANTS HAVE DONATED FOOD TO HELP FEED THOSE IN NEED IN OUR LOCAL COMMUNITIES.

**DONATED NEARLY
\$2.9 MILLION
WORTH OF FOOD**

**517 TOTAL
RESTAURANTS
REPORTED HARVEST
DONATIONS**





CHAPTER

3

ENVIRONMENT





2019 ENVIRONMENT IMPACT

OVERVIEW

SAVED
3.45
MILLION
KWH OF ENERGY

KEPT OVER
1 MILLION
GLOVES OUT OF THE
LANDFILL FROM OUR
GLOVES TO BAGS PROGRAM

REDUCED
4,393
TONS OF CARBON
EMISSIONS VIA
OUR IN-RESTAURANT
ENERGY
MANAGEMENT
SYSTEMS



COMPOSTED
36,972
CUBIC YARDS
OF WASTE

RECYCLED
1,465,490
CUBIC YARDS
OF WASTE

DIVERTED
47%
OF OUR WASTE
AWAY FROM THE
LANDFILL

SOURCED
21.33%
OF OUR ELECTRICITY
FROM RENEWABLE
RESOURCES

NAMED ONE OF
"AMERICA'S
MOST RESPONSIBLE
COMPANIES"
- NEWSWEEK



OFFERED
COMPOSTING
SERVICES AT
27%
OF OUR
RESTAURANTS



AWARD-
WINNING
ENVIRONMENTAL PROGRAMS

TURNED
149,666
CUBIC YARDS
OF WASTE INTO
ENERGY

ENVIRONMENT

AWARDS & RECOGNITION

WE'RE PROUD TO SAY THAT OUR TRANSPARENT AND INNOVATIVE ENVIRONMENTAL EFFORTS HAVE GAINED RECOGNITION:



