McDonald's Deutschland, Munich branch, has prepared its first corporate responsibility report. The Munich branch of McDonald's Deutschland Inc. (McDonald's Germany) is a significant step for us, along with our franchisees, in embracing our increased commitment to sustainable business practices and in opening dialogue with stakeholders.

The publication of this first corporate responsibility report by the Munich branch of McDonald's Deutschland Inc. is a significant step for us, along with our franchisees, in embracing our increased commitment to sustainable business practices and in opening dialogue with stakeholders.

The foodservice sector consumes more than just raw foodstuffs. Other resources include the high degree of comparability and consistency of the data provided, the highest possible degree of comparability and consistency of the data provided, the highest possible degree of comparability and consistency of the data provided.

For us, sustainability means incorporating ecological and social considerations in our decision-making processes, as well as in the development of our products and services. For us, sustainability means ensuring premium service, product stewardship, eco-footprint, employer of choice and sharing brand.

Our sustain ability topics in the foodservice chain as a starting point to identify key ecological and social considerations in development, diversity and equal opportunities.

Our employees are crucial to our future, ensuring premium service are also part of our open communication with our stakeholders in the science, research and education sectors, politicians and the general public, including the diners in our restaurants.

In the interests of readability, we do not generally write out the full legal names of companies and non-profit organizations. In the following, we use the shortened form, "McDonald's Germany", in place of "McDonald's Deutschland Inc., Munich branch."
1971

- The first McDonald's restaurant opens in Germany.

1972

- McDonald's becomes the leading restaurant chain in West Germany, with an annual revenue of DM 150 million.
- The first McDonald's restaurant opens in the Federal Republic of Germany, marking its first national television commercial airing on the German television program "Heimatreise".

1973

- DM 100 million barrier for the first time as "quality scouts".
- McDonald's becomes the first McDonald's restaurant in the world to receive the CMA for its environmental performance.

1974

- McDonald's launches its franchise system.

1975

- The first McDonald's restaurant in the Federal Republic of Germany opens in Munich on December 4. The potatoes for the fries are still peeled and cut by hand. One million pounds of potatoes are processed in cardboard packaging instead of plastic.

1976

- The first McDonald's highway restaurant opens in Germany.

1977

- The first McDonald's restaurant in the world to receive the CMA for its sustainable family management systems and certified management systems.

1978

- The McDonald's Kinderhilfe Stiftung (founded in 1971) helps critically and socially endangered children.

1979

- The first McDonald's restaurant in the world to receive the CMA for its sustainable family management systems and certified management systems.

1980

- McDonald's becomes an official partner of the German Society of Nutrition Sciences.

1981

- The one million mark for the first time as "quality scouts".

1982

- The veggie burger and new McWraps are added to the menu.

1983

- McDonald's becomes the best franchise system in Germany.

1984

- McDonald's becomes an official partner of the GermanSpeaking Area.

1985

- The first McDonald's restaurant in the world to receive the CMA for its sustainable family management systems and certified management systems.

1986

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- The first McDonald's restaurant in the world to receive the CMA for its sustainable family management systems and certified management systems.
Charta der Vielfalt (diversity charter) A corporate initiative that promotes diversity in companies. The Federal Government Commissioner for Migration, Refugees and Integration in Germany, Prof. Maria Böhmer, is patron of the initiative.

Scope 1–3 Classification of CO₂ emissions. Scope 1: Direct emissions from a company. Scope 2: Indirect emissions resulting from the energy purchased by a company.

Sarbanes-Oxley Act US law enacted in 2002 that set new financial reporting standards for companies listed in the US and their subsidiaries.

Raw materials Unprocessed basic materials sourced either from below or above the earth’s surface, or cultivated in the agricultural industry.

Plan to Win McDonald’s global corporate strategy.

Patty A flat, disc-shaped serving of ground meat or vegetables used for McDonald’s burgers.

Menu Management Department at McDonald’s responsible for the development, configuration and optimization of the company’s product portfolio.

McOpCo Abbreviation of the restaurant operating company McDonald’s Operating Co., which runs all restaurants owned by McDonald’s.

