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DEAR READERS,

The McDonald’s story in Germany has been one of almost uninterrupted growth and success since the first restaurant was opened here in 1971. Today, we welcome over two million guests each day in almost 1,500 restaurants. In the last fiscal year, we reported revenue in excess of three billion euros.

This success is not a matter of course. It is down to the hard work of the around 60,000 employees in McDonald’s restaurants and administration offices as well as the dedication of our 237 franchisees and numerous suppliers. Their commitment fuels our ongoing success story – each and every day.

I firmly believe that the McDonald’s brand will continue to thrive, even in these times of complex social, economic and political change. We will remain focused on the values that made us successful in the past and build strong foundations for our future growth. As always, the needs of our guests will be at the heart of everything we do. Good value, appealing offers, high quality products and fast, friendly service will always be on the menu at McDonald’s. We also plan to focus more on the community aspect, making McDonald’s an even more inviting place to spend time with friends and family – through products and special campaigns in our restaurants. We want to stay the number one port of call for family eating and make our restaurants a particularly fun place for children.

We know that these goals require a commitment to corporate responsibility that goes far beyond the actual visits to our restaurants. Our guests are not the only people who want to know what we are doing and how. Many other stakeholders are also following our performance here with interest. These include social organizations and city councils as well as opinion leaders and representatives from the worlds of politics, science, research and, of course, media.

In this fourth consecutive sustainability report for McDonald’s Germany, we focus more than ever on the concerns of our stakeholders. This is because their needs are as important to us as those of our guests. Wherever possible, we try to take their input on board and incorporate it into how we do business.

Many important issues for guests and stakeholders alike relate to our products. We frequently receive questions about the origin of our raw materials, our approach to animal welfare and genetic engineering in agriculture as well as health and nutrition. We attach great importance to providing open, transparent answers. Where possible, we want these exchanges to grow into long-term, collaborative dialog that can lead to new ways of resolving issues. To underscore our commitment to transparency, we have had the key indicators that we use to benchmark our sustainability performance in this latest report audited by an independent auditor for the first time.

We take a holistic approach to sustainable development in the foodservice sector and systematically analyze our value chain to identify potential areas of action. In our restaurants, for example, we continuously look for ways of optimizing our energy balance. And this year saw us achieve a key milestone: Since January 1, 2014, our restaurants are now fully powered by green energy. This energy revolution at McDonald’s has enabled us to significantly cut climate-relevant emissions resulting from operations at our restaurants.

I am sure that you will find further examples in our corporate responsibility report of how we have taken feedback from our guests and stakeholders – and from within our own company walls – and used it to raise our game on the sustainability front. We have aligned our sustainability performance in this report with the five priority areas set down in McDonald’s global CSR & Sustainability Framework, which was published in April 2014. This has enabled us to tie our activities into the company’s global goals and visions.

This report clearly outlines our contributions here.

I hope you find it an informative and interesting read.

Best regards,

Holger Beeck
Managing Director and President of McDonald’s Germany
DEAR READERS,

McDonald’s has been present in Germany for more than forty years. Today, it is a firm fixture on the German landscape and a respected part of society. Around 80 percent of McDonald’s restaurants in Germany are operated by independent franchisees. As independent entrepreneurs, we are continuously bringing our experience into the system. As such, we play a key role in driving the innovative, economic evolution of our brand.

We collaborate with our franchisor at numerous levels. Most importantly, we work together to set joint goals and implement measures to achieve these targets. We worked together as a team to develop and agree on our business strategy defining our medium-term action plan. Today, it goes without saying that sustainability is a key priority for each and every one of us.

The importance of sustainability has been confirmed by our own extensive market analyses. These show that we have to adapt to the changing needs of our guests in a differentiated and highly competitive landscape. Many of our guests are becoming increasingly discerning and quality conscious. This is inspiring us to rethink product development innovations, for instance. After all, we remain committed to maintaining the number one position in every area of the foodservice sector.

Environmental and social responsibility has an important role to play here. The recognition we receive for our activities has a positive impact on the company and the McDonald’s brand as a whole. Our efforts can result in win-win situations, which can be particularly beneficial for us as franchisees. Reducing our consumption of energy, water or packaging, for example, doesn’t just save resources, it also cuts costs. To further boost our performance in this area, McDonald’s has launched its internal “Planet Award”. This prize premiered in 2014 and will be awarded every year to franchisees who make a particular contribution to the environment.

In our restaurants, we have been helping our local communities in many different ways for decades now. As business people, we provide jobs, help local clubs and organizations and support sporting activities. The German Ronald McDonald House Charities are particularly close to our hearts. We have been collecting donations and organizing campaigns in our restaurants for this charity since it was founded over 25 years ago. These strong ties to our local communities are what really set us apart.

McDonald’s founder Ray Kroc summed it up best, I think, when he said: “None of us is as good as all of us.” This not only applies to the collaboration between franchisees and the franchisor but to the McDonald’s brand as a whole and its place in German society.

Best regards,

Bernd Oude Hengel
Speaker of the Franchisee Leadership Council (FLC)
In the second stage of the process, this overview was compared with the views, wishes and expectations of our principal stakeholder groups on the subject of sustainability. The comparison was based on existing monitoring tools, regular stakeholder surveys and dialog groups. The final step involved verifying that the findings were in accordance with the GRI aspects. As such, McDonald’s Germany has ascertained the main economic, environmental and social impacts of its activities based on the views and decisions of its stakeholders.

On the basis of these findings, we are including 18 GRI aspects in our report. Boundaries were defined all along the McDonald’s Germany value chain. The company’s Executive Board was regularly informed about the process and its results.

The material sustainability topics affecting McDonald’s Germany covered in this report were prepared by a working group comprised of internal and external sustainability and communication experts. Potential content for the report was identified by comparing the aspects contained in the G4 guidelines and the food sector supplement with the results of the Sustainable McDonald’s Germany research project carried out in collaboration with the Wuppertal Institute for Climate, Environment and Energy. The meta-analysis prepared by the Wuppertal Institute summarizes international and national environmental, social and economic trends related to nutrition and is based on papers published by respected scientific organizations over the past decade.

11 Go to: www.wupperinst.org/projekte/details/uc/ps/pd/382/
The individual GRI aspects selected and the total number of aspects included are not the same as in the previous year’s report (G3, application level B) as this is the first time the report was prepared in accordance with the G4 guidelines. The boundaries of the identified and reported aspects correspond to those of the 2012 report.

STAKEHOLDER ENGAGEMENT

McDonald’s Germany utilizes dialog groups, surveys, monitoring tools and analysis reports to keep up to date with the views, expectations and decisions of its stakeholders. We also consider the findings from bilateral discussions and the insights gained at industry and specialist events and conferences.

The aim is to find out what the different stakeholders expect of McDonald’s Germany and how they rate the company's performance, and feed these findings into strategic management decision-making. Our stakeholders – diners, employees, franchisees and suppliers – make a direct contribution to the success of our company every single day. But we are also interested in the views of the general public, NGOs, the media, unions, scientific institutions, policy-makers, government agencies, industry associations and market players in the “to-go” foodservice sector.

From the point of view of our stakeholders – above all our diners – the most important sustainability topics for McDonald’s Germany are our food, our sourcing and our staff.

MATERIALITY ANALYSIS

Topics that are particularly relevant for our stakeholders

<table>
<thead>
<tr>
<th>Animal welfare</th>
<th>Food waste</th>
<th>Product quality and safety</th>
<th>Taste, freshness, service</th>
<th>Healthy products</th>
<th>Healthy diet</th>
<th>Value for money</th>
<th>Value of meals</th>
<th>Fair treatment of employees</th>
<th>Flexible training opportunities</th>
<th>Minimum wage</th>
<th>Flexible working conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td></td>
<td>Regional and seasonal adaptability</td>
<td>Genetic engineering</td>
<td>Consumer education</td>
<td>Product pricing</td>
<td>Product labeling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural industrialization</td>
<td></td>
<td>Competition for land use</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food cost</td>
<td>Fair conditions in supply chain</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

NEW REPORT STRUCTURE

The content of the previous year’s report followed the key steps of the McDonald's Germany value chain. In this year’s report, the content has been restructured in line with the five pillars of the global McDonald’s sustainability strategy. The aim of this restructuring of information is to clearly show the contribution of McDonald’s Germany to the implementation of the McDonald’s Corporation's global sustainability goals. The global CSR & Sustainability Framework was published with the global Corporate Social Responsibility and Sustainability Report in April 2014 (see page 9).

In this report we have also dispensed with the roadmap. The information it previously contained on targets and their achievement has been replaced with a coherent presentation of the management approach, developments during the reporting year and the indicators for each material aspect. Here too, the aim is to present the links and interdependencies between corporate governance on the one hand and environmental, social and economic topics and challenges on the other in a more transparent way.

This report therefore focuses on presenting our performance by outlining our management approach, activities, developments and indicators for each material aspect.

Detailed information on sustainability management can be found online. This report and further information is also available on our website at: www.mcdonalds.de/verantwortung.

DISCLAIMER

Great care has been taken in collecting and processing the data contained in this report. Nevertheless, it is not always possible to exclude errors and inaccuracies entirely. Where this report contains statements about future developments in addition to past occurrences, these are based on information presently available and on assumptions derived from current forecasts. Even where great care has been taken in preparing the latter, numerous variables that cannot now be anticipated may result in deviations. Forward-looking descriptions in this report should not, therefore, be regarded as definite.
ABOUT McDonald’s Germany

ORGANIZATIONAL PROFILE

McDonald’s Deutschland Inc., Munich branch, manages one of the largest markets within the global McDonald’s organization. The first McDonald’s restaurant in Germany opened in the Giesing district of Munich on December 4, 1971. The number of food and drink items on offer grew from six to over 100 products. This includes products offered under the McCafé brand launched in 2003, as well as McDonald’s breakfast items.

McDonald’s Deutschland Inc. is a stock company as defined by the laws of the US state of Delaware. It is headquartered in Munich, where its Main Service Center is located. Three further regional service centers are responsible for states in the northeast (Lower Saxony, Brandenburg, Mecklenburg-Western Pomerania, Saxony-Anhalt, Saxony, Schleswig-Holstein, Berlin, Hamburg and Bremen), the west (North Rhine-Westphalia, Hesse, Rhineland-Palatinate and Saarland) and the south (Bavaria, Baden-Württemberg and Thuringia) of Germany.

At the close of fiscal 2013, there were 1,468 McDonald’s restaurants of different sizes and in different locations throughout Germany. 1,209 of these (approximately 80 percent) were run by 237 franchisees. In 2013, 40 new restaurants were opened and 12 closed.

McDonald’s Germany and its franchisees employed over 60,000 people during fiscal 2013. McDonald’s Germany achieved net revenue for the year of over EUR 3 billion. There were no significant changes to the size, organization or ownership structure of McDonald’s Germany during the reporting period.

CORPORATE GOVERNANCE

As a subsidiary of a parent company listed in the US, McDonald’s Germany is subject to the Sarbanes-Oxley Act. The Executive Board of McDonald’s Germany has eleven members: Holger Beeck (Managing Director and President), Marcus Almeling, Peter J. Bensen, Michael A. Flores, Douglas M. Goare, Wolfgang Goebel, Malcolm W. Hicks, John A. Kujawa, Gillian C. McDonald, Martin Nowicki (up to April 30, 2014), and Alexander Schramm. McDonald’s Germany, Munich branch has four Executive Board members based in Munich – the information in the following sections refers to these members.

On December 1, 2013, Holger Beeck took over as Managing Director and President of McDonald’s Germany. He replaced Bane Knezevic, who stepped down at his own request in November 2013 after more than eight years as CEO of McDonald’s Germany and President of the Western Division of McDonald’s Europe. Wolfgang Goebel is the Executive Board member responsible for HR (Vice President Human Resources); Marcus Almeling is Chief Financial Officer and Martin Nowicki was Chief Marketing Officer until April 30, 2014. Michael Th. Werner is the Executive Board member responsible for Marketing since July 7, 2014.

Different committees are responsible for communication and strategic collaboration between the management of McDonald’s Germany and franchisees in Germany. Franchisees are represented by the Franchisee Leadership Council (FLC), comprising twelve members. Six new members (half of the council) are reappointed each year. One of the FLC members is appointed spokesperson for the FLC in line with the council statutes. This position is held for a period of one year. Six other franchisee representatives sit on the FLC, acting as market representatives for the three regions. In total, eighteen franchisees meet regularly with representatives of McDonald’s Germany in strategy teams and specialist committees. Their primary task is to actively represent the interests of franchisees in order to optimize the McDonald’s system overall.

OVERVIEW OF RESTAURANT TYPES IN GERMANY IN 2013

- McDrives
  - 1,034
- Satellites
  - 194
- Restaurants in highway service areas
  - 67
- Restaurants at train stations
  - 101
- Restaurants at airports
  - 14

McDonald’s Germany and its franchisees employed over 60,000 people during fiscal 2013. McDonald’s Germany achieved net revenue for the year of over EUR 3 billion. There were no significant changes to the size, organization or ownership structure of McDonald’s Germany during the reporting period.

McDonald’s has over 35,000 restaurants in more than 119 countries worldwide. The current annual report of the McDonald’s Corporation, headquartered in Oak Brook, Illinois (US), contains information on total market capitalization, total assets, revenue and headcount according to country. Financial highlights are available on the global McDonald’s website under Investor Relations.

1) Small restaurants with a limited product selection, e.g. in shopping malls.
2) Go to: www.aboutmcdonalds.com/mcd/investors/annual_reports.html
3) Go to: www.aboutmcdonalds.com/mcd/investors/financial_highlights.html
4) Information added after editorial deadline.
FLC members act as the first and immediate line of contact for McDonald’s Deutschland Inc., supporting and advising on all key matters, also building an internal and external information hub. To ensure they can fulfill their duties, they are involved in all key decisions made by the franchisor. Until the end of September 2013, Peter Kauke was the spokesperson for the FLC. He was replaced by Bernd Oude Hengel on October 1, 2013. The FLC is regularly kept up to date on sustainability issues.

The leadership team (LST) supports the work of the Executive Board and the FLC. The LST includes the directors of all departments.

### COMPOSITION OF GOVERNANCE BODIES at McDonald’s Germany in 2013

<table>
<thead>
<tr>
<th></th>
<th>EXECUTIVE BOARD</th>
<th>FRANCHISEE LEADERSHIP COUNCIL (FLC)</th>
<th>LEADERSHIP TEAM (LST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERCENTAGE OF MEN</td>
<td>100%</td>
<td>83%</td>
<td>83%</td>
</tr>
<tr>
<td>PERCENTAGE OF WOMEN</td>
<td>0%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>PERCENTAGE OF MEMBERS UNDER 30</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>PERCENTAGE OF MEMBERS AGED 30–50</td>
<td>50%</td>
<td>39%</td>
<td>87%</td>
</tr>
<tr>
<td>PERCENTAGE OF MEMBERS OVER 50</td>
<td>50%</td>
<td>61%</td>
<td>13%</td>
</tr>
<tr>
<td>PERCENTAGE OF GERMAN CITIZENS</td>
<td>100%</td>
<td>94%</td>
<td>70%</td>
</tr>
<tr>
<td>PERCENTAGE OF EU CITIZENS (NON-GERMAN)</td>
<td>0%</td>
<td>6%</td>
<td>26%</td>
</tr>
<tr>
<td>PERCENTAGE OF NON-EU CITIZENS</td>
<td>0%</td>
<td>0%</td>
<td>4%</td>
</tr>
</tbody>
</table>

For organizational purposes, sustainability at McDonald’s Germany falls under the responsibility of the Corporate Responsibility & Environment department. This department reports directly to the Managing Director of McDonald’s Germany. Information on rooting sustainability firmly in our organization at a global level can be found in the McDonald’s Corporate Social Responsibility and Sustainability Report.

### McDONALD’S CORPORATION – BOARD OF DIRECTORS, COMMITTEES, BODIES

The management team of McDonald’s Corporation, headquartered in Oak Brook, Illinois (US), comprises eighteen members. The Board of Directors is also based in Oak Brook and comprises thirteen members. All members of the management team and Board of Directors follow the Director Code of Conduct. The Board of Directors forms six committees: the Audit Committee, the Compensation Committee, the Governance Committee, the Executive Committee, the Finance Committee and the Sustainability and Corporate Responsibility Committee.