**Newsweek's
America's Most
Responsible
Companies 2020**



**Shorty Social
Good Award -
Gloves to Bags**



ENVIRONMENT

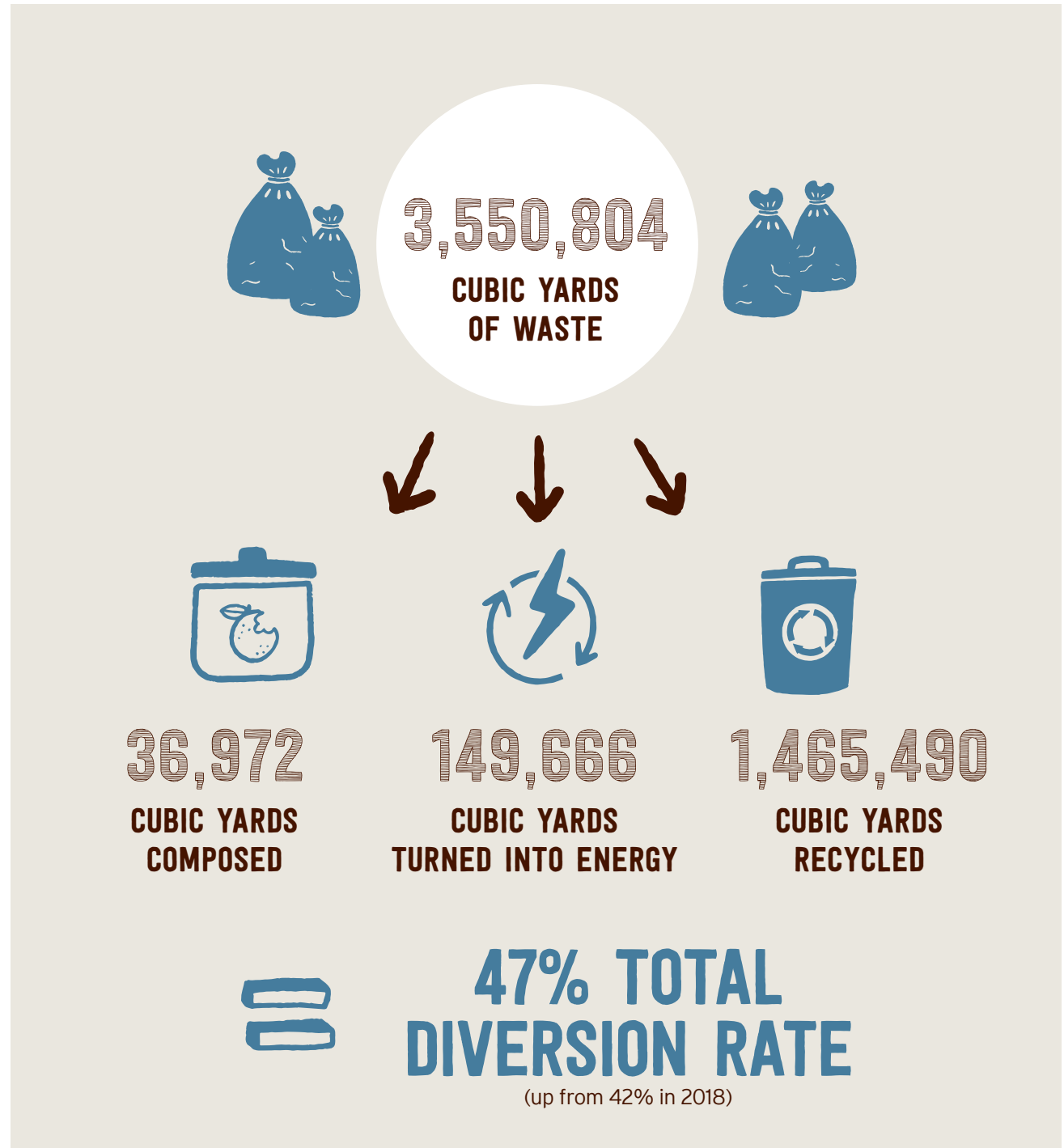
DIVERSION OVERVIEW

WE ARE CONTINUOUSLY WORKING TO INCREASE DIVERSION AT OUR RESTAURANTS BY ADDING COMPOSTING, RECYCLING, WASTE TO ENERGY, AND UPCYCLING SOLUTIONS. IN 2019, WE INCREASED OUR DIVERSION TO 47%, FROM 42% THE YEAR PRIOR.

We recycle wherever we are able to add services, and we encourage our customers, landlords, suppliers, and vendors to recycle and compost as much as they can. We continually try to increase the number of diversion programs in our restaurants and throughout our supply chain to promote the responsible disposal of waste. We have a full-time resource, our Diversion Coordinator, that helps us further our diversion programs.

At the end of 2019, approximately 91% of our restaurants recycled (2,383 stores) and 27% composted (707 stores). In 2019, we recycled 1,465,490 cubic yards and composted 36,972 cubic yards of material out of a total of 3,550,804 cubic yards of waste.

Our goal is to divert 50% of our landfill-bound waste from landfills by the end of 2020, against a baseline of a 37% diversion rate at the end of 2016 and 47% at the end of 2019.