Fluorocarbons (FCs) Organic compounds whose hydrogen atoms are either partly or entirely replaced by fluorine. In the atmosphere, they have an impact on the climate and contribute to global warming.

Duales System Deutschland (DSD) Der Grüne Punkt – Duales System Deutschland GmbH (DSD) was founded in 1990 as the first dual system for recycling and is now a leading provider of take-back systems.

EMAS (and EMAS III) EMAS stands for Eco-Management and Audit Scheme. It is a community scheme that extends to organizations operating in the European Union and the European Economic Area (EEA). EMAS is the world’s most stringent system for sustainable environmental management and environmental auditing. The latest regulation, EMAS III, came into effect on January 1, 2010.

Evaporative cooling Also known as adiabatic cooling, evaporative cooling is a process of using evaporative heat loss to control the climate in a room.

Fatty acid methyl ester (FAME) Diesel fuel obtained from transesterification of used oil.

Food service retail/sector Branch of gastronomy characterized by standardized, uniform organizational structures implemented in all restaurants.

Food Town concept A site where a number of different areas are located; for example, a production facility for bakery products and a logistics company. Bundling areas in this way means that goods do not have to be transported from the supplier to the distribution center.

EMAS The CMA was the central marketing association for the German agricultural industry. From 1970 to 2009, it promoted agricultural products and informed consumers on issues regarding the production and use of food. In 2009, it was liquidated following a judgment by the Federal Constitutional Court of Germany.

CMA The CMA was the central marketing association for the German agricultural industry. From 1970 to 2009, it promoted agricultural products and informed consumers on issues regarding the production and use of food. In 2009, it was liquidated following a judgment by the Federal Constitutional Court of Germany.

CO₂ equivalent CO₂ equivalent is a measure for describing the greenhouse gas potential of different harmful gases. It defines the amount of global warming given amount of a greenhouse gas causes.

CO₂-controlled ventilation An energy-saving form of ventilation that is controlled by an integrated CO₂ sensor.

Distribution center Hub within a logistics distribution network for storing and/or transferring goods.

GMO Global non-GMO policy. To ensure sustainable agricultural production, food safety and consumer acceptance, McDonald’s will only use raw materials that are not genetically modified organisms (GMOs).

Global Common Agricultural Policy (G CAP) A European Union (EU) policy designed to improve the efficiency of the agricultural and food sector.

GLOBALG.A.P. standard A standard defined by GLOBALG.A.P., a private sector organization that sets voluntary standards for the certification of agricultural products across the globe. GLOBALG.A.P.’s aim is to reduce the environmental impact of the agricultural industry.

Glossary

berufsfamilie audit A management instrument that promotes family-oriented HR policies in companies. The berufsfamilie audit was initiated and commissioned by the Hertie-Stiftung charity.

Big Mac Index The Big Mac Index regularly compares the prices of Big Macs in different currencies and uses this information to assess the purchasing power of these currencies. It was introduced in 1986 by the British weekly news publication The Economist.

Biodiesel Bio-synthetic fuel that can be used as an alternative to mineral diesel fuel. In Europe, biodiesel is most commonly produced by transesterification of rapeseed oil and methanol.

Carbon dioxide (CO₂) Chemical compound composed of carbon and oxygen. It is a non-flammable gas which is produced, for example, during the combustion of fossil fuels and as a by-product of road transport and industrial manufacturing processes. Carbon dioxide is one of the greenhouse gases that trigger climate change as its concentration in the atmosphere increases.

Carbon footprint Describes the total amount of greenhouse gases emitted directly or indirectly during a fixed timeframe. It can be calculated for a company, a person, or the lifecycle of a product. It includes all emissions generated across the value chain from raw materials production to product disposal.

Charta der Vielfalt (diversity charter) A corporate initiative that promotes diversity in companies. The Federal Government Commissioner for Migration, Refugees and Integration in Germany, Prof. Maria Böhmer, is patron of the initiative.

Clamshells Boxes primarily used by McDonald’s as packaging for burgers.

CO₂ emission reduction The reduction of the amount of greenhouse gases that are emitted into the atmosphere by human activities. CO₂ emissions from human activities are mainly caused by the combustion of fossil fuels and as a by-product of road transport and industrial manufacturing processes.

