CULTIVATE A BETTER WORLD

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When I joined Chipotle in early 2018, I knew we had opportunities for growth in front of us. I knew Chipotle served fresh, delicious food. And I knew sustainability was at the core of our culture.

But what I’ve learned in the year since is just how essential sustainability is to our mission—and how innovative Chipotle has been in changing the way people think about and eat fast food. Our real ingredients are responsibly sourced and classically prepared with people, animals, and the environment in mind. Everything is connected.

I’m very excited about the fact that we’ve focused on the fundamentals since I’ve joined the team. That’s going to allow us to innovate even better together. We’ve been relentless in our pursuit of our customers’ trust, and of preparing the most delicious food, made of the most responsibly sourced ingredients.

Last year, we published a progress report against our sustainability goals through 2017. At that time, I talked about how we are committed to being transparent and building trust as we continue to raise the bar in this very important area. I talked about how we were starting to transform our organization to ensure we had world class talent in each area of business.

Today, that’s truer than ever: we’ve revived our organization’s focus on creativity and accountability. We’ve attracted some of the best talent in key areas of our company, and that’s helping us drive real progress toward our sustainability goals. We’re focused on what makes Chipotle special: real ingredients, real cooking, customized at a terrific value.

As we bring this food experience to customers, we know we have to do so in a way that sets new and higher standards for what sustainability looks like.

In this, our second full Sustainability Report, we’re focused on our mission of cultivating a better world in three core components of our work: food and animals, people, and the environment. Throughout, we’re explaining the way we govern and manage this work as well as how we are working to lead the industry. You’ll hear directly from leaders across our organization about how they’re embedding sustainability into the work we do together every day.

There’s a lot of growth ahead of us at Chipotle, and I’m so proud that our commitment to sustainability is stronger than ever; that’s what’s going to continue to shape our work going forward. Our best asset is our team members that are trained, passionate and excited, creating a great guest experience with the best food. Sustainability is the backbone of that experience they’re creating and influences our strategy from our restaurants, to our company offices, to the farms from which we source our ingredients.

I’m really proud of Chipotle and what we’re doing together to Cultivate a Better World. I’m so optimistic about where our culture is going and what makes Chipotle special, and I appreciate you joining us to learn more about it. I invite you to reach out to us at SustainabilityReporting@chipotle.com and share your thoughts and questions about what sustainability means to Chipotle. We’re all in this together.

Sincerely,

Brian Niccol
Chief Executive Officer
Chipotle Mexican Grill
2018 WAS A TRANSFORMATIVE YEAR FOR CHIPOTLE. ALTHOUGH MANY THINGS HAVE CHANGED, OUR COMMITMENT TO OUR CORE VALUES, INCLUDING SUSTAINABILITY, HAS NOT.

In keeping with those core values, we are proud to release our 2018 Sustainability Report to transparently share our efforts and impacts to fulfill our mission of cultivating a better world.

In compiling this report, we’ve engaged stakeholders; gathered and audited our environmental, social, and governance (ESG) data; worked with our leadership team to ensure alignment; and identified new ways to revisit our internal sustainability operations. To determine the content of our 2018 Sustainability Report, we referenced the previously published materiality assessment, conducted by a third party for our 2016 report, to identify the topics, or material issues, most important to our business according to the opinion of key internal and external stakeholders. As mentioned in our inaugural report, we intend to continue publishing a Sustainability Report every other year and a progress report every year between full reports. As such, we will publish our next full report in 2021, based on 2020 data.

The data in this report covers activities and initiatives that occurred during the 2018 calendar year unless otherwise stated. The report covers our owned and managed operations, including leased real estate.

As part of this reporting process, we’ve taken a close look at our operations and how we track our data. We continue to assess Chipotle’s ESG impacts across our supply chain, and we’re always working to fully understand and measure the environmental and social impacts of our business across our entire value chain.

This report is aligned with the Global Reporting Initiative’s (GRI) Standards reporting framework, in accordance with the “Core” option. GRI is an international standard that promotes transparent disclosure of our ESG performance. It also provides a tool for stakeholders to compare Chipotle’s performance with our peers on metrics that may be deemed material.

Caitlin Leibert, Director of Sustainability at Chipotle, led the reporting process. She reports to Laurie Schalow, Chief Corporate Reputation Officer, who has provided oversight of the reporting process.

Thank you for taking the time to read our second Sustainability Report. We’re genuinely grateful that you’re taking the time to read about our progress and efforts, and we hope you find it even more transparent and compelling than the first. Sustainability reporting is a journey, and we’re always looking to improve. We are eager to hear your feedback and answer any questions you may have. Please contact us via SustainabilityReporting@chipotle.com.
ABOUT CHIPOTLE

THE IDEA BEHIND CHIPOTLE IS SIMPLE: FOOD SERVED FAST DOESN’T HAVE TO BE “FAST FOOD”.

Using high-quality, wholesome ingredients, classic cooking techniques, and an interactive service format where guests choose exactly what they want, we strive to make delicious, sustainable food accessible to all in a welcoming and engaging environment.

We’ve been devoted to sourcing and cooking the best ingredients since we opened the doors of the first Chipotle in 1993. Today, more than 2,500 restaurants later, we are a leader in “fast-casual” dining—the fastest growing category of the restaurant industry—where the ethos of full-service restaurants is combined with the convenience of fast food.

In 2018, we operated three brands: Chipotle, Pizzeria Locale (a restaurant concept we created to help extend our ingredients-first mission into the pizza world), and Tasty Made. As of December 31, 2018, we operate just Chipotle and Pizzeria Locale. Chipotle Mexican Grill is publicly traded on the New York Stock Exchange as CMG. In 2018, we moved our headquarters (Restaurant Support Centers) to Newport Beach, California, and Columbus, Ohio. We operate restaurants in the United States, Canada, the U.K., Germany, and France.
INTRODUCTION

OUR 2018 IMPACT

FOOD & ANIMALS

Purchased 23.7 million pounds of organic ingredients

9 years: Average length of time we’ve been working with our pork suppliers

100% of our chicken had no antibiotics, no added hormones, and was humanely raised

Purchased over 5.8 million pounds of Certified Humane or Global Animal Partnership (GAP) Certified pork

Purchased 29 million pounds of locally grown produce

Over 50% of our pork was Red Tractor and Royal Society for the Prevention of Cruelty to Animals (RSPCA) Approved

Purchased over 32 million pounds of grass-fed beef

11% of all produce purchased was grown locally*

Purchased over 19.5 million pounds of Certified Humane or Global Animal Partnership (GAP) Certified beef

9 years: Average length of time we’ve been working with our dairy suppliers

100% of our beef had no antibiotics, no added hormones, and was humanely raised

Purchased over 77 million pounds of dairy from animals raised with daily access to the outdoors and no tail docking or tethering

241: number of meat and dairy supplier farm and plant audits we conducted in 2018 for animal welfare across 23 different U.S. states

100% of our pork had no sub-therapeutic antibiotics, no added hormones, and was humanely raised

Purchased 94,712,560 pounds of American Humane Certified (AHC) chicken

12 years: Average length of time we’ve been working with our beef suppliers

*We explain more about our local produce program in the Local Growers Program section.
INTRODUCTION

OUR 2018 IMPACT

PEOPLE

- Donated over $15.5 million to local community organizations
- Granted over $800,000 through our Chipotle Cultivate Foundation
- Donated $70,000 to charities via corporate giving efforts
- Donated over 120 pieces of equipment from our restaurants
- Gave $540,000 to disaster relief efforts
- Hosted over 58,200 fundraisers in our restaurants
- Provided over $1.5 million in total tuition assistance to 2,600 employees
- Promoted 13,689 of our people at all levels
- Donated over 290,000 pounds of food to those in need in our communities
INTRODUCTION

OUR 2018 IMPACT

ENVIRONMENT

- 100% of our bowls were made from compostable, plant-based fiber
- Over 450 restaurants with a compost program
- Roughly 20% of the electricity we used to power our restaurants was renewable
- 42% of all of our waste diverted from the landfill

- Reduced our energy consumption by 12,525,812 KwH throughout our restaurants
- Recycled over 1,285,000 cubic yards of waste
- Piloted a new closed loop recycling program to turn our used plastic gloves into our trash bags
- Reduced our average restaurant waste by 25%
INTRODUCTION

OUR ACHIEVED GOALS
FROM THE 2016 REPORT

WE'RE PROUD OF THE PROGRESS WE'VE MADE
SINCE WE PUBLISHED OUR 2016 SUSTAINABILITY
REPORT, AND CONTINUE TO SET AGGRESSIVE
TARGETS TO MEASURE AND MITIGATE OUR IMPACTS.

WE HAVE SUCCESSFULLY MET THE FOLLOWING GOALS:

- Increase the total pounds of produce purchased from local growers in 2017
- Seek to achieve a higher rating with the Business Benchmark on Farm Animal Welfare (BBFAW) by improving our animal welfare practices wherever possible and continuing to be transparent in our communications in 2018 (achieved Tier 3 from Tier 4 in previous years)
- Introduce compostable bowls at all restaurant locations
- Explore third-party certification programs to validate best-in-class antibiotic protocols for our pork supply in 2018
- Reduce overall average waste per restaurant by 5% by 2020
- Calculate and assure our Scope 1 and Scope 2 emissions in 2017 and 2018 and publish the data.
- Request information about and review sustainability efforts with key logistic partners by 2019
- 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
INTRODUCTION

OUR NEW GOALS

FOOD & ANIMALS

• Increase both the total pounds of produce purchased from local growers and the number of growers in our Local Growers Program in 2019
• Expand our Local Growers Program beyond produce to include meat, dairy and other applicable ingredients by 2020
• 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
• 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
• Increase non-GMO feed given to chickens in our supply chain to 45% by 2020
• In an effort to ensure farmers are compensated fairly, map meat & dairy farmer networks to ensure all of our premiums reach the individual farmer throughout the supply chain
• Increase both the total pounds and total percentage of organic rice, beans, and tortillas purchased by 2021

PEOPLE

• Make our Employee Assistance Program (EAP) available to all employees so they have access to quality mental health care by 2020
• Expand benefit coverage for both Kitchen Managers and Service Managers, giving them access to the same benefits as our General Managers (GMs) and Field Leaders by 2020
• Expand tuition assistance for all employees to cover the cost of their dependents for General Education Development (GED) and English as a Second Language (ESL) classes by 2020
• Develop and conduct unconscious bias training for all Field Leaders in 2019
• 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
• Expand our Diversity & Inclusion program through strategic recruiting and development practices in 2019
• Realize less than 25% GM turnover by 2020
• 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
• Implement an improved performance review process in 2019 for all employees

ENVIRONMENT

• Divert 50% of our waste from landfills by 2020, against a baseline of a 37% diversion rate at the end of 2016 (42% at the end of 2018)
• Ensure 100% of our new restaurant openings in 2019 participate in our food donation “Harvest Program”
• 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)*
• 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)*
• 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)
• 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
• Reduce our landfill-bound waste to 15% of our total waste by 2025, against a baseline of 22% at the end of 2018
• Install an Energy Management System (EMS) at all restaurants by 2020, against a baseline of 89% at the end of 2018*
• 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
• Fully measure and report our Scope 3 emissions by 2025
• Reduce overall inbound truckloads by 5% in 2019
• Reduce the amount of plastic in our cutlery by 20% by the end of 2020
• Pilot-test a recyclable or compostable soda cup and lid by the end of 2020
• Expand the closed-loop glove-to-trash bag pilot program to include more restaurants

*Revised goal from 2016 Sustainability Report
INTRODUCTION

INDUSTRY LEADERSHIP

As a leader in fast-casual dining, we recognize our ability—and our responsibility—to set high standards of excellence and to influence those around us. It’s our goal to make better food, made with real ingredients, available to everyone.

We work to create industry-leading policies and enforce responsible practices in the fields of sustainable agriculture, animal welfare, genetically modified organisms (GMOs), preservatives, colors, flavors, and other industrial additives. We passionately advocate for our customers and employees and, with this report, we are working to share more about how we also advocate for the animals, farmers, and others who touch our supply chain. We do this by enforcing strict production and welfare standards for everything from limes to pork, and by partnering with industry groups to share not only what works for us but also where we face challenges. Additionally, advocacy is an important component of our broad sustainability platform.

There are many sourcing, labor, and environmental challenges and opportunities unique to the food services industry. While Chipotle has always worked to share its commitment to responsibly sourced, delicious food with our customers, we also want to share our specific actions and priorities in this report.

Chipotle was the first national restaurant brand to sell food with no artificial colors, flavors or preservatives in any of its ingredients. We were the first national restaurant brand to use only meat from animals raised responsibly, and to create and maintain commitments to local and organically grown produce. We were the first national restaurant company to disclose the GMO ingredients in our food, and later, to prepare our food using only non-GMO ingredients. We were also the first restaurant to achieve LEED® Platinum Certification from the United States Green Building Association.

Our attention to responsible sourcing allows us to look several years down the road at the trends that may impact not only our ability to find the ingredients we want, but also the ability of our competitors and industry partners to do the same. The cost of certain ingredients, and whether other companies will be able to shoulder the effort of procuring and paying for them alongside us, will present challenges. As our business grows, we will uncover even more opportunities to innovate. And, more than ever, building and maintaining trust with our customers, especially in an age where information is shared faster than ever, is an ongoing priority.
In preparing this report, we referenced our 2016 third-party materiality assessment to identify the environmental, social, and governance (ESG) issues most relevant to our internal and external stakeholders, as well as to specify those issues that are within our control.

We assessed 41 topics across the financial, operational, and reputational aspects of our business—assessing both our degree of control and each topic’s potential future impact. Through this materiality assessment, we identified the 14 highest priority issues for our business.

We evaluated each issue for its potential business impact, level of stakeholder concern, and our degree of control.

**Our methodology included several inputs and analyses:**
- External insights, gathered through a trends analysis, peer benchmarking, and eight external stakeholder interviews. This external analysis included a review of key reports; a benchmark analysis of eight companies; a review of customer surveys by Chipotle; and interviews with non-governmental organizations (NGOs), academics, investors, and suppliers.
- Internal insights, gathered through 14 interviews with executives and staff, a survey of 22 staff members, and a review of reporting materials.
- Initial and refined material issues and sub-issues, a list of which follows.

Our third-party consultant developed a list of topics it determined to be most important to our business based on its interviews with internal and external stakeholders.

**These topics are:**
- Attraction & Retention of Talent
- Climate Change Management
- Community Investment
- Customer Health & Wellness
- Energy & Greenhouse Gas Management
- Ethical Business Practices
- Fair Labor Practices
- Food & Agriculture Advocacy
- Food Safety & Quality
- Food Security & Affordability
- Responsible Food Sourcing
- Transparency & Disclosure
- Water Management

Our materiality matrix, based on stakeholder feedback, maps business impact and stakeholder concern from low to high. We overlaid these results with our assessment of the degree to which Chipotle has control over each subset of ESG issues.

**Reporting on Material Issues**
To align with the Global Reporting Initiative (GRI) Standards, we’ve used the results of this materiality assessment to shape the content of this report.
INTRODUCTION

MATERIALITY

BUSINESS IMPACT

HIGH

LOW

WASTE MANAGEMENT
CLIMATE CHANGE MANAGEMENT
ENERGY & GREENHOUSE GAS MANAGEMENT
WATER MANAGEMENT
COMMUNITY INVESTMENT
FOOD & AGRICULTURE ADVOCACY
TRANSPARENCY & DISCLOSURE
FOOD SECURITY & AFFORDABILITY

ATTENTION & RETENTION OF TALENT
FAIR LABOR PRACTICES
ETHICAL BUSINESS PRACTICES
RESPONSIBLE FOOD SOURCING
CUSTOMER HEALTH & WELLNESS
FOOD SAFETY & QUALITY

FOOD & AGRICULTURE
ADVOCACY

WATER MANAGEMENT

FOOD SECURITY & AFFORDABILITY

FOOD & AGRICULTURE ADVOCACY

TRANSPARENCY & DISCLOSURE

RESPONSIBLE FOOD SOURCING

CUSTOMER HEALTH & WELLNESS

FOOD SAFETY & QUALITY

KEY

HIGHER DEGREE OF CONTROL
MODERATE DEGREE OF CONTROL
LOW DEGREE OF CONTROL

102-15, 102-44, 102-46, 102-47, 102-48, 103-1, 103-2, 103-3

2018 Sustainability Report
CHAPTER 1

WE PURCHASED 32 MILLIONS LBS OF GRASS-FED BEEF

100% OF OUR MEAT COMES FROM ANIMALS THAT HAD NO ADDED HORMONES OR SUB-THERAPEUTIC ANTIBIOTICS

11% OF ALL PRODUCE SERVED WAS GROWN LOCALLY (29 MILLION LBS)
LATTE FROM
CARLOS LONDONO
HEAD OF SUPPLY CHAIN

As our new Head of Supply Chain, I am honored and delighted to introduce the Food & Animals section of our Sustainability Report.