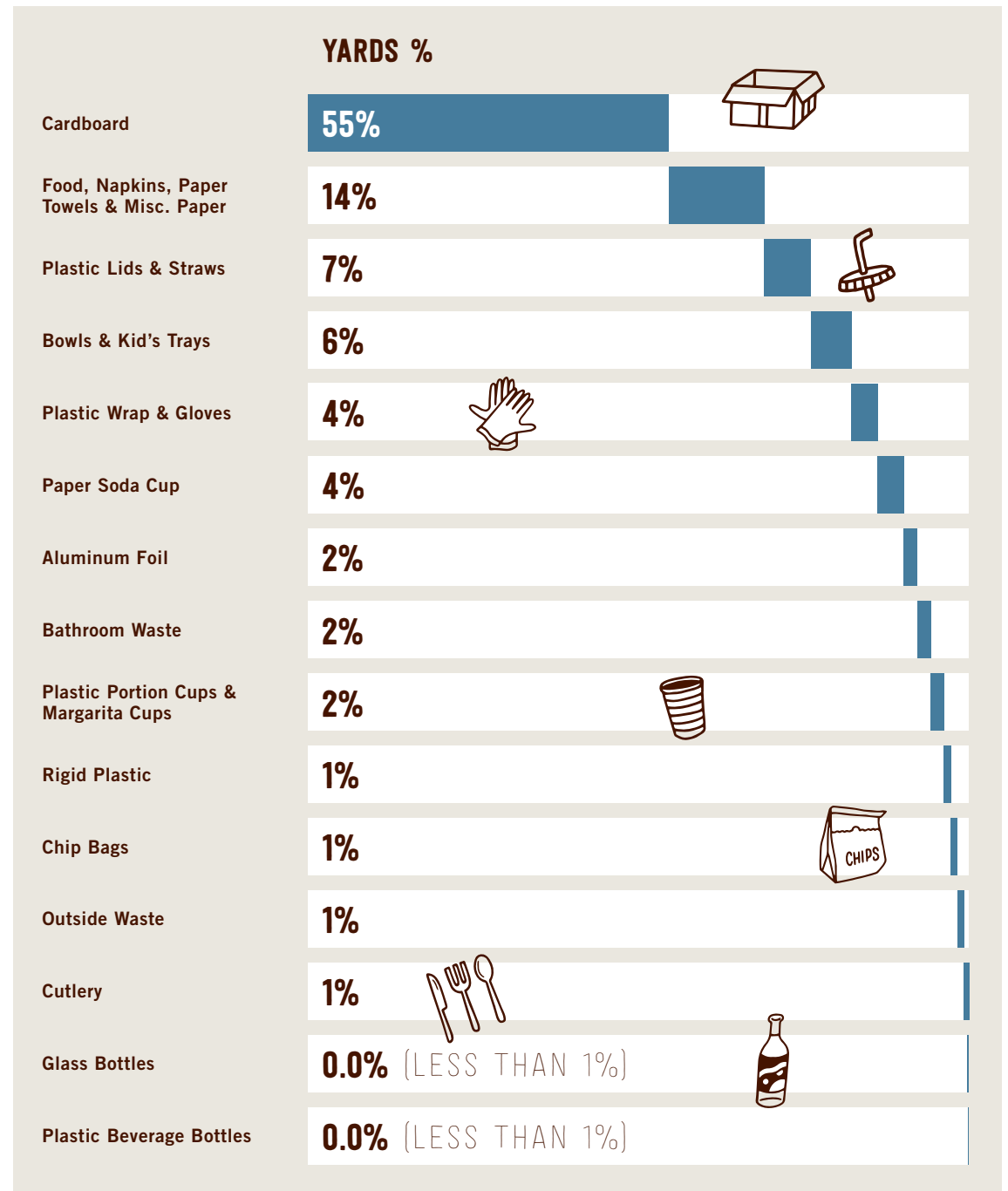


ENVIRONMENT

WASTE MAKEUP

WE PERFORM A SERIES OF WASTE AUDITS EVERY YEAR TO BETTER UNDERSTAND OUR WASTE MAKEUP AND WHAT LEAVES THE RESTAURANT. WASTE AUDITS INCLUDE SORTING AND ACCOUNTING FOR VARIOUS WASTE MATERIALS.

THROUGH THIS EXERCISE, WE ARE ABLE TO DRIVE STRATEGY AND IMPROVE OUR DIVERSION EFFORTS.