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Food Animal Initiative (FAI) International initiative which cooperates with scientists, farmers and food industries to develop programs to encourage animal welfare

Food service retail/sector Branch of gastronomy characterized by standardized, uniform organizational structures implemented in all restaurants.

Food Town concept A site where a number of different areas are located; for example, a production facility for bakery products and a logistics company. Bundling areas in this way means that goods do not have to be transported from the supplier to the distribution center.

Franchise Leadership Council Elected council representing all McDonald’s franchisees in Germany. The council is involved in the approval of business-related issues and the development of corporate strategy.

Fresh fiber Fiber manufactured from plant material and used in new paper products.

GLOBALG.A.P. standard A standard defined by GLOBALG.A.P., a private sector organization that sets voluntary standards for the certification of agricultural products across the globe. GLOBALG.A.P.’s aim is to reduce the environmental impact of the agricultural industry.

Hazard Analysis and Critical Control Points (HACCP) HACCP is a preventive system aimed at ensuring food safety. It is a requirement of EU food hygiene legislation (2004). Only food that meets HACCP standards can be imported and traded in the EU.

Heat recovery Method of reusing thermal energy such as waste heat to reduce primary energy consumption.

ISO 14001 A range of international environment management standards that help organizations improve the implementation of environmental targets.

Key performance indicators (KPIs) Benchmarks used within organizations to evaluate the achievement of or progress towards important targets or critical success factors.

Light-emitting diode (LED) Electric semiconductor light source that has a very good energy balance and does not contain mercury. LEDs are an energy-saving lighting option that can be disposed of in an environmentally sound way.

Low oil volume (LOV) fryer A type of fryer that uses around 40 percent less oil than conventional fryers.

Marine Stewardship Council (MSC) International, non-profit, independent organization committed to combating the overfishing of oceans. It runs numerous projects including an ecocertified program certifying fish from sustainable fisheries.

McDonald’s Agricultural Assurance Program (MAAP) Program used to systematically measure existing production standards at suppliers.

McOpCo Abbreviation of the restaurant operating company McDonald’s Operating Co., which runs all restaurants owned by McDonald’s.

Menu Management Department at McDonald’s responsible for the development, configuration and optimization of the company’s product portfolio.

Patty A flat, disc-shaped serving of ground meat or vegetables used for McDonald’s burgers.

Plan to Win McDonald’s global corporate strategy.

QSC QSC stands for quality, service and cleanliness in McDonald’s restaurants.

Rainforest Alliance Environmental organization that runs a certification program for farms that meet specific social, environmental and economic criteria.

Raw materials Unprocessed basic materials sourced either from below or above the earth’s surface, or cultivated in the agricultural industry. Agricultural goods, primarily food products, are the second most important raw materials group in international trade, behind energy products.

Remodeling Renovation of existing restaurants in line with new design and technology standards; in some cases this also includes Mc Cafés.

Ronald McDonald House Charity The McDonald’s Kinderhilfe Stiftung (Ronald McDonald House Charity) builds and runs Ronald McDonald Houses near to hospitals to provide the families of seriously ill children with a temporary home from home. At the end of 2010, there were 16 Ronald McDonald Houses in Germany.

Sarbanes-Oxley Act US law enacted in 2002 that set new financial reporting standards for companies listed in the US and their subsidiaries.

Scope 1–3 Classification of CO₂ emissions. Scope 1: Direct emissions from a company. Scope 2: Indirect emissions resulting from the energy purchased by a company. Scope 3: Other indirect emissions, for example caused by suppliers.

Sustainable palm oil commitment Commitment to purchasing palm oil from sustainable agriculture.

