THE TASTEFUL

TRUTH

ABOUT MCDONALD'S.
Dear Guests,

Friends and interested readers,

There are more rumors and myths about McDonald’s than almost any other company. So where does the truth lie? Many people think they have the answers. But the one thing we do know – the one thing that always holds true – is the fact that we have nothing to hide. There is nothing that we are not prepared to share with our guests.

Our current quality campaign shows that we are a transparent company, serving our customers facts, not fairytales. And it’s the same with our corporate responsibility report. This is our seventh annual sustainability report published to keep you informed on our efforts to protect people, planet and society and keep our company accountable for its actions. Because we are a family restaurant, our young guests are particularly important to us and so we have also included an exciting activity sheet in this year’s report. I hope you enjoy reading it.

Best regards,

Holger Beeck
Managing Director and President of McDonald’s Germany LLC

DEAR GUESTS, FRIENDS AND INTERESTED READERS,

As McDonald’s franchisees, we engage with our guests every day in our restaurants – so we have a pretty good idea about their needs and wants. And we value this precise interaction as it enables us to live our commitment to transparency. We want our guests to know who to turn to if they have questions, especially about the restaurant they are visiting.

Environmental protection and community engagement are particularly important to us – both as McDonald’s franchisees and operators of mid-size companies. Every day, we do our very best to step up to our responsibilities in these areas in our restaurants. We have also put up sustainability posters at many of our restaurants, which are intended to complement the corporate responsibility report. These posters provide a brief overview of our most important indicators, tailored specifically to individual restaurants. I hope you enjoy reading our corporate responsibility report.

Best regards,

Dominik Neiss
Speaker of the Franchisee Leadership Council (FLC)
Our CO₂ footprint

“McDONALD’S AND CLIMATE PROTECTION? ARE YOU SERIOUS?”

Absolutely. Because we’ve been committed to green energy for years.

ENERGY CONSUMPTION PER RESTAURANT

12% lower than in 2011

100% hydroelectric green energy
What this really means is:

98% fewer CO₂ emissions compared with Germany’s energy mix.

We converted around 50 restaurants to LED lighting in 2016. This reduces energy consumption by around 60 percent compared with conventional lighting technology.

Air conditioning systems account for around one third of energy consumption in our restaurants. We replaced 61 old systems in 2016. These can reduce a restaurant’s total energy consumption by up to 15 percent.

CARBON FOOTPRINT

In 2016, our business activities generated 1.3 million tons of CO₂.

87%
Agriculture & food processing

5%
Restaurants & administration

5%
Packaging & toys

3%
Transport

As of July 2017, we source all our fresh eggs exclusively from hens fed on soy that is from certified sustainable farms in Europe. This reduces the distances soy is transported and ensures that the soy is grown in harmony with nature.

Milk & Meat

Around 70 percent of our beef originated from dairy cattle in 2016. The carbon footprint is distributed between milk and meat and is therefore lower than it would be if we relied solely on beef cattle, which are reared exclusively for meat production.

GREEN-ENERGY IN OUR RESTAURANTS

Take a look at our video.

We updated the way we calculated our CO₂ footprint in 2016. As a result, these values cannot be compared with the figures reported for previous years.

What this really means is:

98% fewer CO₂ emissions compared with Germany’s energy mix.

In 2016, our business activities generated 1.3 million tons of CO₂.

The majority of our carbon footprint is generated in agriculture from the production of our raw materials, especially animal products. We are working hard to reduce harmful emissions in our supply chain and we can only achieve this by working with our suppliers. In 2016, we defined and launched a number of joint projects.

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Quality and animal welfare

**YOU’LL FIND JUST ABOUT EVERYTHING IN A CHICKEN McNUGGET**

- Except for chicken.

Incorrect - and let us tell you why!

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We know where it comes from:
All of our meat suppliers document their entire supply chain in detail. We can trace every cut of meat back to the farm it originated from.

1 processing plant in Germany

16 slaughterhouses and cutting plants in Germany, France, the Netherlands, Hungary, Poland and Brazil.

Around 700 intensive poultry farms in Germany, 420 in neighboring European countries and 680 in Brazil.