ENVIRONMENT

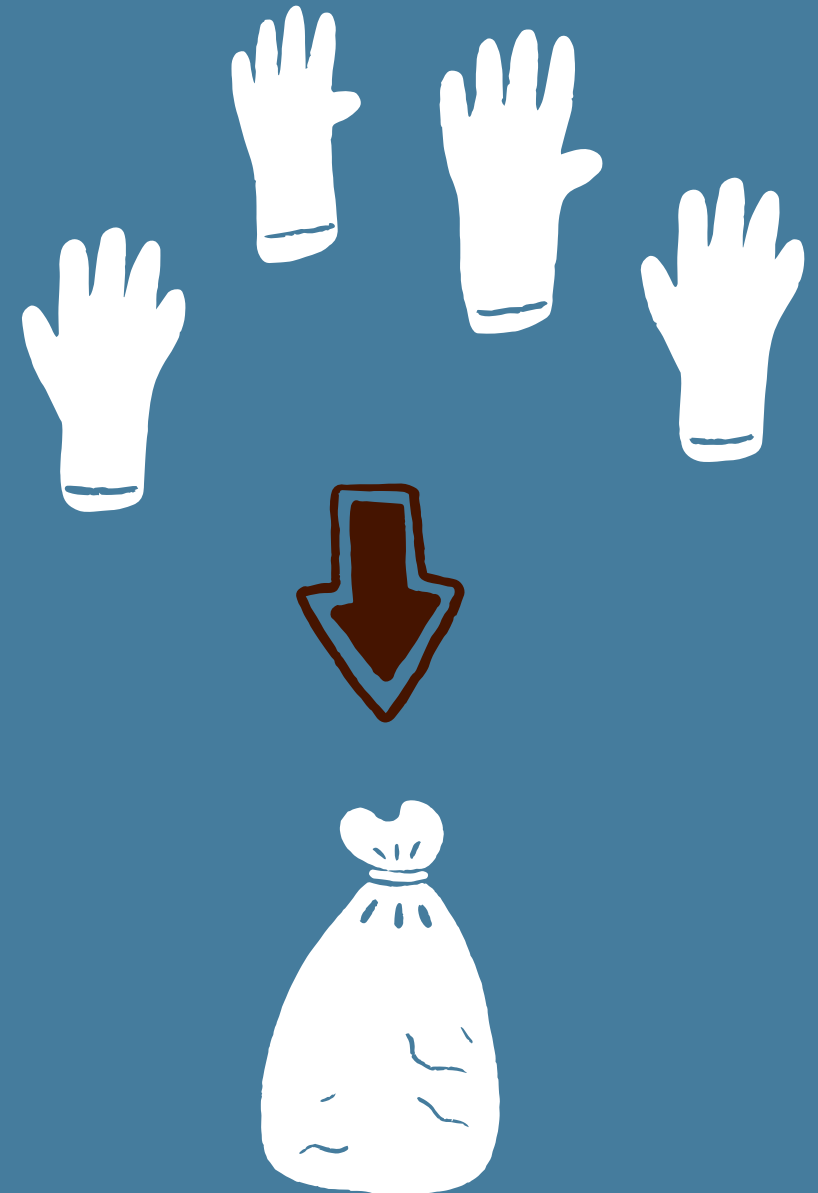
GLOVES TO BAGS PROGRAM

WHILE SINGLE-USE GLOVES ARE A NECESSITY IN OUR INDUSTRY, THE VAST MAJORITY OF THEM END UP IN THE LANDFILL.

WITH NO EXISTING ALTERNATIVE AND AN EYE ON OUR 50% DIVERSION GOAL, WE WORKED WITH OUR PARTNER, REVOLUTION BAG, TO INNOVATE A NEW CLOSED-LOOP SOLUTION.

In 2018, we began a pilot program in Portland, OR, where used plastic gloves from our restaurants were recycled and turned into the waste bags that we use in 53% of our own restaurants. In 2019, we expanded the program to Sacramento, CA and plan to expand again in the near future.

As a result of this program, and other target initiatives, we saw a 5% average decrease in overall film plastic as part of our waste makeup.



ENVIRONMENT

WASTE

PROGRESS UPDATE



WE DON'T WANT OUR WASTE ENDING UP IN LANDFILLS, SO WE'VE SET STRATEGIC GOALS TO HAVE AS LITTLE WASTE AS POSSIBLE AND WORK TOWARDS DIVERTING WHATEVER WASTE WE DO CREATE AWAY FROM THE LANDFILL. WE'RE NOT QUITE WHERE WE WANT TO BE, BUT WE FEEL CONFIDENT THAT THE PROGRESS WE'RE MAKING CAN HELP MAKE A DIFFERENCE FOR OUR PLANET.

GOALS

1

Divert 50% of our waste from landfills by the end of 2020, against a baseline of a 37% diversion rate at the end of 2016 (42% at the end of 2018).

PROGRESS



ON TRACK

At the end of 2019, we increased our diversion to 47%, which is a 5% increase from 2018.



2

Ensure 100% of our new restaurant openings in 2019 participate in our food donation "Harvest Program".



ACCOMPLISHED

All new restaurant openings were assigned a Harvest Program partner for food donation. The only exception when donations did not occur is where city regulation did not allow for the donation of prepared food.



ENVIRONMENT

WASTE

PROGRESS UPDATE



CONTINUED

GOALS

3

Ensure 100% of our restaurants are participating in a landfill diversion program by 2020, against a baseline of 81% at the end of 2016 (88% at the end of 2018).