VerpackV German ordinance on the avoidance and recovery of packaging waste.
Dear readers,

The need for greater sustainability is a key challenge facing society today. Success in a business context depends on a company’s ability to factor in the impact of its operations on society and the environment. At the same time, our customers are placing new demands on us. We have been actively committed to environmental protection for many years now. Visitors to our restaurants have been able to witness much of this work themselves – the introduction of cardboard packaging in the nineties, for instance, or the presence of the Rainforest Alliance seal denoting more sustainably grown coffee. However, our sense of corporate social responsibility also extends to aspects such as systematic quality assurance and improved energy efficiency in our restaurants. While not as readily visible, these measures are just as important in ensuring sustainable operations and winning our customers’ trust. Our first corporate responsibility report highlights both the improvements we have already made and the concrete goals we intend to achieve over the coming years.

Our long-term goal is to rank among the best of our sector in terms of sustainability – while always focusing on our guests. We want to bring our concept of sustainability to as many people as possible. Environmental and social factors therefore play a key role in our planning and decision-making. We believe this is crucial to safeguarding our competitiveness in the long term and continuing to strengthen the roots of our brand in society.

As a business that purchases a significant volume of produce from German farmers, we are looking to take an even more proactive approach to our responsibilities in this area. We are already working closely with partners, suppliers and agricultural representatives to achieve a sustainable procurement process for beef. We also aim to increase our efficiency in relation to natural resources, using renewable energy as far as possible. From 2011 onwards, 25 percent of the power to our restaurants will stem from green electricity, for instance. And by the end of 2014, this is set to increase to 100 percent.

As an employer, too, we follow a forward-looking recipe, offering outstanding training and development options. Diversity, equal opportunities and work-life balance are also important ingredients, helping us to become the best of the German catering industry’s top employer brands.

Over the coming years we intend, more than ever before, to make corporate responsibility part of our core business and embed it throughout our corporate culture. A key aspect of this is seeking dialogue, in particular with our critics. We believe that this open exchange is essential if we are to achieve end-to-end corporate responsibility for all aspects of our organization. The facts and figures in this report, published for the first time in such a comprehensive form, provide the basis of our recipe for the future.

Best regards,

Bane Knezevic
CEO, McDonald’s Germany

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OUR RECIPE FOR THE FUTURE

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OUR RECIPE FOR THE FUTURE
mcdonald’s germany
THE LOCAL FACE OF A GLOBAL BRAND

The Munich branch of McDonald’s Deutschland Inc.* is one of the most important and profitable markets for McDonald’s Europe. 2011 will see us celebrate our 40th anniversary. On December 4, 1971, Germany’s first McDonald’s restaurant opened in the district of Giesing in Munich. McDonald’s awarded the first franchise in Germany in 1975. Today, around 80 percent of the 1,386 restaurants in Germany are run by franchisees. In 2010, McDonald’s Germany and its franchisees crossed the EUR 3 billion revenue mark for the first time, consolidating the company’s position as a market leader in the food business in Germany. McDonald’s has been one of the most well-known and valuable brands in the world for many years now. The company has also been operating the McCafé brand since 2003 in Germany. This shop-in-shop concept has now been introduced at 737 restaurants across the country.

The Munich branch of 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 north-east (Lower Saxony, Bremen, Brandenburg, Schleswig-Holstein, Mecklenburg-Vorpommern, Saxony-Anhalt, Berlin and Saxony), the west (North Rhine-Westphalia, Hesse, Rhineland-Palatinate and Saarland) and the south (Thuringia, Baden-Württemberg and Bavaria) of Germany.

* Referred to as McDonald’s Germany in this report

McDonald’s is the world’s leading franchise foodservice retailer, with over 32,000 restaurants in more than 100 countries. The company’s success story started on April 15, 1955, when its founder Ray Kroc opened the first McDonald’s restaurant in Des Plaines, Illinois, adopting the concept developed by brothers Richard and Maurice McDonald. In the following year, he opened eight new restaurants under franchise. The innovative one-man show had already grown into a strong, dynamic enterprise.
The McDonald’s Germany Executive Board has six members and is subject to the Sarbanes-Oxley Act. RAne Krusevic is Chief Executive Officer and President of the Western Division. Holger Beek is Vice President of the Board and Chief Operating Officer. Joachim Kellner is Chief Finance Officer and Alexander Schramm is Chief Development Officer. Wolfgang Goebel is Chief Human Resources Officer and James Woodbridge Chief Marketing Officer. Further information on the Executive Board and non-management directors of McDonald’s Corporation, headquartered in Oak Brook, Illinois, and details on the Group’s principles, values and guidelines are available in the 2010 Annual Report and at www.aboutmcdonalds.com/med. The company’s global Corporate Responsibility Report 2010 is also available online.