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Seasoning:
- Natural flavoring, spices (salt, pepper, celery) and spice extracts (pepper and celery extract)

Batter:
- Corn flour, wheat flour, semolina, water, starch, salt, modified starch, wheat gluten, sugar and dextrose

Raising agent:
- Sodium carbonate, diphosphate, calcium phosphate

For frying:
- Rapeseed oil and sunflower oil, antifoaming agent

Batter:

Our BEST Beef Program promotes a more sustainable approach to cattle farming and supporting German agriculture.

The program rewards sound agricultural practices and improvements in animal health and welfare by paying a higher slaughter price. In 2016, we paid BEST Beef bonuses for 24,054 cows.

- Over 2,800 agricultural holdings, six farming cooperatives and seven slaughterhouses are currently involved in the program.
- In 2016, meat certified under the BEST Beef Program accounted for around six percent of all beef processed for McDonald’s Germany. We are currently working on further increasing this share in the future.

Best Chicken is our program to improve animal welfare in 700 poultry farms. We are currently working with suppliers and scientists to test more sustainable feed options and improved energy management in four pilot barns. By fall 2017, we will have equipped nine farms in Germany with additional perches, roosting platforms and pecking fixtures.

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Food quality and safety are a top priority for us. We can trace every product and its ingredients back to their origins – without gaps – within a few hours. But we are not satisfied with simply maintaining the status quo, especially not with animal products such as meat, eggs and milk. Under the umbrella of our BEST program, we collaborate with suppliers and scientists to gradually make conventional livestock breeding methods more sustainable.
Our young guests get to choose with our happy meals. From November 2016 on, each guest can go online to rate their visit at McDonald’s. Every receipt contains a code that guests can enter at www.mcdonalds.de/deinfeedback.

We also monitor our own performance, of course. Every restaurant is visited at least seven times a year by our Field & Operations Consultants.

Our guests can put together their own menus to meet their individual needs. There are plenty of calorie options in the McMenu alone. A Big Mac McMenu with salad and water, for example, has half as many calories as a Big Mac McMenu with fries and a Coca-Cola. All information on the ingredients, contents and nutritional value of our food is available in restaurants and online.

What's inside? Take a look at our ingredients checker.

Big Mac McMenü
with salad, balsamic dressing and water

544 kcal

Big Mac McMenü
with large fries, ketchup and 0.5 l Coca-Cola

1,173 kcal

Books in Happy Meals
7.74 million
books and Ravensburger games distributed

Organic products in
Happy Meals
2,378 tons
of organic milk and organic apples (in organic fizzy apple juice drink and packs of organic apple slices)

Fruit in every Happy Meal
3,474 tons
do apples, bananas and cherries (in “Fruchtquatsch” fruit puree and packs of organic apple slices)

Our product offering is packed full of calories. It can be. But it doesn’t have to be. The choice is yours!

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We source the majority of our raw materials from Germany. This ensures that our ingredients are fresh and that we support the regional farming communities. It also reduces the distances goods are transported, which helps reduce our environmental footprint. We rely on established quality labels to ensure products meet key ecological and social standards. This is particularly important for raw materials sourced from outside of Europe.

In 2016, 12,300 tons of oil was used for frying in our restaurants. The oil was made from rapeseed and sunflowers grown in Hungary, France, the UK and Germany and is low in saturated fats. An antifoaming agent prevents the frying oil from undergoing oxidative degradation.

Once they have been fried, we salt our fries with iodized table salt.

Dextrose
We use dextrose to make sure that our fries are all the same color. The natural sugar content in potatoes varies from tuber to tuber, so if we didn’t use dextrose our fries would all be different colors and speckled.

Disodium pyrophosphate
We use disodium pyrophosphate as a processing aid. Small amounts are added to the process water to stop the fries from turning gray once they have been cut and before they are fried.

WHAT’S IN OUR FRIES:

Rapeseed and sunflower oil
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Potatoes
116,964 tons of potatoes were processed for us in 2016; 77 percent of these originated from Germany, the remaining 23 percent came from neighboring European countries. All potatoes prepared for us are grown under contract.

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The origins of our raw materials
Unfortunately, that is sometimes the case. But we are doing a lot to tackle this.