Since coming on board in May of 2018, the team has focused on expanding our Food With Integrity efforts through a "values-driven" approach to managing our business. It is our belief that to Cultivate a Better World, we must lead with this values-based mentality throughout our entire network. We have made great progress and will continue to tackle the challenges in the journey toward developing a sustainable supply chain.

We firmly believe that, at Chipotle, we are cultivating a better world. This purpose drives our decisions in every part of the supply chain: from the farmers who grow and raise the ingredients, to the crew members who serve our delicious food every day in our restaurants. We are committed to the development of the partners involved in all portions of this human network.

Our purpose drives the actions across our supply chain. We are continuously looking for ways to eliminate waste and gain efficiencies so that we can reinvest in our Food With Integrity program. We are addressing key challenges and building a world-class team that supports and develops our farmers and delivers value to our stakeholders. This less transactional approach focuses on robust processes, technology and human capital development which supports the business case for Food With Integrity. Under this framework we want to decouple cost and sustainability decisions.

We have established very strong long-term relationships with key suppliers. The contribution from these great partners has allowed Chipotle to further strengthen our values-based approach. We have found that nurturing and deepening relationships ultimately allows us to create strong programs in animal welfare, local produce and land stewardship. Additionally, these partnerships have helped us to fortify food safety protocols and procedures, and to optimize our operations to reduce carbon footprint. Our deep commitment to these partnerships has allowed us to gain greater efficiencies and re-invest in our partners and programs. Our co-investment cycle has allowed us to continue to advance our Food With Integrity efforts in a truly sustainable way.

There are still challenges ahead. Throughout this journey, the Supply Chain team will continue to work to provide the best ingredients from the best sources, safely and affordably. We will continue to stand up for what we believe: cultivating a better world through sustainable food.

Sincerely,

Carlos Londono
Head of Supply Chain
Food & Animal Goals

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

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.

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.

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

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

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

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

*Revised goal from 2016 Sustainability Report
FOOD & ANIMALS

OUR SUPPLY CHAIN
PRIORITY & OVERSIGHT

FOOD WITH INTEGRITY

Since the first Chipotle opened in 1993, we’ve served fresh, wholesome ingredients prepared using classic cooking techniques. It has always been a top priority to ensure our food is safe, delicious, and made from responsibly sourced ingredients.

FOOD SAFETY

We work to ensure all the food Chipotle serves is safe, wholesome, and delicious.

QUALITY

We assure the quality of our food across a significant number of metrics: animal welfare, the standards we set for our meats from animals raised responsibly (our Responsibly Raised guidelines), environmental considerations, and taste.

EFFICIENCY

Our approach to efficiency is founded on establishing long-term relationships with our suppliers—helping them meet our exacting sustainability and quality standards and working with them to set equitable prices.

FOOD & ANIMALS

Our Procurement Practices

Chipotle sets supplier standards across multiple product categories, from the equipment we use in our kitchens, to the meat and dairy we serve to our customers, to the packaging that contains our food. Our Animal Welfare team sets exacting standards to which our meat and dairy suppliers must adhere, and every year we require signed production affidavits affirming their compliance. We obtain product specification forms from all our packaging suppliers and evaluate each form to ascertain the source of raw materials and the percentage of recycled content they contain.

We conduct internal and third-party audits of our meat and dairy suppliers. Having an in-house audit team allows us to closely track our suppliers and the improvements we make to our supply chain practices. We perform regular site visits to ensure all facilities are in good condition and are adhering to our protocols. Using an internal audit team allows us to capitalize on our knowledge of suppliers’ operations and make recommendations based on our observations. Most of our packaging audits are currently undertaken by in-house teams, though we are looking to introduce third-party audits to this category as part of our ongoing supply chain improvements.

We work hard to ensure there are checks and balances throughout our business, and one of the ways we do this is through direct oversight. Our Supply Chain team has oversight of our sourcing standards, under the direction of our officers.

Our Supply Chain team requires affidavits from suppliers to confirm their compliance with our standards, and we maintain a team of auditors to audit them. When changes are likely to have a major impact on our supply chain, we work with cross-functional teams.

Our Code of Conduct requires us to engage in ethical business practices and policies. Our suppliers must follow our policies, including a supplier Code of Conduct to which we require suppliers to agree, unless they have comparable standards in place.
FOOD & ANIMALS

OUR SUPPLY CHAIN

MEAT & DAIRY

**CHICKEN**

**PORK**

**BEEF**

- **HATCHERY**
  - **SOW FARM**
  - **FINISHING FARM**
  - **feed lot**
  - ** FINISHING BARN**
  - **cows/calf operator or farm**
  - **growing-out- houses**
  - **slaughter plant**
  - **processing plant**
  - **harvest plant**

- **CENTRAL KITCHEN**
  - Where the cuts are cooked*

- **DISTRIBUTION CENTERS**
- **RESTAURANTS**

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* There are three domestic central kitchens where we cook our beef and pork. We also cook our tofu and beans in these central kitchens.

** Where the chicken is cut, deboned, and pre-marinated in adobo.
OUR PRODUCE

IN 2018 WE PURCHASED:

5 MILLION LBS of organic produce

29 MILLION LBS of local produce

Lemons
853,000 LBS

Tomatoes
60.3 MILLION LBS

Cilantro
5.4 MILLION LBS

Bell Peppers, Whole
31.7 MILLION LBS

Jalapeño Peppers
15.5 MILLION LBS

Romaine Lettuce
35.6 MILLION LBS

Limes
5.1 MILLION LBS

Red Onions
26.6 MILLION LBS

Avocados
86.9 MILLION LBS
In 2018, we purchased 11% of our produce locally.

That's 29 million pounds of produce, from 43 local growers.

We aim to use local ingredients whenever environmentally appropriate, economically viable, and where food safety is not jeopardized, although location is not the first thing we prioritize as part of our responsible sourcing practices. Local ingredients are those grown within 350 miles of a distribution center, although all growers in our local produce program were within 250 miles of a distribution center in 2018. The majority of our restaurants are located within 80 miles of a distribution center.

Through our Local Grower Support Initiative (LGSI), we provide training and funding to local farmers so they can implement higher standards of food quality and safety. We recognize that many small and mid-sized farms are often not equipped to sell to large organizations like our own. That's why we think it's so important to invest in creating a market for local suppliers to bring them up to our food safety standards. We support our local growers by providing and covering the cost of audits, building facilities or providing tools, and training them on new guidelines as defined in the Food Safety Modernization Act (FSMA) Produce Safety rule and Chipotle’s Quality Assurance processes. The LGSI enables local growers to supply not just Chipotle but other large companies as well.

It is imperative that Chipotle sources ingredients that are raised responsibly with respect for animals, the environment, and farmers. However, not all suppliers are able to invest in the processes and techniques required to meet our food safety requirements. Chipotle’s LGSI allows us to support smaller farms by providing the necessary funding and training to comply with our exacting standards.
There is joy in knowing that what we are growing is going straight to Chipotle customers. We go to Chipotle in the summer and we are eating our peppers! There is nothing more exciting. It is just phenomenal.

For Keith and Shauna Clute, growing for Chipotle has always been a goal. When Keith took on his family's 120-year-old farm in west central Indiana, he knew he had an opportunity to make it more sustainable.

To do so, he transitioned the farm from growing grains to growing vegetables, like the bell peppers and jalapeños, which he has grown for Chipotle for the last five years. When the Clutes began talking with Chipotle about selling their peppers to our restaurants, we identified a few key changes they needed to make to help them meet our Local Growers Program standards. We worked with the Clutes to make these changes, providing roughly $60,000 to help them update their farming operation. We're proud to partner with the Clutes and the 42 other growers in our Local Growers Program.

Keith and Shauna Clute
Owners, Windy Prairie Farm
Q&A WITH DEBRA GARRISON, OUR LOCAL GROWERS PROGRAM CONSULTANT

WHAT IS YOUR ROLE IN THE LOCAL GROWERS PROGRAM?
My role is to provide a foundation of Good Agricultural Practices (GAPs) with interactive, step-by-step tutorials developed for local farmers to help them become or remain Chipotle suppliers. We developed our guidance for growers based on longstanding, widely accepted auditing practices and the 2016 Food Safety Modernization Act (FSMA) Produce Safety Rule. I offer other tools to help growers create a strong food safety plan using science-based information. We offer a pre-assessment of the farms food safety plan using the Basic GAP checklist and generate a report with recommended corrective actions prior to a third-party audit, setting our growers up for success. The Chipotle Food Safety team reviews audits for preliminary supplier approval, after which I dispatch a Local Growers Program team member (or go myself) to verify that farms have implemented any corrective actions needed. We send an assessment to the Chipotle Food Safety team for a final approval decision.

WHAT QUALIFICATIONS DOES A FARM NEED TO HAVE IN ORDER TO BE CONSIDERED FOR OUR LOCAL GROWERS PROGRAM?
A farm must:
• Grow produce that Chipotle needs
• Be willing to participate in training and education that will enable it to pass a Chipotle-approved third-party audit
• 350 mile proximity to a Chipotle restaurant and/or distribution center
• Be willing to welcome other assessments of food safety implementation that may include pre-harvest assessments and corrective action verifications

WHAT MAKES OUR LOCAL GROWERS PROGRAM SPECIAL?
Food safety and sustainability are interrelated. To sustain a farm, that farm needs to be economically and environmentally stable. Chipotle has gone beyond the norm as a purchaser of local farm produce ingredients to offer personalized “boots-on-the-ground” education and training assistance to implement good agricultural practices. This program gives Chipotle the extra assurance that they’re supporting local farms that have food safety and sustainability at the top of their minds.

WHAT IS THE BEST PART OF YOUR JOB?
Getting a call from a farm I have visited and assisted and hearing that the growers are excited about understanding the requirements for implementing good food safety practices and the ability to be approved as a supplier, opening new markets and sustaining their farm!

Interested in joining our Local Growers Program and meet the below requirements? Reach out to Bianca on our Produce team at balexandru@chipotle.com.
OUR CHICKEN

Our chicken comes from suppliers who process their animals in Georgia, Minnesota, Arkansas, Virginia, and North Carolina. All of our chicken is boneless, skinless thigh and whole-leg. In 2018, we purchased 115,503,122 pounds of chicken, 100% of which met our animal welfare standards.

In an effort to continue removing GMOs from our supply chain, we've partnered with our chicken suppliers to transition to non-GMO feed, and have made significant progress since we last reported in 2016. Our two largest suppliers have transitioned half of their production, which equals 38% of our chicken supply, to non-GMO grain. One of our two largest suppliers built a grain elevator to accommodate growth toward this end. We've set a goal to increase the amount of our chicken supply fed non-GMO feed to 45% by 2020.

Our stocking density for broiler chickens is a maximum of seven pounds per square foot. In 2017, we made a public commitment in partnership with Compassion in World Farming and The Humane Society of the United States to improve welfare practices around raising broiler chickens.

As a part of this commitment, we've continued to work with our chicken suppliers to advance broiler welfare by adding environmental enrichments, natural lighting, improved stocking density, and controlled atmospheric stun. As of the end of 2018, one of our chicken suppliers uses controlled atmospheric stun. We are working with each of our suppliers to create step-by-step timelines to implement housing improvements and transition to controlled atmospheric stun.

OUR BEEF

Our beef comes from the U.S., Canada, Australia, and Uruguay. We source beef chucks for our barbacoa and the rounds for our steak. In the U.S., we purchase beef from Colorado, Nebraska, Kansas, Oklahoma, Texas, Arkansas, Missouri, Montana, California, Iowa, Oregon, Washington, Idaho, South Dakota, and Ohio. As of 2018, our beef suppliers had been supplying Chipotle for an average of 12 years.

We purchased 65,933,491 pounds of beef in 2018. We manage our beef purchases with a focus on efficient transport, factoring in our commitments to ensuring cost efficiency, environmental responsibility, and reducing food waste into all our purchasing decisions.

Approximately half of our beef supply comes from cattle raised entirely grass-fed on pasture. Furthermore, in 2018, none of the beef we sourced was conventionally raised, and 100% met our animal welfare standards. All of our beef comes from animals raised without added hormones or antibiotics.
FOOD & ANIMALS

OUR MEAT AND DAIRY

OUR DAIRY
In 2018, we purchased 88,158,068 pounds of dairy: 38,724,168 pounds of shredded cheese, 36,330,032 pounds of sour cream, and 13,103,868 pounds of queso. Farmers receive a Food With Integrity premium for raising cows on pasture, rather than through conventional methods.

The dairy for our sour cream, shredded cheese, and queso comes from suppliers who raise dairy cows in California, Idaho, Iowa, Wisconsin, Texas, and Ohio. We require our producers to ensure that all cows that produce the milk to make our shredded cheese and sour cream have daily access to the outdoors. Our queso is made from milk that is also free from sub-therapeutic antibiotics and added hormones. However, in 2018, some of the dairy for our queso came from cows that did not have daily access to the outdoors. We are actively working to elevate our queso up to the industry leading standards of the rest of our dairy.

OUR EGGS
In 2018, we purchased a small volume of eggs for one airport restaurant that serves breakfast; 100% of the eggs we purchased were cage-free.

OUR PORK
Our pork comes from the U.S., Canada, and the U.K. In 2018, we purchased 11,743,172 pounds of pork. We do not allow our pork suppliers to use breeding or gestation crates. All of our pork comes from sows raised outdoors or in deeply bedded barns. In 2018, 100% of our pork met animal welfare standards, meaning it was free from sow stalls during gestation and farrowing, and free from routine tail docking and teeth clipping. Therapeutic antibiotic treatment for a diagnosed illness is permitted. Animals that are treated with antibiotics are excluded from slaughter until after a withdrawal period to ensure that no trace of antibiotics remains in their system. Chipotle is in support of the industry-wide search to find alternatives to the use of high concentration carbon dioxide stun. We encourage industry stakeholders to develop more humane systems and are prepared to investigate new options as they are commercially available.
Our commitment to animal welfare informs all of our meat and dairy purchasing. Our rigorous animal welfare standards are informed by best practices and we surpass them wherever possible.

Our Animal Welfare Policies
Animal welfare is of the utmost importance to us. It’s our promise that the food we buy and serve is raised with respect for animals, farmers, and the environment. We’re committed to sourcing the highest quality ingredients through the safest and most sustainable methods.

Our Animal Welfare Guidelines—for chicken, beef, pork, and dairy—are how we strive to ensure that our suppliers treat animals as humanely as possible. We require that our suppliers provide us meat from animals raised without the use of sub-therapeutic antibiotics as well as with no added growth hormones. Our standards cover the birth of the animal to its slaughter, ensuring humane treatment and handling throughout the animal’s lifetime.

About Our Standards
Chipotle is dedicated to the avoidance of antibiotics for prophylactic, or preventative, use. We do not allow sub-therapeutic antibiotic use anywhere in our supply chain. In 2018, 100% of our chicken and beef met the No Antibiotics Ever standard. 100% of our pork met the No Sub-Therapeutic Antibiotics standard and 49% of our pork met the more stringent No Antibiotics Ever standard. One hundred percent of our dairy met the No Sub-Therapeutic Antibiotics standard.