The Sustainability and Corporate Responsibility Committee is a standing committee. Its role is to advise the Board of Directors with respect to guidelines and strategies, ensuring that the McDonald’s Corporation meets its responsibilities and obligations as a global company as effectively as possible, above all in respect to social and sustainability issues. The Sustainability and Corporate Responsibility Committee examines and monitors social, political, economic and environmental risks and trends that could significantly influence McDonald’s operation and performance. In 2013, the charter of the Sustainability and Corporate Responsibility Committee was reworked. To read the charter, go to the Corporate Governance section on the McDonald’s global website.

### INVESTOR RELATIONS

Shareholders have the opportunity to pose questions to company management and the Board of Directors and to approve proposals at the Annual General Meeting (AGM). In 2013, the AGM for the McDonald’s Corporation took place on May 23 at the company headquarters in Oak Brook, Illinois, US. For more information about investor relations, please visit the global website.

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1) These figures refer to the members of the Executive Board based at McDonald’s Germany, Munich branch.

2) Go to: www.aboutmcdonalds.com/med/sustainability.html

3) Go to: www.aboutmcdonalds.com/med/our_company/leadership.html

4) Go to: www.aboutmcdonalds.com/med/investors/corporate_governance/board_of_directors.html

5) Go to: www.aboutmcdonalds.com/content/dam/AboutMcDonalds/Investors/Investor%202013/Directorcodeofconduct_12_5_2013.pdf

6) Go to: www.aboutmcdonalds.com/content/dam/AboutMcDonalds/Investors/Investor%202013/Sustainabilityandcorporateresponsibilitycharter_12_5_2013.pdf

7) Go to: www.aboutmcdonalds.com/med/investors.html
VALUES AND GUIDELINES

McDonald’s core values provide a solid framework for the entire company. They:

- place the customer experience at the core of all we do
- are committed to our people
- believe in the McDonald’s System
- operate our business ethically
- give back to our communities
- grow our business profitably
- strive continually to improve

These values form the basis for McDonald’s global Standards of Business Conduct, which were introduced more than 40 years ago and are continually adapted and modified to reflect changing business dynamics. The last update was in 2013. The Standards of Business Conduct apply to all McDonald’s Corporation employees worldwide. They lay the foundation for all other codes of conduct and management guidelines and are available on the global website in over 40 languages in the Corporate Governance section under Guidelines and Policies and Codes of Conduct.

Our mission statement for sustainable development at McDonald’s Germany can be found under the “Mission & Werte” section on our German website.

COMPLIANCE

McDonald’s Germany has expanded the global Standards of Business Conduct to include guidelines specifically for Germany. All office staff and restaurant managers employed by McDonald’s Germany have to confirm compliance with these guidelines when they begin working for McDonald’s and once a year for the duration of their employment. The German guidelines outline a variety of clear and concise rules, including conventions on giving and receiving gifts and handling confidential information. They also prohibit donations to political parties, candidates running for political office, political committees and other political institutions. Ulrich Bissinger, Vice President Legal, General Counsel and Head of Compliance, bore overall responsibility for compliance during the period under review.

The global anti-corruption guidelines are available to all office staff and restaurant managers in German on the intranet. In 2013, all McDonald’s Germany office staff took part in mandatory anti-corruption online training, which was delivered worldwide. In addition, office staff are required to confirm compliance with the basic anti-bribery guidelines once a year.

In signing the Supplier Code of Conduct, McDonald’s suppliers agree to uphold our compliance regulations and the Standards of Business Conduct.

MEMBERSHIPS AND EXTERNAL OBLIGATIONS

OVERVIEW OF KEY MEMBERSHIPS

- American Chamber of Commerce in Germany
- German Association for Food Law and Food Science (BILL)
- Confederation of German Employer Organizations (BDA)
- German Federal Association of the Foodservice Sector (BdS)
- German Franchising Association (DFV)
- Organizational stakeholder of the Global Reporting Initiative
- German Trade Mark Association (Markenverband)
- Pro-S-Pack (working group for service packaging)
- German Advertising Association (ZAW)
- Centre for Protection against Unfair Competition (Wettbewerbszentrale)

OVERVIEW OF KEY EXTERNAL OBLIGATIONS

| EU Pledge | Since January 2012 |
| Charta der Vielfalt (Diversity Charter) | Since March 2007 |

STRATEGY AND MANAGEMENT

By focusing our sustainability management activities on the key steps of our value chain, we can ensure that our core business is positioned to meet future challenges. Our aim is to systematically and prominently entrench environmental and social responsibility all along our value chain.

In this we will be aided by the results of the Sustainable McDonald’s Germany research project conducted in cooperation with the Wuppertal Institute for Climate, Environment and Energy. Over the past two and a half years, this project has examined how we can plan a more sustainable future for our company, looking at questions such as:

- Where exactly does the McDonald’s Germany value chain offer potential for increasing sustainability?
- How can McDonald’s Germany help make eating habits more sustainable?
- What forward-looking scenarios and strategies can be developed for McDonald’s Germany and the foodservice sector?
- How can we trigger changes that increase our sustainability performance and what call to action do these changes involve?

The company’s drive to sustainability is encapsulated in the McDonald’s global sustainability strategy, which was published in April 2014. The CSR & Sustainability Framework was devel-

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12) The McDonald’s System is often described as a three-legged stool comprising franchisees, suppliers and the company.
14) Go to: www.aboutmcdonalds.com/mcd/investors/corporate_governance/guidelines_and_policies.html
15) Go to: www.aboutmcdonalds.com/mcd/investors/corporate_governance/codes_of_conduct.html
16) Go to: www.mcdonalds.de/uber-uns/mission-werte
Developed with the input of internal and external stakeholders and approved by the senior leadership team and the Sustainability and Corporate Responsibility Committee of the McDonald’s Board of Directors. It defines five main pillars – Food, Sourcing, Planet, People and Community – on which McDonald’s is building its mission to create shared value for our business and society all around the world.

For each of these pillars, McDonald’s has developed a vision. In addition, the company has defined concrete goals for the Food, Sourcing and Planet pillars for the year 2020. McDonald’s Germany’s contribution to global Food, Sourcing and Planet goals is outlined in the relevant chapters of this report.

Since 2012, McDonald’s Germany has been using a web-based control system to collect and analyze non-financial key performance indicators. The KPIs published in this report are based on this sustainability control system. We will gradually align our KPI definitions and data collection processes with the new goals of the global CSR & Sustainability Framework so that we can more accurately measure our contribution to the worldwide goals.

### Global McDonald’s CSR & Sustainability Framework

#### Sourcing

**Source All of Our Food and Packaging Sustainably**

**2020 Aspirational Goals**

- **BEEF: Support Sustainable Production**
  - Lead development of global principles and criteria in 2014.
  - Develop goals and begin purchase of verified sustainable beef by 2016.
- **100% of Coffee, Palm Oil and Fish**
  - Verified as supporting sustainable production.
- **100% of Fiber-Based Packaging**
  - From certified or recycled sources.

#### Food

**Provide Balanced Choices**

**2020 Aspirational Goals**

- **Serve 100% more fruit, vegetables, low-fat dairy or whole grains**
  - Top 9 markets17
- **Reduce Salt/Sodium, Sugar, Saturated Fat or Calories across the Menu**
  - Top 9 markets17
  - Develop goals by 2015.

#### People

**Committed to Our People**

- **Create Opportunity**
  - Provide lifelong skills and career opportunities for our global workforce.
- **Promote Diversity and Inclusion**
  - Foster a work environment that values the unique contributions of all.

#### Community

**Give Back to Our Communities**

- **Improve the Lives of Children and Their Families**
  - Through support of Ronald McDonald House Charities and other organizations.
- **Strengthen Communities**
  - By addressing needs such as education and physical activity.

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17 Top 9 markets: Australia, Brazil, Canada, China, France, Germany, Japan, United Kingdom, United States
RESPONSIBILITY STARTS AT THE SOURCE.
SUSTAINABLE SOURCING IS KEY TO MAINTAINING QUALITY

Sustainability is playing an increasingly important role in raw material sourcing among food processors, food retailers and the restaurant trade. Many consumers view ecology and fair trade as essential elements in the overall quality of the final product. The key question, especially for McDonald’s Germany, is how many consumers are prepared to follow through on this wider perception of quality through greater brand loyalty or an acceptance of higher prices at the till.

RISING DEMAND AND PRICES FOR RAW MATERIALS IMPACTING ECOSYSTEMS

The world’s growing population and rising levels of prosperity in Asia in particular are accentuating global demand for consumer goods, but also for agricultural raw materials. To add to the pressure, crop plants are now increasingly being used as an energy source (food or fuel) or as animal feed (food or feed). Greater competition for land use, in combination with the global rise in demand, has resulted in higher prices for agricultural raw materials.

This has turned attention to places like South America and Asia, where land could be developed for new agricultural holdings. However, any activity must be accompanied by effective measures to mitigate impact on local ecosystems, minimize loss of biodiversity and prevent increases in soil erosion or harmful emissions.

GLOBAL CSR & SUSTAINABILITY FRAMEWORK – SOURCING VISION:

SOURCE ALL OF OUR FOOD AND PACKAGING SUSTAINABLY

For us, responsibility begins at the source of our products. A complex supply chain comprising local, regional, national and international direct and indirect suppliers works together to meet the standards set by McDonald’s. These business relationships are built on a shared commitment to quality and continuous improvement.

McDonald’s Agricultural Assurance Program (MAAP) anchors the three Es (ethics, environment and economics) into our agricultural supply chain in 38 European markets. This program allows McDonald’s to systematically benchmark existing standards and programs that apply to agricultural products against reference standards. The aim is to manage the quality and safety of raw materials, and to continually improve the sustainability of these raw materials.

THE CHALLENGES OF CHANGING LIFESTYLES

Each generation poses different questions to the society in which it lives. Modern brands have to engage with these discussions today more than ever. High per capita meat consumption, for example, is an increasingly controversial topic in Germany in particular. The resources involved in meat production and the role meat plays in a balanced diet are under growing public scrutiny. In addition, more and more Germans want to know what impact new technologies – such as gene-modified organisms – will have on people and the environment. Brands have to take a clear and transparent position on these issues – regardless of how controversial they appear to be.

SUPPLY CHAIN INNOVATION AND RESPONSIBILITY

In order to position itself for a successful and sustainable future, McDonald’s Germany must proactively balance rising raw materials prices with the need to conserve natural resources and meet the rising expectations of our diners. Now more than ever, the key is to forge closer relationships with our suppliers, especially with a view to driving innovation.


2) McDonald’s supports the Soy Moratorium (see also p. 16) and is therefore already taking steps to tackle these challenges today.

SOURCING – FACTS AND FIGURES 2013

SUPPLIERS

In total, we sourced around 1,150 different food and packaging products from approximately 150 different suppliers in 2013. We have been working with around 30 of these suppliers for more than 20 years now. In 2013, seventy-five percent of our entire procurement volume originated in Germany.

For many of our suppliers, sustainability has been firmly anchored in their corporate strategies and day-to-day operations for some years. Click on the links in the following table to find out more.

Our ten largest suppliers by volume in 2013

<table>
<thead>
<tr>
<th>Rank</th>
<th>Supplier</th>
<th>Products</th>
<th>More on sustainability at:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>OSI FOOD SOLUTIONS GERMANY</td>
<td>Burger patties and chicken nuggets</td>
<td><a href="http://www.osigroup.com">www.osigroup.com</a> &gt; Sustainability</td>
</tr>
<tr>
<td>2</td>
<td>AGRARFROST</td>
<td>French fries</td>
<td><a href="http://www.agrarfrost.de/en">www.agrarfrost.de/en</a> &gt; Nature &amp; indulgence</td>
</tr>
<tr>
<td>3</td>
<td>FSB BACKWAREN</td>
<td>Buns</td>
<td><a href="http://www.freshstartbakeries.com/europe">www.freshstartbakeries.com/europe</a> &gt; Social Responsibility</td>
</tr>
<tr>
<td>4</td>
<td>COCA-COLA ERFRISCHUNGSGETRÄNKE</td>
<td>Soft drinks</td>
<td><a href="http://www.coca-cola-deutschland.de">www.coca-cola-deutschland.de</a> &gt; Unternehmen/Nachhaltigkeit</td>
</tr>
<tr>
<td>5</td>
<td>LIEKEN BROT-UND BACKWAREN</td>
<td>Buns</td>
<td><a href="http://www.lieken.de">www.lieken.de</a> &gt; Unternehmen/Nachhaltigkeit</td>
</tr>
<tr>
<td>6</td>
<td>DEVELEY SENF &amp; FEINKOST</td>
<td>Sauces and pickles</td>
<td>unternehmen.develey.de &gt; Über uns/Engagement/Nachhaltigkeit</td>
</tr>
<tr>
<td>7</td>
<td>MILCHWERKE INGOLSTADTE</td>
<td>Milkshakes and sundaes</td>
<td><a href="http://www.goldmilch.de/index_eng.htm">www.goldmilch.de/index_eng.htm</a> &gt; About us &amp; Certification</td>
</tr>
<tr>
<td>9</td>
<td>WALTER RAU AG</td>
<td>Frying oil</td>
<td><a href="http://www.walterrauag.de">www.walterrauag.de</a> &gt; Unternehmen/Nachhaltigkeit</td>
</tr>
<tr>
<td>10</td>
<td>BONDUELLE DEUTSCHLAND</td>
<td>Lettuce and tomatoes</td>
<td><a href="http://www.bonduelle.de">www.bonduelle.de</a> &gt; Qualität</td>
</tr>
</tbody>
</table>

SUSTAINABILITY MANAGEMENT WITH CLEAR RULES AND CONTROLS

McDonald’s strives to work with suppliers who share our commitment to sustainability within their own supply chains. We expect our suppliers to support our expectation of fundamental rights for all people: to treat their employees with fairness, respect and dignity, and to follow practices that protect health and safety for the people working in their facilities. And just as we are committed to fair employment practices and a safe, healthy and productive work environment for our employees, we expect our suppliers to hold their own suppliers to these same standards.

The Supplier Code of Conduct is the cornerstone of our Supplier Workplace Accountability program and sets clear guidelines that help our suppliers understand McDonald’s expectations and how to live up to them. Every supplier is required to sign the Code and their facilities acknowledge this Code annually. The Code details our expectations regarding the following: Human rights, workplace environment, environmental management and business integrity. In addition to the Supplier Code of Conduct, a detailed supplier guidance document, annual self-assessments and on-site third-party audits are used to monitor compliance with our standards and to promote continuous improvement in performance. These requirements apply not only to our direct suppliers, but to their suppliers as well.

CONSERVING RESOURCES THROUGH COLLABORATION

To improve sustainability performance in the supply chain and raise overall awareness of resource conservation, McDonald’s collects environmental key data from its European suppliers (environmental scorecard). In Germany in 2013, we launched our first sustainability forum with our largest food and non-food suppliers to discuss the business aspects of sustainability as well as more overarching questions and possible approaches.
Around 70 percent of the raw foodstuffs we procured in the period under review were sourced from Germany (based on volume). Most of the remaining 30 percent originated from European countries. Only a small part (around four percent of total volume) was sourced from countries outside of Europe. Our purchase decisions are driven by quality, food safety, availability and price. We expect all products to meet the same quality standards regardless of where they come from.

Based on volume, McDonald’s Germany uses more potatoes than any other raw foodstuff. In 2013, around 135,000 tons of potatoes were prepared for McDonald’s Germany. 80 percent originated from Germany, primarily from Lower Saxony and Saxony-Anhalt. The remaining 20 percent were sourced from the Netherlands, Belgium and France. Our potatoes are grown under contract as we only use certain varieties for our French fries.

Beef for burger patties is the number two processed raw foodstuff by volume. 90 percent of the 41,000 tons processed during the period under review originated from Germany. The remaining ten percent came from neighboring European countries (Netherlands, Austria, Denmark and Poland).

Of the 33,000 tons of wheat flour used for our buns in 2013, 93 percent came from Germany, four percent from Poland and three percent from Canada.

