

## **Racial Equity Audit**

### **Resolved**

Shareholders of Chipotle Mexican Grill, Inc. (“Chipotle”) request that the Board of Directors commission a racial equity audit analyzing Chipotle’s impacts on civil rights, equity, diversity and inclusion, and the impacts of those issues on Chipotle’s business. The audit may, in the board’s discretion, be conducted by an independent third party with input from civil rights organizations, employees, communities in which Chipotle operates and other stakeholders. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on Chipotle’s website.

### **Supporting Statement**

The murder of George Floyd, and the public outcry over the killings of other Black men and women, have galvanized the movement for racial justice and equity. This movement has focused the attention of media and policymakers on systemic racism, racial violence, and inequities throughout society. Companies whose operations heavily rely on their employees’ and customers’ trust and loyalty would benefit from assessing the risks of products, services and overall corporate practices that are or are perceived to be discriminatory, racist, or increasing inequalities. Companies that fail to assess these risks could face controversies that result in customer and employee attrition, negative press, significant fines or regulatory inquiries.

In June 2020, Chipotle expressed public support for racial equality while committing to do its “part to create an equal society.” Chipotle has also taken measures to address racial equity, including committing financial resources to support organizations advocating against systemic racism and publishing data on diversity, equity and inclusion. However, Chipotle faces numerous controversies, some significant, that pose various risks and raise questions related to the company’s overall strategy and the company’s alignment with its public statements.

According to Chipotle, 19 percent of its hourly crew and managers are “Black or African American” and over 60 percent are workers of color. These employees have been disproportionately impacted by various workforce controversies over recent years. This includes investigations into Chipotle’s scheduling, wage and hour, child labor, paid sick leave and COVID-19 practices. For example, Chipotle has been accused of failing to comply with a New York City law, alleging nearly 600,000 incidences of violation of the Fair Workweek Law, affecting approximately 6,500 employees.

There is no evidence that Chipotle is assessing the potential or actual negative impacts of its policies, practices, products, and services from a racial equity lens.

Companies like Starbucks, Facebook and Airbnb have conducted civil rights and equity audits that assisted each company to identify, prioritize, and implement improvements. These efforts provide an emerging model for such audits, typically conducted by a third party, in collaboration with experts in civil rights, and input from an array of stakeholders.

We urge Chipotle to commission a racial equity audit of its policies, practices, products, and services to analyze the way Chipotle impacts civil rights, equity, diversity and inclusion and the impacts of those issues on Chipotle’s business.