Chipotle works to avoid confinement of animals throughout our supply chain. We set minimum space requirements for the animals used for our meat and dairy products. For example, we require suppliers to provide chickens with more space by limiting the maximum stocking density to seven pounds per square foot. We do not allow tethering of dairy cows. We do not permit sow stalls or farrowing crates for pigs.

Chipotle works to avoid the practice of “routine alterations” throughout our supply chain. We do not permit alterations such as routine tail docking for pigs or dairy cows or teeth clipping of pigs and we have specific veterinary requirements relating to treatment and pain management for castration and disbudding. We prefer that dairies eliminate the need for horn removal by introducing polled genetics into the milking herd.

We work to shorten the time our animals are in transport and we avoid long-distance live transportation. One hundred percent of cattle are transported to slaughter in less than 12 hours. 32% of pigs are transported in under four hours, 34% in under eight hours, 28% in under 12 hours, and 6% in under 14 hours. 100% of chickens are transported to slaughter in less than two hours.

We require that the animals in our supply chain have been pre-slaughter stunned. All slaughter facilities for beef, pork, and chicken must follow North American Meat Institute (NAMI) Animal Handling Guidelines to ensure fully effective pre-slaughter stunning.

Our suppliers’ animal welfare programs must include a zero-tolerance policy toward the cruelty to animals and ensure that sick animals receive appropriate medical treatment. Chipotle opposes the use of product from cloned animals.
FOOD & ANIMALS

ANIMAL WELFARE

THIRD-PARTY VERIFICATION
For beef, we require that all cattlemen and livestock haulers we work with adhere to Beef Quality Assurance (BQA) guidelines or an equivalent standard. We also require that all of our partner processing plants adhere to North American Meat Institute (NAMI) Animal Handling Guidelines or an equivalent standard. In addition to these requirements, in 2018, at least 37% of the beef we purchased was either Certified Humane or Global Animal Partnership (GAP)-Certified.

All chicken producers we work with are required to follow either National Chicken Council (NCC) Standards or American Humane Association (AHA) Animal Welfare Standards. In addition, in 2018, 82% of our chicken was American Humane Certified (AHC).

Our pork suppliers in the U.S. and Canada are required to follow North American Meat Institute (NAMI) standards and, in the U.K., providers must follow Royal Society for the Prevention of Cruelty to Animals’ (RSPCA) Freedom Foods standards for pigs. In 2018, 100% of our pork carried an additional welfare certification beyond our requirements. 49% of our pork was either Certified Humane or Global Animal Partnership (GAP)-Certified, and 51% was Red Tractor and RSPCA Assured.

ANIMAL WELFARE OVERSIGHT & COMPLIANCE
Strategic and operational responsibility for Chipotle’s Animal Welfare Programs lies with our Animal Welfare Program Manager, who reports directly to the Director of Procurement on the Supply Chain team. The Animal Welfare team executes the program’s operational strategy and the corporate Procurement team incorporates it into each purchasing decision.

The implementation of Chipotle’s Animal Welfare Guidelines requires close collaboration with the Sustainability, Culinary, Food Safety Quality Assurance, and Marketing and Communications teams. Animal Welfare Guidelines are redistributed internally annually to ensure company-wide compliance with their policies. The Animal Welfare team is committed to continuous education and improvement: team members have completed trainings in Poultry Welfare, Dairy Welfare, Swine Welfare, and Meat Plant Welfare from the Professional Animal Auditor Certification Organization (PAACO), and have also completed the Farmers Assuring Responsible Management (FARM) Animal Care Program via Beef Quality Assurance (BQA). In 2019, the Animal Welfare team will complete Beef Quality Assurance (BQA) re-certification in cattle stockmanship and transportation. In 2019, our Animal Welfare Program Manager will implement corporate training on our Animal Welfare Guidelines for internal stakeholders working on various Chipotle teams.

Our Animal Welfare team sets exacting standards to which our meat and dairy suppliers must adhere. We embed these standards into our purchasing specifications and contracts. Every year, we require signed production affidavits affirming every supplier’s compliance. In addition to our documentation requirements, our Animal Welfare team is dedicated to ensuring compliance with our standards through an on-site auditing program. The team audits 100% of our domestic suppliers annually and 100% of our international suppliers biennially. In 2018, our Animal Welfare team conducted 241 audits across 23 states, including 205 farms, 20 plants, 12 hatcheries, and four feed mills, in compliance with our policy to audit 100% of domestic suppliers. To further ensure compliance with our requirements prohibiting hormone and sub-therapeutic antibiotic use, our team conducts randomized antibiotic and hormone residue tests on all beef suppliers in the U.S. and Australia. In 2018, we conducted regular residue testing at 22 plants across the U.S. and Australia.

Upon concluding an audit, we deliver audit findings reports to our suppliers, which identify issues of critical non-conformance, major non-conformance, and minor non-conformance, as well as recommendations. In 2018, we suspended one farm from supplying Chipotle due to critical non-conformances.
Q&A WITH YAEL CYPERS, CHIPOTLE ANIMAL WELFARE MANAGER

WHAT BROUGHT YOU TO CHIPOTLE?
Since well before it was on-trend in the food industry, Chipotle has been a leader in vocalizing the importance of sourcing food that it can proudly stand behind—Food With Integrity. I believe strongly in working for a company that feels compelled to do what’s right, even when it’s the more challenging path, which is actually embedded in Chipotle’s values: “stand up for what’s important, even when it’s hard.” Purchasing responsibly raised meat is certainly not the easiest choice. It’s harder to source, especially when operating at such a large scale, and more expensive, but upholding this value is one of the things that sets Chipotle apart.

WHAT DIFFERENTIATES OUR ANIMAL WELFARE PROGRAM FROM OTHERS?
The two areas of our program that, I believe, set us apart from anyone in our space are our pasture-raised dairy program and our pork program. All cows that produce dairy for Chipotle’s sour cream, and shredded cheese are given daily access to pasture, 365 days a year, which surpasses the USDA organic dairy requirement of 120 days on pasture per year. Our pork program is also unique and exceptional, in that all of the pigs raised for Chipotle’s carnitas are either given access to outdoor pasture or are raised in open barns with deeply bedded pens. It is important to us to support pasture-based systems that provide animals with the ability to roam freely, breathe fresh air, live in natural sunlight, and simply be animals.

WHAT PROJECTS OR AREAS OF FOCUS ARE YOU MOST EXCITED ABOUT?
As we look ahead, an exciting area of focus will be planning for the future and exploring how we will continue to build our supply network while also enhancing the sustainability of our business and animal welfare over the coming years. I’m excited to look into integrating more regenerative practices into our supply network and expanding our network of domestic, pasture-based suppliers.
CHIPOTLE IS ON A NEVER-ENDING QUEST TO SOURCE THE HIGHEST QUALITY INGREDIENTS. WE SOURCE OUR DRY GOODS (RICE, BEANS, AND TORTILLAS) ACCORDING TO THE SAME PHILOSOPHY AS ALL THE REST OF OUR INGREDIENTS: WITH FOOD WITH INTEGRITY AT TOP OF MIND.

OUR RICE
In 2018, we purchased just shy of 95 million pounds of rice (94,710,950 pounds), 55.5% of which was white rice and 45.5% of which was brown rice. We purchased 1,924,350 pounds of organic rice in 2018.

OUR BEANS
In 2018, we purchased roughly 40 million pounds of beans (39,306,261 pounds), 34% of which were organic or transitional. 54% of the beans we purchased were black and 46% were pinto.

OUR TORTILLAS
In 2014, we began working to eliminate industrial additives and artificial preservatives from the tortillas we use to make burritos, tacos, and chips. Our flour tortillas are made using just flour, water, canola oil, and salt. The corn tortillas we use for chips are made only with corn masa flour and water. 23% of our tortillas in 2018 were certified organic.

OUR TOFU
In 2018, we made 7,590,510 pounds of sofritas, our plant-based protein option made from certified organic tofu. Hodo Soy Beanery in California supplies our tofu and uses certified organic soybeans from Indiana and Illinois.

GMOS
In 2013, Chipotle became the first national restaurant company to disclose its genetically modified organism (GMO) ingredients and, in 2015, the first to cook only with non-GMO ingredients. Today, all the food we serve is made only with non-GMO ingredients.

In 2018, our restaurants cooked with both sunflower and rice bran oil. Our tortillas are made with non-GMO canola oil and non-GMO corn. The organic soybeans used to make the tofu in our sofritas have always been non-GMO.

Although the meat and dairy products we buy come from animals that are not genetically modified, it is important to note that most animal feed in the U.S. is genetically modified. This means the meat and dairy served at Chipotle are likely to come from animals that have been fed at least some GMO feed. We are working hard on this challenge and have made substantial progress. For example, 38% of the chickens raised for us were fed non-GMO feed. This is a good start, but we recognize that sourcing meat and dairy exclusively from animals that have not been fed food with GMOs will be a long-term project. Additionally, some of the beverages we serve are sweetened with corn-based sweeteners, which are typically made with genetically modified corn.
A FOCUS ON THE CUSTOMER

We've always worked to be transparent with our customers about why we choose our ingredients and where they come from. That commitment to transparency is one of the reasons we compiled this report, and also why we chose to publish every ingredient in our meals online.

We created a service model that allows each customer to pick exactly which ingredients and how much of them go into each order. Our online tool provides complete nutrition information, helps customers build meals that meet their needs, and discloses allergens and dietary restrictions.

We also provide complete nutrition information in our restaurants on the back of our paper menus and provide allergen cards to customers who ask for them.

We want our customers to be part of the conversation about our ingredients. We'll continue to work to educate consumers and industry partners about new ways we can improve our supply of ingredients and, hopefully, make the industry as a whole more sustainable. We believe the integrity of our supply chain leads to better tasting and more nutritious food—and we will fight for this on behalf of our customers, the environment, and the communities we serve.

HEALTH AND WELLNESS

We use only ingredients with no artificial flavors, colors, or preservatives—except for lemon and lime juice, which can sometimes be used as natural preservatives. We cook with simple, whole ingredients that are not processed.

Our Real Ingredients page offers information about all our ingredients, nutrition information, and an online tool to help customers with special dietary requirements create a meal that's right for them.

We track trends in nutrition and wellness and modify our offerings when we see new opportunities.

Chipotle has options for all dietary needs. We're sensitive to concerns about the amount of sodium used in our food and have offered guidance, available on our website, to people with various dietary preferences or restrictions, including those related to sodium. All of our suggested lower-sodium meals (such as our burritos or salads) contain less than 900 milligrams of sodium, leaving plenty of room for customization.

Every choice we make—who we work with, what we serve, and what we stand for—affects the health of the planet. Nutrient-rich soil reduces the need for pesticides and synthetic fertilizers, buying locally reduces vehicle emissions from transportation, and humane animal husbandry means diminished reliance on antibiotics. As we strive each day to be better, we're working to measure and manage the interconnected environmental and social impacts throughout our supply chain.

We work hard to create and follow ethical business practices. We build relationships with like-minded businesses and operations that do business differently. We are strongest when we work together, so we're always paying attention to other restaurants, producers of goods and services and government regulations.
WE SUPPORT OUR SUPPLIERS IN DEVELOPING ENVIRONMENTAL STANDARDS AND SUSTAINABILITY GOALS.

Many of our suppliers have their own sustainability initiatives relating to water usage, energy usage, and employee welfare. Every new supplier is required to complete a Supplier Intake Form, which includes questions on environmental standards. Additionally, we take into account opportunities for environmental efficiencies within our supply chain, such as measuring the amount of water used per animal. In 2018, we did not identify any unacceptably negative environmental impacts through our regular supplier auditing process.

We have conversations with all potential suppliers to better understand their company’s approach and policies relating to sustainability. We also require tours of our supplier’s facilities to evaluate operations and discuss opportunities for improvements. Finally, in an effort to increase transparency throughout our value chain, we ask our suppliers the geographical origin of their raw materials.
Inspiring Suppliers to Operate Responsibly: Taylor Farms

We build relationships with like-minded suppliers who share our commitment to creating positive change and cultivating healthy communities. Like Chipotle, Taylor Farms believes people are one of its greatest assets and is grateful for the dedicated team members who strive every day to provide safe, high-quality, fresh foods.

Taylor Farms Scholarship Program

Each year, Taylor Farms awards children of its valued team members academic scholarships to pursue their college dreams. In 2018, the company expanded this commitment and doubled the size of its program, increasing the number of new scholarship recipients from 10 students to 20. To date, Taylor Farms has awarded over $1 million in academic scholarships to 105 children of employees. Each recipient receives $5,000 annually while the student remains in an undergraduate or graduate university program. This unique scholarship opportunity has become a catalyst for change, with 94% of recipients becoming the first generation in their family to attend college.

Food Security

Taylor Farms is dedicated to making healthy, fresh foods accessible to every family in North America. Each Taylor Farms facility partners with local food banks to donate product and provide nutritional resources to those in need. Annually, Taylor Farms donates over five million pounds of fresh foods to food banks and charitable organizations across North America. On top of that, Taylor Farms facilitates weekend food security programs at local elementary schools and has an employee donation program, which gives employees the option to bring home the healthy products they had an important hand in making.

Taylor Farms Family Health & Wellness Center

Taylor Farms shares Chipotle’s commitment to cultivating a better world. In 2015, Taylor Farms partnered with Salinas Valley Memorial Healthcare System to open a new medical center in the small farming town of Gonzales, CA. The community has a total population of 8,400 and is home to a Taylor Farms facility that employs 1,000 team members. The new healthcare facility significantly expands affordable and quality healthcare for local residents who previously had limited access to healthcare resources. In 2017, the Taylor Farms Family Health & Wellness Center hosted 20,219 patient visits.

"We are proud to partner with a company that shares our dedication to promoting the social and environmental health of communities,” says Nicole Flewell, Taylor Farms’ Director of Sustainability.

“We trust that together we can make the world a better place through our collective actions."

Case Study: Taylor Farms

We are proud to partner with a company that shares our dedication to promoting the social and environmental health of communities,” says Nicole Flewell, Taylor Farms’ Director of Sustainability.

“We trust that together we can make the world a better place through our collective actions.”
Food safety is part of our culture at Chipotle. Our Food Safety team, under the direction of our officers, is responsible for managing food safety in our restaurants. In addition to our internal Food Safety team, we have a Food Safety Advisory Council that is comprised of some of the nation’s foremost food safety authorities. The Food Safety Advisory Council and our Board of Directors oversee our food safety policies and practices to help ensure they’re appropriately designed and implemented.

We take seriously the safety of our food throughout our supply chain and restaurants. Adhering to food safety and quality standards to prevent health risks that can arise from the handling, preparation, and storage of food is a priority we take very seriously in every aspect of our business.

It’s important to distinguish between different types of food safety risks so we can manage and mitigate their impact. All of our restaurants operate under a U.S. Food and Drug Administration’s (FDA) Hazard Analysis Critical Control Points (HAACP) system, by which we identify food safety risks in the system and implement corrective actions when needed. The potential for microbial contamination of food through employee illness is our most critical control point. Our sick leave policy, in which restaurant employees are automatically given three days of sick leave from their first day of employment, is designed to reduce this risk.

Visual reminders also make a difference when it comes to food safety in our restaurants. Every Chipotle restaurant now has a 3’x2’ poster posted in the kitchen that lists the “Top 7 Food Safety Things To Remember.” These include: work healthy, work clean, keep produce safe, cook food to correct temperatures, hold hot and cold foods at specified temperatures, maintain sanitary conditions, and call for help when needed.

We work closely with our suppliers to ensure the ingredients we buy are safe when we receive them, and then strive to ensure these ingredients are prepared in the safest way possible in our restaurants.
From our expert panel that is the Food Safety Advisory Council, to our in-house nurses that provide guidance to our crew members every day, all of Chipotle’s team members are committed to pursuing the highest level of excellence when it comes to food safety. I am lucky to work with some of the country’s most established authorities to ensure our food safety standards continue to be best-in-class. By adapting techniques and protocols from the worlds of healthcare to fine dining, there is no doubt that Chipotle's food safety work is cutting-edge. I’m proud to say that this continues to drive our mission of cultivating a better world by providing delicious food made with responsibly sourced, real ingredients and prepared fresh daily.