<table>
<thead>
<tr>
<th>RAW MATERIALS</th>
<th>FROM GERMANY</th>
<th>FROM THE EU (excl. Germany)</th>
<th>FROM THE REST OF THE WORLD</th>
</tr>
</thead>
<tbody>
<tr>
<td>POTATOES</td>
<td>80%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>BEEF</td>
<td>90%</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>WHEAT FLOUR (for making products)</td>
<td>93%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>MILK (incl. milk for shakes and sundaes)</td>
<td>66%</td>
<td>34%</td>
<td>0%</td>
</tr>
<tr>
<td>CHICKEN</td>
<td>20%</td>
<td>58%</td>
<td>22%</td>
</tr>
<tr>
<td>LETTUCE</td>
<td>28%</td>
<td>68%</td>
<td>4%</td>
</tr>
<tr>
<td>RAPESEED AND SUNFLOWER OIL (for fryers)</td>
<td>15%</td>
<td>70%</td>
<td>15%</td>
</tr>
<tr>
<td>CHEESE4</td>
<td>38%</td>
<td>60%</td>
<td>2%</td>
</tr>
<tr>
<td>TOMATOES</td>
<td>0%</td>
<td>73%</td>
<td>27%</td>
</tr>
<tr>
<td>PORK</td>
<td>88%</td>
<td>12%</td>
<td>0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RAW MATERIALS</th>
<th>FROM GERMANY</th>
<th>FROM THE EU (excl. Germany)</th>
<th>FROM THE REST OF THE WORLD</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONIONS</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>CUCUMBERS</td>
<td>95%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>EGGS</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>APPLES5</td>
<td>10%</td>
<td>82%</td>
<td>8%</td>
</tr>
<tr>
<td>COFFEE</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>FISH</td>
<td>0%</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>SUGAR (portioned packets only)</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>SALT (portioned packets only)</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>SHRIMP5</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>BUTTER (portioned packets only)</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

4 Includes processed cheese slices.
5 Includes organic apple slices, organic fizzy apple juice drink and apple pies.
SEASONAL QUALITY

Raw foods such as lettuce and tomatoes cannot be stored for long periods of time and do not grow in Northern Europe in winter. We therefore have to source these products from different agricultural areas depending on the time of year and weather conditions. We use lettuce that is grown outside in fields, which is why we buy from regions that have the best growing conditions in different seasons. In 2013, we purchased 12,490 tons of lettuce. 28 percent was sourced from Germany and 68 percent from other European countries. Four percent originated from countries outside of Europe (Tunisia and USA). All lettuce is grown for us under contract. 73 percent of the tomatoes we process were sourced from Europe (Netherlands, Poland, Spain and Portugal). The remaining 27 percent came from Morocco. We only use suppliers from outside of Europe in the winter months (from the beginning of November to the end of April).

BEEF

In 2013, 90 percent of the beef we processed came from approximately 80,000 dairy farms in Bavaria, Baden-Württemberg, Rhineland-Palatinate, Schleswig-Holstein, North Rhine-Westphalia and Thuringia.

BEST BEEF PROGRAM

McDonald’s Germany has been running the Program for Excellence, Safety and Transparency in Cattle Breeding (BEST Beef) since 2010. The aim of the initiative is to help McDonald’s maintain a high percentage of locally sourced beef and to promote a more sustainable approach to cattle farming.

Within the framework of BEST Beef, McDonald’s Germany has been collaborating with partners from the agriculture and meat processing sectors and the scientific community to develop a bonus program that rewards sound agricultural practices and improvements in animal welfare and health. This pilot program currently comprises three modules. In order to join the BEST Beef program, farmers must first be certified or recognized by the QS test and inspection system.6

VOLUME OF RAW MATERIALS USED

<table>
<thead>
<tr>
<th>RAW MATERIALS</th>
<th>2013 VOLUME (in tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>POTATOES</td>
<td>135,113</td>
</tr>
<tr>
<td>BEEF</td>
<td>41,300</td>
</tr>
<tr>
<td>WHEAT FLOUR (for making products)</td>
<td>33,281</td>
</tr>
<tr>
<td>MILK (incl. milk for shakes and sundaes)</td>
<td>31,002</td>
</tr>
<tr>
<td>CHICKEN</td>
<td>20,936</td>
</tr>
<tr>
<td>LETTUCE</td>
<td>12,490</td>
</tr>
<tr>
<td>RAPeseed and Sunflower Oil (for fryers)</td>
<td>11,900</td>
</tr>
<tr>
<td>CHEESE*</td>
<td>6,95</td>
</tr>
<tr>
<td>TOMATOES</td>
<td>6,037</td>
</tr>
<tr>
<td>PORK</td>
<td>4,860</td>
</tr>
<tr>
<td>ONIONS</td>
<td>3,008</td>
</tr>
<tr>
<td>CUCUMBERS</td>
<td>2,547</td>
</tr>
<tr>
<td>EGGS</td>
<td>1,701</td>
</tr>
<tr>
<td>APPLES*</td>
<td>1,422</td>
</tr>
<tr>
<td>COFFEE</td>
<td>1,160</td>
</tr>
<tr>
<td>FISH</td>
<td>1,075</td>
</tr>
<tr>
<td>SUGAR (portioned packets only)</td>
<td>579</td>
</tr>
<tr>
<td>SALT (portioned packets only)</td>
<td>236</td>
</tr>
<tr>
<td>SHRIMPS</td>
<td>90</td>
</tr>
<tr>
<td>BUTTER (portioned packets only)</td>
<td>55</td>
</tr>
<tr>
<td>TOTAL</td>
<td>314,987</td>
</tr>
</tbody>
</table>

6 QS is a quality assurance system that covers all stages and companies involved in the production, processing and marketing of foodstuffs. The system was originally created for meat and meat products in 2001 but was expanded to include fruit, vegetables and potatoes in 2004. www.q-s.de

BEST BEEF MODULES

<table>
<thead>
<tr>
<th>MODULE</th>
<th>REQUIREMENT</th>
<th>BONUS per kg of slaughtered meat</th>
</tr>
</thead>
<tbody>
<tr>
<td>MODULE 1: HUSBANDRY (In test phase since October 2012)</td>
<td>Cattle are either kept in loose housing that enables them to move freely or on pasture for at least three months of the year.</td>
<td>3 cents</td>
</tr>
<tr>
<td>MODULE 2: FEED (In test phase since August 2013)</td>
<td>The feed ration per cow comprises at least 60 percent dry roughage (fresh, plant-based products stored in silos or dried such as grass or corn, which is usually sourced locally) and at least 17 percent dry crude fiber.</td>
<td>3 cents</td>
</tr>
<tr>
<td>MODULE 3: MANAGEMENT (In test phase since April 2014)</td>
<td>The lactation period of a dairy cow (age at which the cow is slaughtered minus the age at which it has its first calf) is at least 40 months. Protective clothing is available for visitors from outside the farm (e.g. vets) to ensure a hygienic environment. If these two lifecycle and hygiene criteria are met, the farm can receive an additional bonus for having a separate calving box.</td>
<td>Lifecycle + hygiene: 2 cents</td>
</tr>
</tbody>
</table>
The pilot phase of this program started in October 2012 when the first module was approved for testing. The second feed module was approved in 2013 and has been undergoing tests since August 2013. At the close of the first quarter of 2014, four farming cooperatives and three abattoirs in Bavaria – representing around 1,250 farmers – were taking part in the pilot phase. Since October 2012, BEST Beef bonus payments have been made to farmers for approximately 9,650 cows.

BEST Beef will be gradually expanded and developed further throughout the course of 2014. In April 2014, the third module was released for field testing. In the second quarter of 2014, the project expanded beyond Bavaria for the first time, with the inclusion of an abattoir and farming cooperatives in the German town of Wilhelmshaven. The project aims to extend its reach to other states. Plans are also underway to check adherence to the BEST Beef modules as part of the regular QS audits.

HOT SPOT ANALYSIS IN THE BEEF VALUE CHAIN

The Wuppertal Institute for Climate, Environment and Energy carried out a hot spot analysis for McDonald’s Germany on the company’s beef value chain back in 2012. The aim of the analysis was to identify key environmental and social impacts across the entire beef value chain – from agricultural operations through slaughter and meat processing to preparation and consumption in our restaurants and waste recycling.

In 2013, we discussed the results with key players in the value chain. With regard to social hot spots, our talks here focused in particular on the use of work contracts in the slaughter and dismemberment sector, a topic that was also publicly criticized by the media and trade unions in 2013. McDonald’s now checks the work contracts used by suppliers as part of the Social Workplace Accountability (SWA) audits we regularly perform at our suppliers. We have been doing this since the start of 2014 to ensure that uniform labor standards, including fair pay and occupational safety, are hardwired throughout our supply chain.

We also discussed environmental hot spots in detail with the Bavarian Farmers Association7 and completed the hot spot analysis based on feedback from these talks. We use the results to continually improve internal requirements and standards and to further develop the BEST Beef program.

OUR CONTRIBUTION TO THE 2020 GOAL SET DOWN IN McDO NALD’S GLOBAL CSR & SUSTAINABILITY FRAMEWORK

SUPPORT SUSTAINABLE BEEF PRODUCTION

McDonald’s is an active member of the Sustainable Agriculture Initiative (SAI) Platform, the main food industry initiative supporting the development of sustainable agriculture worldwide. In November 2013, SAI Platform’s Beef Working Group, which is chaired by McDonald’s Europe, launched a set of Principles for Sustainable Beef Farming. The Principles have wide support from the industry and will form a comprehensive framework for sustainable beef production in Europe. The next step for the Beef Working Group will be to develop a set of Sustainable Beef Practices that can be implemented on-farm to achieve the objectives of each Principle.9 This work is aligned with the Global Roundtable for Sustainable Beef, a multi-stakeholder platform aimed at advancing sustainability throughout the global beef value chain and co-founded by McDonald’s.9

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7) Bayerischer Bauernverband
9) Go to: www.grsbeef.org
In 2013, almost 21,000 tons of chicken meat was processed for McDonald’s Germany. 20 percent of this was sourced from Germany, primarily from the state of Lower Saxony. 56 percent originated from other European countries and 22 percent from Brazil. Regardless of source, the chicken meat always has to comply with the same high quality standards.

Over the last fourteen years, McDonald’s called on all of its poultry suppliers in Europe to commit voluntarily to avoiding gene-modified soy flour or corn as feed for poultry. During the period under review, however, our international and national poultry suppliers informed us that by the start of the second quarter of 2014 they would no longer be able to access sufficient amounts of non-gene-modified feed at economically viable prices. We therefore lifted the ban on gene-modified feed for poultry producers. This re-introduction will not impact the quality or safety of the products we serve in our restaurants. We respect the fact that our guests prefer non-gene-modified products and will therefore continue to refrain from using gene-modified ingredients for our products. If this were ever to change, the ingredients in question would be identified in line with current legal regulations.

BREEDING CHICKENS
McDonald’s requirements that go beyond legal regulations

- Obligatory establishment and implementation of recognized farming standards: All breeding farms are audited in line with at least one internationally recognized standard, for example Global GAP, QS and IKB.
- McDonald’s is a supporter of the Soy Moratorium together with other leading companies in the food and drinks industry as well as environmental organizations such as Greenpeace. The Soy Moratorium was introduced in 2006 to protect the Amazon rainforest in Brazil. It ensures that no soy grown on land that has been recently deforested is brought to market.
- Special requirements governing the collection, monitoring and ongoing improvement of key animal health and welfare indicators such as footpad lesions, heel dermatitis and hematomas.
- Special requirements regarding the collection, monitoring and ongoing reduction of antibiotic use.
- Heat treatment of feed to increase biosafety and 100-percent vegetarian feed.

In 2013, the Wuppertal Institute for Climate, Environment and Energy carried out a hot spot analysis of our poultry value chain. As with the investigation into our beef value chain the year before, the aim of the poultry analysis was to identify key impacts on the environment, employees and society. The Institute analyzed all stages in the value chain from parent stock to the conditions in which chickens are kept. The project participants developed joint breeding guidelines and introduced these at three pilot farms. In the first phase, the project will be investigating ways of improving breeding conditions.

BEST CHICKEN PROGRAM
During the period under review, McDonald’s Germany and a selected supplier laid the foundations for the BEST Chicken program. Supported by scientists from the Chair for Animal Welfare and Livestock Breeding at Ludwig-Maximilians-Universität München, the company aims to markedly improve animal welfare by introducing economically viable changes to the conditions in which chickens are kept. The project participants developed joint breeding guidelines and introduced these at three pilot farms. In the first phase, the project will be investigating ways of improving breeding conditions.

10) For further information, go to: www.who.int/foodsafety/publications/biotech/26questions/en/
11) GAP stands for Good Agricultural Practices. Global GAP is the global standard that ensures these practices are upheld. www.globalgap.org/de/
12) IKB is the quality control system deployed in the Dutch meat sector. It stands for Integrale Keten Beheersing, or integrated chain control. It guarantees traceability and quality throughout the entire Dutch poultry value chain. Today, companies in the European and American poultry sector also adhere to these guidelines. www.gefluegel-info.de/ikb/ (in German)
The results of the project will be used in a number of different areas including the STEPS project run by McDonald’s Europe. STEPS is a European poultry project that also focuses on good practices in sustainable poultry production. McDonald’s is working with markets, suppliers and the scientific community to review existing standards for farms that supply poultry for our European business. We will be looking in particular at areas such as animal welfare and the environmental impact of poultry production and will also be exploring opportunities to further improve our standards here.

QUALITY LABELS

When purchasing coffee, fish and pre-packaged beverages and sides for our Happy Meal offering, we rely on established quality labels.

All of the fish used in Filet-o-Fish and McFish\(^{13}\) sandwiches in Germany is caught using sustainable fishing methods that are certified in line with the Marine Stewardship Council (MSC) standard. In 2013, we purchased 1,075 tons of MSC-certified fish. 29 percent of this originated from Europe (Poland and Lithuania) and the remaining 71 percent from the US and New Zealand.

All of our caffeinated coffee is certified by the Rainforest Alliance. This seal is awarded to farmers who meet certain standards in sustainable farming. In total, we purchased 1,160 tons of coffee from certified plantations in South and Central America during the period under review.

We purchase a range of certified organic products for our Happy Meals:

- In 2013, we bought a total of 230 tons of certified organic apples from Italy, South Africa, Chile and Argentina for our organic apple slices, and a further 750 tons of certified organic apples from Germany, France and Poland for our organic fizzy apple drink.
- In 2013, we also purchased 601,345 liters of certified organic milk. This corresponds to around 2.4 million bottles of organic milk for Happy Meals.
- In February 2014, we started offering an organic yoghurt drink with our Happy Meals. In 2013, we only purchased around 600 kilograms for test purposes.

PALM OIL

In Germany, no palm oil is used in the production of our fries, neither by our suppliers for processing nor in our restaurants for frying. We only use sunflower and rapeseed oil in our frying oil.

PACKAGING BREAKDOWN

McDonald’s Germany used a total of 49,991 tons of packaging in 2013. This is 6 percent less than in the previous year (2012: 53,230 tons). At 91 grams per guest count\(^{14}\) the amount of total packaging per restaurant visit remained unchanged.

The total volume of packaging (49,991 tons) includes packaging for the products we sell to our guests as well as packaging arising from the transport of products to restaurants or kitchens, as well as non-packaging items such as serviettes, straws and advertising leaflets. Paper, cardboard and carton account for 70 percent of our packaging. Compound material accounts for 16 percent and plastics for 13 percent. A very small amount of our packaging comprises foil (one percent) and aluminum (0.1 percent).

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- In 2013, we bought a total of 230 tons of certified organic apples from Italy, South Africa, Chile and Argentina for our organic apple slices, and a further 750 tons of certified organic apples from Germany, France and Poland for our organic fizzy apple drink.
- In 2013, we also purchased 601,345 liters of certified organic milk. This corresponds to around 2.4 million bottles of organic milk for Happy Meals.
- In February 2014, we started offering an organic yoghurt drink with our Happy Meals. In 2013, we only purchased around 600 kilograms for test purposes.

PALM OIL

In Germany, no palm oil is used in the production of our fries, neither by our suppliers for processing nor in our restaurants for frying. We only use sunflower and rapeseed oil in our frying oil.