PROGRESS



Currently, 92% of our restaurants are participating in a diversion program. In establishing waste diversion programs at our restaurants, space constraints and landlord-managed waste services have proved to be obstacles. Creating innovative solutions and adding diversion programs continues to be a top priority for our team and we are committed to continual progress in this area.

4

Set up and maintain a recycling program at 95% of all restaurants by 2020, against a baseline of 80% at the end of 2016 (87% at the end of 2018).



We are recycling at 91% of our restaurants and are continuously working to add the service to additional locations. Our team is working diligently to develop solutions for obstacles such as lack of available service and space constraints.



ENVIRONMENT

WASTE

PROGRESS UPDATE

**CONTINUED**

GOALS

5

Reduce overall average waste per restaurant per week by 30%, to 22 cubic yards, by 2020, from a baseline of 32 cubic yards per week in 2016.

PROGRESS

**BELOW
TARGET**

We reduced the average amount of waste produced per restaurant, per week, down to 26 cubic yards or 18%. This reduction was achieved through targeted initiatives, such as waste service level adjustments, packaging reduction, our Gloves to Bags program, and our food donation program, The Harvest Program.

Realizing a significant decrease in average waste volume during a period of strong comparable restaurant sales growth has proven to be challenging; however, we continue to seek creative opportunities to reduce our overall waste even further.



ENVIRONMENT

WASTE

PROGRESS UPDATE



CONTINUED

GOALS

6

Set up and maintain a composting program at 25% of all restaurants by 2020, against a baseline of 10% at the end of 2016 (18% at the end of 2018).

PROGRESS



ACCOMPLISHED

We offered composting at 27% of our restaurants at the end of 2019.



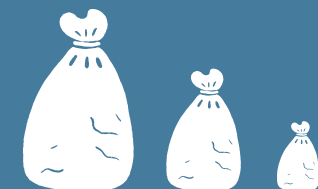
7

Reduce our landfill-bound waste to 15% of our total waste by 2025, against a baseline of 22% at the end of 2018.



BELOW TARGET

We have reduced our landfill-bound waste to 19% and are working diligently to reduce waste through creative solutions and closed-loop projects.



ENVIRONMENT

PACKAGING

PROGRESS UPDATE



WE'RE CONSTANTLY EXPLORING MORE SUSTAINABLE ALTERNATIVES TO OUR PACKAGING. FROM OUR FORKS AND KNIVES TO OUR CUPS AND STRAWS, WE'RE FINDING NEW WAYS, AND IN SOME CASES CREATING NEW WAYS, TO REDUCE OUR IMPACT.

GOALS

- 1 Reduce the amount of plastic in our cutlery by 20% by the end of 2020.

PROGRESS



ON TRACK

We are currently in talks with our suppliers to reduce the plastic content of our cutlery. In addition to reducing the amount of plastic in our cutlery, we are also exploring plastic alternatives.

Should plastic-free packaging become more viable, we hope to transition directly into a packaging line-up that significantly reduces the amount of single-use plastic in our restaurants.

- 2 Pilot-test a recyclable or compostable soda cup and lid by the end of 2020.



ON TRACK

We have found a viable solution for our cup, lid, and straw and are on track to further pilot this option in mid-2020.



ENVIRONMENT

PACKAGING

PROGRESS UPDATE



CONTINUED

GOALS

3

Expand the closed-loop glove-to-trash bag pilot program to include more restaurants.

PROGRESS



ON TRACK

We expanded the Gloves to Bags pilot to 25 locations. Currently, the pilot is taking place in Sacramento, CA and Portland, OR. We are continuing to evaluate new opportunities for expansion where environmentally and financially viable.



ENVIRONMENT

ENERGY

PROGRESS UPDATE



CONSERVING ENERGY IS ANOTHER WAY WE'RE TRYING TO BECOME MORE SUSTAINABLE. THAT'S WHY WE'VE ESTABLISHED GOALS THAT WILL HELP US INCREASE OUR RENEWABLE ENERGY SOURCES AND REDUCE OUR EMISSIONS.

GOALS

- 1 Install an Energy Management System (EMS) at all restaurants by 2020, against a baseline of 89% at the end of 2018.

PROGRESS



ACCOMPLISHED

While 3% of restaurants were not compatible due to physical building limitations, we completed the rollout and implementation of energy management systems at all applicable restaurants domestically and continue to install these systems at new restaurants.