Kerry Bridges
Vice President of Food Safety

CHIPOTLE HAS DEVELOPED AND IMPLEMENTED VERY PROGRESSIVE METHODS FOR FOOD SAFETY OVER THE LAST FEW YEARS AND, AS A RESULT, HAS BECOME A LEADER IN THE INDUSTRY.

I AM EXCITED AND HONORED TO JOIN SUCH AN INNOVATIVE, EXPERIENCED TEAM AT A TIME OF GREAT PROGRESS AND MOMENTUM FOR THE BRAND.
Our food safety process is broken down into eight steps:

1. Supplier Intervention
2. Farmer Support and Training
3. Advanced Technology
4. Enhanced Restaurant Procedures
5. Food Safety Certification
6. Restaurant Inspections
7. Ingredient Traceability
8. Advisory Council

FP1, FP2, FP5
FOOD & ANIMALS

FOOD SAFETY:
1. SUPPLIER INTERVENTION

OUR PROCESS TO AVOID FOOD SAFETY RISKS BEFORE INGREDIENTS REACH CHIPOTLE

We actively and individually partner with each of our meat, dairy, and produce suppliers to implement rigorous food safety standards above and beyond their existing procedures. We designed these additional controls to reduce or eliminate food safety risks before ingredients ever reach our restaurants.

We require our suppliers to:

• Implement scientifically validated preventative systems, including validated HACCP plans and advanced technologies to further control food safety risks
• Document the effectiveness of their food safety process interventions used in harvest and preparation
• Routinely verify the effectiveness of their food safety interventions by using microbiological testing methods recognized by the FDA and U.S. Department of Agriculture (USDA)
• Implement effective interventions to ensure food safety, validated through monitoring and microbial testing

Testing is also performed for process control validation and verification to ensure that the food safety processes are working as intended.

WE EMPHASIZE TO OUR SUPPLIERS THAT THE FIRST STEP OF FOOD SAFETY IS THE DESIGN OF SAFE PROCESSES, AND WE VERIFY THE EFFECTIVENESS OF THEIR PROCESSES TO CONTROL HARMFUL BACTERIA IN MEAT, CHICKEN, DAIRY, AND PRODUCE INGREDIENTS THROUGH TESTING.
Through our Local Grower Support Initiative (LGSI), we provide training and funding to local farmers so they can implement high standards of food quality and safety. We recognize that many small and mid-sized farms are often not equipped to sell to large organizations like ours. To help, we knew investments were needed to help create a market for local suppliers and to bring them up to our food safety standards. We support our local growers by providing and covering the cost of audits, building facilities or providing tools, and training them on new guidelines as defined in the Food Safety Modernization Act (FSMA) Produce Safety Rule and Chipotle’s Quality Assurance processes. The LGSI enables local growers to supply not just Chipotle but other large companies as well.
**FOOD SAFETY:**

3. ADVANCED TECHNOLOGY

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**ADVANCED TOOLS THAT ELIMINATE PATHOGENS WHILE MAINTAINING FOOD QUALITY**

We utilize several advanced technologies in our commissaries and restaurants to improve the safety of our raw ingredients without affecting nutrition or taste, including:

**Sous Vide**

Sous vide (“under vacuum” in French) is a process by which foods are placed in a vacuum-sealed package and heated at low temperatures for extended periods of time. It is a method of cooking employed by many of the world’s great chefs. It is also a recognized and validated intervention for controlling harmful bacteria. We use the sous vide process at the commissary level for our steak. Our sous vide process is performed under continuous USDA inspection and monitored using sophisticated data collection, including continuous temperature monitoring. Once the steak has been heated at a low temperature for a precise amount of time, it is seasoned and grilled in our restaurants. The result is steak that is safe, smoky, tender, and flavorful.

**Blanching**

Blanching involves briefly submerging an ingredient in hot water in order to destroy harmful bacteria on the surface. It is not uncommon for fresh fruits and vegetables to harbor harmful bacteria on their skins. We have performed detailed scientific studies that quantify the specific benefits and best blanching techniques. We blanch jalapeños prior to dicing them at our restaurants to reduce the risk of any surface contamination.

**Controlant—Cold Chain Management System**

Our Cold Chain Management System is a real-time temperature monitoring system that tracks shipments from our suppliers to our distribution centers. This program gives us real-time visibility into that status of temperature-sensitive shipments to ensure the cold chain is controlled and the quality and safety of our ingredients is maintained.
Protocols for handling ingredients and sanitizing surfaces in our restaurants

We maintain a clean environment in our restaurants and employ safe food handling practices. In 2018, we enhanced our already strong sanitation and HACCP systems designed to ensure restaurant sanitization and food preparation practices. The HACCP systems identify the critical processes that must be controlled and monitored in order to ensure food safety. The food safety leader in each restaurant monitors the daily HACCP logs across 13 critical control points to provide consistent data collection and the greatest possible assurance of our food’s safety. The senior manager on duty during each shift is designated the Food Safety Manager and is responsible for checking that all food safety procedures are carefully followed.

These enhanced procedures help to ensure any pathogens that may have survived the supply chain are eliminated in our restaurants, and that the restaurants themselves do not become a source of contamination.

Moreover, we employ robust food safety procedures when it comes to cleaning and sanitization. In 2018, we introduced and fully implemented the Purell Handcare and Sanitation program. We use a natural treatment that reduces many harmful bacteria and viruses from the restaurant environment. We’ve also implemented new food handling procedures and we apply validated antimicrobial interventions to mitigate food safety risks. A third party routinely verifies the effectiveness and compliance of these sanitizing procedures using advanced testing methods.

Focused Prep

In order to minimize the number of employees that touch the food during preparation at the restaurants, we now employ dedicated employees with enhanced food safety knowledge, including those with HACCP and ServSafe certifications as well as knowledge of handwashing and personal hygiene to handle food in the restaurants, significantly reducing the risk of pathogens and cross-contamination.
FOOD SAFETY:
5. FOOD SAFETY CERTIFICATION

Mandatory Certification for Managers and Field Leaders

Nothing is more important than the safety and well-being of our customers and employees.

We are dedicated to providing our employees the training and support they need to ensure food safety is always a top priority.

We require our in-restaurant management teams to be trained and certified in food safety by ServSafe, a specialized, nationally recognized third-party program. ServSafe provides online or in-person courses and exams to all Kitchen Managers, Service Managers, Apprentices, General Managers, and Restaurateurs. Participants learn detailed information about food safety, temperature control, cleaning and sanitizing, cross-contamination control, and safety regulations.

We train our Field Leaders in the HACCP system certified by the International HACCP Alliance.

Quarterly Food Safety Training
Each quarter, all restaurant team members receive training on the Food Safety Seven and the company’s key food safety priorities.

FP1, FP2, FP5, 404-1
Extensive Internal and Third-Party Food Safety Inspections

We conduct rigorous point-by-point inspections of hundreds of items within our restaurants, including illness policy awareness, temperature controls, food handling and labeling, equipment inspections, procedure validations, and crisis management procedures.

Using the newly implemented Zenput tool (as of September 2018), which allows for real-time visibility into task completion rates, our Field Leaders complete a full Restaurant Performance Evaluation (RPE) monthly at each restaurant, of which our food safety standards are a major component. In addition to the monthly evaluation, our Field Leaders also complete a shorter Owners’ Path assessment at each of their visits to a restaurant, during which they audit the location against our food safety standards.

Since our food safety incidents in late 2015, we have significantly increased the number of internal and third-party inspections, which complement mandatory state and local health department inspections. Our trained Field Leaders evaluate every restaurant at least twice a month to help ensure all requirements are met.

Additionally, we partner with an independent food safety audit division of Ecolab, a third-party research company with an auditing division called EcoSure, to provide rigorous quarterly food safety audits of every Chipotle restaurant in the United States. Finally, Chipotle’s Safety, Security & Risk team conducts food safety audits. Our inspections and audits are then augmented by a centralized review of every health inspection conducted by local government officials, which they then share with our operations teams and act upon swiftly.

Food safety inspections and audits provide regular, real-time feedback on the performance of each restaurant, allowing us to identify both best practices and areas that could use improvement. The inspections and audits are a part of Chipotle’s commitment to continuous improvement of food safety controls.
Advanced electronic system to enhance our traceability program

Our traceability program allows us to identify the menu-item ingredients that have traveled to each restaurant—down to the lot code—from the farm to each restaurant.

Our traceability program utilizes an electronic system that allows us to track items across our supply chain. Our suppliers identify each food item we decide to track with a unique Global Trade Item Number (GTIN), and then label each case of ingredients with a barcode containing the GTIN, lot number, and pack date, or use-by date.

As cases of food move from the supplier to our distribution centers, then on to our restaurants, employees scan the barcoded labels. This process allows us to trace an individual lot through the supply chain. Chipotle is among the first major restaurants in the U.S. to digitally track items from supplier to restaurant in this way.

"The ability to trace our food electronically from supplier to restaurant at the lot code level is a powerful enhancement to our food safety program."

Our ability to track our ingredients from supplier to restaurant at the lot code level is a powerful tool supplementing our food safety program. It helps ensure that we are able to research and act on food safety and quality concerns quickly and thoroughly, knowing where particular ingredients are at a given time, as well as where they’ve been.
In order to ensure our food safety program is as robust as possible, it's critical to supplement our internal expertise with independent external guidance. In 2016, we established the Food Safety Advisory Council, comprised of industry leading food safety experts. By combining our own Food Safety team with a group of industry-leading experts, we're working to ensure the program will continually evolve and improve.

**GROUP OF INDUSTRY EXPERTS ADVISING ON AND REVIEWING OUR PROCEDURES**

Dr. David Acheson, Chair  
Founder and CEO, The Acheson Group  
Foodborne pathogen expert and former Chief Medical Officer, USDA and FDA

Dr. Elisabeth Hagen  
Former USDA Under Secretary for Food Safety and food nutrition expert

Dr. Hal King  
Founder/CEO of Public Health Innovations LLC

Dr. James Marsden  
Executive Director of Food Safety, Chipotle (Retired as of March 2019)  
Food safety expert, former meat sciences professor, and leader of Chipotle’s food safety programs

FOOD & ANIMALS

**FOOD SAFETY: 8. ADVISORY COUNCIL**
CHAPTER 2

PEOPLE

DONATED OVER

$15.5 MILLION
TO LOCAL COMMUNITY ORGANIZATIONS THROUGH 58,200 FUNDRAISERS IN OUR RESTAURANTS

DONATED OVER

290,000 POUNDS OF FOOD
TO THOSE IN NEED IN OUR COMMUNITIES

PROMOTED

13,689 OF OUR PEOPLE AT ALL LEVELS
I’m so excited to introduce the People section of our 2018 Sustainability Report!

Last year marked the beginning of our growth turnaround, driven by our purpose to Cultivate a Better World. There is such a unique, emotional component to this brand, stemming from its authenticity and transparency about food. It lives in the hearts of our employees and their pride for serving guests responsibly sourced, classically cooked, delicious food that they feel good about eating.

Our transformation is also about building on our employee pride and engaging our people by cultivating an environment where each employee can thrive and pursue their passion. The way to sustainably grow a company and bring its brand to life is to grow its people.

We’ve been building new capabilities across the organization. A key driver of our innovation in the last year has been our intentional effort to elevate and recruit best-in-class, diverse leaders to serve in our Restaurant Support Centers and the field. We have made remarkable progress in the past year and our diverse leaders will continue to attract, develop, and inspire a more diverse workforce.

The foundation of our diversity strategy, which informs decision-making at all levels of the company, is inclusion. We work to foster a culture of well-being for our people and an environment where everyone is encouraged to be their full self and make a difference. Inclusion inspires mutual learning, development and career growth for our employees and results in further innovation and growth for the company. I firmly believe that we will grow Chipotle by growing our people.

Our movement to create an inclusive people culture is as real as our pursuit for the very best ingredients. Authenticity lives here and I am excited to continue leading us and working with Chipotle leaders at all levels of the company on this journey.

Warmly,

Marissa Andrada
Chief People Officer
PEOPLE GOALS

- Make our Employee Assistance Program (EAP) available to all employees so they have access to quality mental health care by 2020.
- Expand tuition assistance for all employees to cover the cost of their dependents for General Education Development (GED) and English as a Second Language (ESL) classes by 2020.
- Expand benefit coverage for both Kitchen Managers and Service Managers, giving them access to the same benefits as our General Managers and Field Leaders by 2020.
- 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.
- Expand our Diversity & Inclusion program through strategic recruiting and development practices in 2019.
- Develop and conduct unconscious bias training for all Field Leaders in 2019.
- 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.
- Implement an improved performance review process in 2019 for all employees.
- Realize less than 25% GM turnover by 2020.
- Make our Employee Assistance Program (EAP) available to all employees so they have access to quality mental health care by 2020.
OUR VALUES

OUR VALUES KEEP US REAL

THE LINE IS THE MOMENT OF TRUTH
When our guests win, so do we
Everything we do starts with our restaurants. Serving great food, with great service in a safe, quick, clean, and happy environment is always priority one

TEACH AND TASTE CHIPOTLE
Take pride in making the Chipotle experience exceptional
Take the time to learn it well, teach it right, and hold others to the same standard

AUTHENTICITY LIVES HERE
Our food is real and so are we
Be your full self and make a difference

THE MOVEMENT IS REAL
Stand up for what’s important, even when it’s hard
We source better ingredients, hire better people and work hard to change the world. Talk about what makes you proud, so we can do more of it
73,000+ EMPLOYEES
5 COUNTRIES
2,491 RESTAURANTS*

We have more than 73,000 talented and diverse employees across Chipotle in the U.S., U.K., Canada, Germany, and France—though our biggest presence by far is in the U.S. As of December 31, 2018, we had roughly 5,100 salaried employees and about 67,900 hourly employees in the U.S. None of our employees are unionized or covered by a collective bargaining agreement.

We use Workday® to manage our employee data.

*2,489 of which were Chipotle restaurants, 2 of which were Pizzeria Locale
## Employees

<table>
<thead>
<tr>
<th>Employee Type</th>
<th>Not Specified</th>
<th>Female</th>
<th>Female (%)</th>
<th>Male</th>
<th>Male (%)</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Restaurant Hourly: Crew and Managers</strong></td>
<td>286 (.004%)</td>
<td>37,550</td>
<td>55%</td>
<td>30,632</td>
<td>45%</td>
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<td>100%</td>
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<tr>
<td>American Indian</td>
<td>290</td>
<td>212</td>
<td></td>
<td>502</td>
<td></td>
<td>0.73%</td>
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<tr>
<td>Asian</td>
<td>1,407</td>
<td>1,475</td>
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<td>2,882</td>
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</tr>
<tr>
<td>African American</td>
<td>7,799</td>
<td>5,696</td>
<td></td>
<td>13,495</td>
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<td>19.71%</td>
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<td>26,234</td>
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<tr>
<td>Hawaiian/Pacific Islander</td>
<td>204</td>
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<td>413</td>
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<td>0.6%</td>
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<td>375</td>
<td></td>
<td>783</td>
<td></td>
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</tr>
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<td>Two or More</td>
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<td>1,299</td>
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<td>2,894</td>
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<td>1,174</td>
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<tr>
<td>White</td>
<td>10,437</td>
<td>9,654</td>
<td></td>
<td>20,091</td>
<td></td>
<td>29.35%</td>
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</table>

<table>
<thead>
<tr>
<th><strong>Restaurant Salary: Regional Managers</strong></th>
<th>1,967</th>
<th>2,334</th>
<th>1,888</th>
<th>4,301</th>
<th>100%</th>
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<tr>
<td>American Indian</td>
<td>11</td>
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<tr>
<td>Asian</td>
<td>52</td>
<td>65</td>
<td>117</td>
<td>2.72%</td>
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<tr>
<td>African American</td>
<td>192</td>
<td>245</td>
<td>437</td>
<td>10.16%</td>
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<tr>
<td>Hispanic</td>
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<td>962</td>
<td>1,888</td>
<td>43.89%</td>
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</tr>
<tr>
<td>Hawaiian/Pacific Islander</td>
<td>12</td>
<td>8</td>
<td>20</td>
<td>0.47%</td>
<td></td>
</tr>
<tr>
<td>Not Specified</td>
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<td>26</td>
<td>43</td>
<td>1%</td>
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<tr>
<td>Two or More</td>
<td>78</td>
<td>79</td>
<td>157</td>
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<tr>
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<td>638</td>
<td>901</td>
<td>1,539</td>
<td>35.78%</td>
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## EMPLOYEES

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<thead>
<tr>
<th>Employee Type</th>
<th>Not Specified</th>
<th>Female</th>
<th>Female (%)</th>
<th>Male</th>
<th>Male (%)</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STAFF: CORPORATE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(INCLUDES FIELD WORKERS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>American Indian</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0.1%</td>
</tr>
<tr>
<td>Asian</td>
<td>31</td>
<td>45</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>76</td>
<td>8.6%</td>
</tr>
<tr>
<td>African American</td>
<td>15</td>
<td>36</td>
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<td>0</td>
<td>0</td>
<td>51</td>
<td>5.8%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>23</td>
<td>65</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>91</td>
<td>10.4%</td>
</tr>
<tr>
<td>Hawaiian/Pacific Islander</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0.2%</td>
</tr>
<tr>
<td>Not Specified</td>
<td>10</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>21</td>
<td>2.4%</td>
</tr>
<tr>
<td>Two or More</td>
<td>9</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>23</td>
<td>2.6%</td>
</tr>
<tr>
<td>Unknown</td>
<td>2</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>17</td>
<td>1.9%</td>
</tr>
<tr>
<td>White</td>
<td>226</td>
<td>369</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>596</td>
<td>68%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>286 (.004%)</td>
<td>39,835</td>
<td>54%</td>
<td>33,522</td>
<td>46%</td>
<td>73,643</td>
<td>100%</td>
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</table>

Data is U.S. only, as of December 31, 2018.

