CULTIVATE
A BETTER WORLD

2020 SUSTAINABILITY REPORT
EXECUTIVE SUMMARY
As I reflect back on 2020, I’m in awe of the resilience I witnessed during this unprecedented time. Despite the challenges presented by the global pandemic and civil unrest, Chipotle employees persevered and continued to find innovative solutions to propel the company’s mission of Cultivating A Better World. Our greatest priority is to safely serve our communities delicious food from real ingredients made fresh daily. We remain committed to that more today than ever and will continue to push the boundaries of innovation to better serve you.

Sustainability is and always will be a strategic priority for Chipotle. I, along with the rest of the organization, strongly believe that how we grow our food is how we grow our future. Our real ingredients are responsibly sourced and classically prepared with people, animals, and the environment in mind. The events of this past year have shifted consumer behavior to lean towards a community-focused society. This has further ignited a passion inside of many for making purchasing decisions that drive difference in the world around them. Greater awareness of where food comes from and how it’s grown can have an impact far larger than Chipotle.

Last year, we published a progress report against our sustainability goals through 2019. We’re committed to transparently showcasing our progress against these targets to ensure that we’re successfully meeting goals across people, food and animals, and the environment. Today, I’m thrilled to share the outcome with you. While more work can always be done, we’ve made strides to showcase real meaningful action and measurable change.

Our third full Sustainability Report demonstrates how we are leading the industry by example, open sourcing initiatives in an effort to welcome everyone to join us on this mission. You’ll hear directly from leaders across our organization about how they’re embedding sustainability into the work we do together every day. This purpose-driven mindset cascades throughout the organization to team members who take pride in making the Chipotle experience exceptional, serving the highest quality food from real ingredients. At the core of that experience is sustainability—infusing our strategy from our restaurants, to our company offices, to the farms from which we source our ingredients.

We’re already hard at work identifying ways we can make a positive impact on the world in 2021. We are optimistic about the future and look forward to continuing to deliver on our promises. 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.

Thank you,

Brian Niccol
Chairman and CEO,
Chipotle
At Chipotle, we believe real ingredients just taste better. That's why we cultivate relationships with some of the finest farmers, ranchers, and other producers around.

OUR FOOD BEGINS WITH THINGS LIKE:
- Real ingredients you could find in your kitchen
- Responsibly Raised® meat and dairy
- Non-GMO ingredients
- Sourcing a portion of our ingredients from organic producers
- Produce from local growers, on a seasonal basis

AND ENDS WITH:
- No artificial preservatives
- No artificial colors
- No artificial flavors
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.

**THE LINE IS THE MOMENT OF TRUTH**

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.

**TEACH AND TASTE CHIPOTLE**

Our food is real and so are we.

Be your full self and make a difference.

**AUTHENTICITY LIVES HERE**

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.

**THE MOVEMENT IS REAL**

**OUR VALUES KEEP US REAL**
In March of 2021, we introduced a new Environmental, Social, and Governance (ESG) metric that ties executive compensation to ESG goals.

The objectives, which are categorized by Food & Animals, People, and the Environment, will hold our executive leadership team responsible to make business decisions that Cultivate A Better World.

Ten percent of officers’ annual incentive bonus will be tied to the company’s progress toward achieving these ESG goals.

Starting this year, Chipotle’s executive leadership team will be evaluated on the company’s progress toward the following overarching company goals.
1. Our meat and dairy come from animals raised according to our strict animal welfare protocols, which include rules for humane treatment.

