

CULTIVATE A



BETTER WORLD

**2022 SUSTAINABILITY REPORT
EXECUTIVE SUMMARY**

A LETTER FROM OUR CHAIRMAN AND CEO

Since I joined Chipotle, we have continued to demonstrate strength and resilience regardless of the uncertainties the world faced, and 2022 was no exception. As I reflect on the last year, I am proud of how our teams remained true to Chipotle's purpose and pushed the boundaries with digital innovations and more sustainable options to advance ourselves and the entire restaurant industry. Chipotle's Food with Integrity principles guided our responsible sourcing and further enhanced our menu of real ingredients.

Our greatest priority is to safely serve our communities delicious food made fresh daily. We remain committed to that more today than ever, and we will continue to grow our people with the same level of care that goes into our food. Chipotle's culinary, combined with talented leaders and a thriving culture, is our recipe for growth for many years to come. I, along with the rest of the organization, strongly believe that how we grow our food is how we grow our future. For that reason, sustainability is and will always be a strategic priority for Chipotle.

I am thrilled to share Chipotle's 2022 Sustainability Report with you, which showcases our progress across People, Food and Animals, and the Environment against the goals outlined in our 2020 Sustainability Report. For the third year in a row, we have tied a portion of our executive compensation to achieving various goals to ensure our leaders are held accountable for making responsible business decisions. While our work will never be complete, we are immensely proud of the actions and adjustments we've made to-date. We invested in our people, supported our communities, and worked to reduce our environmental impact, and in my opinion, we are just getting started.

Our world class teams continue to identify opportunities to innovate, expand upon our mission and create meaningful change at scale. I am optimistic about our future and look forward to achieving our aggressive goals and delivering on our promise to Cultivate a Better World.

I welcome you to reach out to us at Sustainability@chipotle.com and share your thoughts and questions about sustainability at Chipotle.

Thank you,

Brian Niccol
Chairman and CEO, Chipotle

WHO WE ARE

Since our beginning in 1993, Chipotle has been committed to serving Food with Integrity and revolutionizing the fast food Industry. Our real ingredients are responsibly sourced and classically cooked with people, animals, and the environment in mind. Everything is connected.

Though our heritage is one of transformation and innovation, one thing will never change: Chipotle's commitment to doing what's right. Our relentless pursuit for making ethical choices at all times is what has built trust in Chipotle — from our customers, business partners, colleagues, and investors. Every person within the organization is responsible for maintaining trust, both internally and externally. Cultivating a Better World is not easy, but when we all do our part, we can make a difference.

OUR VALUES KEEP US REAL

Foster a culture that values and champions our diversity, while leveraging the individual talents of all team members to grow our business and Cultivate a Better World.

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.

2022 IMPACT

In 2022, we sought to continue making a real impact for our communities, people, and planet.

FOOD & ANIMALS

22 MILLION pounds of organic and transitional ingredients purchased

More than **36 MILLION** pounds of local produce purchased¹

\$35 MILLION invested into local food systems

PEOPLE

\$6 MILLION donated to local community organizations through 29,000 in-restaurant fundraisers

Achieved a Human Rights Campaign Corporate Equality Index score of **100%**

90% of our employees surveyed say Chipotle is a great place to work

ENVIRONMENT

100% of our new restaurant openings participated in our food donation “Harvest Program”

40% of our electricity was purchased from renewable sources²

13% reduction in our direct greenhouse gas emissions²

INNOVATION

An innovator in restaurant technology, Chipotle continues to invest in emerging solutions to support its growing digital business and reduce friction in its restaurants. We believe technology deployed consistently and correctly can improve the human experience.

CHIPPY AND AI KITCHEN MANAGEMENT SYSTEM

One of our latest digital innovations, Chippy, is an autonomous kitchen assistant that integrates culinary traditions with artificial intelligence to make tortilla chips. Chipotle’s culinary and technology teams partnered with Miso Robotics to customize its latest robotic solution to cook and freshly season Chipotle’s delicious tortilla chips.

Leveraging artificial intelligence, Chippy is trained to cook chips to perfection, season with a dusting of salt, and finish with a hint of fresh lime juice. The company is leveraging its stage-gate process to listen, test, and learn from crew and guest feedback before deciding on a national implementation strategy.

We also piloted a demand-based kitchen management system in eight Southern California restaurants that uses artificial intelligence to notify restaurant staff of ingredient levels in real-time so that cooks know how much prep is needed and when to start cooking.

CULTIVATE NEXT

In 2022, Chipotle formed Cultivate Next, a new venture fund established to make early-stage investments into strategically aligned companies that further our mission to Cultivate a Better World. Cultivate Next’s aim is to supply seed to Series B stage companies that can accelerate our strategic priorities such as running great restaurants, amplifying technology and innovation, further advancing our Food with Integrity mission, and expanding access and convenience for consumers. The new venture fund has an initial size of \$50 million and is currently financed solely by Chipotle.