102-8, 102-41, 102-56, 405-1, 408-1, 409-1, 412-1
OUR TRANSFORMATION

IN 2018, WE MADE THE DECISION TO RELOCATE OUR CORPORATE HEADQUARTERS TO NEWPORT BEACH, CALIFORNIA, AND EXPAND OUR EXISTING OFFICE IN COLUMBUS, OHIO, IN ORDER TO CAPITALIZE ON THE TALENT POOL LOCATED IN THE REGIONS AND BOLSTER OUR SUPPORT CENTER CAPABILITIES.

As anticipated, this move resulted in turnover of our corporate employees. During our transition, we evaluated our existing talent against our strategic priorities to ensure that our recruiting strategy focused on closing our talent gaps and sustaining Chipotle’s culture while delivering our business goals.

Building an inclusive and diverse workforce is at the forefront of our employment decisions. Therefore, during our transition, we were intentional about who we brought onboard to ensure that our workforce is both inclusive of top tiered talent, and reflective of the diverse communities that we serve. As a result, we saw a 5% increase in the number of women in leadership positions (Director and above), including two new female officers. We are committed to continuing to have a diverse set of candidates presented for leadership positions moving forward.

As we look to the future, we are working to enable our leaders to encourage all employees to bring their best selves to work by ensuring our leaders prioritize our Diversity & Inclusion program. In 2019, we will cultivate a culture of openness and awareness by conducting unconscious bias training for all of our Field Leaders. We will roll out this training to the rest of Chipotle employees in future years and we will incorporate it into our new employee orientation.
WE BELIEVE IN INVESTING IN OUR PEOPLE. BENEFITS—WHAT WE CALL OUR “CULTIVATE ME” PROGRAM—MAKE UP A VITAL ROLE IN AN EMPLOYEE’S TENURE AT CHIPOTLE, AND WE RECOGNIZE THAT COMPETITIVE BENEFITS ARE NECESSARY TO RETAIN EMPLOYEES.

HEALTHCARE
Good work begins with good health, which is why we offer all employees affordable health insurance. It doesn’t matter whether they are a part-time or full-time team member, how many hours they work, or how long they’ve been with the company. All employees, their spouses, and their dependents are eligible for health insurance.

In addition to providing tuition assistance, we proudly support employees in their education goals by providing access to a personal education coach, tuition discounts, college credits for on-the-job training, and access to exclusive degrees in business management and hospitality. We also provide assistance for employees’ immediate family members completing designated English as a Second Language and general education classes.

PARENTAL LEAVE
In 2018, we made changes to our parental leave policy. In past years, we offered an industry-standard three paid parental days to new parents. Our employees shared feedback with us about this policy and together we determined that more time was appropriate. As a result, we’re now offering 12 paid parental days to all salaried employees at the restaurant management level and above. We also offer short-term disability insurance for birth mothers that covers 60% of an employee’s pay (up to $2,500 a week). When used in conjunction with the 12 parental days, birth mothers can receive up to 6 weeks of effectively fully paid maternity leave. Kitchen Managers and Service Managers are eligible for five paid parental days and birth mothers can still use short-term disability insurance that covers up to $2,500 a week.

We are committed to building a better work environment for mothers and understand the demands that come with juggling both a full-time job and parenthood. Chipotle has partnered with The Mom Project, Inc. to help new moms adjust back to full time corporate life after having a child or children. The Mom Project is a program that helps connect women with employers committed to maximizing their participation in the workforce.

EDUCATIONAL ASSISTANCE
Chipotle’s Tuition Assistance Plan helps employees cultivate their knowledge and in turn Cultivate a Better World. Chipotle is committed to helping all employees meet their educational goals, whether those goals are to take English as a Second Language (ESL) classes, earn a high school diploma, learn a trade, or graduate from a college or university. We provide tuition assistance of up to $5,250 per year. In 2018, over 2,600 employees ranging from restaurant crew members to support center staff received over $10.5 million in tuition assistance.

We are working to take our healthcare offerings to the next level. We’ll introduce an all-inclusive application process this year so that employees can receive exceptional support and a full concierge service, enabled by technology. With this change, we are aiming to simplify the process in order to make healthcare accessible for all of our employees.

We believe in creating an inclusive work environment that includes equal support for adoptive parents, same-sex couples, and paternity leave.
RETIRED SUPPORT
In January of 2019, we eliminated the requirement that crew members had to work 1,000 hours in a plan year before they could start contributing to their 401(k). Now, every employee is eligible to contribute to their retirement savings after 30 days of employment.

PAID TIME OFF
We also understand that everyone deserves a life outside of work, so all employees are eligible to receive paid time off of work, whether to spend time with their loved ones or do something they love. We are constantly looking for ways to make our benefits more competitive. We're currently researching ways to improve work-life balance, such as providing paid time off to volunteer. We plan to explore paid volunteer days for our corporate staff in 2019. We're also evaluating our compensation programs and how we incentivize all employees, including our crew members.
PEOPLE

BENEFITS:
HOURLY EMPLOYEE
CREW, KITCHEN MANAGER, &
SERVICE MANAGER BENEFITS

HEALTHCARE
Whether a full-time or part-time team member, all Chipotle employees are eligible for health insurance so that they and their loved ones lead healthier, happier lives. Employees are eligible for coverage on the first of the month following 30 days of hire. Our medical plans cover preventative care, office visits, urgent care, behavioral health care, and substance abuse care. Our healthcare also includes optional vision and dental plans. Available coverage may vary by position and location.

SAVINGS
401(k)
Our 401(k) includes a company match of 100% on the first 3% of the compensation an employee contributes and 50% on the next 2% of compensation an employee contributes. The match is available once the employee reaches 1,000 hours in a plan year. All funds are fully vested from day one.

EMPLOYEE STOCK PURCHASE PROGRAM
Eligible employees who have worked at Chipotle for at least 12 months can contribute a percentage of their base pay through payroll deductions. At the end of each month, those contributions are used to purchase whole and fractional shares of Chipotle stock at a discounted price.

PAID TIME OFF
SICK TIME & VACATION TIME
We offer our hourly employees paid sick time. They can accrue paid vacation time after a year of employment.

Parental leave
Eligible Kitchen Managers & Service Managers are given five days of paid parental leave following the birth of their child or the placement of a child in connection with adoption or foster care.

PERFORMANCE-BASED PAY
MERIT REVIEW (PAY INCREASES)
We hold semi-annual performance reviews. Crew, Kitchen Managers, and Service Managers are eligible to receive a merit increase after each review based on their performance and overall contribution to the restaurant.

CREW BONUS
All full-time Crew, Kitchen Managers, and Service Managers (those that work more than 32 hours per week on average) who have been with the company for at least a year are eligible for a bonus every December.

PERKS
FREE MEALS WHILE WORKING
Every employee gets a free meal during their shift.

50% DISCOUNT WHEN NOT WORKING
Every employee gets 50% off of food and soft drinks purchased at their home store when they’re not working.

FREE UNIFORMS
We provide all employees comfortable organic cotton tees custom-made for Chipotle.

PAID BREAKS
All Crew, Kitchen Managers, and Service Managers receive paid breaks ranging from 15 to 60 minutes depending on the length of their shift.
HEALTHCARE

Whether a full-time or part-time team member, all Chipotle employees are eligible for health insurance so that they and their loved ones lead healthier, happier lives. Employees are eligible for coverage on the first of the month following 30 days of hire. Our medical plans cover preventive care, office visits, maternity care, urgent care, surgery, mental health, substance abuse, and more. Our healthcare also includes optional vision and dental plans. Available coverage may vary by position and location.

WELLNESS DISCOUNTS

Wellness is a top priority at Chipotle. We offer discounts on insurance premiums as well as gift cards for participation in our wellness programs.

SAVINGS

401(k)

Our 401(k) includes a company match of 100% on the first 3% of the compensation an employee contributes and 50% on the next 2% of compensation an employee contributes. The match is available once an employee reaches 1,000 hours in a plan year. All funds are fully vested from day one.

EMPLOYEE STOCK PURCHASE PROGRAM

Eligible employees who have worked at Chipotle for at least 12 months can contribute a percentage of their base pay through payroll deductions. At the end of each month, those contributions are used to purchase whole and fractional shares of Chipotle stock at a discounted price.

FLEXIBLE SPENDING ACCOUNTS

We offer health care and dependent care flexible spending accounts as well as commuter transit and parking programs to help employees save money through pre-tax deductions from their paychecks. For the dependent care flexible spending account, Chipotle matches 10% of contributions, up to $450 per year.

HEALTH SAVINGS ACCOUNT

Employees who elect the Consumer Directed Health Plan (CDHP) may choose to open a health savings account through which they can save money through pre-tax deductions from their paychecks.

DISCOUNTS

All employees are eligible to receive discounts and savings from national and local merchants as well as service providers through our employee discount program.

PAID TIME OFF

SICK TIME & VACATION TIME

Employees earn paid holidays, vacation, and sick time.

PARENTAL LEAVE

Eligible employees are provided with 12 days of paid parental leave following the birth of a child or the placement of a child in connection with adoption or foster care.

SABBATICAL

After 10 years of service, employees are eligible to receive eight weeks of paid sabbatical in addition to their regular vacation.
PEOPLE

BENEFITS: SALARIED & STAFF
APPRENTICES, GMs, RESTAURATEURS,
FIELD AND SUPPORT CENTERS

PERFORMANCE-BASED PAY
MERIT REVIEW (PAY INCREASES)
We hold annual performance reviews. Employees are eligible
to receive a merit increase once a year following their review,
based on their impact on Chipotle’s successes as well as their
ability to make the people around them better.

QUARTERLY BONUS (APPRENTICES, GMs, &
RESTAURATEURS)
Four times a year, we award bonuses to our salaried managers
based on their ability to train and develop their people, deliver
an excellent guest experience, and serve delicious, safe food.

ANNUAL BONUS (RESTAURANT
SUPPORT CENTERS & FIELD)
Our Restaurant Support Center and Field teams allow our
restaurant managers and crew to focus on running great
restaurants and achieve our vision of ensuring that better
food is accessible to everyone. Following annual performance
reviews, Restaurant Support Center and Field staff are eligible
to receive a bonus based on how well Chipotle does, how well
their team does, and how well they perform individually.

OTHER PERKS
FREE MEALS
Restaurant Support Center and Field staff get a meal card
that refills with $100 per month to spend in our restaurants.

LIFE & DISABILITY INSURANCE
We offer company-paid basic life insurance to employees,
their spouses, and their children. We also offer short- and
long-term disability benefits in case of an illness or non-
work-related injury.

EMPLOYEE ASSISTANCE PROGRAM
We offer confidential, prepaid access to professional
counseling for employees and their eligible dependents.

ADOPTION ASSISTANCE
Chipotle can help cover the cost of adoption, up to $7,500,
for eligible employees (salaried Manager and above that have
retained employment for one year).

PET INSURANCE
Chipotle helps pet owners by contributing up to $10 per month
per pet, up to three pets, toward pet insurance premiums
when employees enroll through our pet insurance partner.
Creating a safe work environment is a top priority and we work hard to ensure all employees understand and engage in safe working practices.

The Chipotle Security Policy and Crew Handbook together convey our employee safety policies. New employees are required to sign these documents electronically upon joining, and all employees promoted to a management position are also required to sign the Restaurant Management Handbook. Our employee safety measures include, for example, teaching employees to not be alone in the restaurant after handling cash, knife safety, and burn and bodily fluid protocols.

We regularly review these documents to ensure they are clear and relevant and publish updates as needed. The documents are available electronically through Workday.

In 2018, Chipotle had 17 Occupational Safety and Health (OSHA) safety complaints, all of which were fully resolved. There were no workplace-related deaths.
RETIETING OUR TOP TALENT IS PARAMOUNT TO CHIPOTLE’S FUTURE GROWTH AND SUCCESS.

We’re working to improve every stage of the employee life cycle. By improving the candidate experience, onboarding, and training, we are poised to improve retention—and with it, the guest and employee experience, as well as other key metrics for success.

As anticipated, we saw a significant increase in turnover at the staff level due to our relocation from Denver to Newport Beach and Columbus. For employees affected by this transition, we offered a relocation package, or a severance package that included a lump sum, prorated bonus and accelerated equity vesting.

BUILDING BETTER GMs THROUGH THE CREATION OF SUCCESS PROFILES AND CULTIVATE UNIVERSITY 2.0 (CULTIVATE U 2.0).

Cultivate U 2.0 aims to shift current mindsets from a “tribal knowledge” mentality to an aligned approach within our restaurants. The program is designed to enhance GM performance and increase awareness around the most important responsibilities of the job. Field Leaders, who oversee our GMs, go through a series of workshops designed to build leadership skills and increase engagement.

GMs learn to:
- Create a culture of accountability
- Lead effectively
- Develop situational leadership skills
- Understand the importance of food safety
- Provide coaching and feedback
Attracting the right talent is an essential ingredient to building successful teams. We place a high value on ensuring we find the right fit for each position. For our GM position, we leveraged the Success Profiles to create a competency-based interview guide to help hiring managers identify and evaluate potential candidates.

We know there is a 50% turnover rate when GMs are not onboarded properly. That’s why we’re so committed to making significant improvements in our onboarding process.

RETAINING & ENGAGING OUR EMPLOYEES

Focusing on people development is a cornerstone of our success. Development of and engagement with our employees are integral to retaining our talent. It is important that all leaders know the employees within their organizations and be invested in their success. So that employees and People Leaders have meaningful conversations about performance and our values in action, we encourage every People Leader to have a performance conversation with each employee they oversee four times per year.

In 2019, we will launch an engagement survey for our Restaurant Support Center staff and Field Operations employees to identify key areas of strength and opportunities. Based on the results, we will create action plans to build upon our strengths and address our areas of improvement. Additionally, we’ll outline GM career ladders to develop these leaders in order to keep them engaged and excited about their role.
In 2018, our rate of internal promotion was 79%.

This rate measures the percentage of managers that we promoted into an Apprentice position versus all salaried manager hires at Chipotle.

Our employees receive ongoing training. Cumulatively, shoulder-to-shoulder training, in-restaurant meetings and training, and video training provide our restaurant crew with the equivalent of 15 days of training each year. Each year, Kitchen Managers and Apprentices receive six weeks of training and Service Managers receive four weeks.