2. Our meat and dairy come from animals never given nontherapeutic antibiotics or added growth hormones.

3. Our protocols prohibit animal byproducts in feed.

4. Our animal welfare team regularly conducts audits to ensure that our suppliers meet these standards.
Increase both the total pounds of produce purchased from local growers and the number of growers in our Local Growers Program in 2019

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 and 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

Purchase over 37 million pounds of produce in 2021 from local farmers through our Local Growers Program

Develop and pilot at least one new plant-based protein offering by end of 2021

Partner with our growers to convert over 400 acres of conventional farmland to organic farmland via transitional growing methods by the end of 2025

Achieve 100% third-party humane certification for our chicken by end of 2021

Food With Integrity means fresh, high quality produce, meat, and dairy that’s responsibly raised and responsibly sourced. That’s why we’re so passionate about working with local farmers and suppliers to source the highest quality ingredients and support the communities we serve.
From our employees to our farmers, our customers to our entire communities – we know we have an opportunity to make a real difference in people’s lives. That’s why we’ve set up programs, partnerships, and initiatives to make sure we’re providing more than just burritos.

$5+ Million DONATED TO LOCAL COMMUNITY ORGANIZATIONS THROUGH 26,000+ FUNDRAISERS IN OUR RESTAURANTS

$5 MILLION COMMITTED TO YOUNG FARMERS

455,000+ MEALS DONATED TO THOSE IN NEED IN OUR COMMUNITIES

$525,000 DONATED TO THE NATIONAL URBAN LEAGUE AS PART OF OUR DIVERSITY EQUITY & INCLUSION COMMITMENT

13,492 PEOPLE PROMOTED ACROSS THE CHIPOTLE ORGANIZATION AT ALL LEVELS

GOALS ACHIEVED

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

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

NEW GOALS

Enrich our benefits offering around employee wellness including mental health, financial, and physical wellbeing including providing preventive healthcare for all employees through Telemedicine

Develop a robust Supplier Diversity program where we continue to identify opportunities for minority owned businesses to increase access to our sourcing opportunities by 2021 and develop a method to measure amount paid annually to minority-owned businesses by 2022

“WE’RE PASSIONATE IN OUR PURSUIT OF INNOVATORS AND ARE COMMITTED TO SUPPORTING THEM AS THEY NAVIGATE THEIR RESPECTIVE CHIPOTLE JOURNEYS.”

Marissa Andrada
Chief Diversity, Inclusion, and People Officer
COVID-19 RESPONSE

EXPANDED EMERGENCY LEAVE AND SICK PAY

Individuals directly affected by COVID-19 may receive pay equal to their upcoming 2-week schedule or average hours worked.

24/7 ACCESS TO HEALTHCARE EXPERTS

Every employee has access to medical experts via their mobile phone.

RESTAURANT BONUSES

Chipotle paid out over $40 million in bonuses and assistance pay to our restaurant employees during the crisis.

CARE FOR OUR PEOPLE

CARE FOR OUR COMMUNITY

GRADUATION GIVE BACK

With more students missing the tradition of graduation ceremonies this year, Chipotle donated 15% of purchase amount to CAFA with proceeds to Scholarship America. From May 11 - June 30.

HEALTHCARE HEROES

Chipotle has donated 220,000 Burritos to Healthcare Heroes at 1,607 facilities across the country, including 100 Card present gift cards at select 7-Eleven stores.

THE CHIPOTLE WAY

NEW PROTOCOLS TO ENSURE GUEST SAFETY AS WE WELCOME YOU BACK INTO OUR DINING ROOMS

HAND SANITIZER FOR GUESTS

Chipotle restaurants have a hand sanitizer station right as you enter the restaurant.

FACE MASKS FOR OUR CREWS

Our crews have been provided masks to wear at all times.

DEDICATED DINING ROOM STEWARD

We’ve added a dedicated team member responsible for continuously cleaning, sanitizing, and directing pickup orders to assist with physical distancing.

HANDWASHING EVERY 30 MINUTES

We have heightened our hand washing protocol for all employees to wash their hands every 30 minutes and after every task at minimum throughout the day.

STEPS WE WILL CONTINUE TO MAINTAIN:

CARE FOR OUR GUESTS

TAMPER-EVIDENT BAGS: New tamper-evident packaging seals on every pick-up or delivery order bags.

CONTACTLESS DELIVERY AND PICKUP: Contactless delivery and pickup available for all digital orders.

SOCIAL DISTANCING IN RESTAURANTS: Guests are separated by 6 feet using line markers in the restaurant and by limiting Dining Room capacity.