PACKAGING BREAKDOWN

McDonald’s Germany used a total of 49,991 tons of packaging in 2013. This is 6 percent less than in the previous year (2012: 53,230 tons). At 91 grams per guest count\(^{14}\) the amount of total packaging per restaurant visit remained unchanged.

The total volume of packaging (49,991 tons) includes packaging for the products we sell to our guests as well as packaging arising from the transport of products to restaurants or kitchens, as well as non-packaging items such as serviettes, straws and advertising leaflets. Paper, cardboard and carton account for 70 percent of our packaging. Compound material accounts for 16 percent and plastics for 13 percent. A very small amount of our packaging comprises foil (one percent) and aluminum (0.1 percent).

QUALITY LABELS

When purchasing coffee, fish and pre-packaged beverages and sides for our Happy Meal offering, we rely on established quality labels.

All of the fish used in Filet-o-Fish and McFish\(^{13}\) sandwiches in Germany is caught using sustainable fishing methods that are certified in line with the Marine Stewardship Council (MSC) standard. In 2013, we purchased 1,075 tons of MSC-certified fish. 29 percent of this originated from Europe (Poland and Lithuania) and the remaining 71 percent from the US and New Zealand.

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McDonald’s aims to source all virgin fiber paper that it uses for its service packaging worldwide from certified sustainable forestries. During the period under review, McDonald’s focused on putting Europe-wide control mechanisms in place for auditing the wood it sources from certified sustainable forestries. This will form the basis for the gradual expansion of our global sustainability goals to all sites across the globe. In Germany, the company aims to transition to 100 percent virgin fiber paper from certified sustainable forestries by January 1, 2015.

In 2012, we set up the Packaging Roundtable. This internal working group brings representatives from all key departments together with suppliers and helps us focus our efforts to continually reduce packaging material across all areas. The Roundtable met twice in the period under review. During these meetings, participants proposed and discussed reusable solutions that would enable the company to reduce transport packaging. The working group also looked at optimizing the composition of our hot and cold beverage cups by reducing the proportion of plastic in the inside coating of cups, thus making them easier to recycle. We then worked with our suppliers to implement this idea and roll it out across Germany in 2014.

The proportion of renewable raw materials in our service packaging amounted to 89 percent in 2013 and thus remained on a par with the previous year’s level. The proportion of recycled materials in our main product packaging items (burger clamshells, folding boxes for nuggets, packaging for fries, Happy Meal boxes and packaging for apple pies and breakfast products) was 76 percent in 2013. This is an increase of four percent on the previous year. The bags used for take-away products are made entirely of recycled paper. Since spring 2013, all cups for our hot beverages also comprise 40 percent recycled paper (previously 100 percent virgin fiber paper). This transition to recycled material in Germany was part of a Europe-wide project.

<table>
<thead>
<tr>
<th>AVERAGE WEIGHT OF SERVICE PACKAGING (in grams)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
</tr>
<tr>
<td>5.47</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COMPOSITION OF OUR PACKAGING (in percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
</tr>
<tr>
<td>90%</td>
</tr>
<tr>
<td>69%</td>
</tr>
</tbody>
</table>

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FOOD

SPOTLIGHT ON QUALITY.
GLOBAL CSR & SUSTAINABILITY FRAMEWORK – FOOD VISION

PROVIDE BALANCED CHOICES

THE PLAN, TRAIN, DO AND REVIEW APPROACH TO QUALITY AND SAFETY

Food quality and food safety are top priorities for us. Our customers expect safe, high-quality products from McDonald’s – each and every day. In addition to adhering to all legal regulations, our suppliers must also comply with our own Quality Assurance Requirements. We regularly check compliance with these standards through scheduled and unannounced audits carried out by employees of McDonald’s Germany or accredited auditors, as well as through our annual supplier evaluation process.

The ability to quickly trace produce right back to the first steps in the supply chain also plays a crucial role in ensuring food safety and quality. We regularly simulate “worst case” scenarios, known as withdrawal exercises. Within a few hours, we can seamlessly trace every product or its constituent parts back to the source.

QUALITY CONTROL FROM FIELD TO FORK

We have developed quality, service and cleanliness (QSC) guidelines that govern the many different workflows in our restaurants. These guidelines are applicable worldwide. QSC standards define numerous critical control points for food safety in our restaurants. These range from incoming deliveries and storage through food preparation hygiene to the defined shelf/serving times for all products. QSC guidelines in restaurants close the loop in our end-to-end quality control system – stretching from field to fork.

NEW LIFESTYLE TRENDS STRENGTHEN AND CHALLENGE THE FOODSERVICE SECTOR

Demographic change coupled with various lifestyle and work trends continue to fuel growth in the foodservice sector. These trends include less structure in our daily routines, the rising percentage of women in employment, rising demands for flexibility and mobility and the resulting strain on our free time. This sector already contributes some EUR 70 billion annually to the German economy. McDonald’s Germany is facing more and more competitors in this market.

The shift in lifestyle is flanked by a change in eating habits. There are indications that this has led to a rise in illnesses like obesity, high blood pressure and diabetes, which are partly caused by poor nutrition. Policy-makers are attempting to counter these complex developments with guidelines. Representatives of all EU Member States, the European Commission and the World Health Organization (WHO) endorsed the aim of establishing preventive healthcare – focused in particular on a balanced diet and adequate exercise – as an overarching European goal.

MORE CHOICE AND INFORMATION FOR A BALANCED DIET

As a leading player in the foodservice sector, our product offering can help contribute to a balanced diet. Concrete measures include for example offering more nutritionally balanced product options and variations. As part of the Clinton Global Initiative (CGI) in cooperation with the Alliance for a Healthier Generation, the McDonald’s Corporation has made a voluntary commitment to continue its efforts to increase access to fruit and vegetables and offer balanced food and beverage choices. We also remain committed to regularly reporting on our progress here.

FOOD – MATERIAL ASPECTS AND MANAGEMENT APPROACH

NEW LIFESTYLE TRENDS

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On July 1, 2013, McDonald’s Germany launched an interactive online platform called “Our Food. Your Questions”. Guests, fans and critics can visit the platform at www.frag.mcdonalds.de and post questions about our products. We respond to each query and our answers can be seen by all visitors. Responses are provided by a specialist team who receive support from our different departments.

This dialog platform helps us find out what issues are important for our guests, fans and critics and gives us better insights into their needs, wishes and suggestions. By the end of 2013, we had received around 13,000 questions. The page logged 1.3 million visits, with users spending an average of almost five minutes per visit. At the close of copy for this report (May 31, 2014), we had received 17,333 questions.

Some of the most commonly asked questions were about the origin of individual raw materials, in particular the different types of meat we use, and the health of animals and how they are raised. We also receive a lot of questions about the content of our different products and requests about special dietary information, for example, gluten-free, vegetarian and vegan food. This shows us that stakeholders want to know more about many of the sustainability related issues that play a key role at McDonald’s Germany.

It is clear from the questions posted on our online platform www.frag.mcdonalds.de that our stakeholders are very interested in balanced product combinations and also vegetarian choices. In 2013, we launched a range of initiatives to provide our guests with a larger selection and meet demand for greater variety.

In 2013, we held our third Mein Burger (My Burger) social media campaign. The winning burgers went on sale in our restaurants in June. In this year, we introduced a new vegetarian category for the first time and received over 20,000 veggie burger suggestions. This accounts for around 10 percent of all submissions. The winning veggie burger was the falafel patty McBörgerding, which went on sale from mid-June to mid-July in all restaurants.

Only available in German.
McMENÜ
WITH NEW SALADS AND WRAPS
At the end of June 2013, we introduced three new wraps, including one vegetarian option, and four new snack salads. Guests can order the snack salads as a side in a McMenü meal instead of fries. Prior to this, we only offered one salad as a McMenü side.

MORE FRUIT FOR HAPPY MEALS
Our Happy Meals are taking center stage in 2014. At the end of February 2014, we introduced an additional fruit component to our Happy Meals. In addition to the main course, side and drink, guests can now choose an additional fruit product, for example a pack of organic apple slices, an organic yoghurt drink or fruit puree. All new fruit products can also be bought individually.

REDUCING SALT AND FAT CONTENT
Core products are regularly checked at global level to determine whether fat, salt and sugar content can be reduced. This includes our Big Macs, cheeseburgers and fries. In the last three years, McDonald’s has analyzed and optimized all key ingredients that make up its global core products. As a result, McDonald’s has been able to reduce salt, for example, in its global core products by an average of ten percent. It goes without saying that taste remains a key priority whenever any changes are made to products.

A similar process is also deployed at European level for optimizing products that are only sold in Europe. In 2013, the salt content of the ingredients for the Big Tasty Bacon burger and potato wedges was reduced for the German market.

PRODUCTS AND INGREDIENTS WITH REDUCED SALT CONTENT FOR GERMANY 2013

<table>
<thead>
<tr>
<th>SALT REDUCTION</th>
<th>PRODUCT OR INGREDIENT</th>
<th>REDUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>BIG TASTY BUN</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>BACON SLICE</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>(in all burgers with bacon, e.g. Big Tasty Bacon)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>POTATO WEDGES</td>
<td></td>
</tr>
</tbody>
</table>

OUR CONTRIBUTION TO THE 2020 GOAL SET DOWN IN McDO NALD’S GLOBAL CSR & SUSTAINABILITY FRAMEWORK

SERVE 100% MORE FRUIT, VEGETABLES, LOW-FAT DAIRY OR WHOLE GRAINS

PRODUCT QUALITY AND SAFETY
All participants in the McDonald’s system are committed to doing their utmost to help us keep our promise of quality to our guests. This commitment extends from the individuals involved at each stage of our supply chain to the employees in our restaurants.

QUALITY AND SAFETY CHECKS IN OUR SUPPLY CHAIN
Our direct suppliers must comply with the standards set down in the McDonald’s Supplier Quality Management System (SQMS). SQMS is our internal system that sets out standards for quality assurance and food safety. It builds on ISO 9001, ISO 22000, PAS 220 and also contains a number of requirements specific to McDonald’s.

Regular audits and spot checks as well as annual supplier assessments ensure that our suppliers comply with these standards. The audits are carried out by external auditors and McDonald’s employees.

All suppliers of standard products are audited in line with SQMS. Only suppliers that successfully pass these audits can become standard suppliers for McDonald’s.

Promotional product suppliers have to be audited either to the International Food Standard (IFS) and/or the British Retail Consortium (BRC) standard, or according to the twelve non-negotiables of the SQMS. In individual cases, we also accept a supplier’s own standards, provided they correspond with McDonald’s own requirements.

The frequency of audits depends on the risk level assigned to individual suppliers as well as the frequency with which they supply goods and the volume of the products in question. SQMS, IFS and BRC audits are generally carried out once a year.
QUALITY AND SAFETY CHECKS IN OUR RESTAURANTS

We control the quality and safety of our products in our restaurants in a number of ways.

We have developed quality, service and cleanliness (QSC) standards outlining numerous critical control points in our restaurants. Food safety is always the top priority here. Our field & operations consultants regularly check and rate compliance with the QSC standards under the umbrella of our Restaurant Operations Improvement Process (ROIP). Over a period of 24 months, they visit every restaurant at least eleven times. Some of these visits are announced in advance, while others are spot checks.

Our across-the-counter quality (ATCQ) consultants regularly assess the quality of our core products in restaurants. These include bread, meat, fries, chicken and salad, starting with the raw products in storage and finishing with the end product that we serve to our customers. There are a total of seven ATCQ consultants in Germany. In 2013, they carried out 729 announced checks. The consultants also act as advisors to restaurants and offer training on technical issues and work flows. We also channel the feedback from these visits back to our suppliers, who then use it to continually improve their raw products.

Within the framework of our own company checks, employees from external laboratories visit all of our restaurants four times a year. During each of these visits, they take samples of our shakes, sundaes and syrups. All other relevant samples are taken once a year. We work with three accredited laboratories in Germany. A total of 30,191 samples were taken and analyzed in 2013. Our system of internal checks complies with Germany’s Food Hygiene Act, which requires that all food companies carry out their own company checks.

In addition to our own company checks, we commission food safety audits at around ten percent of our restaurants each year. These audits are unannounced and carried out by independent accredited labs. During these audits, lab employees complete an extensive audit questionnaire and take additional samples. 150 food safety audits were performed in 2013 and a total of 550 samples taken and investigated.

Each of our restaurants is visited twice a month by undercover restaurant testers, known as mystery shoppers. Using a catalog of predefined questions, the mystery shoppers check and rate product quality, speed of service, friendliness, communication, cleanliness and a range of other factors at each restaurant. The restaurants then receive a detailed feedback report which they use to monitor trends in customer satisfaction over recent months, compare their performance with other restaurants and draw up an action plan.

Our internal checks are flanked by regular inspections from local authorities. During the period under review, the authorities made around 260 visits to restaurants run directly by McDonald’s Germany. Approximately 77 percent of these were routine visits, around 14 percent were based on suspicion of non-compliance and around 9 percent were follow-up inspections.
GUEST COMMUNICATION

Our guests can access a number of different channels to find out more about McDonald’s Germany and contact us directly. Our online dialog platform [www.frag.mcdonalds.de](http://www.frag.mcdonalds.de) (see page 21), Facebook page and the McDonald’s Germany customer service all play an important role here. Our Mein Burger campaign also gives guests the chance to actively shape our product offering.

MEIN BURGER

2013 saw us launch our crowd sourcing Mein Burger campaign for the third time. Our guests and fans used the online configurator to create over 200,000 different burgers between March 5 and April 5, 2013. At the end of the voting phase, we selected five winning burgers that were then sold in our restaurants across Germany for four weeks during the summer of 2013.

### MEIN BURGER CAMPAIGN

<table>
<thead>
<tr>
<th>OVER 200,000 BURGERS CREATED IN TOTAL</th>
<th>OVER 1.4 MILLION VOTES REGISTERED IN TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLASSIC BURGERS</td>
<td>VOTES FOR CLASSIC BURGERS</td>
</tr>
<tr>
<td>74%</td>
<td>82%</td>
</tr>
<tr>
<td>SNACK BURGERS</td>
<td>VOTES FOR SNACK BURGERS</td>
</tr>
<tr>
<td>16%</td>
<td>12%</td>
</tr>
<tr>
<td>VEGETARIAN BURGERS</td>
<td>VOTES FOR VEGETARIAN BURGERS</td>
</tr>
<tr>
<td>10%</td>
<td>6%</td>
</tr>
</tbody>
</table>

McDONALD’S GERMANY CUSTOMER SERVICE

McDonald’s Germany customer service is a central contact point for customer questions and complaints. Our customer service team was contacted 71,015 times by phone, letter and e-mail in 2013. This is around five percent fewer contacts than in 2012. The ratio of contacts to guests remained unchanged at approximately 13 contacts per 100,000 cashier transactions (guest counts3). Around 53 percent of all contacts were complaints from guests and 44 percent were specific questions from guests.

3 The guest count measures the number of cashier-processed customer transactions in our restaurants.

INGREDIENTS, CONTENT AND NUTRITIONAL VALUE

Our guests can find out about the ingredients and nutritional value of our products from a number of different sources. We can see from the many questions we receive on this topic through our online dialog platform [www.frag.mcdonalds.de](http://www.frag.mcdonalds.de) that people are very keen to find out exactly what goes into our products.

To meet this demand for information, we published an extensive online list of all ingredients and substances in our standard products (including McCafé products) in 2013 in addition to the information already available. This information was previously only available on request from our customer service team. We also posted an extensive list of all the allergens in our products on our website. The list details the 14 main allergens contained in our products and clearly maps which allergens can be found in which ingredients. The lists are available online at [www.mcdonalds.de/produkte/unsere-zutaten](http://www.mcdonalds.de/produkte/unsere-zutaten) and are continuously updated.