We do not have collective bargaining agreements. We have policies, practices, and training that ensure we comply with all federal, state, and local employment obligations. We will continue to strive to comply fully with all obligations.
RECENTLY, WE IMPLEMENTED A NEW PROCESS FOR EVALUATING OUR RESTAURANTS. AS PART OF THIS PROCESS, WE AUDIT KEY OPERATIONAL AND CUSTOMER SERVICE METRICS, INCLUDING METRICS RELATED TO FOOD SAFETY PROTOCOLS AND COMPLIANCE.

While high employee turnover is a characteristic of the restaurant industry, we ensure that every new hire is properly educated in Chipotle’s food safety protocols. By continuing to build a positive and inclusive culture, our goal is to decrease turnover among our restaurant salaried employees, hourly crew, and restaurant managers.

A significant majority of our executive compensation package is tied to ambitious and publicly identified metrics. Our Proxy Statement, available online, includes more information about executive compensation. We started as a start-up in Denver in 1993 and that model necessitated accountability and ownership. We are proud that those characteristics are still true today.

We are pleased to offer excellent opportunities for career advancement and are committed to providing competitive wages and benefits to all of our employees. We pay all entry-level hourly restaurant employees above the federal minimum wage, and at or above state or local minimum wages where applicable.

We also believe that a sustainable economy must ensure a minimum standard of living necessary for the health and general well-being of workers and their families. We work to position ourselves as an employer of choice, even in times of change that are inevitable in our industry. We will always seek to attract and retain the best employees, providing them with competitive wages and benefits to help us achieve our goals, and opportunities for advancement to allow our employees to grow.
We believe in diversity, equal opportunity, and providing a workplace free from discrimination and all forms of harassment. These values improve our business and ensure we maintain a positive working environment for all employees.

Chipotle prohibits workplace discrimination and all forms of harassment, including sexual harassment. We have a strict rule against workplace conduct that violates any law, makes someone feel unwelcome, or is otherwise a distraction from anyone doing a job to the best of their ability. Employees who violate our Respectful Workplace Policy, our Anti-Discrimination, Harassment and Sexual Harassment Policy, or the law are subject to discipline, which could include termination. We do not discriminate against any protected status. This policy applies to all our employment practices, including recruiting, hiring, pay, performance reviews, training and development, promotions, and other terms and conditions of employment.

Our purpose of cultivating a better world starts with our workforce. We strive to create an organization where diverse ideas, backgrounds, and experiences are championed. We take seriously our values of “Authenticity Lives Here” and “The Movement is Real” because they are not just representative of our food but also of our people. We strive to cultivate an environment where all of our employees are able to thrive.

We aspire to be a modern organization that inspires the next generation of leaders. We encourage employees to create Employee Resource Groups to spark conversations. We create development opportunities that advance our employees’ careers and implement benefit programs that support all employees in an effort to move us closer to becoming an organization capable of creating a better future for our employees and their families.

Collectively, our employees are our competitive advantage. Our ambition is to implement programs and partner with organizations that allow us to be stronger as a company, one that is focused on supporting innovative ideas fueled by the diverse backgrounds that each of our employees possess.
Our Code of Conduct, which is publicly available on our website, reflects our commitment to the highest standards of integrity, ethics, and compliance with the law in all our activities. All employees are required to sign the Code of Conduct as part of their orientation, and we expect all employees, officers, and Board members to reflect the Code’s standards every day. The Code establishes standards and expectations of ethical behavior. It includes our Integrity Statement, Anti-Discrimination, Harassment and Sexual Harassment Policy.

We have an “open door” policy concerning issues of non-compliance with the Code of Conduct or any other company policy. We encourage employees to anonymously report any ethical concerns at the company by contacting our Respectful Workplace or Chipotle Confidential hotlines.

We also advocate for ethical business practices throughout our business. We celebrate our people and work hard to cultivate a diverse community among our employees.

It is our explicit policy that we employ only those individuals who are authorized to work in the U.S. We are committed to ensuring compliance with the Immigration and Nationality Act, as amended by the Immigration Reform and Control Act of 1986. Since 2011, we have used the E-Verify system to validate work authorization status.

We state our immigration policy in our employee handbook and we require all hiring managers to attend new-hire training, which addresses immigration compliance. We require all Restaurateurs, General Managers, and Apprentices to complete our immigration compliance training.

We hire and promote on the basis of job-related qualifications and abilities without regard to any prohibited basis protected by federal, state, and local laws. We strive to keep our workplace and practices free from any form of discrimination, intimidation, harassment, or bias.

We are proud of the diversity of our employees and believe that such diversity helps make Chipotle a stronger company.
Supporting our Communities in 2018

**Fundraisers**

$15.5 million
donated from over 58,200
local community fundraisers

**Food Donation**

290,892 lbs
donated to over 1,200
community organizations

**Disaster Relief**

$540,000
given to the United way
and American Red cross
for Hurricane Florence
and the California wildfire
recovery efforts

**Cultivate Foundation**

$811,000
granted to Uncharted (for
the Aluminaries Project)
and the International
Rescue Committee (IRC)

**Corporate Giving**

$70,000
given to the Niman Ranch
Scholarship Fund, Orange
County Professional
Firefighters Association,
The Art of Eating
Magazine

**Equipment Donation**

120 items
donated including grills,
dishwashers, ice machines,
fryers, and cookware
PEOPLE

PHILANTHROPY:
COMMUNITY ROOTS

WE UNDERSTAND THAT WE ARE A PART OF THE COMMUNITIES IN WHICH WE OPERATE.

Since 2014, we have donated over $60 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.

In 2018, our Community Roots team donated over $15.5 million, hosted over 58,200 fundraisers, and donated 41,658 meals in support of these local initiatives across the nation. Our fundraisers support nonprofit organizations in the areas of art, education, community garden, athletic, sustainability, and animal welfare groups.

In 2018, we collaborated with Chance the Rapper’s nonprofit, SocialWorks, to empower Chicago’s youth. Together, we raised a $10,000 donation via a market-wide fundraiser across our Illinois restaurants.
Our 501(c)(3) nonprofit organization, The Cultivate Foundation, aims to make real food accessible for all. In 2018, we partnered with several amazing organizations to make progress on some of today’s most pressing barriers in making real food accessible.

Throughout 2018, we continued to support the International Rescue Committee (IRC) in funding food access programs for youth and refugee communities. The IRC’s New Roots program takes a holistic approach to the issue of food insecurity in refugee communities by building on the strengths and interests of refugees themselves: New Roots provides a platform for people to contribute to the health of their communities while developing their own skills, livelihoods, and options for the future. New Roots also honors the cultural heritage of refugees and uses food as a medium to forge connections between people, across generations, with the environment, and to new pathways for economic and social advancement.

Over the past year the New Roots program has supported youth programs in Atlanta, Dallas, Oakland, and Seattle. This year, 86 youths across four sites participated as interns and community leaders, working in gardens, cooking, training others, and working at markets and community centers to increase community food security. Over 1,000 children received training in various facets of agriculture practices and culinary skills, helping them to enter the conversation around food justice.

The Cultivate Foundation has also partnered with FoodCorps in an effort to reach our nation’s youth. The Chipotle Cultivate Foundation and FoodCorps launched their partnership in 2015 to expand FoodCorps’ programming to the largest public school system in the country: New York City Public Schools. Since then, FoodCorps has reached more than 17,000 students in the Bronx, Manhattan, and Brooklyn. The program has supported and maintained nearly 50 school gardens, taught 4,000 hands-on nutrition education lessons, and conducted approximately 300 taste tests in cafeterias to introduce kids to new, healthy foods.

In addition to our grantmaking focus areas, the Cultivate Foundation created our first ever accelerator program, the Aluminaries program, in collaboration with our nonprofit partner, Uncharted. The Aluminaries program is a seven-month accelerator that will give growth-stage ventures a spotlight and mentoring from established leaders and celebrities in various fields. The program will illuminate ventures that are disrupting the food space through innovative technologies, practices, and new alternatives.
We take great pride in our efforts to reduce food waste through mindful preparation and food donation.

Each Chipotle restaurant has access to a food donation program, the Harvest Program, which pairs each restaurant with a local charity or food bank. In 2018, we donated 290,892 pounds of food to those in need through 1,200 local community partners. For more on how we are reducing food waste, please visit the Environment section of this report.

In addition to food donations, we also make sure to donate any usable restaurant equipment that no longer fits our needs. In 2018, we partnered with 18 different local charities and donated 120 pieces of restaurant equipment. If any of our restaurants have equipment that is still in good working order, but no longer meets our needs, we look for ways to donate it to organizations that can continue to use it. We work to donate anything from small wares, like pans and utensils, to larger pieces of kitchen equipment, like grills, processors, and tortilla presses, to local charities that can still gain value from them. We coordinate the pick-up and distribution of this used-but-functional equipment to a variety of charitable organizations throughout the country.
In 2018, multiple natural disasters affected the communities in which we operate. We donated over half a million dollars to relief organizations in an effort to support their recovery efforts. Our efforts included fundraisers, corporate monetary donations, feeding volunteer aid workers, and paying out our employees for all scheduled work through any closures.

- $380,000 donation to the United Way’s California wildfire recovery efforts
- $150,000 donation to the United Way for Hurricane Florence relief
- $10,000 donation to the American Red Cross for Hurricane Florence relief
CUSTOMERS

PROTECTING OUR CUSTOMERS
The safety of our customers is a top priority. We have a 24-hour surveillance system in all of our restaurants.

We are aware of the need to continuously monitor our data security practices and protocols and have a clear chain of command to address any issues that arise. We encountered no material IT security issues in 2018. We continue to evaluate and improve our security measures.

MARKETING & COMMUNICATIONS
We are committed to using marketing responsibly. Our marketing program and philosophy behind it shifted from a more promotionally driven, decentralized approach in 2017 to a more centrally driven model designed to generate higher consumer awareness and drive guests into our restaurants in 2018. Our ultimate marketing mission is to make Chipotle not just a food brand but a purpose-driven lifestyle brand, too—one that is more visible, more engaging, and more relevant in culture. In September 2018, we launched the biggest quarterly brand campaign in our history with the “For Real” launch, reflecting our heritage and also reinforcing what differentiates us from other companies: using responsibly sourced, real ingredients and real cooking techniques to make flavorful food that consumers both love and feel better about eating.

To reach consumers, we use multiple marketing channels, including national television, digital marketing, social media, fundraising, events, and sponsorships. We have invested, and will continue to invest, in extensive customer research that gives us insight into our consumers in order to inform our business decisions, media, messaging, and innovation pipeline.

We generally do not target our advertising specifically to children. Any marketing programs we implement that may have a significant reach to children under 18, such as our sponsorship of youth sports organizations and our Reading Rewards program, are crafted to encourage healthy lifestyles and personal growth.

In general, Chipotle does not make political contributions, and we made no political contributions in 2018.
Our founder and Chairman of the Board of Directors, Steve Ells, has been a visionary for our sustainability pursuits since he founded the company.

Brian Niccol, our CEO since early 2018, has carried on this vision, shifting our mission to “Cultivating a Better World.” He, too, believes in implementing and managing sustainability across all aspects of our business. As such, sustainability is a part of everyone’s job at Chipotle, and we have clear sustainability governance structures that we revise periodically as the company continues to grow.

Our Board of Directors regularly evaluates the performance of our senior management team. In addition, the Compensation Committee of the Board of Directors conducts our CEO’s annual performance review. We revised our Corporate Governance Guidelines in 2018 to stipulate that the Lead Director of the Board, together with the chair of the Compensation Committee, is to lead the review.
Our Board of Directors oversees the management of operations across Chipotle. Its responsibilities include economic, environmental, and social oversight. Board members are subject to annual election by our shareholders, and the Board selects the CEO, who has overall responsibility for managing and growing our business.

Our Board has nine members: eight men and one woman. We continue to seek out ways to diversify our Board. In December of 2016, we added two new members: one female and one male. In March 2018, we added two new members to our Board Patricia Fili-Krushel and Scott Maw, and announced that Kimbal Musk would not be standing for re-election at the 2019 annual meeting of shareholders. As a result, following the annual meeting of shareholders in May 2019, our Board will consist of 10 members: eight men and two women.

As of December 2018, Chipotle’s Board of Directors was:

**Steve Ells**
Director since 1996
Founder and Executive Chairman, Chipotle Mexican Grill

**Brian Niccol**
Director since 2018
Chief Executive Officer, Chipotle Mexican Grill

**Aibert Baldocchi**
Director since 1997
Self-employed financial consultant and strategic advisor

**Paul Cappuccio**
Director since 2016
Executive Vice President and General Counsel (retired), Time Warner

**Neil Flanzraich**
Director since 2007
Private investor and Executive Chairman, Cantex Pharmaceuticals, Inc.

**Robin Hickenlooper**
Director since 2016
Senior Vice President of Corporate Development, Liberty Media

**Kimbal Musk**
Director since 2013
Entrepreneur and restaurateur

**Ali Namvar**
Director since 2016
Private investor
Advisory Board member and Partner (retired), Pershing Square Capital Management, L.P.

**Matthew Paull**
Director since 2016
Senior Vice President and Chief Financial Officer (retired), McDonald’s Corp.
While the Board of Directors is responsible for oversight of our business, our executive leadership team is responsible for executing our strategy and managing day-to-day operations. Because many aspects of our business strategy—from our conscientious food sourcing practices, to our commitments to using more environmentally friendly building materials and energy efficient systems, to the value we place on a diverse and inclusive workforce—are rooted in a commitment to sustainability, we believe there is no question about our officers’ commitment to further advancing the many achievements laid out in this report and meeting future sustainability challenges. While one of the primary objectives of our officers is to build shareholder value, we believe our strategy to bolster sales and profitability growth is aligned with our sustainability commitments. Given the close connection between sustainability efforts and the operation of our business, we feel that our executive compensation is well aligned with our sustainability efforts. At the same time, we are committed to continuing to assess whether a direct connection between our sustainability goals and the financial incentives of our executive officers would serve the best interests of our shareholders.

Members of our executive leadership team as of December 31, 2018 are:

- **Brian Niccol**
  Chief Executive Officer

- **Curt Garner**
  Chief Technology Officer

- **Marissa Andrada**
  Chief People Officer

- **John R. (“Jack”) Hartung**
  Chief Financial Officer

- **Laurie Schalow**
  Chief Corporate Reputation Officer

- **Roger Theodoredis**
  Chief Legal Officer, General Counsel

- **Scott Boatwright**
  Chief Restaurant Officer

- **Chris Brandt**
  Chief Marketing Officer

- **Tabassum Zaotrawala**
  Chief Development Officer
We value and respect the insight, expertise, and experience of all our stakeholders. We engage regularly with investors, suppliers, non-governmental organizations (NGOs), and other stakeholders, and frequently solicit feedback from industry groups, food sourcing and safety professionals, and sustainability practitioners.

Some of our key stakeholders include:

- Employees, from whom we solicit feedback at town halls. Before town halls, staff employees can submit questions for senior leaders. Employees can also give feedback to their team leaders and via our internal Respectful Workplace Hotline. They can also contact our ethics hotline, Chipotle Confidential, to submit complaints or concerns about our business and operations. We also conduct a Culture Survey to solicit employees’ feedback.

- Customers, from whom we solicit feedback in a number of ways. We provide an online customer service tool through which anyone can contact us regarding any concern or compliment. We also conduct customer satisfaction research via online surveys and direct customer research surrounding specific launches or ingredients.

- Shareholders, who elect the members of our Board of Directors and vote on other important corporate matters

- Suppliers

- Regulatory groups

- NGOs

- Sustainability groups

Anyone may contact us or submit questions and feedback via our website at www.chipotle.com/email-us.
CHAPTER 3

ENVIRONMENT

42% of all of our waste kept out of the landfill

100% of our bowls were made from compostable, plant-based fiber

Roughly 20% of the electricity we used to power our restaurants was renewable
I am thrilled to introduce the Environment section of our 2018 Sustainability Report.

We recognize that our value chain does not operate in a vacuum but rather within a vibrant environment. In this section, we’re sharing how our operations impact the environment, and vice versa.