“We are exploring investments in emerging innovations that will enhance our employee and guest experience, and quite possibly revolutionize the restaurant industry. Investing in forward-thinking ventures that are looking to drive meaningful change at scale will help accelerate Chipotle’s aggressive growth plans.”

**– Curt Garner,
Chief Technology Officer, Chipotle**

In July 2022, we announced our first two investments in Hyphen and Meati Foods.

HYPHEN

Hyphen is a food service platform that designs tools to bring commercial kitchens closer to their full operating potential. Hyphen is developing its second-generation makeline, which automates meal production under the counter of a standard makeline. This technology could support Chipotle’s incoming digital orders in the future, allowing crew to focus on preparing food for in-house guests.

MEATI

Plant-powered options have been a priority for Chipotle’s ongoing menu innovation over the past few years. Meati Foods serves nutrient-dense, whole-food products made from mushroom root. The mushroom root used in Meati products are grown indoors year-round in an ultra-clean, pure environment that is unexposed to pollutants, pesticides, antibiotics, or growth hormones. Meati’s products are created in a way that protects and preserves our planet’s water, land, and air.

ESG GOALS

In March of 2021, we introduced a new Environmental, Social, and Governance (ESG) metric that ties a portion of executive compensation to ESG goals.

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

The ESG metric can increase or decrease overall payout under the bonus plan by 15%, based on level of achievement of the ESG goals.

2023 ESG Goals

Improve retention of our diverse employees relative to those who are non-diverse⁶

Establish composting programs at 235 restaurants

Purchase 37.5 million pounds of locally grown ingredients⁷

2022 ESG Goals Achieved

PEOPLE

Increase diversity to 60% within our internal pipeline of candidates³

Reached 63% diversity within our internal pipeline of candidates

FOOD

Purchase at least 57 million pounds of organic, transitional, and/or locally grown ingredients⁴

Purchased 58.3 million pounds of organic, transitional, and /or locally grown ingredients

ENVIRONMENT

Reduce Scope 1 and 2 greenhouse gas (GHG) emissions by at least 5%

Exceeded our goal with GHG emission reductions of 13% below 2019 baseline⁵

³For all promotions into salaried restaurant support center positions and Field management positions such as Field Leaders, Team Directors, and Regional Vice Presidents.

⁴Rice and beans are excluded.

⁵Includes the purchase of energy attribute certificates. See Environment section for additional information.

⁶Includes U.S. based RSC and Field Operations (Field leaders and above) employees.

⁷Food sourced from within 350 miles of a distribution center is defined as local.

FOOD & ANIMALS

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.

ACHIEVED

GOAL: Achieve 100% American Humane certification for our chicken by 2022.

PROGRESS: In the United States, 100% of the chicken purchased was American Humane certified⁸.

ON-TRACK

GOAL: Give \$5 million over the next five years (by end of 2025) to help young farmers.

PROGRESS: Provided over \$1 million to farmers since initial commitment.

GOAL: Convert over 400 acres of conventional farmland to organic farmland by 2025.

PROGRESS: We have partnered with our growers to convert over 214 acres of conventional farmland to organic farmland via transitional growing methods.

FOOD WITH INTEGRITY

As part of our Food with Integrity (FWI) commitment, we require our suppliers to follow the Supplier Code of Conduct¹⁰

RESPONSIBLY RAISED MEATS

All animals have been responsibly raised, which means that they're treated humanely from birth to slaughter, fed a vegetarian diet, and never given added hormones or sub-therapeutic antibiotics.

RBGH FREE: 100% of the milk in our sour cream, cheese, and queso comes from cows that have never been treated with rBGH (Recombinant Bovine Growth Hormone).

GMO FREE: All ingredients and processes must comply with our Food Safety and Quality Assurance requirements.

All ingredients must be traceable, with transparency covering point of origin, growing, handling, and harvesting practices.

LOCAL AND ORGANIC¹¹: Produce should be grown organically, and locally sourced from within 350 miles of a distribution center. The majority of our restaurants are located within 80 miles of a distribution center.

FARMERS: Farmers should raise their animals and crops with respect for the long-term health of the land and community.

¹⁰FWI is applicable to food and beverage suppliers. Refer to our [website](#) for the full Supplier Code of Conduct.

¹¹Strongly prefer but do not require for suppliers to meet local, and organic standards (USDA organic).

PEOPLE

As a people-first company rooted in values, our purpose of Cultivating a Better World extends beyond serving nutritious food using real ingredients. It means hiring world-class individuals dedicated to investing in their future and partnering together to positively impact the communities they serve.

22,000

Over 22,000 internal promotions of our people

282,000

Donated over 282,000 meals to those in need in our communities

PEOPLE

ACHIEVED

GOAL: Launch Emerging Leader and Mentoring programs to ensure we have a diverse slate of “ready now” internal talent for critical roles.

PROGRESS: Successfully launched the inaugural Leadership Evolution and Development Program (LEAD) aimed at developing emerging leaders with the aspiration and motivation to thrive in higher roles at Chipotle. Nearly 60% of this cohort has already been promoted into new roles with expanded scope and responsibilities.