- 2 Fully measure and report our Scope 3 emissions by 2025.



ON TRACK

We have taken a few key steps to achieving this goal ahead of our 2025 target. In 2019, we informed and prepared our suppliers at our first-ever Supplier Summit. We reviewed our timeline and expectations and look forward to working with our suppliers to achieve this goal. Additionally, we have engaged third parties to help us develop a roadmap as we work to calculate our Scope 3 emissions.

ENVIRONMENT

ENERGY

PROGRESS UPDATE



CONTINUED

GOALS

3

Increase the amount of renewable energy that we source, as part of our electric energy portfolio, by 2020, against a baseline of 20% in 2018.

PROGRESS

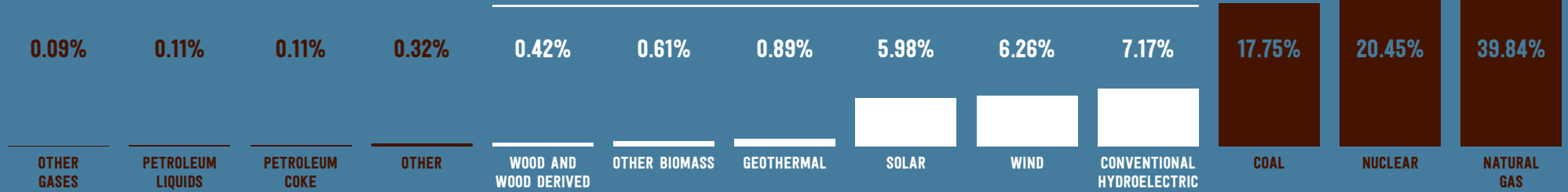


ACCOMPLISHED

21.33% of our electricity makeup was procured from renewable sources. While this isn't a significant increase, we have continued to increase our renewable sourcing while our business grows.



21.33% RENEWABLE SOURCES



2019 Estimated Annual Electric Generation



ENVIRONMENT

ENERGY MANAGEMENT IMPACT OVERVIEW

IN 2019, WE COMPLETED THE INSTALLATION OF ENERGY MANAGEMENT SYSTEMS AT ALL COMPATIBLE RESTAURANTS AND WE CONTINUE TO INSTALL THESE SYSTEMS AT ALL NEW RESTAURANT OPENINGS.

Our energy management systems allow us to monitor and manage our energy usage across our restaurants to realize massive energy savings.

We saved 34.5 million kWh of energy in 2019 alone and reduced average energy usage by 7.7% at each restaurant.

| ENERGY TYPE | MEASURE | % REDUCTION |
|-------------|---------|-------------|
| Electric | kWh | 6.8% |
| Gas | therms | 8.7% |
| Combined | kWh | 7.7% |

New Lifetime Emissions Reductions

WE INSTALLED OUR FIRST ENERGY MANAGEMENT SYSTEM IN 2014. SINCE PROJECT INCEPTION, OUR TOTAL ENERGY SAVINGS EQUATE TO THE FOLLOWING:

— LIFETIME SAVINGS —

CO₂ EMISSIONS FROM

5,624,603 GALLONS OF GASOLINE CONSUMED

54,700,440 LBS OF COAL BURNED

5,376 HOMES' TOTAL ENERGY USE FOR 1 YEAR

7,526 HOMES' ELECTRICITY USE FOR 1 YEAR



114,239 BARRELS OF OIL CONSUMED

GREENHOUSE GAS EMISSIONS

10,685 PASSENGER VEHICLES DRIVEN



FOR 1 YEAR

1,740 TONS OF WASTE RECYCLED INSTEAD OF LANDFILLED

CARBON SEQUESTERED FROM

1,296,951 TREE SEEDLINGS GROWN FOR 10 YEARS



58,934 ACRES OF US FORESTS IN 1 YEAR

ENERGY CONSUMPTION

152,726 LAPTOP COMPUTERS FOR 1 YEAR



403 ACRES OF US FORESTS PRESERVED FROM CONVERSION TO CROPLAND IN 1 YEAR



ENVIRONMENT

EMISSIONS

UPDATE

OUR SCOPE 1 DIRECT EMISSIONS INCLUDE EMISSIONS FROM OUR FLEET OF VEHICLES AND TWO CORPORATE JETS, AS WELL AS STATIONARY COMBUSTION IN OUR RESTAURANTS AND CORPORATE OFFICES.

