



SUSTAINABILITY REPORT UPDATE

2017





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INTRODUCTION

A LETTER FROM OUR CEO

I am pleased to release this update to our sustainability report which outlines progress against our sustainability goals through 2017. I truly believe that sustainability is at the core of our business and we are as committed as ever to growing our sustainability efforts.

We are making progress and I am proud of the advances we have made thus far. In the following update, we have listed our progress in 2017 against each goal as "Achieved", "On Track", or "Below Target". We are committed to being transparent and building trust as we continue to move the bar forward in this very important area.

We are transforming our organization to ensure we have world class talent in each area of business. As a result, it is my hope that our goals and commitments will change and grow with the strategy of our business as we work to cultivate a better world.

I'm proud to be a part of this purpose-driven brand dedicated to 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. As we strive each day to be better, we keep in mind that everything is connected.

Sincerely,

Brian Niccol

Chief Executive Officer Chipotle Mexican Grill



PEOPLE UPDATES

GOAL: Decrease turnover among our restaurant salaried employees, hourly crew and restaurant managers

PROGRESS: Below Target. While we have seen increased turnover in certain positions, we also saw a decrease in the following positions: Kitchen Manager turnover decreased 9.2%, Apprentice turnover decreased 12.3% and All Salaried Manager turnover was down slightly by 1%. As we close our NYC and Denver offices, expand our Columbus, OH office and relocate to Newport Beach, CA, we anticipate larger turnover numbers from staff positions in 2018.

GOAL: Monitor labor issues along our supply chain

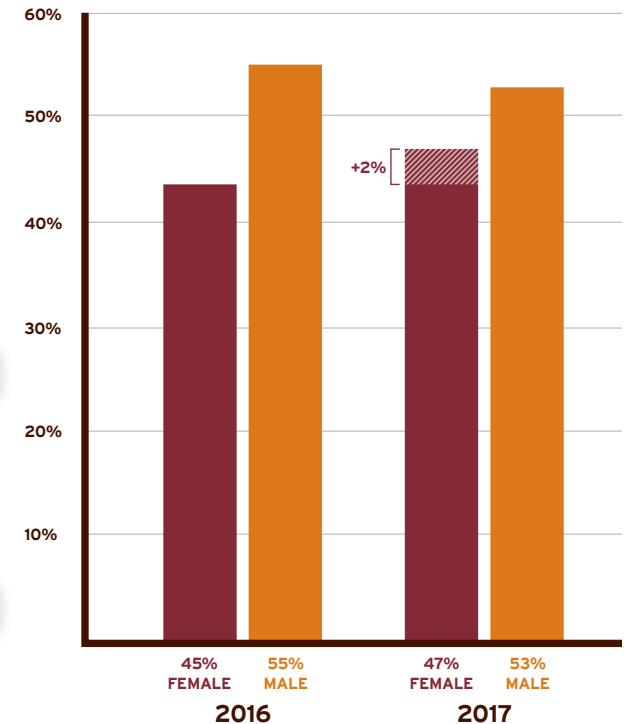
PROGRESS: On Track. We hired a new VP of Supply Chain with extensive experience, and we look forward to expanding this important aspect of our operations.

GOAL: Increase the diversity of our employees

PROGRESS: On Track. We increased gendered diversity amongst Salaried Managers and remained consistent for Crew and Staff levels.

We hired a Chief Human Resources Officer with a proven track record in diversity and inclusion programs, and will look to introduce more initiatives in this area in the near future.

SALARIED MANAGER GENDER DIVERSITY 2016 vs 2017



FOOD & ANIMALS UPDATES

GOAL: Increase both the total pounds of produce purchased from local suppliers and the number of suppliers in our local grower program in 2017

PROGRESS: Accomplished. We purchased 26 million pounds of produce from 69 local growers in 2017 (versus 16 million pounds from 23 local growers).

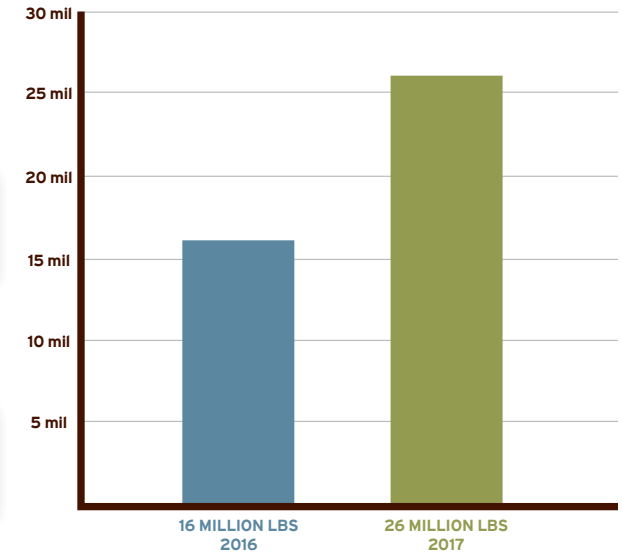
GOAL: Continue to improve load optimization and trailer utilization throughout our supply chain and ultimately reduce our emissions

PROGRESS: On Track.

