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**Testimony for the House Rules Committee**

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Good afternoon Madame Chair and members of the Rules Committee.

My name is Steve Ells and I am the founder, chairman and co-CEO of Chipotle Mexican Grill. I appreciate your giving me the opportunity to appear here today to speak to what I believe is a very important issue.

When I founded Chipotle 16 years ago in 1993, I had what was a novel idea at the time. I wanted to show that food that was served fast didn't have to be a typical fast food experience. All of the food we served was prepared in the restaurant using only fresh, high-quality ingredients. That restaurant had an open kitchen so our customers could watch as their food was cooked and their orders were prepared. It was all very transparent. There was nothing to hide.

We take the same approach today, even though we now have some 900 restaurants around the country and annual revenue in excess of \$1.3 billion. As we have grown, our vision has evolved. Now, we are changing the way the world thinks about and eats fast food. We are doing this by serving food made with ingredients from more sustainable sources. The cornerstone of this effort is a vision we call "Food with Integrity" and it is shaping not only the kind of food we serve, but the way we run our company.

This vision is not a response to recent consumer interest in "green" products, it is something we have been working toward for a decade now; well before "green" was the buzzword it is today. Nor was it rooted in any great epiphany that, ten years from now, consumers would want more natural, organic and local food. And it was not the result of scientific study about possible harm caused by using antibiotics in the food system, or the environmental impacts of large scale industrial agriculture. Our vision has always been based simply on doing what we thought was right.

The decisions we are making to support more sustainable agriculture have presented us with many challenges - and wouldn't be possible at all for most companies of similar size. And they come at a cost. The food we buy costs us more than it would to source food from large industrial processors. In fact, Chipotle now has the highest food cost (as a percentage of revenue) of any restaurant company, regardless of category.

As a publicly traded company, this is very significant. But serving food from more sustainable sources is so important to us, that we have built our business model in a way that lets us invest more in better food. We've had to find efficiencies in all other areas of our business so we can afford to serve this better food at prices that remain reasonable for our customers.

Through all of this, we have learned that many of our customers don't really know where their food comes from and how it is raised. And they don't want to be burdened with this information when they sit down in a restaurant to enjoy a meal with friends or family. For many people, paying the higher price of sustainably raised food simply isn't possible. So it is our responsibility to understand and care about where our food comes from, and find ways to keep it affordable and accessible so everyone can eat better.

Our quest for ingredients from more sustainable sources began when I was re-working the recipe for our pork carnitas. At the time, the pork we were using came from large, industrial suppliers. And I was not entirely aware of what this meant, or just how significant the environmental, economic, and social issues associated with this kind of animal production were - not to mention the horrific animal welfare standards that are involved.

My explorations led me to the farms of Niman Ranch, a network of about 50 individual family owned farms that were raising pigs in a traditional way; on open pastures or in deeply bedded barns, without the use of antibiotics or added hormones or drugs that behave like hormones, and fed a pure vegetarian diet with no animal byproducts. I tested new recipes using Niman pork and found that pigs raised this way produced better tasting pork, marbled with more back fat to protect the animals from the elements.

My research also took me to confinement hog operations, where some 60 million pigs are raised each year and spend their entire lives in large, barracks-like metal buildings. They never experience the sensation of the sun on their backs, or breathe fresh outdoor air. They spend their lives on hard, slatted flooring, forced to sleep where they urinate and defecate. Their waste is pushed down to lagoons where it festers just a few feet below them. They never have the opportunity to roam or root on open pastures or in deeply bedded barns as is their nature. Some five million breeding sows spend much of their lives confined to "gestation crates" or "sow stalls" that are so small they can't even turn around.

The crowding and contamination associated with this artificial living environment fosters disease, especially respiratory illnesses, so the pigs are fed some 10 million pounds of antibiotics, according to estimates from the Union of Concerned

Scientists - an amount that is three times greater than all antibiotics used to treat human illness.

Upon seeing this stark comparison for myself, I quickly decided that I did not want Chipotle's success to be tied to this kind of exploitation. And that gave rise to my epiphany: Serving food that is merely fresh is not enough anymore. To serve the best-tasting food, you need to understand how animals are raised and how vegetables are grown, as those variables directly influence the taste of the food. They also have significant bearing on a number of other important issues - animal welfare, the environment, and the people who raise the animals and grow the produce.

As a result, we began serving pork from Niman Ranch in all of our restaurants (about 50 at the time) in 2000. But pork from pigs raised this way costs more, so we had to raise the price of a carnitas burrito or order of tacos by a dollar (from \$4.50 to \$5.50). What was the cheapest item on our menu became the most expensive. So we produced communications pieces for our restaurants explaining this change, and the reasons for it, and began educating our customers about these issues; issues that were, and still are, new to many of them.

Over the years, this decision has had a significant and positive impact on the farms of Niman Ranch, which had about 50 family farms participating in their hog program at the time. Today, they have more than 600, in part because of Chipotle's commitment to serving pork from pigs that are raised this way. In all, our efforts in this area are helping to create and sustain opportunities for thousands of family owned farms that have shunned the use of antibiotics in favor of better animal husbandry to ensure the health of their animals.

This move also transformed the way we run our business, giving rise to the vision we call Food with Integrity. It set us on a journey to examine each of the ingredients we use to make our food, and how we could get them from more sustainable sources. We have made considerable progress over the last decade.

Today, we serve more naturally raised meat - coming from animals that are raised in a humane way, never given antibiotics or added hormones, and fed a pure vegetarian diet with no animal byproducts - than any other restaurant company in the world: More than 60 million pounds this year alone. This includes 100 percent of the pork and chicken we serve, and more than 60 percent of all of our beef.

Our commitment to sourcing better ingredients from more sustainable and healthful sources extends beyond meat. Today, a growing percentage of the beans we serve (currently 35 percent) is organically grown. We are the only

national restaurant company with a significant commitment to locally grown produce, serving at least 35 percent of at least one produce item from local farms in each of our restaurants when it is seasonally available. And we were the first national restaurant company to commit to serving dairy (cheese and sour cream in our case) made with milk from cows that are never treated with the synthetic hormone rBGH.

Chipotle is a unique success story in that we have found a way to serve more expensive, sustainably raised ingredients, but in a way that remains affordable to the average customer. At the same time, we are able to produce attractive financial results for our shareholders. This is a difficult balance to strike. Most restaurant companies can only remain affordable and produce attractive returns by lowering food costs. This downward pressure on food costs has resulted in the industry driving down costs to the detriment of animal welfare, the environment, and the overuse of antibiotics.

Our journey to find better ingredients, from more sustainable sources has been and remains difficult, and progress has been slow at times, and costly throughout. That said, we are proud that we have been able to remain successful while serving food from these better sources rather than supporting a system that is often exploitative. But we are still a relatively small piece of the puzzle that makes up the nation's food supply.

While our quest might be made easier if other food companies chose to follow similar paths and suppliers changed their practices accordingly, we know very well the issues and complexities that have kept them from doing so. Passing the "Preserving Antibiotics for Medical Treatment Act" is an important step in driving the kind of change we have chosen to work toward for the last decade, but that too many others have ignored.

Madame Chair and members of the committee, ours is company that has a long track record of remaining out of discussions involving politics and matters of public policy, but this is a cause we deeply believe in. On behalf of Chipotle, our 900 restaurants, our 25,000 employees, and our 2.5 million weekly customers, we thank you for introducing the Preservation of Antibiotics for Medical Treatment Act and hope it is given the consideration it deserves.

Thank you again for allowing me to speak with you today.