OUR SCOPE 2 INDIRECT EMISSIONS INCLUDE OUR PURCHASED ELECTRICITY USED AT OUR DOMESTIC AND INTERNATIONAL RESTAURANTS AND IN OUR CORPORATE OFFICES.

Our Scope 1 and Scope 2 emission reporting was independently attested through an assurance engagement conducted by Eide Bailly, LLP.

| SCOPE 1 EMISSIONS | tCO ₂ e | % OF TOTAL |
|---|--------------------|--------------|
| Stationary Combustion (Restaurants) | 113,864 | 44.1% |
| Stationary Combustion (Corporate Offices) | 201 | 0.1% |
| Mobile Combustion | | |
| Company Controlled Cars | 3055 | 1.2% |
| Falcon 2000 | 1032 | 0.4% |
| Falcon 900EX | 737 | 0.3% |
| Total Scope 1 Emissions | 118,889 | 46.1% |

| SCOPE 2 EMISSIONS | tCO ₂ e | % OF TOTAL |
|----------------------------------|--------------------|--------------|
| Purchased Electricity | | |
| US Restaurants | 137,692 | 53.4% |
| International Restaurants | 535 | 0.2% |
| Corporate Offices | 883 | 0.3% |
| Total Scope 2 Emissions | 139,110 | 53.9% |

| | | |
|----------------------------------|----------------|---------------|
| TOTAL SCOPE 1+2 EMISSIONS | 257,999 | 100.0% |
|----------------------------------|----------------|---------------|

ENVIRONMENT

OFFSETS



IN 2019, WE BEGAN RESEARCHING CARBON OFFSETS THAT ARE ACTIVELY SEQUESTERING OR REDUCING CARBON EMISSIONS.

Some of the projects we support include landfill methane capture and agricultural methane digesters, both projects material to our business.

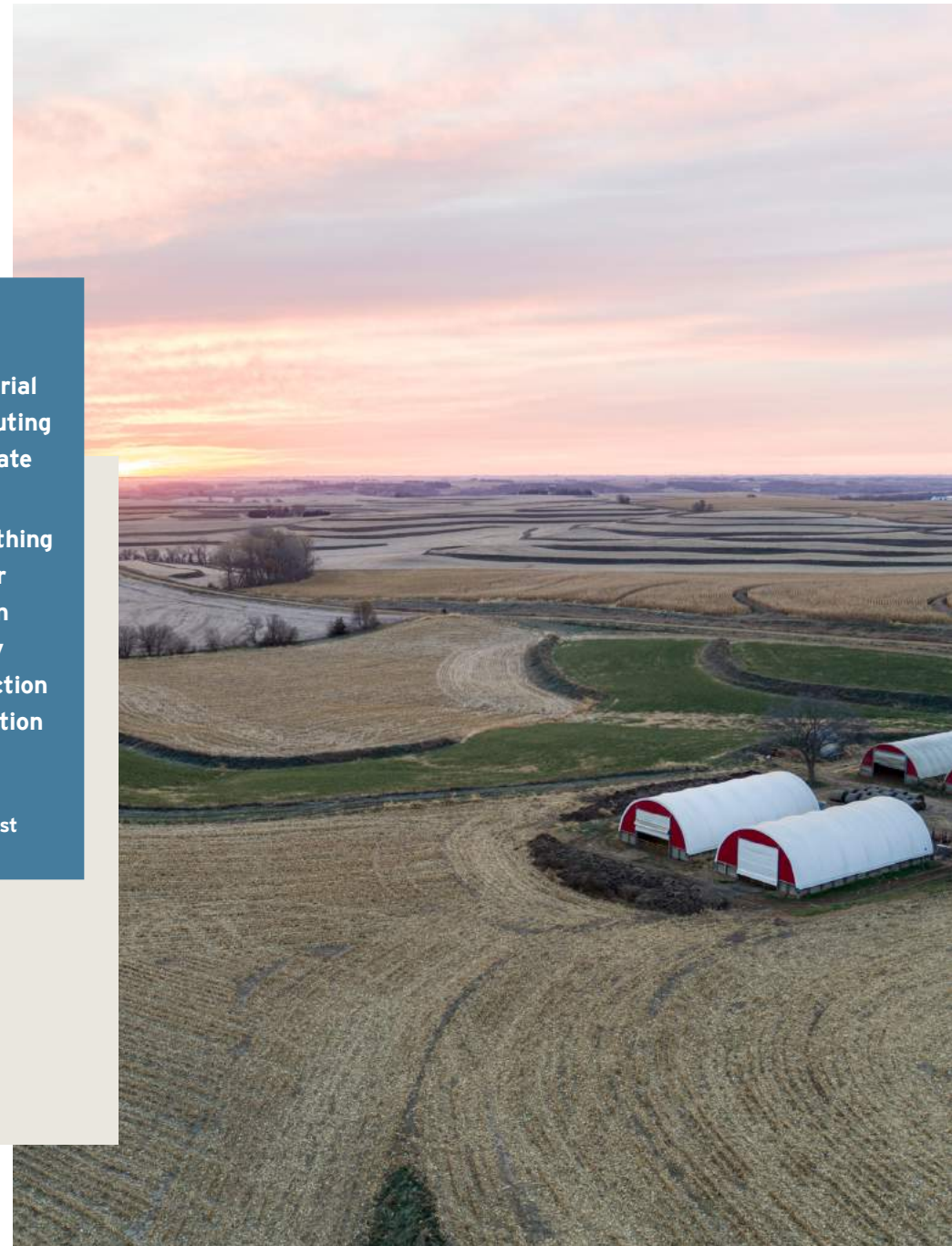
As a start, and at the time of publication, we have offset the GHG emissions associated with all company owned aircraft, offsetting a total of 1,769 tons of carbon.