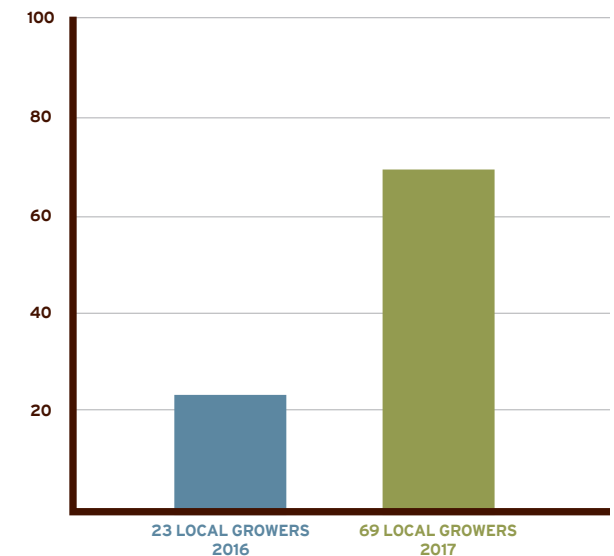
GOAL: Explore third-party certification programs to validate best-in-class antibiotic protocols for our pork supply in 2018

PROGRESS: On Track. We are currently collaborating with the NRDC in regard to their standards for pork. Our research into third party certification programs continues for our ingredients, including pork.

PURCHASED POUNDS OF LOCAL PRODUCE 2016 vs 2017



NUMBER OF LOCAL GROWERS 2016 vs 2017



FOOD & ANIMALS UPDATES

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

PROGRESS: On Track. Improving broiler chicken welfare is a top priority for Chipotle, as referenced by our 2024 improved broiler chicken welfare commitment. In 2017, we had two of seven suppliers utilizing Controlled Atmospheric Stunning and we expect all suppliers to be at 100% by 2024. In 2017, we also had four of seven suppliers researching and testing windowed housing, which allows the birds to express more natural behaviors from experiencing natural light. In 2017, we had five of seven suppliers using environmental enrichments in houses. 100% of our laying hens are cage-free, and free from beak trimming and/or tipping.

Chipotle is currently engaged with Arrowsight, a remote video auditing company, for the purpose of having Chipotle's chicken suppliers adopt this technology in their plants and for their growers to improve animal husbandry.

GOAL: 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 sustainability communications in 2018

PROGRESS: On Track. As of July 2018, we remain in conversations with the BBFAW as we continue to work towards being more transparent and being a leader in Animal Welfare. Here are some additional details and updates on our Animal Welfare program:

- In 2017 all meat and dairy suppliers were found to be in compliance with Chipotle's Animal Welfare protocols.
- All Chipotle pork suppliers had removed blunt force trauma as an acceptable form of euthanasia for piglets.
- All of Chipotle's cheese and sour cream was produced from cows with daily access to pasture.

- 50% of our beef comes from grass fed, pasture raised cattle that are never confined in a feedlot. 50% of our pork comes from outdoor bred sow operations, and 100% of finishing pigs are raised in deeply bedded barns, or with outdoor access.

- 100% of cattle, and 50% of pigs are transported to slaughter in less than 12 hours. 50% of pigs are transported to slaughter in less than 8 hours. 100% of chickens are transported to slaughter in less than 2 hours.

Additional Audit Standard Details: Chipotle has a team of highly experienced Animal Welfare Auditors that perform scheduled, annual on-site assessments of all farm types for our beef, pork, chicken and dairy. Any Non-Conformance Assessment (NC) findings are categorized as Criticals, Majors, Minors and Recommendations. A Critical NC is an egregious act or intentional misrepresentation of product that warrants immediate suspension. A Major NC is a direct violation of Chipotle's chicken, beef, pork or dairy Quality Guidelines and warrants possible suspension with an immediate corrective action. A Minor NC is a violation of chicken, beef, pork or dairy quality guidelines and requires a timely corrective action plan. Recommendations are not considered violations and are made with the intent to assist the supplier in avoiding potential future non-conformances.

ENVIRONMENT UPDATES

GOAL: Fully measure and report our Scope 3 emissions by 2025. We will continue to take key steps toward this goal in all future Sustainability Reports, including mapping our biggest environmental impacts along our value chain in our 2019 report

PROGRESS: On Track.

GOAL: Calculate and assure our Scope 1 and Scope 2 emissions in 2017 and 2018 and publish those third-party assured results starting in our 2019 report

PROGRESS: On Track. We have calculated our Scope 1 & 2 Emissions for 2017 and are currently investigating third-party assurances for our 2019 report.