We wholly recognize the sweeping implications of climate change, not only as it impacts our business, but also as a function of our mission to Cultivate a Better World. We approach environmental responsibility and climate change adaptation holistically across our business.

There are challenges that we face as we work to manage our environmental impact, some of which are out of our control—such as waste infrastructure or landlord management of utilities and other issues that are the result of leasing our restaurant spaces—and some of which are hard to overcome—like the demand for disposable packaging. However, in order to effect real progress, we must push beyond these challenges. So, at Chipotle, we’ve gotten creative: we crafted closed-loop solutions for some of our more challenging waste items. We collaborated with our suppliers to create new solutions for packaging and for improving waste diversion. We leverage data and technology to help us persevere through these challenges. And maybe most importantly, we set aggressive and public goals with a strategy to achieve each one.

If there is one thing I hope you take away from this section of the report, it is that our team works tirelessly each day to better understand, and ultimately improve, the impact we have as an organization on our environment. There is a real human effort behind each of these statistics and goals. From waste to energy to water, we are working each day to raise the bar. Join us for a glimpse into this journey.

Humbly,

Caitlin Leibert
Director of Sustainability
ENVIRONMENT GOALS

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

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)*

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)*

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)

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

Ensure 100% of our new restaurant openings in 2019 participate in our food donation “Harvest Program”

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

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

Reduce overall inbound truckloads by 5% in 2019

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

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

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

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

Fully measure and report our Scope 3 emissions by 2025

*Revised goal from 2016 Sustainability Report
ENVIRONMENT

CLIMATE CHANGE

AS A PART OF OUR SUSTAINABILITY REPORTING JOURNEY, WE ARE REVISITING THE WAY WE APPROACH MITIGATING AND ADAPTING TO THE IMPACTS OF CLIMATE CHANGE ON OUR BUSINESS.

We know that climate change and extreme weather may affect key crops and how our suppliers operate.

Climate change could impact our meat and produce supplies. Since we adhere to stringent sustainability and animal welfare criteria, the market from which we source our meat is smaller than it would be if we sourced from more conventional sources, and therefore more susceptible to price volatility.

Freezes or droughts can lead to temporary price spikes in some of our ingredients. We know, for example, that droughts in the U.S. during 2014 and 2015 significantly increased the cost of our beef. Similarly, in 2016, a spike in avocado prices adversely impacted our food costs for a few months. Climate change may cause such price spikes to increase in frequency and severity.
ENVIRONMENT

CLIMATE CHANGE

WE ARE TAKING TWO KEY STEPS TO ADDRESS THE RISKS OF CLIMATE CHANGE:

Acknowledging Climate Change Risk
Like all restaurant companies, we are susceptible to increases in food costs as a result of factors beyond our control, such as general economic conditions, seasonal fluctuations, weather conditions, global demand, food safety concerns, generalized infectious diseases, currency fluctuations, product recalls, and government regulations. Freezes, droughts, and floods—some effects of climate change—impact the availability and price of some of our key ingredients and could have a greater impact on our business in the future.

Weather-related issues, such as freezes or droughts, may also lead to temporary spikes in the prices of some produce or meat ingredients. Increasing weather volatility and other long-term changes in global weather patterns, including any changes associated with global climate change, could have a significant impact on the price or availability of some of our ingredients.

Any increase in the prices of the ingredients most critical to our menu, such as chicken, beef, cheese, avocados, beans, rice, tomatoes, or pork, would have a particularly adverse effect on our operating results.

Alternatively, in the event of cost increases with respect to one or more of our raw ingredients, we may choose to temporarily suspend service of certain menu items, such as guacamole or one or more of our salsas, rather than pay the increased cost for the ingredients. Any such changes to our available menu may negatively impact our restaurant traffic and comparable restaurant sales and could also have an adverse impact on our brand.

Our business is fundamentally aligned with numerous sustainability principles: the freshness of our ingredients, the use of local produce when it is environmentally responsible and financially viable, and making delicious food accessible to everyone.

As we have grown, our responsibility to be conscientious about sustainability has compounded, and we embrace our role as advocates. We will continue to advocate for environmentally and socially responsible food policy.

Working Toward Climate Change Adaptation
Along with all our partners and competitors, Chipotle needs to determine how to anticipate business risks resulting from climate change. We’re committing to developing an internal plan to guide future business decisions. This adaptation plan will include mitigation plans, going beyond simply reacting to climate change-related events and instead planning proactively for them along all our operations, including our supply chain. To that end, we will begin tracking, measuring, and reporting our Scope 3 emissions by 2025.

We also believe in supporting a more sustainable approach to agriculture, including regenerative, pasture-raised, grass-fed, free range, organic, GMO-free, naturally raised, and/or local practices where feasible. We believe these methods are better for the ingredients we purchase, the humans that eat them, and the environment in which the food is grown or raised. We know that there isn’t one specific solution to sustainable agriculture; we believe in finding the most sustainable approach on an ingredient by ingredient basis.

What is most sustainable for cilantro might not be the most sustainable choice for tomatoes; what makes the biggest sustainable impact in cattle production might not be the best solution for raising chickens. Although this approach takes significant investment, we feel it ultimately produces a more sustainable business.
WASTE MANAGEMENT

2018 WASTE DIVERSION

3,119,792 CUBIC YARDS OF WASTE

→

1,285,284 CUBIC YARDS RECYCLED

→

31,460 CUBIC YARDS COMPOSTED

GOAL: DIVERT 50% OF OUR WASTE FROM LANDFILLS BY 2020, against a baseline of a 37% diversion rate at the end of 2016 (42% at the end of 2018)

42% TOTAL DIVERSION RATE
(up from 37% in 2016)
WE’VE ADOPTED A HOLISTIC APPROACH TO OUR WASTE MANAGEMENT STRATEGY THAT INCLUDES CAREFULLY CONSIDERING EVERY ITEM THAT ENTERS OUR RESTAURANTS.

We thoughtfully assess what items are shipped in, where they are sourced from, and where they ultimately end up at the end of their life cycle. This holistic approach has allowed us to make some significant progress in responsible waste management throughout all levels of our organization.

We prevent excess waste by being conscious of what we bring into our restaurants, starting with our ingredient shipments. We request that suppliers ship more of each item in fewer shipments, thereby using less packaging material. Then, we train each employee to mindfully prepare and cook our ingredients in ways that minimize waste.

We set a goal to reduce overall average waste per restaurant by 5% by 2020. Our average waste per restaurant was 32 cubic yards per week in 2016. In 2018, we reduced this number to 24 cubic yards per week, reducing our waste by 25% and exceeding our goal.

In furthering our efforts to responsibly manage waste, we’ve set a new goal to reach a total reduction of 30% from our original baseline, to 22 cubic yards per restaurant per week by 2020.

Our ability to manage waste at each restaurant depends on who controls the location’s waste infrastructure. At 45% of our restaurants, landlords manage the waste. In those cases, Chipotle isn’t able to control waste, but we work with the landlords’ waste contractors as much as allowed, including collaborating on annual goals and quarterly performance reports. At 55% of our restaurants, we manage our own waste. We work with a waste management company, Rubicon Global, to manage our portfolio.
RECYCLING & DIVERSION

We recycle wherever we are able to add services, and we encourage our customers, landlords, suppliers, and vendors to recycle 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 2018, approximately 87% of our restaurants recycled and 18% composted. Our goal is for 95% of our restaurants to recycle, 25% to compost, and 100% to set up a diversion program, by 2020.

In 2018, we recycled 1,285,284 cubic yards and composted 31,460 cubic yards of material out of a total of 3,119,792 cubic yards of waste. That means we diverted nearly 400 Olympic-sized swimming pools worth of material away from landfills and had an overall diversion rate of 42%. When compared to our 2016 numbers, it may appear that we have diverted less material; however, that is because we decreased our overall waste by 25% over the same period of time, even while increasing overall restaurant sales volume.

Our goal is to divert 50% of our landfill-bound waste from landfills by 2020, against a baseline of a 37% diversion rate at the end of 2016 and 42% at the end of 2018.

In 2018, 29% of our waste was considered compostable, which included food waste and compostable packaging such as napkins and burrito bowls. Our 42% diversion rate included all recyclable materials such as cardboard, plastic, glass, and aluminum. 59% of our waste stream in 2018 was considered recyclable.
WE RELY EXTENSIVELY ON DATA TO DEVELOP AND MANAGE OUR WASTE GOALS.

While we only manage the waste program at 55% of our locations, we need to be able to measure waste at all locations. In order to do so, we have created a Waste Matrix, into which we have extrapolated our existing waste data from the locations where we do manage waste, in order to predict and manage our waste diversion rates across all of our restaurants. We are able to accurately predict how much waste a restaurant produces—down to the cup, bowl, and chip bag—based on sales data. It is this data that allows us to frame our business and operational decisions through the lens of environmental responsibility.

We further extrapolated this waste data to help us ensure proper service levels. “Rightsizing” is the process of adjusting waste service levels to better align with actual waste output. To determine the actual waste output of each restaurant, we took sales data and created a yard-per-dollar ratio, then filtered that through our Waste Matrix. In doing so, we identified restaurants that were both over- and under-serviced. We realized that we had an opportunity to increase our recycling services while also decreasing our trash services. We began this process in 2016 and have realized a significant environmental and financial impact. As a result, we have a better understanding of what our waste service levels should be for existing restaurants and know how to best set up our new restaurants with waste programs. This data also helps us to confirm that our restaurants are properly diverting all of their recyclable materials.

Since starting the program in 2016, we have completed seven rightsizing initiatives. Through these initiatives, we’ve adjusted the service levels of more than 500 restaurants, reduced our average waste by 25%, and saved $1.28 million.
While managing food waste can be a challenge, we have deliberately worked to reduce the amount of food wasted throughout our supply chain—edible and otherwise.

We follow the entire journey of our ingredients from the field to the restaurant, with a goal to decrease food waste. For example, we work with our suppliers to ensure our high standards are not producing excess waste. We closely monitor our ingredients throughout the distribution network to ensure as little is wasted as possible.

We take care to store and prep our ingredients mindfully so as to eliminate as much unnecessary waste as possible. We instruct our restaurant staff to be mindful of every head of lettuce, bell pepper, or onion they prep and every piece of meat they cook—just as they would be at home. In this way, we are incorporating our commitments to sustainability and avoiding unnecessary food waste into the preparation process.

As an example of how Mindful Prep works, we looked at the amount of key ingredients we used in 2015 versus in 2014—establishing a baseline for ourselves moving forward, using years without major data anomalies. Year over year, adjusted for sales—we saved roughly 3% of the total avocados we purchased, 5% of the limes, 15% of the red onions, and 20% of the bell peppers. Eliminating food waste remains a focus in each of our kitchens.

For food waste that is not edible, such as kitchen prep scraps and customer waste, we have a compost program by which this organic material can be diverted from the landfill. At the end of 2018, 460, or 18%, of our restaurants had a compost program in place. We will continue to introduce composting programs in those restaurants where composting is available within their municipalities.

Small batch cooking also allows us to minimize the amount of food waste from our line each day. For prepared food that is edible at the end of the night, each restaurant has access to a food donation program, The Harvest Program. In 2018, we donated 290,892 pounds of food to those in need through 1,200 local community partners. Since we began participating in the Harvest Program in 2007, we have donated enough food for an estimated 8,075,567 meals throughout the U.S. Our goal is that all restaurants opening in 2019 participate in the Harvest Program.
While single-use gloves are a necessity in our industry, the vast majority of them end up in the landfill; at Chipotle, over 95% of our gloves end up there.

With an eye on our 50% diversion goal, and no existing solution available, we worked with our partner, Revolution Bag, to innovate a new closed-loop solution.

In 2018, we began a pilot program in Portland, Oregon, where our employees’ used plastic gloves were recycled and turned into the waste bags that we use in 43% of our very own restaurants.

In addition to our used plastic gloves, Revolution Bag takes post-consumer agricultural plastics, which would otherwise end up discarded or in the landfill, and produces high-quality trash can liners. To date, Revolution Bags has given more than one billion pounds of dirty used plastic a second life—and now that includes some of Chipotle’s plastic gloves that were destined for the landfill.

Giving our used gloves a second life is only the beginning of our upcycling initiatives and we look forward to expanding the initiative across additional markets in 2019 and beyond.
“CHIPOTLE’S INDUSTRY LEADING COMMITMENT TO WASTE REDUCTION AND DIVERSION MAKES US PROUD TO BE A PARTNER ON THEIR JOURNEY. WE ARE HONORED TO HELP THEM ACHIEVE THEIR GOALS—BOTH NOW AND IN THE FUTURE.”

Marco Hilty
Chief Commercial Officer for Rubicon Global
Sustainability & Packaging

Our Paper & Packaging team works very closely with our Sustainability team to improve the overall sustainability of our packaging. As packaging makes up nearly one-third of all of our waste, improving the environmental impact of our packaging is a top priority. We believe a sustainable packaging program must include both a diversion and reduction component. As such, we are actively working to not only introduce more compostable and recyclable packaging, but also reduce the impact of, and material in, our packaging.

In the past, our forks, spoons, and knives were made from clear polystyrene, which made them difficult to recycle due to material and color. Our cutlery was modified nationwide to use black polypropylene, which is less dense and therefore requires less plastic. Additionally, switching the color of our cutlery to black allows us to potentially increase the amount of recycled content in our cutlery by using any color of recycled polypropylene (versus clear cutlery, which only allowed for clear recycled polypropylene). Polypropylene is also more readily recyclable versus polystyrene, allowing us to keep more of our cutlery out of the landfill. We are motivated to continue to improve our cutlery, and have set a goal of reducing the amount of plastic in our cutlery by 20% by end of 2020.

Another top priority is to improve the sustainability of our soda cup and lid. For this reason, our teams are researching a recyclable or compostable cup and lid for all of our restaurants by end of 2020. Additionally, these options could allow us to introduce a strawless lid option, encouraging our customers to take part in the reduction of single use plastic straws.

Our current sustainable packaging goals are to:
- Reduce the amount of plastic in our cutlery by 20% by the end of 2020
- Pilot a recyclable or compostable cup and lid by the end of 2020
- Increase units per case to reduce the amount of boxes (and cardboard) shipped
- Expand the closed-loop glove-to-bag pilot program to include more restaurants
- Offer a diversion program (recycling and/or compost) at 100% of our restaurants by 2020
Cardboard alone accounts for approximately half of our total waste—much more than food—and is a significant focus of our sustainability program. As such, we are pushing to optimize the logistics of our packaging, starting with our most highly used packaging items.

In 2018, we changed the shape of our compostable burrito bowl slightly in order to double the amount of bowls that fit in a single case. Through this effort, we were able to considerably reduce the amount of cardboard packaging used and total cases of burrito bowls shipped on an annual basis. We hope to further this optimization by reducing our current burrito bowl pallet size by 30% by the end of 2019.

Shortening the distance between where our suppliers ship goods and our restaurants shortens lead times and reduces pollution, specifically greenhouse gas emissions. Our aluminum foil lids and sheets, cups, cup lids and paper bags are currently manufactured and processed within North America, reducing Chipotle’s global emissions footprint and allowing for shorter truck routes. In 2019, our Distribution & Logistics team will be focusing on additional ways to improve sustainability, including reducing overall inbound truckloads by 5%, improving packaging routes and minimizing packaging shipments that travel through the storage HUB. If successful, these efforts will result in lower GHG emissions.

Safety & Packaging
We are committed to safe and sustainable food packaging and only partner with suppliers who make fluorochemical sciences and food safety a top priority. These suppliers operate under strict guidelines set forth by the FDA, and have all provided Chipotle with certification that all raw material and finished pulp products fully meet the FDA regulatory guidelines for the safe use of only approved polyfluoroalkyl substances (PFAS). Specifically, none of our packaging includes the three long-chain PFAS compounds prohibited by the FDA’s 21 code of Federal Regulations.