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**OVERVIEW OF INFORMATION ON INGREDIENTS, CONTENT AND NUTRITIONAL VALUE**

<table>
<thead>
<tr>
<th>IN RESTAURANTS</th>
<th>McDONALD’S GERMANY APP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition information bar chart on packaging for our standard products</td>
<td><a href="http://www.mcdonalds.de/produkte/alle-produkte">www.mcdonalds.de/produkte/alle-produkte</a></td>
</tr>
<tr>
<td>Nutritional values and allergens in our standard products on the reverse side of each tray liner</td>
<td>NEW since 2013: Detailed list of ingredients and additives in our products plus list of allergens per ingredient at <a href="http://www.mcdonalds.de/produkte/unsere-zutaten">www.mcdonalds.de/produkte/unsere-zutaten</a></td>
</tr>
<tr>
<td>Flyer on nutritional values on info boards</td>
<td><a href="http://www.mcdonaldsmenu.info">www.mcdonaldsmenu.info</a></td>
</tr>
</tbody>
</table>

**McDONALD’S GERMANY APP**

[www.mcdonalds.de](http://www.mcdonalds.de) | [www.mcdonaldsmenu.info](http://www.mcdonaldsmenu.info)
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**Mein Burger Optimized Products**

CLASSIC BURGERS

SNACK BURGERS

VEGETARIAN BURGERS

NEW since 2013: Detailed list of ingredients and additives in our products plus list of allergens per ingredient at [www.mcdonalds.de/produkte/unsere-zutaten](http://www.mcdonalds.de/produkte/unsere-zutaten)
ADVERTISING TO CHILDREN

McDonald’s Europe – and therefore also McDonald’s Germany – has been a member of the EU Pledge, a voluntary initiative for self-regulation in children’s advertising, since January 2012. You can read the Pledge’s rules and annual monitoring report at www.eu-pledge.eu. An external organization regularly checks whether member companies comply with the rules. In 2013, McDonald’s Germany met all requirements.

During the period under review, we continued to focus our activities on our Happy Meal book campaign, first launched back in 2012. In May 2013, we introduced the campaign for a second time. For eight weeks, children and adolescents were able to choose from eight different books with every Happy Meal order. We launched a third book campaign in September 2013, this time spanning a period of five weeks. In total, we distributed around eight million books in 2013. This campaign was flanked by the McDonald’s Germany reading roadshow, which toured Germany in August and September, visiting the cities of Bielefeld, Munich, Dortmund, Dresden, Stuttgart and Bremen. Approximately 1,500 children visited the roadshow. A number of German politicians also took part in readings held at McDonald’s restaurants. We provided our franchisees with boxes of books for local reading events.

As of December 2013, a new eBook is published every eight weeks on the www.happystudio.com website for children and their parents to download and read free of charge.

COMMUNICATION WITH GUESTS ABOUT SUSTAINABILITY

In August 2013, McDonald’s Germany launched its McMission sustainability app. The app uses innovative augmented reality technology to inform our guests about sustainability issues at McDonald’s Germany in a playful, fun way. It comprises four missions of “green energy spinning” (renewable power generation), the “origin puzzle”, “crash course in recycling” and “waste dunking” (waste disposal). Each mission gives users the chance to carry out virtual tasks while learning about the sustainability activities of McDonald’s Germany in these areas. They provide a brief summary of information as well as a game and quiz that users have to complete successfully. By the end of 2013, the app had been downloaded from Google Play and the App Store approximately 30,000 times. In 2014, we will be integrating the McMission app in the official McDonald’s Germany app in order to reach an even wider audience and enable our guests to easily access information on key sustainability issues.

As in previous years, we published a sustainability brochure in 2013 in addition to our more extensive corporate responsibility report. The brochure summarizes the most important facts and figures for our guests. It is available on the info board in all of our restaurants. In 2013, we delivered a total of 443,600 brochures to our restaurants. This corresponds to an average of around 300 brochures per restaurant.

CONTACT WITH McDONALD’S GERMANY CUSTOMER SERVICE

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL CONTACTS</td>
<td>73,034</td>
<td>74,946</td>
<td>71,015</td>
</tr>
<tr>
<td>CONTACTS PER 100,000 GUEST COUNTS</td>
<td>12.2</td>
<td>12.8</td>
<td>12.9</td>
</tr>
</tbody>
</table>
PLANET

CONSERVING RESOURCES – A DAILY CHALLENGE FOR ALL OF US.
INNOVATION BUILT ON RESEARCH

Environmental, regulatory and cost pressures are raising the bar for resource conservation across the entire value chain. This will increasingly affect McDonald’s Germany, our franchisees and our suppliers, driving us to use our resources even more sparingly and efficiently. Our future success will hinge to a significant extent on our ability to develop innovative ways of cutting down on our use of natural resources. This was also one of the findings of the Sustainable McDonald’s Germany research project, which McDonald’s Germany has been running since 2011 in collaboration with the Wuppertal Institute for Climate, Environment and Energy.

WORKING WITH SUPPLIERS TO CUT GREENHOUSE GASES

It is important to bear in mind that the upstream links in our value chain, i.e. agriculture and food processing, are responsible for a significant proportion of our overall resource consumption and greenhouse gas emissions figures. While we have some control over the amount of energy and water consumed by our restaurants, bringing about effective changes in the upstream processes presents a significantly greater challenge. The large number of stakeholders and processes involved requires a well-thought-out and coordinated approach as well as common targets agreed by McDonald’s Germany and its suppliers (also see the Sourcing chapter, p. 10).

RESTAURANTS SWITCHED FULLY TO GREEN ENERGY

In our restaurants, we continually strive to reduce the energy we consume and the waste we generate. We achieved an important milestone in 2014 by switching all our restaurants1 over to 100 percent green energy. Going forward, our goal is to reduce energy consumption in our restaurants by deploying energy-efficient technologies and systematic controls. We will also be focusing on increasing the quantity and quality of all recycled waste from restaurants (especially used cooking oil, paper, cardboard, carton and lightweight packaging) to optimize the recycling value chain.

1) Does not include 37 restaurants in locations such as shopping malls for example, which source their energy from the respective mall operators.

2) Figure for restaurants based on country-specific data; figures for logistics and supply chain based on average European emissions factors.

Since 2009, we have been calculating our annual carbon footprint along our entire value chain as part of a wider McDonald’s Europe initiative. As part of this process, all the participating McDonald’s markets in Europe, including Germany, have set out their own annual targets for reducing CO₂ emissions from their restaurant operations over which they have direct influence.

In 2013, McDonald’s Europe revised its carbon footprint calculator based on new findings from recent years and improved data availability. In this context, all emissions factors used were also brought up to date. The McDonald’s Germany CO₂ emissions reported below are based on this calculator.

McDonald’s Germany Carbon Footprint percentage distribution across our value chain, based on 2013 data

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td>4%</td>
</tr>
<tr>
<td>Supply chain – food</td>
<td>21%</td>
</tr>
<tr>
<td>Supply chain – non-food</td>
<td>3%</td>
</tr>
<tr>
<td>Restaurants</td>
<td>72%</td>
</tr>
</tbody>
</table>

GLOBAL CSR & SUSTAINABILITY FRAMEWORK – PLANET VISION:

DEVELOP AND OPERATE THE MOST ENVIRONMENTALLY EFFICIENT McDONALD’S RESTAURANTS
Looking at the McDonald’s Germany value chain as a whole, this chart shows that food production (i.e. agriculture and raw materials processing) accounts for the lion’s share of the CO₂ emissions resulting from our business activities (72 percent). Four percent of our CO₂ emissions are attributable to non-food items such as packaging and three percent to the transport of our products from suppliers to our restaurants.

The CO₂ emissions directly generated by McDonald’s Germany and our franchisees make up 21 percent – or approximately one fifth – of our carbon footprint. These emissions result from the operation of our restaurants and our administrative activities (see also page 30). We have a direct influence over our performance in this area, for example through measures to make our restaurants more energy-efficient or increase our share of renewable energies.

As part of the ongoing Sustainable McDonald’s Germany research project in conjunction with the Wuppertal Institute for Climate, Environment and Energy, we started to record the “material footprint” of McDonald’s Germany in the period under review. This indicates how many natural resources are required for all of McDonald’s products and services, including the resources consumed by upstream and downstream processes. The aim here is to obtain a comprehensive picture of our impact on the environment as a whole, not just our carbon footprint.

ENERGY AND EMISSIONS OF OUR RESTAURANTS

ENERGY CONSUMPTION

During the period under review, our 1,468 restaurants consumed 558,157 megawatt hours of electricity. This corresponds to an average annual consumption of 386 megawatt hours of electricity for a comparable restaurant.

Approximately 1,100 of our restaurants use natural gas, with 248,252 megawatt hours consumed in 2013. On average, this equates to annual natural gas consumption of 228 megawatt hours for a comparable restaurant. Natural gas is primarily used to heat the restaurants, but in some cases it is also used for gas-powered equipment like grills or fryers.

A few restaurants also obtain their heating from other sources, the main ones being district heating, liquefied natural gas, heating oil and heat pumps. Consumption data is not collected centrally for these forms of heating.

Overall, we reduced our energy consumption in 2013 by two percent compared with the previous year. Based on a comparable restaurant, we managed to achieve a four-percent decrease compared with 2012.

We work continuously to improve the energy efficiency of our restaurants. We use the latest building technology and kitchen equipment in our new restaurants. Furthermore, all new restaurants have an energy consumption control system to check and manage their energy consumption. The average annual energy consumption for new restaurants is around 30 percent lower than the average figure for a comparable restaurant.

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3) A comparable restaurant refers to a restaurant open all year round during the period under review with valid consumption data available.

4) Due to changes in the calculation method, 2012 values are slightly at variance with those communicated in previous years.


It is not always possible to connect restaurants located in places like shopping centers to an automatic metering system.

**OUR CONTRIBUTION TO THE 2020 GOAL SET DOWN IN McDONALD’S GLOBAL CSR & SUSTAINABILITY FRAMEWORK**

**INCREASE ENERGY EFFICIENCY THROUGH RESTAURANT STANDARDS**

It was not possible to actively pursue the Energy Upgrade program for older restaurants during the period under review because the focus for 2013 and beyond was and is on modernizing our kitchen and service technologies. However, we are still standing by our goal of improving energy efficiency in around 500 older restaurants by 2020.

Practically all of the company-owned restaurants and around 85 percent of franchise restaurants record their electricity consumption using an automatic metering system that records values at quarter-hourly intervals. The restaurants receive regular appraisals of their electricity consumption. Work is currently underway to extend the automatic metering system to natural gas and water consumption. At the end of 2013, around 98 percent of all company-owned restaurants additionally had an automatic metering system for natural gas and water. This meant that all company-owned restaurants were successfully connected to an automatic metering system where it was possible to install one.

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**CAR POOL**

At the close of 2013, our fleet comprised 467 vehicles for employees who undertake a large number of business trips, for example restaurant managers, consultants and managers in administration. The total amount of diesel consumed in the period under review was 990,636 liters. This represented an eight-percent increase on 2012, attributable to the increase in field work for our restaurants.

**OVERVIEW OF McDONALD’S DEUTSCHLAND INC. FLEET**

<table>
<thead>
<tr>
<th>NUMBER OF VEHICLES</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>443</td>
<td>467</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KILOMETERS DRIVEN</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13,019,533</td>
<td>15,158,047</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUEL CONSUMED (in liters of diesel)</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>919,999</td>
<td>990,636</td>
</tr>
</tbody>
</table>

Our internal car policy introduced at the start of 2012 sets out CO₂ thresholds for the vehicles in our fleet and also includes a CO₂ compensation scheme. Against the backdrop of continued improvements in engine efficiency, the CO₂ thresholds are reviewed annually and adjusted if necessary. This is part of our long-term aim of achieving average CO₂ emissions of less than 100 grams per kilometer by 2020. Between 2012 and 2013, we were able to reduce the average CO₂ emissions per kilometer by five percent across our entire fleet. Based on the new vehicles acquired in the year, the average CO₂ emissions for 2013 were actually ten percent lower than those reported the previous year.

**AVERAGE CO₂ EMISSIONS PER KILOMETER**

<table>
<thead>
<tr>
<th>(in g/km)</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL FLEET</td>
<td>136</td>
<td>130</td>
</tr>
<tr>
<td>NEW VEHICLES</td>
<td>130</td>
<td>117</td>
</tr>
</tbody>
</table>

**EMISSIONS**

In 2013, we achieved our interim target of covering 75 percent of the electricity requirements of all restaurants in Germany from renewable sources. In 2014, we reached our milestone of sourcing 100 percent of our electricity from renewable sources. Only 37 restaurants are not included (around three percent of all restaurants in Germany) because they are located in places like shopping centers, where the electricity is supplied by the center’s operator.

**2013 75 % OF ELECTRICITY FROM RENEWABLE SOURCES**

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8) All of the CO₂ emission figures given here were calculated using a new, more comprehensive method, and for that reason are not comparable to the CO₂ emission figures reported in the past.

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It is not always possible to connect restaurants located in places like shopping centers to an automatic metering system.
Since 1981, HAVI Logistics GmbH has been responsible for the multi-supplier sourcing, storage and delivery of practically all the food and non-food items required by all of our restaurants across Germany. In 2013, the energy consumption of HAVI Logistics on behalf of McDonald’s Germany totaled 122,489 mega watt hours. In total, the goods transport and storage activities carried out by HAVI Logistics on behalf of McDonald’s Germany produced 34,968 tons of CO2 emissions.

In 2013, HAVI Logistics delivered 465,730 tons of freight to our restaurants throughout Germany. It clocked up around 14.6 million kilometers to make these deliveries. The total energy consumption for transport and storage per ton of goods delivered was 263 kilowatt hours in 2013. This corresponds to a slight increase of around 1.5 percent compared with the previous year. The resulting CO2 emissions remained constant at 75 kilograms per ton of goods delivered.

Because of its systematic approach to environmental protection and resource conservation, HAVI Logistics plays a major role in minimizing the environmental impact across our value chain. HAVI Logistics publishes its concrete goals and measures under its environmental program as well as its environmental key performance indicators in annual environmental statements. To read this year’s environmental statement and find out more about sustainability at HAVI Logistics, go to www.havi-logistics.com.

Relative to 2012, the average CO2 emissions per diner in our restaurants fell by around 20 percent to 0.47 kilograms of CO2 equivalent per guest count11.

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In 2013, the total waste generated by all of our restaurants amounted to 84,417 tons. This corresponds to around 57.5 tons annually per restaurant – approximately five percent less than in 2012.

At around 42 percent, paper, cardboard and carton represented the largest category of waste. Used cooking oil was the second biggest contributor to waste at around 20 percent, with organic waste and lightweight packaging each accounting for roughly 18 percent.

According to Germany’s Avoidance and Recovery of Packaging Waste legislation (VerpackV), we are responsible for the collection and proper disposal of all the packaging we bring into circulation. In 2013, 11,317 tons of paper, cardboard and carton (32 percent of total) and 5,607 tons of lightweight packaging (38 percent of total) left our restaurants with to-go products. McDonald’s Germany pays license fees to a dual system for these packaging items.

Our employees sort all the in-house packaging used in the restaurant as well as all other waste into six different material categories:

- Paper, cardboard and carton – including transport boxes and burger clamshells
- Lightweight packaging – including beverage and ice cups
- Organic waste – including leftover food from the kitchen and coffee grounds from McCafés
- Used cooking oil – waste frying oil
- Waste destined for recovery – including heavily soiled product packaging and cleaning cloths
- Waste destined for disposal – including garbage and cigarette butts

Our waste disposal partners collect the recyclables from our restaurants and dispose of them in a proper manner. The volumes are recorded by our partners and the legally prescribed recycling rates are examined and verified by an independent expert once a year in line with the requirements of the VerpackV. In 2013, McDonald’s Germany adhered to all of the prescribed recycling rates.

<table>
<thead>
<tr>
<th>VOLUME OF WASTE BY MATERIAL CATEGORY (in tons)11</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011: Paper, cardboard, carton incl. to-go products</td>
</tr>
<tr>
<td>2012: Organic waste incl. to-go products</td>
</tr>
<tr>
<td>2013: Lightweight packaging incl. to-go products</td>
</tr>
<tr>
<td>2013: Used cooking oil</td>
</tr>
<tr>
<td>2013: Waste destined for recovery</td>
</tr>
<tr>
<td>2013: Waste destined for disposal</td>
</tr>
</tbody>
</table>

In 2013, we put 115 tons of electronic Happy Meal toys containing around three tons of batteries into circulation. In line with our statutory obligation to accept returned products, we assume responsibility for the collection and recycling of electronic Happy Meal toys. We also meet our requirements to take back used batteries under the German Battery Act.