GOAL: Install a comprehensive energy management system at 100 percent of our restaurants by 2019, against a baseline of 5 percent at the end of 2016

PROGRESS: On Track. We anticipate finishing this rollout by the end of 2018.

GOAL: Reduce average energy consumption per restaurant by 5 percent by 2020, normalized for weather

PROGRESS: On Track. While we installed some Energy Management Systems (EMS) in our restaurants in 2017, the vast majority of installations are occurring in 2018. As such, the savings will be reflected in future report updates. Preliminary analysis is encouraging, and we expect to achieve this goal by 2020.

2017 Scope 1 Emissions	tCO ₂ e	% of Total
Stationary Combustion (Restaurants)	99,252	42.1%
Stationary Combustion (Corporate Offices)	287	0.1%
Mobile Combustion		
- Company Controlled Cars	2,763	1.2%
- Falcon 2000	237	0.1%
- Falcon 900EX	623	0.3%
Fugitive Emissions (Refrigerant)*	N/A	
Total Scope 1 Emissions	103,162	43.7%
2017 Scope 2 Emissions	tCO ₂ e	% of Total
Purchased Electricity		
- US Restaurants	130,787	55.4%
- International Restaurants	612	0.3%
- Corporate Offices	1,393	0.6%
Total Scope 2 Emissions	132,792	56.3%
Total 2017 Scope 1 and 2 Emissions	235,955	100%

** Data on refrigerant emissions is currently unavailable in a usable format*

ENVIRONMENT UPDATES

GOAL: Divert 50 percent of our waste from landfills by 2020, against a baseline of a 37 percent diversion rate at the end of 2016

PROGRESS: On Track. We diverted 40% of our waste in 2017 (a 3% increase). We accomplished this through increasing recycling and compost services at our restaurants, understanding our waste makeup better, and decreasing non-divertible materials in our packaging line-up.

GOAL: Report the total volume of water that we use, recycle and reuse by 2021

PROGRESS: On Track. We have made significant headway in tracking our water usage at the restaurant level and anticipate sharing that information in our next report.

GOAL: Ensure at least 80 percent of our restaurants participate in our food donation "Harvest Program" by 2020, against a baseline of 15 percent at the end of 2016

PROGRESS: Below Target. At the end of 2017, 16% of our restaurants were participating in our Harvest Program (1% increase). To further increase participation, we have increased communications and support to our restaurants and field leaders and streamlined the donation process for our teams with the assistance of our Harvest Program partner.

GOAL: Ensure 100 percent of our restaurants are recycling by 2020, against a baseline of 80 percent at the end of 2016

PROGRESS: On Track. By the end of 2017, 85% of our locations were recycling (an increase of 5%). We accomplished this by creatively reconfiguring our dumpsters where space constraints were the limiting factor to be able to accommodate a recycling program. We have also piloted a mail-back recycle program at some locations where recycling is mandatory, but reconfiguration isn't an option.

GOAL: Set up a composting program at 20 percent of all restaurants by 2020, against a baseline of 10 percent at the end of 2016

PROGRESS: On Track. By the end of 2017, 13% of our restaurants had a compost program (3% increase). With continued efforts in this area, we anticipate even greater progress in 2018.

ENVIRONMENT UPDATES

GOAL: Reduce overall average waste per restaurant by 5 percent by 2020

PROGRESS: Achieved. We decreased our average waste yardage per restaurant by 21% in 2017 (from 33 yards per week, to 26 yards per week). Through targeted initiatives, we were able to make significant impact. We conducted waste audits to better understand our waste stream. The findings from these audits allow us to better set up each restaurant with the proper waste services. Additionally, we led quarterly rightsizing initiatives in 2017. Rightsizing is the adjustment of services to fit the actual waste needs of each restaurant based on a yard/dollar calculated ratio. By doing this, we have decreased our average landfill services by 25% (20 yards to 15 yards).

GOAL: Introduce compostable bowls at all locations by 2018

PROGRESS: Achieved. Compostable bowls were rolled out to all Chipotle locations by November of 2017.

GOAL: Produce 50 percent of all burrito bowls domestically by 2020

PROGRESS: On Track. We continue to investigate this and other ways to decrease the carbon impact of our supply chain.

GOAL: Request and review sustainability efforts with key logistics partners by 2019

PROGRESS: Achieved. Here is a list of some initiatives that our distribution centers are undertaking:

ENERGY REDUCTION

- New dock door seals
- Added insulation
- LED bulbs
- Motion sensor light activation

WATER

- Retention ponds to capture runoff to be used for irrigation

TRANSPORTATION

- Driver incentives for fuel efficiency via reduced idle time
- Routing efficiencies to reduce miles
- Fleet maximization via backhauling to reduce empty trucks on the road

RECYCLING

- Pallet recycling to be refurbished or turned into landscaping mulch
- Oil recycling (can be re-refined and reused)
- Tire recycling