### Revenue development McDonald’s Germany

<table>
<thead>
<tr>
<th>Year</th>
<th>Net revenue (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>€2.91</td>
</tr>
<tr>
<td>2010</td>
<td>€3.017</td>
</tr>
</tbody>
</table>

### Three pillars for success

#### McDonald’s Germany

- **2.69** guests per day
- **1,386** restaurants

#### Suppliers

- **27 partners as suppliers**
- **49,211** employees
- **30** German suppliers for food*
- **30 German suppliers for food** for more than 27 years*

#### Company

- **20%** of all restaurants are company restaurants
- **12,535** employees in company restaurants and distribution in administration

### Success built on three pillars

Our success is built on long-term partnerships. Our business model is based on what we call the three-legged stool concept, whereby each leg represents a stakeholder group in the McDonald’s equation: McDonald’s and its around 62,000 employees, our suppliers and our franchisees. The three-legged stool symbolizes how all partners pull together to drive the business forward. It is also a symbol for stability, since a three-legged stool cannot fall over.

McDonald’s focuses specifically on concluding long-term contracts with suppliers and franchisees. In fact, McDonald’s Germany has been working with some suppliers for more than twenty years. Furthermore, over thirty franchise restaurants have been taken over by second-generation franchisees. This means the sons or daughters of the original franchisees have successfully applied for a franchise contract and taken over the restaurants of their parents. These independent, mid-size entrepreneurs create jobs and training opportunities within their regions and give the McDonald’s brand a face within the local communities. They are valued partners across their localities, supporting sports clubs, local events and charities. You can find further information on this in the “Sharing Brand” chapter.

### Clear values, clear guidelines

McDonald’s global corporate values cover everything from ethical business practices through social engagement to commitment to employees. All employees of McDonald’s across the globe are guided by this code of conduct developed by McDonald’s Corporation. It was introduced decades ago and is being continually adapted and modified to reflect changing business dynamics. In Germany, we also introduced the McDonald’s management promise (Führungsversprechen). You can find further information on our promise and how it is implemented in the Employer of Choice chapter. For our marketing activities, we created the Golden Arches Code as a worldwide mandatory framework of principles guiding responsible marketing communications. Visit: www.aboutmcdonalds.com/med/about/values.html

### Feel good

We want our diners to feel good every time they visit our restaurants. Our sustainability program is a key vehicle in achieving this goal. It helps us identify areas where we can improve our ecological, social and economic performance. Based on our findings, we can then implement dedicated projects in collaboration with franchisees, employees, suppliers and, where necessary, other partners. When it comes to sustainability, we take a wide-angle, long-term view, always guided by the highest possible standards.

### Adding “Planet” to the Plan to Win

Since 2003, our business strategy has been outlined in our Plan to Win. At the heart of this plan is our commitment to continually improving every aspect of the restaurant experience. This master plan identifies the key drivers in our business and underpins them with measures that we believe are crucial to our future success. It focuses on the five key dimensions of people, products, place, price and promotion. At McDonald’s Europe, we have added a sixth dimension: planet. In Germany, this additional element represents our sustainability program and its four action items. It ensures that ecological and social issues become a meaningful and integral part of our business strategy.

### Anchored into our organization

We have created new organizational structures within our company to pave the way for our corporate responsibility program. The corporate responsibility department is tasked with implementing our CR program in close collaboration with our management, our franchisees, and the specialized departments responsible for our four action items. The department is headed by a Director of Corporate Responsibility who reports directly to the CEO of McDonald’s Germany.

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*Refers to suppliers with net revenue above €100,000.

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### Our vision

Our vision goes beyond being Germany’s leading catering brand. We also aim to lead in sustainability in the foodservice sector. We are committed to continually improving every aspect of the restaurant experience. McDonald’s Corporation guidelines guide responsible marketing communications.