Our logistics service provider HAVI Logistics collects old plastic menu and advertising posters (translites) from our restaurants for proper disposal. HAVI Logistics stows the translites in the empty cargo space of their trucks on the way back to the distribution center.

> Increase amount of in-restaurant recycling to 50% and minimize waste

11) Due to changes in internal processes and the way metrics are defined, as well as an improved database for used cooking oil and organic waste, these values are slightly at variance with those communicated in previous years.
HR STRATEGY BUILT ON FAIRNESS AND OPPORTUNITY.
EMPLOYER APPEAL IS A KEY SUCCESS FACTOR

The success of McDonald’s Germany is built on a long-term, well-engineered and focused HR strategy. This will become an even bigger enabler as we move forward. Demographic change is set to impact society in a number of ways, not least through the expected shortage of labor. McDonald’s Germany initiated an apprenticeship study in 2013 to gain a clearer understanding of what young people expect from job training opportunities.

Given the increasingly stiff competition in the bid to offer attractive training and employment opportunities, flexibility is emerging as a make-or-break criterion. This applies both to our training and education models and to the working conditions in our restaurants and administration. In addition, employees value respectful and fair treatment and appropriate remuneration for their work.

BINDING VALUES AS A FRAMEWORK FOR ACTION

The McDonald’s Core Values (see page 8) guide the behavior, actions and decisions of McDonald’s employees around the globe.

The management promise that McDonald’s Germany formulated in 2010 builds on our Core Values, also incorporating the daily experiences and needs of our employees. It highlights our commitment to outstanding customer service as well as our duty to treat employees with fairness and respect, acknowledge exceptional performance and offer regular employee training opportunities.

GLOBAL CSR & SUSTAINABILITY FRAMEWORK – PEOPLE CORE VALUE

COMMITTED TO OUR PEOPLE

CREATE OPPORTUNITY.
Provide lifelong skills and career opportunities for our global workforce.

PROMOTE DIVERSITY AND INCLUSION.
Foster a work environment that values the unique contributions of all.

At the close of 2013, 32 percent of people employed in company-owned restaurants were full-time staff, 43 percent were part-time staff, 15 percent were on short-term contracts and 10 percent had “mini-jobs”1. 90 percent of the 583 administrative employees were working in full-time positions and 10 percent in part-time positions.

At December 31, 2013, the average period of employment for crew members and restaurant managers at our company-owned restaurants was five and nine years respectively. 35 percent of employees in restaurant management, 19 percent of crew members and 58 percent of administration staff have been with McDonald’s Germany for more than ten years.

McDonald’s is the largest employer in the German restaurant business. Together with our franchisees, we employed a total of 60,946 people in 2013. 48,705 of these people worked in the 1,269 restaurants run by our franchisees and 11,638 in the 259 restaurants run directly by McDonald’s Germany (company-owned restaurants). McDonald’s Germany employed a further 583 administrative staff in 2013.

EMPLOYEES

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1) A “mini job” is a German employment relationship where employees may earn up to EUR 450 per month. This type of job is often taken up by high-school and university students.
DIVERSITY AND EQUAL OPPORTUNITIES

The ratio of men to women in company-owned restaurants is balanced. 54 percent of crew members and 49 percent of restaurant management are female.

At the close of 2013, people from approximately 130 different countries were working at the 259 restaurants run directly by McDonald’s Germany. A total of 59 percent of restaurant employees are German nationals, 17 percent are nationals of other EU countries and 24 percent are nationals of non-EU countries.

Almost half (45 percent) of the 11,658 employees who work in company-owned restaurants are younger than 30. 10 percent are over 50 years old.

If you would like to know more about the gender, age and nationality of our governance bodies [Executive Board and Leadership Team (comprising all department heads)] and the Franchisee Leadership Council, please refer to page 7 of this report.
PAYMENT IN LINE WITH COLLECTIVE BARGAINING AGREEMENTS

McDonald’s Germany and all of its franchisees are members of the Federal Association of the Foodservice Sector (BdS)\textsuperscript{2}. As such, we pay all of our employees in line with a collective agreement negotiated by the BdS and the Food, Beverages and Catering Union (NGG)\textsuperscript{3}. The current collective agreement came into force on December 1, 2011. All McDonald’s Germany and franchisee employees are covered by this collective wage agreement and the framework collective wage agreement for the foodservice sector. McDonald’s Germany and its franchisees also pay all apprentices an agreed rate. Regardless of the employment relationship (full-time/part-time), all employees of McDonald’s Germany entitled to social insurance contributions are accorded the same benefits in line with the nature of their work or function.

The wage agreements are available on the BdS website at www.bundesverband-systemgastronomie.de/tarifvertrage.html.

PENSION SCHEMES

In July 2012, McDonald’s Deutschland Inc. introduced a company pension scheme known as the “McBenefit” program for all employees whose salaries exceed the pay scale of collective bargaining agreements. All elements of the program and supporting processes were successfully rolled out during the period under review. The number of employees participating in the scheme is higher than comparable industry levels. We are currently developing an online portal to create transparency and understanding among all employees regarding overall compensation packages.

EQUAL PAY FOR MEN AND WOMEN

Men and women are, of course, eligible for the same pay scale within the framework of the collective wage agreement.

During the period under review, McDonald’s Germany was one of 200 pilot companies to take part in the “Logib-D” study into equal pay in German companies carried out by the German Federal Ministry for Families, the Elderly and the Young. This study investigated the differences in pay between men and women in administrative positions in our company. The analysis of the remuneration structure revealed a gender pay gap of 4.6 percent (adjusted to discount personal and work-related factors). According to the study, this is a small disparity. It stems from the fact that the percentage of women is higher at lower hierarchical levels. The pay gap of 4.6 percent thus reflects the different requirements and responsibilities of these positions.

VOCATIONAL TRAINING AND UNIVERSITY EDUCATION

McDonald’s Germany offers young people three different training paths.

- Apprentices can undertake two years of training to become a specialist in the hospitality services industry (Fachkraft im Gastgewerbe, FKG). This qualification is recognized by the German Chamber of Industry and Commerce (IHK). Participants must have completed German Hauptschule (basic secondary schooling) to qualify. During the period under review, 449 young men and women participated in this program, 136 of whom successfully graduated in 2013.
- Training to become an expert in the foodservice sector (Fachmann/Fachfrau für Systemgastronomie, FASY) usually takes three years and is primarily aimed at good graduates from middle-ranked secondary schools (Realschule) and school-leavers who have taken the university entrance examination (German Abitur). During the period under review, McDonald’s Germany and its franchisees employed 1,296 FASY apprentices. 468 successfully completed the program in 2013.
- We also offer school-leavers who have taken the university entrance examination and graduates from technical colleges (Fachhochschüler) a combined work/study program that gives them the chance to graduate with a Bachelor of Arts (BA) or Bachelor of Science (BSc) degree. We pay these students an allowance and cover any course fees. In 2013, we employed 147 students within this program, 29 of whom successfully completed it during the period under review.

Altogether, 633 apprentices and students successfully completed their training with McDonald’s Germany in 2013. 494 of these young men and women were subsequently hired. This corresponds to a take-up rate of 78 percent, an increase of two percent on 2012.

<table>
<thead>
<tr>
<th>TRAINING PROGRAMS COMPLETED AND TAKE-UP RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-owned and franchisee restaurants</td>
</tr>
<tr>
<td><strong>Completed Training Programs</strong></td>
</tr>
<tr>
<td><strong>Take-Up Rate</strong></td>
</tr>
<tr>
<td><strong>Year</strong></td>
</tr>
</tbody>
</table>

Those who successfully complete the FKG/S course with good grades have the option of training for an additional year to obtain the FASY qualification. In 2013, 42 percent of the FKG/S graduates that we hired availed of this opportunity. The rest started their careers in different crew roles.
During the period under review, we worked continually to strengthen our position as an attractive employer for apprentices.

In May 2013, McDonald’s Germany launched a new information portal under the motto “Du hast die Zukunft! Wir haben den Plan” (Planning your future together). Young people and parents can now find out more about the training opportunities we offer at www.mcdonalds-ausbildung.de. The launch of this online platform was flanked by a communication campaign aimed at young people. Between May and December 2013, we received around 1,300 applications via this platform. At the close of copy of this report (May 31, 2013), this figure had risen to almost 2,000. The portal receives around 15,000 visits per month.

To position ourselves as an attractive employer for apprentices, we have to understand what young people to-day expect from apprenticeship and training opportunities. McDonald’s Germany commissioned the Allensbach Institute for Opinion Polling (IfD) to explore the desires, expectations and experiences of young people before, during and after vocational training. The IfD polled around 3,000 adolescents and young adults between the ages of 15 and 24. We published the results in September 2013 and will be using them to further develop our training measures.

McDonald’s Germany held its sixth apprenticeship open day on November 21, 2013. School-goers and young people were able to visit the 50 participating restaurants and find out more about the three training options that McDonald’s Germany offers. At the same time, our “Wir sind Chefs!” (We’re the boss) campaign gave current apprentices the chance to take the reins at participating restaurants for a day and show that their training will give them everything they need to forge a successful career at McDonald’s.

In the current fiscal year, we launched “McCompetence Ausbildung 2014” (McCompetence Training 2014). This initiative will help us continually develop our training capabilities by giving trainers the opportunity to learn modern study techniques during a series of workshops and work together in project groups to develop initiatives and materials to accompany training courses. McDonald’s Germany also offers training on a part-time basis to give people such as young mothers the flexibility they need to obtain a qualification. McDonald’s Germany helps management-level employees who do not hold vocational qualifications to qualify as experts in the foodservice sector (FASY) through an external examination organized by the IHK. In 2013, twenty-four employees took part in a preparatory course for the external exam organized by IHK.

TRAINING AND SKILLS BUILDING

INTERNAL TRAINING FOR RESTAURANT EMPLOYEES

Crew members receive training in the restaurants in which they work. We use tailored training documentation and courses for every stage of training. In 2013, we developed a starter kit to welcome new employees and help ease them into their new positions at the company. The kit also contains valuable tips for the first ninety days at McDonald’s Germany. We have been using this starter kit since the start of 2014. During the period under review, we also significantly expanded our online portfolio of training material. All restaurant employees can access training videos, e-learning modules and a wide range of training documentation via the “www.ourlounge.de” McDonald’s Germany employee portal.

The majority of FASY graduates hired (72 percent) were employed as shift leaders. The Bachelor graduates that we took on started their careers in restaurant management as Assistant Managers.

Together with our franchisees, we employed a total of 1,892 apprentices in 2013. Unfortunately, the number of apprentices fell by twelve percent compared with the prior-year figure since many apprenticeship positions could not be filled.

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We train management-level restaurant staff at our regional training centers in Berlin, Hamburg, Dusseldorf, Offenbach and Munich. During the period under review, we held 1,266 courses at these centers. McDonald’s also has a Hamburger University in Munich, which is one of seven corporate universities worldwide. Using simultaneous interpreting, the university trains employees from over twenty countries in up to six different languages. In 2013, 81 courses were held at the Hamburger University.

In recent years, restaurant management has become an increasingly complex and intense role. We have reviewed and relaunched our Management Development Program (MDP) to give our teams the tools they need to master these challenges and ensure that our employee training keeps pace with the continuous changes in our restaurants. The new MDP also includes key sustainability issues for restaurant management staff.

The new program comprises the following three stages: shift leader qualification (MDP 1), assistant manager qualification (MDP 2) and restaurant manager qualification (MDP 3). We have also introduced new study methods to provide restaurant trainers with optimum support and ensure that participants get the best possible preparation for their future tasks. All MDP programs are based on three pillars of learning:

- Classroom training (in restaurants and regional training centers)
- Informal learning (with conventional teaching material)
- E-learning via study modules on the different areas

We started to roll out the new MDP with the launch of the first stage, MDP 1, in February 2013. This was followed by MDP 2 in August 2013 and MDP 3 in mid-April 2014.

**SKILLS DEVELOPMENT**

McDonald’s Germany firmly believes in lifelong learning. In 2013, we extensively reviewed our internal skills development offering. We collaborated with a cooperation partner to develop and launch our online “McDeutsch” course for crew employees looking to improve their German skills.

We also created a new study concept for administrative staff, franchisees and restaurant managers comprising tailor-made content and formats. This includes, for example, an e-learning knowledge database called “Wissen to go” (Knowledge to go) and a training program specifically designed to prepare more female employees for management positions. In April 2014, we launched the new skills development program on an online platform that provides employees with a transparent overview of all training and skills development options and enables them to quickly and easily sign up for the courses of their choice.

**TRAINING AND DEVELOPMENT OPPORTUNITIES**

at McDonald’s Germany

<table>
<thead>
<tr>
<th><strong>CREW COLLEGE</strong></th>
<th>Subsidized language, integration and computer courses at all adult education centers (Volkshochschule).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Subsidy to cover the cost of one course per semester (up to EUR 100).</td>
</tr>
<tr>
<td></td>
<td>Available to all crew members in company-owned restaurants and participating franchise restaurants.</td>
</tr>
<tr>
<td></td>
<td>Fifty-five employees in company-owned restaurants took advantage of this offer in 2013.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>FACHWIRT IM GASTGEBER</strong></th>
<th>Training program that employees at restaurant management and middle management level can complete while working. Participants must already hold a business qualification and have at least two years’ work experience.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program lasts two years (distance learning, online learning and classroom seminars).</td>
</tr>
<tr>
<td></td>
<td>Qualification recognized by the German Chamber of Industry and Commerce (IHK).</td>
</tr>
<tr>
<td></td>
<td>In 2013, thirteen employees sat the “Fachwirt im Gastgewerbe” exam.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SKILLS DEVELOPMENT FOR ADMINISTRATIVE STAFF</strong></th>
<th>Our administrative employees have access to a broad portfolio of training courses.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In 2013, 317 administrative staff took part in 54 courses.</td>
</tr>
</tbody>
</table>

---

**RESTAURANT MANAGEMENT TRAINING**

Courses offered and participants

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL COURSES OFFERED</strong></td>
<td>1,734</td>
<td>1,399</td>
<td>1,347</td>
</tr>
<tr>
<td>HAMBURGER UNIVERSITY</td>
<td>92</td>
<td>100</td>
<td>81</td>
</tr>
<tr>
<td>REGIONAL TRAINING CENTERS</td>
<td>1,642</td>
<td>1,299</td>
<td>1,266</td>
</tr>
<tr>
<td><strong>TOTAL PARTICIPANTS</strong></td>
<td>12,445</td>
<td>10,772</td>
<td>9,917</td>
</tr>
<tr>
<td>HAMBURGER UNIVERSITY</td>
<td>1,579</td>
<td>1,844</td>
<td>1,564</td>
</tr>
<tr>
<td>REGIONAL TRAINING CENTERS</td>
<td>10,866</td>
<td>8,928</td>
<td>8,353</td>
</tr>
</tbody>
</table>
COMMUNITY

COMMITTED TO WORKING WITH YOU.
CREATING SHARED VALUE FOR COMMUNITIES AND OUR COMPANY

Stepping up to our corporate responsibility is an important priority for our company. Working with our employees and franchisees, our aim is to create lasting and shared value for our business and for society while reducing negative impacts of the McDonald’s System in the most cost-effective way possible. Earlier chapters in this report outlined how we achieve this balance in our core business, the targets we have set, the actions we have already taken and the challenges that lie ahead.

OUR ACTIVITIES AT LOCAL LEVEL

Reaching beyond corporate responsibility, we believe it is very important to contribute to our local communities, i.e. the areas neighboring our restaurants. This is where our franchisees in particular are active on a broad basis, supporting local sports teams, Ronald McDonald Houses and Family Rooms as well as daycare facilities and community clubs. McDonald’s franchises are often the first port of call for local institutions looking for assistance.

One important issue for our stakeholders is litter. This is a challenge that we are meeting head-on with ongoing national and local campaigns.

GLOBAL CSR & SUSTAINABILITY FRAMEWORK – COMMUNITY CORE VALUE:

GIVE BACK TO COMMUNITIES.