We follow all applicable regulations related to the use and disposal of our packaging products. If a product comes into contact with food, we ensure the product is FDA-approved. We ask our suppliers to provide certification that packaging is free of Bisphenol A (BPA, an industrial chemical for plastics that can seep into food), perfluorinated chemical (PFC, a toxic chemical), conflict minerals and nanoparticles, and that it is Biodegradable Products Institute (BPI)-certified compostable where applicable. We also ask suppliers to verify all raw materials and the country of origin of each raw material, as well as recycled content.

Our packaging suppliers continue to invest in the research and expertise to re-conceptualize the products, processes, systems, and sources to keep food safety a top priority for all the communities we serve.
Over the years we have worked diligently to reduce energy use in our restaurants.

From our Design team that builds our restaurants with energy efficiency in mind, to our Procurement team that purchases energy-efficient equipment, to our Facilities team that helps drive down energy usage by maintaining and fixing equipment, we are constantly looking for ways to be more energy efficient.

We have consulted Leadership in Energy and Environmental Design (LEED®) green building standards in a number of our restaurants and continue to consider them when we construct new restaurants. We work with the Food Service Technology Center, a national resource for commercial foodservice energy efficiency, to test the efficiencies of our restaurant equipment. We also take advantage of energy-saving rebates whenever we can.

As of December 31, 2018, we had installed energy management systems (EMS) in 2,223 of our restaurants, reducing our total energy use and realizing an average of 9% energy savings per restaurant (where we had the EMS installed). We installed the EMS using hardware from our third-party partner, GridPoint Inc., in multiple phases since 2012, adding 1,751 new locations in 2018. Our EMS allow us
to make targeted decisions in our restaurants that greatly reduce our energy footprint. In addition to monitoring our energy output and providing accurate data, the EMS notify us of power outages and equipment issues that could result in wasted energy, food, and manpower.

At the end of 2018, 89% of our restaurants had EMS installed, versus 5% as of the end of 2016. Our goal is to complete installation at all locations by 2020.

The EMS control our heating, ventilation, and air-conditioning (HVAC) units, managing the temperatures in our kitchens and dining rooms. The systems track high-use equipment, such as our walk-in refrigerators and stovetop hoods. They provide targeted energy data back to our internal Sustainability team for much of our restaurant equipment, allowing us to reduce both our energy footprint and our costs. This level of transparency into our energy profile allows us to make decisions, supported by real-time data, that greatly increase management capabilities and reduce consumption, all while ensuring a comfortable environment for our dine-in guests and crew members.

Last year, as a result of our EMS, we saved an estimated 12,525,812 kilowatt hours (kWh) of energy, the emissions equivalent of 1,881 passenger vehicles driven for one year, 1,061 homes powered for one year, or nearly one million gallons of gasoline consumed.

With the EMS installed in 2018, we reduced our average annual energy usage by 10,887 kWh per restaurant. We measure a baseline energy usage at each restaurant based on the months prior to rolling out the EMS at each individual restaurant and compare that number to the energy used since the EMS were installed. We normalize the data for weather.

Our goal is to reduce the average energy consumption per restaurant by five percent by 2020, normalized for weather.

As part of our energy conservation effort, we aim to use renewable energy wherever possible, which accounts for nearly 20% of our total electricity sourcing. We purchase our renewable energy from hydroelectric, solar, wind, biomass, and geothermal sources. We are also exploring ways to offset our energy consumption by purchasing Renewable Energy Certificates (RECs).
EMISSIONS

Our Scope 1 direct emissions include emissions from our fleet of vehicles and two jets, as well as stationary combustion in our restaurants and corporate offices. Our fugitive emissions from refrigerants also contribute to our Scope 1 emissions, though that data is not yet in a usable format for us to calculate their contribution to our total.

We continue to improve our load optimization throughout our supply chain in an effort to reduce our emissions. 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.

### 2018 SCOPE 1 EMISSIONS

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<thead>
<tr>
<th>Source</th>
<th>tCO₂e</th>
<th>% of Total</th>
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<tbody>
<tr>
<td>Stationary Combustion (Restaurants)</td>
<td>104,261</td>
<td>43.6%</td>
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<tr>
<td>Stationary Combustion (Corporate Offices)</td>
<td>378</td>
<td>0.2%</td>
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<tr>
<td>Mobile Combustion</td>
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<tr>
<td>Company Controlled Cars</td>
<td>2,989</td>
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<tr>
<td>Falcon 2000</td>
<td>885</td>
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<tr>
<td>Falcon 900EX</td>
<td>393</td>
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<tr>
<td>Fugitive Emissions (Refrigerant)*</td>
<td>N/A</td>
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<tr>
<td><strong>Total 2018 Scope 1 Emissions</strong></td>
<td>108,906</td>
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### 2018 SCOPE 2 EMISSIONS

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<th>Source</th>
<th>tCO₂e</th>
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<tr>
<td>Purchased Electricity</td>
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<tr>
<td>US Restaurants</td>
<td>128,017</td>
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<tr>
<td>International Restaurants</td>
<td>629</td>
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<tr>
<td>Corporate Offices</td>
<td>1,788</td>
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<tr>
<td><strong>Total 2018 Scope 2 Emissions</strong></td>
<td>130,434</td>
<td>54.5%</td>
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**TOTAL 2018 SCOPE 1+2 EMISSIONS**: 239,339 tCO₂e (100.0%)

* Data on refrigerant emissions is currently unavailable in a usable format.
In addition to reporting our absolute GHG emissions, we also take a look into our intensity metrics as a means of transparency and as a useful proxy for measuring the efficacy of the actions we take to reduce our footprint year over year.

By calculating our emissions intensity metric per restaurant, we’re evaluating whether our overall emissions production is trending up or down, and why. This ratio is one way we measure our progress on our GHG reduction practices and determine whether or not they are working.

Based on our calculations, we learned that our GHG emission intensity is decreasing despite growing our number of restaurants year over year. We’re proud of this progress and will continue to evaluate our energy usage and other environmental impacts and implement appropriate mitigation measures.
ENVIRONMENT

SUMMARY OF CALCULATIONS

TODAY, WE HAVE ACCESS TO OUR ENERGY UTILITY DATA AT MOST OF OUR RESTAURANTS ACROSS THE U.S., CANADA, AND EUROPE.

We extrapolate data for the handful of restaurants for which we do not have access to utility billing data. The data for our fugitive emissions is still too raw to calculate, although we are working with our contractors to provide this information more consistently.

To calculate our Scope 1 and 2 emissions, we use our gas and electricity usage data from a third-party organization that handles our utility bills. For a small number of our restaurants, we do not receive actual gas or electric bills; in those cases, we calculate a per-restaurant company average emissions value and add it to the totals derived from our actual utility data. This extrapolation provides us with a complete picture of our emissions across all restaurants.

For our gas usage data, we have access to approximately 99% of our restaurant bills. For our electricity usage data, we have access to approximately 97% of our restaurant bills.

For our corporate offices estimation, we use the Energy Information Administration (EIA) 2012 Commercial Buildings Energy Consumption Survey (CBECS). With CBECS, we estimate gas and electricity usage by square footage and climate zone, then apply the appropriate emissions factors, in the same way we do for our restaurants.

In calculating our intensity metric, we aggregated all restaurant Scope 1 and Scope 2 data, year over year, and compared that value to the number of restaurants that were open during the respective reporting year.
What brought you to Chipotle?
Chipotle has always been a source of inspiration for me—whether it’s the in-store experience or the brand standing for the clean, responsible sourcing of food. In short—Chipotle’s purpose of Cultivating a Better World aligns perfectly with my own purpose in life: to make a difference and leave the world better than I found it.

How would you describe your job or what you do for Chipotle?
I’m accountable for Chipotle’s growth globally. In that, I’m responsible for quality growth of our restaurant count in existing markets, discovering new markets, and making Chipotle accessible and convenient to new guests. I’m also responsible for continually innovating our restaurant design and ensuring our existing restaurant portfolio is consistent with the brand and design standards for our new restaurants.

What is your vision for the design and development of our restaurants?
Chipotle’s store design is based on the simple purpose of Cultivating a Better World, evident in simple details of our restaurant experience—both through the use of environmentally friendly materials and the transparency in to our kitchen.

My vision is to leverage the strengths upon which Chipotle is built, continue to explore new ways by which we can enrich the guest experience, and stay true to our purpose. On the development front, as we re-envision our restaurant design and access, I will reinforce our growth strategy with a focus on quality and quantity.

As you begin bringing our vision to life, what are you looking forward to the most, both in the near and long term?
In the near term, I’m most excited about creating a relevant, authentic restaurant experience that builds guest love and reinforces Chipotle as a lifestyle brand. In the long term, we will continue to innovate our store formats, enabling Chipotle to develop in markets and trade areas from which we were previously precluded in a way that allows us to continue enhancing our powerful economic model.
Water is an invaluable part of our business and we look for opportunities to conserve water wherever possible. We recognize that our biggest opportunity for water conservation and stewardship is at the supply chain level. As of 2019, we have started to engage with our meat and dairy farmers more formally to discuss their water management practices.

We manage water use in our restaurants through recovery, reuse, recycling, and proper wastewater disposal. We reduce water usage at our restaurants by making continual improvements in design, facilities and procedures, and data gathering. Between November 2015 and November 2016, we collected water data from 123 Chipotle restaurants nationwide, and found that each restaurant was using 48,000 gallons of water per month on average.

Over the last few years, we have implemented a number of major water-saving changes to our restaurant design and equipment. In both existing and new restaurants, we look to install low-flow toilets, urinals, faucets, and spray valves to reduce daily water consumption in our restaurants.

In 2015, we introduced a new low-flow dish sink sprayer that reduces water usage by 0.35 gallons per minute (GPM) compared to our previous model. Because of this innovation, more than 2,000 of our restaurants are collectively saving 700 gallons of water every minute that these low-flow dish sink sprayers are in use.

In drought-prone areas such as California, we use native and drought-tolerant plants in our landscaping to reduce exterior water use. At many of our new, freestanding restaurants, we include on-site water retention for rainwater when permissible. Rather than sending rainwater directly into the storm water system, on-site retention allows soil to rehydrate itself naturally, thus reducing the need for irrigation.

Our Facilities team teaches our restaurant teams how to make simple repairs and perform basic, preventative maintenance on equipment to maximize water efficiency. Part of their regular maintenance includes completing an ownership checklist that itemizes all the water-consuming equipment in our restaurants, making it easy to identify any waste and fix minor leaks.

In 2015, several of our markets were faced with drought-based water restrictions. In order to reduce water consumption in these areas, we created a Water Usage Guide—a list of tips and best practices for reducing water usage in and outside of the restaurant (including reduced usage of patio misters, reduced frequency of pressure washing and outdoor patio rinsing, and increased checks for toilet and faucet leaks).

Our Sustainability team collects data from multiple sources to uncover opportunities for reducing water usage. Because we are often tenants and do not have access to our water data, we use the data that we do have—from 123 of our restaurants—to extrapolate information about our water usage across our building portfolio. We also conduct visual audits at our restaurants, which helps inform some of our key design and equipment decisions.

As we map our supply chain, we will also work to measure our water usage by source, as well as any water sources significantly affected by water withdrawal. It is important for us to understand the water risk of the areas from which we source our key ingredients, particularly as the effects of climate change increase.

We work closely with our utility broker and local water utility providers to identify restaurants with high water usage and work to reduce their usage, particularly in key usage areas (cleaning, restrooms, food prep, and water for soda and ice). We also look for trends and opportunities that can inform best practices across our restaurants.
ENVIRONMENTAL COMPLIANCE

We had very few issues of non-compliance with environmental laws and regulations in 2018—and these were primarily minor infractions, such as overflowing garbage dumpsters or incomplete grease trap maintenance records. Although such contraventions are common in our industry, we continue to strive for zero instances of environmental non-compliance.
Certain statements in this report, including statements under the heading “Our New Goals,” which relate to our food & animal, people and environment goals, and statements regarding our goals and plans with respect to staffing, employee benefits, our supply chain standards and auditing, and environmental goals, as well as other statements of our expectations and plans, are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. We use words such as “anticipate”, “believe”, “could”, “continue”, “should”, “estimate”, “expect”, “intend”, “may”, “predict”, “target”, and similar terms and phrases, including references to assumptions, to identify forward-looking statements. The forward-looking statements in this report are based on information available to us as of the date such statements are made and we assume no obligation to update these forward-looking statements. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in the statements. These risks and uncertainties include the risk factors described from time to time in our SEC reports, including our most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q, all of which are available on the investor relations page of our website at ir.chipotle.com.
The 2018 Chipotle Sustainability Report aligns with the GRI Standards framework set forth by the Global Reporting Initiative (GRI). In addition, this report also uses the Food Processing Supplement to address topics that are specific to our sector. The table below outlines which disclosures we have addressed in this report and where they are located. We have also included tags throughout this report. This report has been prepared in accordance with the GRI Standards: Core Option.

For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.
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<td>Direct Response: In 2018, we moved our headquarters to Newport Beach, California and Columbus, Ohio.</td>
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<td>102-9: Supply chain</td>
<td>Food &amp; Animals, Our Supply Chain Priorities &amp; Oversight [page 18]; Food Safety, Supplier Intervention [page 37]</td>
<td>People, Governance, Management [page 71]</td>
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<td>102-10: Significant changes to the organization and its supply chain</td>
<td>Letter from Our CEO, Brian Niccol [page 4]</td>
<td>People, Letter from Marissa Andrada, Chief People Officer [page 46]; Our Transformation [page 52]</td>
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<td>102-11: Precautionary Principle or approach</td>
<td>Direct Response: Chipotle Mexican Grill does not have a policy regarding the precautionary principle or approach. We are addressing the impact of climate change on our business, as listed in 201-2.</td>
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<td>Direct Response: In 2018, Chipotle was a member of the National Restaurant Association.</td>
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<td>102-14: Statement from senior decision-maker</td>
<td>A Letter from Our CEO, Brian Niccol [page 4]</td>
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<td>102-16: Values, principle, standards and norms of behavior</td>
<td>Industry Leadership [page 12]</td>
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<td>Mechanisms for advice and concerns about ethics</td>
<td>People, Ethics (<a href="#">page 64</a>)</td>
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<td>Governance structure</td>
<td>People, Governance (<a href="#">pages 71-3</a>)</td>
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<td>Composition of the highest governance body and its committees</td>
<td>People, Governance (<a href="#">pages 71-3</a>)</td>
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<td>Corporate Governance Guidelines: pages 2-3</td>
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<td>Highest governance body's role in sustainability reporting</td>
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<td>People, Governance, Senior Management Team (<a href="#">page 73</a>)</td>
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<td>Remuneration policies</td>
<td><a href="#">2018 Proxy Statement</a>, Compensation Discussion and Analysis, page 29; CEO Pay Ratio, page 57</td>
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<td>List of stakeholder groups</td>
<td>People, Stakeholder Engagement (<a href="#">page 74</a>)</td>
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<td>People, Employees (<a href="#">page 49</a>); Turnover &amp; Development, Careers (<a href="#">page 61</a>)</td>
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<td>Identifying and selecting stakeholders</td>
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<td>Approach to stakeholder engagement</td>
<td>People, Stakeholder Engagement (<a href="#">page 74</a>)</td>
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<td>102-44:</td>
<td>Key topics and concerns raised</td>
<td>Materiality (pages 13-4)</td>
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<td>People, Stakeholder Engagement (page 74)</td>
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<td>2018 Proxy Statement, Proxy Statement Summary, page i</td>
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<td>About Chipotle (page 6)</td>
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<td>2018 Annual Report, Business, page 1</td>
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<td>Defining report content and topic Boundaries</td>
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<td>102-49:</td>
<td>Changes in reporting</td>
<td>Direct Response: There are no significant changes from our 2016 Sustainability Report in terms of our material topics or boundaries. In preparing this report, we referenced our 2016 third-party materiality assessment</td>
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<td>At this time, we do not seek external assurance of the full report or its data.</td>
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<td>While we seek to partner with suppliers that further our mission to Cultivate a Better World and meet our strict standards, we do not yet evaluate new suppliers against explicit environmental criteria. To that end, we did not track negative environmental impacts in our supply chain as part of our supplier assessments in 2018.</td>
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## WATER MANAGEMENT

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