GOAL: Continue our partnership with Guild moving from tuition assistance to providing debt free degrees as well as certificates for skills that are relevant to our employees.

PROGRESS: We now have nearly 100 degrees at 10 universities in which our employees can receive a degree with Chipotle covering the full tuition cost. We will continue our partnership with Guild and seek to drive engagement/participation.

GOAL: In partnership with our Serves Community Service Employee Resource Group (ERG), re-launch our service days for RSC and our Field employees.

PROGRESS: Completed service days in partnership with our ERG.

DIVERSITY, EQUITY & INCLUSION

Chipotle's Diversity, Equity and Inclusion strategy is centered around four pillars:

LEARN

to create awareness.

DEVELOP

to activate our talent.

CREATE ACCESS AND EQUITY

by eliminating barriers for diverse candidates and employees.

SUPPORT OUR COMMUNITIES

by creating pathways to healthier food, education, and jobs.



- Since December 2021, we have been participating in Management Leadership for Tomorrow's (MLT) Black Equity at Work Certification Program, which establishes a comprehensive aggregate measurement system and provides a rigorous, results-oriented approach that accelerates progress toward Black equity internally, amongst our employees, and externally by supporting Black equity within our business partners and in the communities where we operate. In 2022, we were notified that our action plan was approved, which is the first step toward achieving certification. We will spend the next few years refining and implementing our plan, in partnership with MLT, with the expectation of achieving full certification by 2024.
- In 2022, we worked closely with the Trevor Project to ensure support for all members of our community by providing inclusivity training focused on creating an inclusive work environment.
- As of December 31, 2022, 50% of our United States based employee population was female and approximately 67% of our United States based employee population was comprised of racial and ethnic minorities.
- Encourage employees to get involved with our Employee Resource Groups (ERG) to spark conversations, learn from each other, and grow their careers.

GIVING

\$6M+

FUNDRAISERS AND DONATIONS

\$6+ million donated through in-restaurant fundraisers in 2022. Since 2014 we have donated over \$92M to 328,000 community groups through our fundraisers.

\$4.3M

ROUND UP FOR REAL CHANGE

Raised for 10 nonprofits, including classroom supplies for 2,200 teachers in underserved communities.

282,000+

FOOD DONATION

Over 282,000 meals were donated to 291 local community partners.

\$1.1M+

CORPORATE GIVING

Given to organizations like the OC Firefighters Association, Pelotonia, KB Foundation, Tustin Police Officers Association, among others through Chipotle’s Corporate Giving.

\$60,000

CULTIVATE FOUNDATION

Issued in grants to organizations supporting a sustainable and equitable food system like Niman Ranch, Soul Fire Farm, Black Urban Growers, The Culinary Institute of America, and The Nature Conservancy.

\$250,000

SEED GRANTS TO YOUNG FARMERS

\$250,000 donated through 50 Seed Grants to help Cultivate a Better World.

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.

DISASTER RELIEF

\$50,000 was given to the Farm Aid Family Farm Disaster Fund, supporting Florida farmers and ranchers affected by Hurricane Ian. We also partnered with the Farmlink Project to donate more than 100,000 lbs. of produce to food banks in Fort Myers, one of the communities hit hardest by Hurricane Ian.

OUR COMMITMENT TO FARMERS

Farmers inspire us. How we grow our food is how we grow our future.
That's why we have made a commitment to give \$5 million by 2025 to help young farmers.

ONE MILLION ACRES FOR THE FUTURE

We helped raise over \$1 million to support the National Young Farmers Coalition efforts to advocate for policy change in the 2023 Farm Bill that would facilitate equitable access to one million acres of land for the next generation of farmers. Further, through our Round Up for Real Change program, we raised an additional \$330,000 to support the organization.

TRACTOR BEVERAGE CO.

All Tractor Beverages sold by Chipotle help farmers, with 5% of Chipotle's profits from its sale of these beverages being donated to causes that benefit farmers. Funds expand Chipotle's existing farmer programs including scholarships and grants to start, run, or grow farming.

YOUNG FARMER 'SEED' GRANT PROGRAM

Seed Grants help remove barriers to make it possible for the next generation of farmers and ranchers to succeed. We provide annual grants of \$5,000 each to young farmers in need through our partnership with the National Young Farmers Coalition.

ENVIRONMENT

100%

100% of our new restaurant openings participated in our food donation “Harvest Program”

32%

Set up and maintained composting program at 32% of all restaurants

13%

Reduced Scope 1 and 2 GHGs by 13%¹⁴

49%

Achieved a 49% landfill diversion rate

Goals

CLIMATE: 50% reduction in Scope 1, 2, and 3 greenhouse gas emissions by 2030¹²

BIODIVERSITY: Identify key biodiversity hotspots throughout our operation by 2025

WASTE: 5% reduction in waste to landfill by 2025¹³