We are excited to develop an aggressive, near-term reduction strategy, that is tangible and material to our business, while also contributing to the collective fight against climate change.

Carbon emissions have been something on our minds for some time. As our company grows, so does our carbon footprint. We are working diligently behind the scenes to develop reduction strategies and reduce our contribution to climate change.

– Jacob Gisler, Senior Sustainability Analyst



ENVIRONMENT

CLIMATE CHANGE



WE ACKNOWLEDGE CLIMATE CHANGE AND THE RISK IT POSES TO OUR BUSINESS.

WE ACKNOWLEDGE THE NEED FOR ALL BUSINESSES, INCLUDING OUR OWN, TO TAKE RESPONSIBILITY AND ACTION TOWARDS REDUCING THEIR CARBON IMPACT.

We are committed to addressing our contribution to climate change in ways that are consistent with the recommendations of the global climate science community. This includes an intention to set emissions reduction targets for our full carbon footprint, and adopt new initiatives, as well as continue existing initiatives to reduce the carbon intensity of our supply chain.

We are working hard towards our public goal of Scope 3 reporting by 2025. During this process, we will better understand our total contribution to climate change. We'll align our operations with the projected long-term constraints posed by climate change as set forth in the Paris Climate Agreement and 2018 IPCC Report.

This includes:

- Adopting overall long-term GHG emissions reduction targets for Chipotle's full carbon footprint
- Increasing the scale, pace, and rigor of initiatives aimed at reducing the carbon intensity of Chipotle's supply chain



ENVIRONMENT

COMMITTING TO SCIENCE BASED TARGETS

IN AN EFFORT TO INCREASINGLY MITIGATE OUR CLIMATE IMPACT, WE HAVE COMMITTED TO SET COMPANY-WIDE EMISSIONS TARGETS IN LINE WITH CLIMATE SCIENCE. AS A RESULT, WE ARE ADDING A NEW GOAL SPECIFIC TO OUR TARGETED EMISSIONS AND GREATER CARBON REDUCTION EFFORTS.

NEW GOAL: WORK WITH THE SCIENCE BASED TARGETS INITIATIVE (SBTI) TO SET SCIENCE-BASED REDUCTION TARGETS FOR COMPANY-WIDE EMISSIONS BY THE END OF 2021.





THANKS FOR TAKING THE TIME TO READ AND REVIEW OUR UPDATED REPORT.

Sustainability is a huge passion of ours and we are dedicated to continuing to set and achieve meaningful and impactful goals.

From our leadership, to our restaurant crew, to our farmers, we're committed to doing everything we can to Cultivate a Better World.

– The Chipotle Sustainability Team





MEXICAN GRILL