DAILY WELLNESS CHECKS: Every employee signs a daily wellness check to ensure they are healthy and symptom-free.

LEADING FOOD SAFETY STANDARDS: We maintain a clean environment in our restaurants and employ safe food handling practices symptom-free.

SANITIZING ALL HIGH-CONTACT AREAS: We clean and sanitize our restaurants and high-touch areas using sanitizer that has been validated by the EPA to be effective against COVID-19.

COOK IN SMALL BATCHES: Our food is prepared in small batches to ensure freshness and safety.

GLOVES AND HANDWASHING: Chipotle team members wear gloves at all times when handling food and are washing their hands every 30 minutes at minimum.

STATE OF THE ART AIR PURIFICATION: Every Chipotle has an air purification system to eliminate pollutants, mold, bacteria and viruses.

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Our journey toward a cleaner, brighter future is far from over. We carefully consider every item that enters our restaurant as well as what happens to it when it leaves. Additionally, we carefully consider the efficiency of our restaurants to better manage energy usage, and further reduce our environmental impact.

GOALS ACHIEVED

- Divert 50% of our waste from landfills by 2020 against a baseline of a 37% diversion rate at the end of 2016
- 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)
- Expand the closed-loop glove-to-trash bag pilot program to include more restaurants

NEW GOALS

- Identify key biodiversity hotspots throughout our operation by 2025
- Set science-based emissions reduction targets verified by the Science-Based Targets Initiative (SBTi) by end of 2021
- Identify key water risk areas and ingredients throughout supply chain in an effort to inform our water conservation strategy
- Pilot scalable diversion program for construction projects by end of 2021
- 5% overall waste reduction by 2025 (as compared to a 2020 baseline)

2,071,583 CUBIC YARDS OF WASTE

Diverted through recycling, composting, waste to energy

51% LANDFILL DIVERSION RATE

Achieved as part of a sustainability goal from 2019

60,000+ AVOCADO PITS UPCYCLED

Into natural clothing dye as part of the award-winning Chipotle Goods Natural Dye Line

62,582 MW H

Of energy reduced via our energy management systems
Real Foodprint is a first-of-its-kind education tool that provides customers with detailed impact data about their order.

At the order confirmation screen on the Chipotle app and Chipotle.com, guests receive data on five key metrics computed based on averages for the ingredients included in their order.

Real Foodprint compares average values for each of Chipotle’s 53 real ingredients to their conventional counterparts against the following five key metrics:

- Less Carbon in the Atmosphere
- Gallons of Water Saved
- Improved Soil Health
- Organic Land Supported
- Antibiotics Avoided

The impact data is tracked on an ongoing basis, so that customers are able to see their lessened impact over a period of time. Real Foodprint gives our guests a look into our sourcing efforts and allows them to track how they can help Chipotle Cultivate A Better World.

HowGood Partnership
Metrics for Real Foodprint are provided by HowGood, an independent research company with the world’s largest sustainability database for products and ingredients. HowGood aggregates information from Chipotle’s suppliers and over 450 unique data sources, including peer-reviewed scientific literature, industry findings, and research from government and non-governmental organizations, to evaluate the average impact of Chipotle’s 53 real ingredients on the environment and animal welfare. Chipotle is the first restaurant brand to partner with HowGood.

Methodology
To develop Real Foodprint, HowGood evaluated Chipotle’s award-winning sourcing standards for all 53 ingredients to demonstrate the impact each Chipotle digital order is helping to have on the planet. The positive change in impact across the five key metrics is the difference between average data for each ingredient based on Chipotle’s sourcing standards and conventional, industry-average standards.

HowGood also aggregated data on the percentage of each ingredient used in each Chipotle menu item, to help tailor each guest’s Real Foodprint tracker.