We pay twice for our packaging. Once for purchasing the boxes, cups and bags we need. And once again for their disposal. We pay a license fee for all the packaging we circulate, as part of Germany’s dual system waste separation scheme. So reducing the amount of packaging we use and making our waste more recyclable isn’t just good for the environment—it’s good for our bottom line too.

Our employees regularly collect carelessly discarded waste from around restaurants as well as from local parking lots, bus stops and public parks. These waste collection rounds are an integral part of our standards and carried out as the need arises.

Many of our franchisees and restaurant staff collaborate with city and town councils as well as associations and other organizations to support and implement local waste collection campaigns.

As of November 2016, our guests can bring their own clean cups for coffee-to-go. It’s a win-win situation. Our guests get a 10-cent discount as a thank-you for bringing their own cup. And we save on packaging.

In 2016, we used 45,889 tons of packaging in total. Paper, cardboard and carton accounted for 70 percent of this. 100 percent of our fresh fiber paper is sourced from FSC- or PEFC-certified forestries.

What happens to packaging once our food has been eaten? In-restaurant waste is sorted into categories by restaurant employees and fed back into the materials cycle. We continually look for ways to make our packaging more recyclable.
Wrong! 50% of Germans over the age of 14 visits McDonald’s at least once a year.*

We already know today what our restaurants of the future will look like. They are places where our guests can order at a digital kiosk, personalize their burgers, have all products freshly prepared to order and be served at their table. There are already around 330 of these modernized restaurants in Germany (May 31, 2017). The majority of our restaurants will be converted to this new concept by the end of 2019.
Sure about that? We offer talent development opportunities for everyone.

In 2016, a total of 1,464 trainees and students took part in one of our three training programs.

We have the right training opportunity for people at all different levels: from students who have completed basic secondary schooling to young people who qualify for university access.

As of May 2016, candidates can apply online quickly and easily in less than a minute. Check it out:

This puts us above the industry average. After completing their training and/or studies, most trainees and students go straight to a career in restaurant management.

Only people who can’t get a job anywhere else work for McDonald’s.

In 2016, we offered jobs to 79% of our trainees and students in the combined work/study program.

Power of female talent

In 2016, 11,538 employees took part in 1,374 training courses.

45% of management-level employees in our restaurants are female.

We are the largest employer in the German restaurant business with a workforce of 58,247 people.

Our employees are paid in line with the collective wage agreement negotiated by the Federal Association of the Foodservice Sector (BdS) and the Food, Beverages and Catering Union (NGG).

We offer flexible work models, fair wages and many opportunities to advance through the company. Just ask our employees: two-thirds would unreservedly recommend McDonald’s as an employer.

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Employees from 124 countries work for us.

We employed over 800 refugees in 2016 alone.

Careers at McDonald’s

Discrimination-free zone:

Employees from 124 countries work for us.

We employed over 800 refugees in 2016 alone.

*Only applies to restaurants operated by McDonald’s Germany.

More than 120 countries

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Our people

Corporate Responsibility Report 2016 – At a Glance
Yes. But sometimes the right doctor is too far away.

The kid’s health truck has been on the road in the north of the city of Essen since September 2012. It helps improve children’s health by raising awareness of health issues among parents and their children. The pilot phase came to an end in June 2016 and the kid’s health truck is now a permanent fixture in the city.

In 2016, twenty-two Ronald McDonald Houses offered a total of 6,224 families a place of comfort and support where they could be close to their seriously ill children while they were being treated in hospital. The average distance to their own homes was 92 kilometers.

Six Ronald McDonald family rooms provided 8,589 families in total with a much-welcomed retreat within hospital walls in 2016.

In 2016, our guests donated a total of EUR 3.2 million to Ronald McDonald House Charities in Germany via the collection boxes in our restaurants.

As a top family restaurant, McDonald’s Germany has supported the Ronald McDonald House Charities in Germany since it was founded 30 years ago. We congratulate the organization on its 30-year anniversary.

Together with our guests, franchisees and suppliers, we donated a total of EUR 9.1 million to Ronald McDonald House Charities of Germany in 2016.

From February to December 2017, we will be donating 10 cents to Ronald McDonald House Charities for every book chosen with a Happy Meal instead of a toy.