IMPROVE THE LIVES OF CHILDREN AND THEIR FAMILIES.
Through support of Ronald McDonald House Charities and other organizations.

STRENGTHEN COMMUNITIES.
By addressing needs such as education and physical activity.

RONALD McDonald HOUSE CHARITIES IN GERMANY

Ronald McDonald House Charities (McDonald’s Kinderhilfe Stiftung) has been helping critically ill children and their families in Germany since 1987. Projects include the building and running of Ronald McDonald Houses near to specialist hospitals, and of Ronald McDonald family rooms (Ronald McDonald Oases) in the actual hospitals. In 2013, 5,544 families found a temporary home-away-from-home in one of the 19 Ronald McDonald Houses located throughout Germany while their children were being treated in neighboring hospitals. The three family rooms in Erlangen, Sankt Augustin and Cologne, which provide a comfortable space for families within the hospital environment, were visited over 30,000 times in 2013. Since September 2012, a “Kindergesundheitsmobil” (kid’s health truck) has been on the road in Essen, providing a valuable addition to the healthcare and support services provided by the city of Essen.

McDonald’s Germany, together with its franchisees and suppliers, is the German Ronald McDonald House Charities’ largest donor. In 2013, they collectively donated a total of EUR 3.5 million. Our guests donated EUR 2.8 million via the collection boxes in every McDonald’s restaurant in Germany. At our annual charity gala on November 9, 2013, we collected a total of EUR 921,000 thanks to the generous support of the many guests and celebrities who attended the event. Our trainees proved particularly committed to fundraising, selling over a million “helping hand” stickers from October 8 to November 7, 2013 and raising around EUR 921,000 for Ronald McDonald House Charities.

Many of our employees also support the foundation, giving up their time to carry out different jobs at Ronald McDonald Houses in their regions or cooking for the families staying there. Over the years, our restaurants have built close ties to the Houses and Oases. In 2013, 253 employees dedicated their time and support to the foundation, more than double the number in the previous year (2012: 108).
DONATIONS TO THE GERMAN RONALD MCDONALD HOUSE CHARITIES
(in EUR K)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>McDonald’s Germany, franchisees and suppliers</th>
<th>Collection boxes in restaurants</th>
<th>Charity gala</th>
<th>“Helping hands” campaign</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>7966</td>
<td>740</td>
<td>1,362</td>
<td>2,580</td>
<td>3,284</td>
</tr>
<tr>
<td>2012</td>
<td>8,333</td>
<td>751</td>
<td>1,352</td>
<td>2,825</td>
<td>3,405</td>
</tr>
<tr>
<td>2013</td>
<td>8,101</td>
<td>921</td>
<td>921</td>
<td>2,810</td>
<td>3,449</td>
</tr>
</tbody>
</table>

EXAMPLES OF LOCAL WASTE COLLECTION CAMPAIGNS
in 2013

BADEN-WÜRTTEMBERG: STATE-WIDE WASTE COLLECTION CAMPAIGN UNDER THE MOTTO “GERMENAM MEHR ERREICHEN” (ACHIEVING MORE TOGETHER)

<table>
<thead>
<tr>
<th>WHO</th>
<th>McDonald’s region south and the Baden-Württemberg rugby association (Rugby-Verband Baden-Württemberg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOW</td>
<td>McDonald’s provided the ten participating rugby clubs with collection equipment and a McMenu</td>
</tr>
<tr>
<td>WHEN</td>
<td>April 13, 2013</td>
</tr>
<tr>
<td>WHERE</td>
<td>Heidelberg, Karlsruhe, Konstanz, Pforzheim, Stuttgart and Zimmern-Horgen</td>
</tr>
</tbody>
</table>

COLOGNE: COORDINATED COLLECTION RUNS

<table>
<thead>
<tr>
<th>WHO</th>
<th>McDonald’s restaurants in Cologne city center and Cologne municipal sanitation department</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOW</td>
<td>Long-term collaboration between Cologne municipal sanitation department and McDonald’s</td>
</tr>
<tr>
<td>WHEN</td>
<td>Collaboration since 2010</td>
</tr>
<tr>
<td>WHERE</td>
<td>Cologne city center</td>
</tr>
</tbody>
</table>

HAMBURG: JOINT WASTE COLLECTION CAMPAIGN AS A THANK YOU FOR SPONSORSHIP

<table>
<thead>
<tr>
<th>WHO</th>
<th>McDonald’s franchisee Frauke Petersen-Hanson and the “Little Bravehearts” under-15 football team</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOW</td>
<td>Football team sponsored by Frauke Petersen-Hanson</td>
</tr>
<tr>
<td>WHEN</td>
<td>May 18, 2013</td>
</tr>
<tr>
<td>WHERE</td>
<td>Around the McDonald’s restaurant in Winsener Strasse, Hamburg</td>
</tr>
</tbody>
</table>

We have implemented many measures over the years to combat the issue of littering. Our guests can call the McDonald’s customer service hotline to complain about discarded McDonald’s packaging. In 2013, we received around 150 complaints of this nature. If we receive any complaints about littering in the vicinity of specific restaurants, we forward these to the restaurants in question and check what measures have been taken on the ground to tackle the problem and how the situation can be improved.

Our employees collect carelessly discarded waste around restaurants, as well as from neighboring areas such as parking lots, bus stops and public parks. They do this on a regular basis, stepping up their efforts if and as the need arises. These anti-littering patrols are set down in our internal standards. Each restaurant has special waste collection equipment to do this. We use clearly marked waste containers outside our restaurants to remind customers to dispose of their waste responsibly.

Our franchisees and restaurant employees are also committed to working with local communities to combat littering. They collaborate with city and town councils as well as associations and other companies to organize waste collection campaigns tailored to each location’s individual needs. Our main and regional service centers are on hand to give practical support by providing concrete advice, tips and resources.

McDonald’s Germany uses national initiatives to support the efforts of local restaurants. The first of these campaigns was launched in 2010 under the motto “Gib Müll eine Abfuhr” (Say No to Waste) and aimed at encouraging young people to dispose of waste responsibly. In 2013, we unveiled “McMission”, an app that takes a playful approach to sustainability and responsible waste disposal (see page 25). In spring 2014, McDonald’s Germany launched a new national campaign called “Kick the trash” which gave members of the public the chance to submit their own videos to a competition. The campaign was advertised in all restaurants and on the Internet. It was also flanked by an internal ideas competition for employees and local activities organized by franchisees.

In March 2014, the Federal Association of the Foodservice Sector (BdS), the Association of German Cities, the German District Council and the German Association of Towns and Cities launched the “Charta für eine saubere Nachbarschaft” (Charter for Clean Neighborhoods). The initiative aims to intensify dialog between restaurants and city councils and underscores the responsibility that all parties bear in ensuring that our towns and cities remain clean and attractive.

ANTI-LITERRING

Examples of local waste collection campaigns in 2013

BADEN-WÜRTTEMBERG: STATE-WIDE WASTE COLLECTION CAMPAIGN UNDER THE MOTTO “GERMENAM MEHR ERREICHEN” (ACHIEVING MORE TOGETHER)

WHO | McDonald’s region south and the Baden-Württemberg rugby association (Rugby-Verband Baden-Württemberg)
HOW | McDonald’s provided the ten participating rugby clubs with collection equipment and a McMenu
WHEN | April 13, 2013
WHERE | Heidelberg, Karlsruhe, Konstanz, Pforzheim, Stuttgart and Zimmern-Horgen

COLOGNE: COORDINATED COLLECTION RUNS

WHO | McDonald’s restaurants in Cologne city center and Cologne municipal sanitation department
HOW | Long-term collaboration between Cologne municipal sanitation department and McDonald’s
WHEN | Collaboration since 2010
WHERE | Cologne city center

HAMBURG: JOINT WASTE COLLECTION CAMPAIGN AS A THANK YOU FOR SPONSORSHIP

WHO | McDonald’s franchisee Frauke Petersen-Hanson and the “Little Bravehearts” under-15 football team
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SOCCER BADGE AND PLAYER ESCORTS

McDonald’s Germany is an official partner of the German Football Association (DFB). Together, the two organizations offer two successful sport programs.

DFB and McDonald’s Germany have been running the DFB & McDonald’s Soccer Badge initiative since 2007. This nation-wide sports activity program is aimed at children above the age of nine as well as young people and adults. To earn a badge, participants must navigate an obstacle course with a soccer ball. In 2013, 142,092 participants earned a soccer badge.

McDonald’s Player Escort Program gives children between the ages of six and ten the once-in-a-lifetime opportunity to run into a soccer stadium at the start of a game holding the hand of a German national player. In 2013, 12,398 children applied for the program. 55 were selected.

You can find further information on this online at: www.mcdonalds.de/familien/kids-sports

3) Bundesverband der Systemgastronomie e.V.
4) Deutscher Städte- und Gemeindebund
5) The full charter is available on the BdS homepage at www.bundesverband-systemgastronomie.de.
This report was prepared in accordance with the core option of the G4 guidelines of the Global Reporting Initiative (GRI).

## GENERAL STANDARD DISCLOSURES

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<tr>
<th>GENERAL STANDARD DISCLOSURES</th>
<th>LINKS AND CONTENT</th>
<th>EXTERNAL ASSURANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STRATEGY AND ANALYSIS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-1 Introduction from the Managing Director</td>
<td>Introduction Holger Beeck (p. 2)</td>
<td>–</td>
</tr>
<tr>
<td><strong>ORGANIZATIONAL PROFILE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-3 Name of the organization</td>
<td>About McDonald’s Germany: Organizational profile (p. 6)</td>
<td>–</td>
</tr>
<tr>
<td>G4-4 Primary brands, products, and services</td>
<td>About McDonald’s Germany: Organizational profile (p. 6)</td>
<td>–</td>
</tr>
<tr>
<td>G4-5 Location of organization’s headquarters</td>
<td>About McDonald’s Germany: Organizational profile (p. 6)</td>
<td>–</td>
</tr>
<tr>
<td>G4-6 Countries where the organization operates</td>
<td>About McDonald’s Germany: Organizational profile (p. 6)</td>
<td>–</td>
</tr>
<tr>
<td>G4-7 Nature of ownership and legal form</td>
<td>About McDonald’s Germany: Organizational profile (p. 6)</td>
<td>–</td>
</tr>
<tr>
<td>G4-8 Markets served</td>
<td>About McDonald’s Germany: Organizational profile (p. 6)</td>
<td>–</td>
</tr>
<tr>
<td>G4-9 Scale of the organization</td>
<td>About McDonald’s Germany: Organizational profile (p. 6)</td>
<td>–</td>
</tr>
<tr>
<td>G4-10 Total number of employees</td>
<td>About McDonald’s Germany: Organizational profile (p. 6); People: Employees (p. 33); Explanatory notes (p. 46–47)</td>
<td>–</td>
</tr>
<tr>
<td>G4-11 Employees covered by collective bargaining agreements</td>
<td>People: Remuneration (p. 35)</td>
<td>–</td>
</tr>
<tr>
<td>G4-12 Organization’s supply chain</td>
<td>Sourcing: Material aspects and management approach (p. 11–12)</td>
<td>–</td>
</tr>
<tr>
<td>G4-13 Changes regarding size, structure, ownership, or supply chain</td>
<td>About McDonald’s Germany: Organizational profile (p. 6)</td>
<td>–</td>
</tr>
<tr>
<td>G4-14 Precautionary approach or principle</td>
<td>About McDonald’s Germany: McDonald’s Corporation – Board of Directors, committees, bodies (p. 7)</td>
<td>–</td>
</tr>
<tr>
<td>G4-15 Externally developed charters, principles, or initiatives</td>
<td>About McDonald’s Germany: Memberships and external obligations (p. 8)</td>
<td>–</td>
</tr>
<tr>
<td>G4-16 Memberships in associations or advocacy organizations</td>
<td>About McDonald’s Germany: Memberships and external obligations (p. 8)</td>
<td>–</td>
</tr>
<tr>
<td><strong>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-17 Entities included in consolidated financial statement</td>
<td>About McDonald’s Germany: Organizational profile (p. 6)</td>
<td>–</td>
</tr>
<tr>
<td>G4-18 Process for defining report content and aspect boundaries</td>
<td>About this report: Material topics and boundaries of the report (p. 4–5)</td>
<td>–</td>
</tr>
<tr>
<td>G4-19 List of material aspects</td>
<td>About this report: Material topics and boundaries of the report (p. 4–5)</td>
<td>–</td>
</tr>
<tr>
<td>G4-20 Material aspects within the organization</td>
<td>About this report: Material topics and boundaries of the report (p. 4–5)</td>
<td>–</td>
</tr>
<tr>
<td>G4-21 Material aspects outside the organization</td>
<td>About this report: Material topics and boundaries of the report (p. 4–5)</td>
<td>–</td>
</tr>
<tr>
<td>G4-22 Effects of restatements of information</td>
<td>About this report: New report structure (p. 5)</td>
<td>–</td>
</tr>
<tr>
<td>G4-23 Significant changes from previous reporting periods</td>
<td>About this report: Material topics and boundaries of the report (p. 4–5)</td>
<td>–</td>
</tr>
</tbody>
</table>

*Indicators marked with “–” have not been audited.*
### STAKEHOLDER ENGAGEMENT

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>G4-24</td>
<td>Stakeholder groups engaged</td>
<td>About this report: Stakeholder engagement (p. 5)</td>
</tr>
<tr>
<td>G4-25</td>
<td>Basis for identification and selection of stakeholders</td>
<td>About this report: Stakeholder engagement (p. 5)</td>
</tr>
<tr>
<td>G4-26</td>
<td>Organization’s approach to stakeholder engagement</td>
<td>About this report: Stakeholder engagement (p. 5)</td>
</tr>
<tr>
<td>G4-27</td>
<td>Key topics and concerns raised through stakeholder engagement</td>
<td>About this report: Stakeholder engagement (p. 5)</td>
</tr>
</tbody>
</table>

### REPORT PROFILE

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>G4-28</td>
<td>Reporting period</td>
<td>About this report: Reporting period and profile (p. 4)</td>
</tr>
<tr>
<td>G4-29</td>
<td>Date of most recent previous report</td>
<td>About this report: Reporting period and profile (p. 4)</td>
</tr>
<tr>
<td>G4-30</td>
<td>Reporting cycle</td>
<td>About this report: Reporting period and profile (p. 4)</td>
</tr>
<tr>
<td>G4-31</td>
<td>Contact point</td>
<td>About this report: Reporting period and profile (p. 4)</td>
</tr>
<tr>
<td>G4-32</td>
<td>“In accordance” option</td>
<td>About this report: Reporting period and profile (p. 4)</td>
</tr>
<tr>
<td>G4-33</td>
<td>External assurance</td>
<td>About this report: Reporting period and profile (p. 4)</td>
</tr>
</tbody>
</table>

### GOVERNANCE

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>G4-34</td>
<td>Governance structure of the organization</td>
<td>About McDonald’s Germany: Corporate Governance (p. 6–7); McDonald’s Corporation – Board of Directors, committees, bodies (p. 7)</td>
</tr>
</tbody>
</table>

### ETHICS AND INTEGRITY

<p>| | | |</p>
<table>
<thead>
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</thead>
<tbody>
<tr>
<td>G4-56</td>
<td>Organization’s values, principles, standards and norms of behavior</td>
<td>About McDonald’s Germany: Values and guidelines (p. 8); Compliance (p. 8)</td>
</tr>
</tbody>
</table>

### SPECIFIC STANDARD DISCLOSURES

#### ECONOMIC

**MATeRIAL ASPECT: ECONOMIC PERFORMANCE**

<table>
<thead>
<tr>
<th>DMA</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>About McDonald’s Germany: Organizational profile (p. 6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct economic value generated and distributed</td>
<td>About McDonald’s Germany: Organizational profile (p. 6)</td>
<td></td>
</tr>
</tbody>
</table>

**MATeRIAL ASPECT: MARKET PRESENCE**

<table>
<thead>
<tr>
<th>DMA</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>People: Material aspects and management approach (p. 33)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratios of standard entry level wage compared to local minimum wage</td>
<td>People: Remuneration (p. 35) During the period under review, Germany did not have a nationwide minimum wage.</td>
<td></td>
</tr>
</tbody>
</table>