Defining Conventional Sourcing
To establish the industry average, HowGood used data from authoritative sources like the United States Department of Agriculture, World Health Organization, and United States Food & Drug Administration to determine a baseline for conventional production of food.
By focusing on young farmers in particular, we’re ensuring our support of sustainable agriculture. According to the NYFC Young Farmer Census, more than 80% of young farmers are farming sustainably. Through these programs, and all of the assistance we’re offering young farmers, we hope to help farming remain a sustainable vocation for generations to come.
This past year I have spent a lot of time watching, listening, and thinking about the racial and social injustice many in our world face. I still believe America stands for hope and opportunity, and I see a lot of brave people finding ways to create positive change. At Chipotle Mexican Grill, we want to do our part to create an equitable society. We ask that you join us in our effort to do the same.

Chipotle pledged $1,000,000 in support of organizations advocating against systemic racism, beginning with a commitment of $500,000 to the National Urban League, an organization with a deep history and proven track record for supporting Black communities with comprehensive action and impactful plans that drive reform and accountability across the country.

This past year we leveraged the Chipotle app and Chipotle.com as a donation platform to allow others to give back to Black and at-risk communities. Using a new technology feature, guests can round up their bill to the next highest dollar amount at checkout to donate to various organizations.

As a company, we are committed to learning and listening to ensure we are fostering an inclusive environment. Listening sessions are already taking place across our organization to better understand how we can evolve as a company and provide equal opportunities for all. In addition, we’ll be working with our employees to identify the organizations to spotlight in our round up program throughout the year. There is also inequity in access to healthy food in our society, and we are working to provide access to healthy foods across different social demographics.

At Chipotle, our mission has always been to Cultivate A Better World. This isn’t just through real food, but through real, meaningful action. We need to do better and we encourage our community and fans to join us in our fight for equality.

Brian Niccol
Chairman and CEO, Chipotle
We’re nothing without the communities we serve. That’s why we’ve set up several programs and partnerships to give back to all the communities we’re proud to call home.

$5 Million
Donated
To local community organizations through 26,000 fundraisers in our restaurants

$3.8+ Million
Raised
For six non-profits with Round Up for Real Change

455,000+ Meals
Donated
To those in need in over 468 community organizations

$377,997
Granted
To National Young Farmers Coalition on behalf of Chipotle Cultivate Foundation

$22,000+
Given
To the Direct Relief Foundation for disaster relief

$10,000+
Equipment donated
To community organizations in cookware and refrigerators

$250,000
Delivered
To 232 organizations through community outreach grants

$50,000
Given
To the Culinary Institute of America, Make A Wish, Women On Boards, Orange County Professional Firefighters Association, The Art of Eating Magazine

$5 Million
Will be given
We’re giving $5 million over the next five years to help young farmers

$1 Million
Donated
Additionally, with the help of our customers through the Round Up for Real Change feature, we donated: $1 million+ to the National Urban League.

$1 Million
Pledged
In June 2020, we pledged $1,000,000 in support of organizations advocating against systemic racism. Some of the ways we have given are: $500,000 to the National Urban League. $250k to 232 unique community organizations, nominated from our GMS (COGS).
We acknowledge climate change as one of the most pressing issues of our time and recognize our organization’s impact on this issue. It is with this acknowledgment that we are able to make a change for the better and further drive our climate strategies.

Last year, as a result of our energy management systems (EMS), we saved an estimated 65,582 MWh of energy, which is the emissions equivalent of:

- **10,000 Passenger Vehicles** driven for one year
- **5,300 Homes Powered** for one year
- **5.2 Million Gallons** of gasoline consumed

At the time of publication, we have made extensive internal and external commitments to better understand our impacts and develop strategies to reduce them. We have committed to the following actions as a first step and invite you to follow along on our journey:

- Committing to emissions reduction targets in line with climate science and verified by the Science-Based Targets initiative
- Enlisting the assistance of industry-leading experts to improve accounting methodologies, develop Scope 3 road mapping, and determine areas of climate focus
- Developing an internal climate steering committee with a focus on curbing emissions
- Conducting an initial Scope 3 screening as a first step in developing our full empirical measurement model and strategy
- Categorically expanding our carbon offset program beyond corporate transportation
- Acknowledging climate risk and the potential impacts on our supply chain
- Further reducing restaurant emissions through the implementation of smart energy management systems at all restaurants, and fine-tuning reduction strategies already in place
**Waste Makeup**

