

January 25, 2021

Report on Chipotle’s Use of Arbitration for Employment-Related Claims

Chipotle believes there are benefits to both parties in utilizing arbitration to resolve employment-related disputes, including privacy, speed of resolution, the informal nature of the proceeding, convenience of location and timing and the fact that the complainant is not required to testify in a public court. To that end, all of Chipotle’s employees sign arbitration agreements at the commencement of their employment.¹ Starting in September 2020, we incorporated an opt out provision into our arbitration agreements, allowing all new employees to opt out of the arbitration agreement.

In 2020, there were 105 arbitrations initiated² against Chipotle, most of which were from a group of former employees who initiated arbitration after a court ruled that they were excluded from a wage and hour collective action regarding alleged off-the-clock work. None of the arbitrations initiated in 2020 have proceeded to a final ruling by an arbitrator, so it is not known how many of them ultimately will be decided in favor of the employee or Chipotle. Some of the arbitrations initiated in 2020 have been resolved through settlement and some are still pending.

¹ California’s law banning arbitration agreements as a condition of employment was enjoined and did not go into effect, so Chipotle has not taken any action in response to that law. If California or any state restricts arbitration of employment-related claims, Chipotle will comply with all legal requirements.

² Chipotle defines “initiated” as proceeding to the stage when an arbitrator is selected by the parties.