**MATeRIAL ASPECT: PROCUREMENT PRACTICES**

<table>
<thead>
<tr>
<th>DMA</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Sourcing: Material aspects and management approach (p. 11–12)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of spending on local suppliers</td>
<td>Sourcing: Suppliers (p. 12)</td>
<td></td>
</tr>
<tr>
<td>Purchased volume in accordance with internationally recognized responsible production standards</td>
<td>Sourcing: Beef (p. 14–15), Chicken (p. 16–17), Quality labels (p. 17)</td>
<td></td>
</tr>
</tbody>
</table>

#### ENVIRONMENTAL

**MATeRIAL ASPECT: MATERIALS**

<table>
<thead>
<tr>
<th>DMA</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sourcing: Material aspects and management approach (p. 11–12)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials used by weight or volume</td>
<td>Sourcing: Origin of raw materials (p. 13); Packaging (p. 17–18); Explanatory notes (p. 46–47)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DMA</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials used that are recycled input materials</td>
<td>Sourcing: Packaging (p. 17–18)</td>
<td></td>
</tr>
</tbody>
</table>

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### MATERIAL ASPECT: ENERGY

<table>
<thead>
<tr>
<th>DMA</th>
<th>Planet: Material aspects and management approach (p. 27)</th>
<th>–</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN3 Energy consumption within the organization</td>
<td>Planet: Energy and emissions of our restaurants (p. 28); Explanatory notes (p. 46–47)</td>
<td>Explanatory notes (p. 46–47)</td>
</tr>
<tr>
<td>EN4 Energy consumption outside of the organization</td>
<td>Planet: Energy and emissions from logistics (p. 30)</td>
<td>–</td>
</tr>
</tbody>
</table>

### MATERIAL ASPECT: EMISSIONS

<table>
<thead>
<tr>
<th>DMA</th>
<th>Planet: Material aspects and management approach (p. 27)</th>
<th>–</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN15 Direct greenhouse gas emissions (scope 1)</td>
<td>Planet: Carbon footprint (p. 27–28); Energy and emissions of our restaurants (p. 28)</td>
<td>–</td>
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<tr>
<td>EN16 Energy indirect greenhouse gas emissions (scope 2)</td>
<td>Planet: Carbon footprint (p. 27–28); Energy and emissions of our restaurants (p. 28)</td>
<td>–</td>
</tr>
<tr>
<td>EN17 Other indirect greenhouse gas emissions (scope 3)</td>
<td>Planet: Carbon footprint (p. 27–28); Explanatory notes (p. 46–47)</td>
<td>–</td>
</tr>
</tbody>
</table>

### MATERIAL ASPECT: EFFLUENTS AND WASTE

<table>
<thead>
<tr>
<th>DMA</th>
<th>Planet: Material aspects and management approach (p. 27)</th>
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</tr>
</thead>
<tbody>
<tr>
<td>EN23 Total weight of waste by type and disposal method</td>
<td>Planet: Waste and recycling (p. 31); Explanatory notes (p. 46–47)</td>
<td>Explanatory notes (p. 46–47)</td>
</tr>
</tbody>
</table>

### MATERIAL ASPECT: TRANSPORT

<table>
<thead>
<tr>
<th>DMA</th>
<th>Planet: Material aspects and management approach (p. 27)</th>
<th>–</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN30 Environmental impacts of transporting products and other goods and materials</td>
<td>Planet: Energy and emissions from logistics (p. 30)</td>
<td>–</td>
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</tbody>
</table>

### SOCIAL – LABOR PRACTICES AND DECENT WORK

### MATERIAL ASPECT: EMPLOYMENT

<table>
<thead>
<tr>
<th>DMA</th>
<th>People: Material aspects and management approach (p. 33); Sourcing: Material aspects and management approach (p. 11–12)</th>
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</thead>
<tbody>
<tr>
<td>LA2 Benefits provided to full-time employees</td>
<td>People: Remuneration (p. 35)</td>
<td>–</td>
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</table>

### MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS

<table>
<thead>
<tr>
<th>DMA</th>
<th>People: Material aspects and management approach (p. 33)</th>
<th>–</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA4 Minimum notice periods regarding operational changes</td>
<td>The minimum notice period for operational changes is four weeks (regulated by law, not set down in the existing collective wage agreement)</td>
<td>–</td>
</tr>
</tbody>
</table>

### MATERIAL ASPECT: TRAINING AND EDUCATION

<table>
<thead>
<tr>
<th>DMA</th>
<th>People: Material aspects and management approach (p. 33)</th>
<th>–</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA9 Average hours of training per year per employee</td>
<td>People: Training and skills building (p. 36–37); The report does not detail the number of hours per year an employee spends in training. This is because crew staff are trained on the job and this time cannot be recorded. Courses for restaurant management last between one and five days. Much of the course material has been converted into e-learning modules as part of the overhaul of the MDP program. This content is complemented by web conferences, project work and tasks to be carried out with line managers.</td>
<td>–</td>
</tr>
<tr>
<td>LA10 Programs for skills management and lifelong learning</td>
<td>People: Vocational training and university education (p. 35–36); Training and skills building (p. 36–37)</td>
<td>–</td>
</tr>
</tbody>
</table>

### MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

<table>
<thead>
<tr>
<th>DMA</th>
<th>People: Material aspects and management approach (p. 33)</th>
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</tr>
</thead>
<tbody>
<tr>
<td>LA12 Composition of governance bodies and breakdown of employees according to gender, age group, minority group membership</td>
<td>About McDonald’s Germany: Corporate Governance (p. 7); People: Diversity and equal opportunities (p. 34); Explanatory notes (p. 46–47)</td>
<td>Explanatory notes (p. 46–47)</td>
</tr>
</tbody>
</table>

### SOCIAL – SOCIETY

### MATERIAL ASPECT: LOCAL COMMUNITIES

<table>
<thead>
<tr>
<th>DMA</th>
<th>Community: Material aspects and management approach (p. 39)</th>
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<tbody>
<tr>
<td>SO1 Operations with implemented local community engagement, impact assessments, and development programs</td>
<td>Community: Ronald McDonald House Charities in Germany (p. 39); Anti-littering (p. 40); Soccer badge and soccer escorts (p. 41)</td>
<td>–</td>
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</tbody>
</table>
### MATERIAL ASPECT: ANTI-CORRUPTION

| DMA | About McDonald’s Germany: Compliance (p. 8) |
| SO4 | Communication and training on anti-corruption policies and procedures |

### SOCIAL – PRODUCT RESPONSIBILITY

### MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY

| DMA | Food: Material aspects and management approach (p. 20) |
| PR1 | Product and service categories for which health and safety impacts are assessed for improvement |
| PR2 | Non-compliance with regulations and voluntary codes concerning health and safety impacts |
| FP5 | Production volume manufactured in sites certified to food safety standards |
| FP6 | Products lowered in saturated fat, trans-fats, sodium, and added sugars |

### MATERIAL ASPECT: PRODUCT AND SERVICE LABELING

| DMA | Food: Material aspects and management approach (p. 20); Ingredients, content and nutritional value (p. 24) |
| PR3 | Required product and service information |
| PR5 | Results of survey measuring customer satisfaction |

### MATERIAL ASPECT: MARKETING COMMUNICATIONS

| DMA | Food: Advertising to children (p. 25) |
| PR6 | Sale of banned or disputed products |
| PR7 | Non-compliance with regulations and voluntary codes concerning marketing communications |

### MATERIAL ASPECT (SECTOR DISCLOSURES): ANIMAL WELFARE

| DMA | Sourcing: Material aspects and management approach (p. 11–12); Beef (p. 14–15); Chicken (p. 16–17) |
| FP9 | Animals raised and/or processed |
| FP10 | Physical alterations and use of anesthetic |
| FP11 | Animals raised and/or processed by species and breed type |
| FP12 | Antibiotic, anti-inflammatory, hormone and/or growth promotion treatments |
| FP13 | Non-compliance related to transportation, handling, and slaughter practices |
GENERAL INFORMATION ON EMPLOYMENT NUMBERS

- Figures relating to workers employed by franchisees are based on the data supplied by our franchisees. This information is provided on a voluntary basis. As such, some data in this report only refers to restaurants run by McDonald’s Germany (company-owned restaurants) and the administration offices of McDonald’s Germany. This is clearly stated in each case.

- The standard definitions used internally throughout McDonald’s Germany were used as a general basis for employment numbers for McDonald’s Germany reported here.

- To ensure that figures can be compared globally across the Group, only data for active employees was reported. As such, the figures do not include those employees who were on non-paid sick leave on the reporting date, those on maternity or parental leave, taking unpaid leave or in any other kind of dormant employment relationship.

- The number of administration employees reported here does not include apprentices, student trainees or interns working in administration on the reporting date. At December 31, 2013, 13 apprentices, 4 BA students and 18 interns were working in administration at McDonald’s Germany.

- Due to the internal sale of restaurants from franchisees to McDonald’s Germany or vice versa, the number of employees of company-owned/franchisee restaurants reported in relation to the number of company-owned/franchisee restaurants may vary slightly (less than one percent).

EMPLOYEES BY REGION

- As McDonald’s Germany only operates in Germany, a breakdown of figures by region would not be relevant here.

SELF-EMPLOYED WORKERS OR INDIVIDUALS WHO ARE NOT EMPLOYEES OR SUPERVISED WORKERS

- 237 franchisees (201 men and 36 women) operated a total of 1,209 McDonald’s restaurants in Germany in 2013. The franchisees operate locally under the common McDonald’s brand umbrella as legally recognized independent contractors. Our franchisees employed a total of 48,705 people. Figures relating to workers employed by franchisees are based on the data supplied voluntarily by our franchisees. This includes information on the total number of restaurant employees (broken down into restaurant management and crew) as well as data on trainees.

- In the restaurants operated directly by McDonald’s Germany or the administration offices of McDonald’s Germany, no substantial portion of the work is performed by workers who fall under the above definition.

SIGNIFICANT VARIATIONS IN EMPLOYMENT NUMBERS

- There are no significant variations in the number of employees who work in the restaurants operated directly by McDonald’s Germany or in the administration offices of McDonald’s Germany.

EN1

PACKAGING MATERIAL BY WEIGHT OR VOLUME

- The volumes of packaging material reported here are based on an internal database provided by our logistics service provider HAVI Logistics. The database contains the packaging specifications (in particular weight and material) for all articles delivered to our restaurants. When collecting information on the amount of packaging used for serving our products, McDonald’s Germany uses a POS-based system to differentiate exactly between packaging for products consumed on site and “to-go” packaging.

EN3

ENERGY CONSUMPTION

- We adjusted the electricity and natural gas consumption figures for our restaurants retrospectively for 2012. This was done to align the extrapolation method used to calculate total annual natural gas consumption with the extrapolation method used to calculate total annual electricity consumption. As of 2012, we have been able to access more data on natural gas consumption. As a result, we have been able to use an extrapolation method for natural gas that is based on store operating months, which provides the best reflection of restaurant openings and closings during the year. To ensure data remains con-
sistent, electricity and natural gas consumption figures were adjusted retrospectively using the consumption data for 2012 available to us at March 31, 2014.

> We only have partial information on electricity and heating consumption for our administration buildings for the year under review. This data is not sufficient for us to perform a meaningful extrapolation or report meaningful figures. In 2014, we are working on improving the quality of data available for this area.

PERCENTAGE OF ENERGY FROM RENEWABLE SOURCES

> In 2013, 1,400 restaurants were powered entirely or in part by “green electricity” of varying quality. In total, we purchased approximately 434,900 megawatt-hours of renewable energy. This corresponds to approximately 75 percent of our total electricity consumption.

EN17

CO₂ EMISSIONS GENERATED BY HAVI LOGISTICS FOR MCDONALD’S GERMANY

> We only report cooling agents for distribution centers here. Cooling agents used by fleet vehicles (to cool trucks) is not reported. This is because it is not part of the Environmental Key Figures report that was agreed on at European level by HAVI Logistics and McDonald’s and that forms the basis of the data reported here.

EN23

AMOUNT OF WASTE BY TYPE

> Paper, cardboard, carton and lightweight packaging: The volumes of waste reported here correspond to the amounts of carton and lightweight input packaging reported under EN1.

> Used cooking oil and organic waste: The volumes of waste reported here are based on a survey carried out at our restaurants in 2012. The survey revealed that around 75 percent of all restaurants have concrete data on waste disposal, in particular relating to the number and size of containers and the frequency with which they are emptied. This data was used to extrapolate figures.

> Waste destined for recovery and waste destined for disposal: The volumes of waste reported here are based on values estimated using the average amounts of waste by category disposed of by our restaurants.

> The report does not include special waste generated outside of day-to-day operations at our restaurants, for example used electrical equipment removed during restaurant refurbishments or construction waste. The company does not collect data for this in a central database.

RETROSPECTIVE ADJUSTMENTS

> We continually develop our internal corporate responsibility controlling system. This also entails constantly improving our internal data collection processes and key performance indicator (KPI) definitions.

> If we identify a way of improving data quality or accessibility, or if we change our calculation methods, we also adjust the respective KPIs retrospectively for past years.

> We adjust indicators retrospectively if the new method or input causes an indicator’s value to differ by at least three percent from the previous figure.

> We have referenced any retrospective changes to indicators in the footnotes of this report.
INDEPENDENT ASSURANCE REPORT

To the Board of McDonald’s Deutschland Inc., Munich

We were engaged to provide assurance on selected indicators on sustainability performance published in the Corporate Responsibility Report 2013 (further “the report”) of McDonald’s Deutschland Inc. (further “McDonald’s”) for the business year 2013. The Board of McDonald’s is responsible for the appropriateness of the determination and presentation of selected indicators on sustainability performance in accordance with the reporting criteria, including the identification of material issues. Our responsibility is to issue an assurance report on the selected indicators on sustainability performance.

SCOPE

Our assurance engagement was designed to provide limited assurance on whether the following selected indicators on sustainability performance for the business year 2013, including the explanatory notes, are presented, in all material respects, in accordance with the reporting criteria:

- Indicators on “Volume of total packaging per restaurant visit” and “Packaging by material”
- Indicators on “Total energy consumption of our restaurants”, “Average energy consumption of a comparable restaurant”, “Overview of McDonald’s Deutschland Inc. fleet”, “Electricity from renewable sources”, “HAVI Logistics energy consumption on behalf of McDonald’s Germany total”, “HAVI Logistics energy consumption on behalf of McDonald’s Germany per ton of goods delivered”
- Indicator “Volume of waste by material category”
- Indicators “Composition of governance bodies”, “Number of employees”, “Employees by employment status”, “Employees by gender”, “Women in management positions”, “Employees by age”, “Employees by nationality”, “Number of employees with disabilities”

The indicators included in the scope of our assurance engagement are marked with:

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

REPORTING CRITERIA AND ASSURANCE STANDARDS

McDonald’s applies the Sustainability Reporting Guidelines G4 of the Global Reporting Initiative, as described in the section “About this report”, as reporting criteria for selected indicators on sustainability performance.

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This standard requires, amongst others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to provide assurance on sustainability information, and that we comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure our independence.

WORK UNDERTAKEN

Our procedures included:

- A risk analysis with regard to the selected indicators on sustainability performance in scope in the reporting period.
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of selected indicators on sustainability performance, including the consolidation of the data.
- Interviews with relevant staff of McDonald’s responsible for determining, analysing and consolidating data as well as carrying out internal control procedures.
- An analytical review of the data and trends.
- Visit to a production site of a logistics provider in Germany to assess local data collection and reporting processes and the reliability of the reported data.
- Evaluating internal and external documentation to determine whether selected indicators on sustainability performance are supported by sufficient evidence.
- An evaluation of the overall presentation of the selected indicators on sustainability performance, published in the report.

CONCLUSION

Based on the procedures performed, as described above, nothing has come to our attention to indicate that the selected indicators on sustainability performance for the business year 2013, including the explanatory notes, are not, in all material respects, presented in accordance with the reporting criteria.

Düsseldorf, September 12, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Simone Fischer
Certified Public Accountant
(Wirtschaftsprüferin)

ppa. Christian Hell

1) Translation of the independent assurance report, authoritative in German language.