- **Cardboard**: 55%
- **Plastic Wrap & Gloves**: 4%
- **Paper**: 4%
- **Soda Cup**: 4%
- **Aluminum Foil**: 2%
- **Bathroom Waste**: 2%
- **Plastic Portion Cups & Margarita Cups**: 2%
- **Rigid Plastic**: 1%
- **Chip Bags**: 1%
- **Outside Waste**: 1%
- **Cutlery**: 1%
- **Glass Bottles**: 0.0% (Less than 1%)
- **Plastic Beverage Bottles**: 0.0% (Less than 1%)
- **Food, Napkins, Paper, Towels, Misc. Paper**: 14%
- **Plastic Lids & Straws**: 7%

**51% Diversion Rate**

- **Landfill**: 49%
- **Composting**: 2%
- **Food Donations**: <1%
- **Oil**: <1%
- **Waste to Energy**: <1%
- **Recycling**: 49%

**2019 Waste Makeup**

**2020 Waste Diversion**

**Waste Innovation**

**Case Study: The Glove-to-Bag Project**

While single-use gloves are a necessity in our industry, the vast majority of these gloves end up in the landfill. It is an industry wide problem we wanted to try and tackle. So in 2018, we piloted a program in Portland, Oregon, where our employees used plastic gloves were upcycled into waste bags, which we use in over half of our restaurants. In 2019 and 2020 we continued to expand this program to 4 markets. We plan on continuing to expand this initiative across additional markets in 2021 and beyond.

**Case Study: Chipotle Goods: Avocado Dye**

In 2020, we began exploring ways to reuse food waste from our restaurants. We created our first-ever natural dye line as part of our Chipotle Goods clothing launch. The natural dye capsule utilized nearly 60,000 of our avocado pits, collected to dye clothing and accessories. By leveraging food scrap items from our restaurants, we were able to give them a second life and ensure they would not end up in the landfill. All while avoiding the use of toxic dyes commonly found in the textile industry.
FORBES
Best Employers for Diversity 2020
World’s Best Employers

FORTUNE
World’s Most Admired Companies

NEWSWEEK
America’s Most Responsible Companies 2020

GOOD FOOD INDEX
(GFI SCORECARD):
9/10 Plant Based Offering

NATION’S RESTAURANT NEWS
MenuMasters Award, Healthful Innovations Category

WORLD ANIMAL PROTECTION
“QUIT STALLING REPORT”
Highest Ranking Restaurant

RESTAURANT DIVE
Dive Awards, Company of the Year

BLOOMBERG
2020 Gender Equality Index

HUMAN RIGHTS CAMPAIGN
2021 Corporate Equality Index - 100%

RESTAURANT DIVE
Dive Awards, Company of the Year

COMPARABLY
Best Companies for Women
Best Company Culture
Top Companies for Best Perks and Benefits
Best Companies for Professional Development
Top Companies With the Happiest Employees
Best Companies for Diversity

HALLBARS
Sustainability Report Awards, National Winner USA, Best Overall

INSTITUTIONAL INVESTOR
Financially Material ESG Disclosures

CAMPAIGN LIVE
Power of Purpose Awards: Sustainability Category - Gloves to Bags

BIG (BUSINESS INTELLIGENCE GROUP)
BIG Award: Gloves to Bags

SHORTY
Shorty Social Good Awards, Best in Environment and sustainability: Gold - Reducing Food Waste: Upcycling Avocado Pits

FAST CASUAL
Excellence in Food Safety

VEGOUT AWARD
Best Vegan-Friendly Fast Food

HALLBARS
Sustainability Report Awards, National Winner USA, Best Overall

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FOR THE FULL SUSTAINABILITY REPORT VISIT CHIPOTLE.COM/SUSTAINABILITY