Three pillars for success

- Franchisees
  - 1,136 restaurants
  - 49,211 employees
  - 80% of all restaurants are held by 251 franchisees
- Suppliers
  - 27 partners as suppliers
  - 30 German suppliers for food
- Company
  - 20% of all restaurants are company restaurants
  - 12,535 employees in company restaurants and distribution in administration

---
product stewardship

THE MANY ASPECTS OF QUALITY

For many people, balanced eating has become a bigger priority than ever. It is a topic that has moved sharply into the public focus, fuelled by recurring food scandals and rising obesity levels. Which makes it even more important that a company such as McDonald’s, which serves an average of 2.68 million diners each day, steps up to the health challenge. We aim to keep providing our diners with outstanding quality from farm to fork, along with a balanced range of menu options. By offering variety, we give diners the freedom to choose between products with varying nutritional profiles. We channel consumer expectations, current food trends and the latest findings from nutrition physiology into our product development processes to continually improve and enhance our offering.

A MEAL OF CHOICE

Over the last forty years, we have significantly expanded our product offering. Today, we have around 100 different products in our portfolio - approximately thirty on our standard menu, twenty on our breakfast menu and fifty in the McCafé range. In contrast, when McDonald’s opened its first restaurant in Germany in 1971, diners could choose from just six products. In addition to creating new burgers, our menu management team focuses on delivering the lower-calorie and lower-fat products that many of our customers increasingly expect. Our salads, fruit bag, the veggie burger and McWraps bear testament to this. We have also enhanced our Happy Meals to offer a greater choice with options such as salads, mineral water, juices and organic milk. In 2005, German consumer organization Stiftung Warentest found that a Happy Meal containing a cheeseburger, side salad and an apple spritzer constitutes a balanced main meal for children.

In 2009, McDonald’s Europe introduced its Marketing to Children Principles, a set of guidelines that regulates a number of issues. It specifies that McDonald’s will only promote specific Happy Meal combinations, for example with a fruit bag or organic milk, that we will not advertise our food and drink products in schools and that we will always ensure families have easy access to transparent nutritional information.
Nutritional value

As we expand our offering, we continually look for ways to improve nutritional value – for example by reducing salt or fat – without impacting the unique taste of our products. We have already almost eliminated additives from our menu. Today, Chicken McNuggets contain less salt and less fat than a few years ago and have also reduced the amount of salt on our fries. We have developed lower-fat dressings for salads. In addition, we have improved the proportion of aliphatic acids in our deep-frying oil based on the latest findings of nutritional physiology. And in 2010, we cut the amount of salt and fat in the tortillas we use for our McWraps. In 2011, we added a lower-calorie McWrap with less than 300 calories to our standard menu options.

What all this means is that every McDonald’s diner can choose a balanced meal with fresh ingredients. We intend to keep freshness and variety at the very heart of our product offering. Providing transparent information on nutritional content such as calories, fat and carbohydrates is a further key pillar of our product stewardship policy.

Easy access to nutritional information

In order for our diners to make responsible decisions about our products and menus, they have to know what they are eating. McDonald’s Germany believes in providing its diners with information on the content and nutritional value of its products, thus empowering them to make informed choices about the options that best suit their needs. McDonald’s was the first company in the industry in Germany to go beyond legal regulations and print the nutritional value and content of its products on its tray liners. Our nutritional compass containing all this information is now displayed on almost all of our product packaging. We also offer a menu calculator as an additional online service. On our website, diners can drag entire menus on a virtual weighing scale which then calculates the nutritional value, also in relation to guideline daily amounts (GDAs).

www.mcdonaldsmenu.info/nutrition/menucal.jsp

McCafé: new brand, new target groups, new products

The McDonald’s coffee shop brand McCafé was born out of a desire to explore new avenues and reach new target groups. The shop-in-a-shop concept came to Germany in 2003. Today it is an important revenue driver with 737 shops. The McCafé offering enhances McDonald’s own product portfolio and appeals to new diner demographics, particularly young women, mothers and senior citizens. This is done to product innovations such as cakes, cookies, fresh bagels and our yogurt specialty “Yogo Mix”, as well as the range of cupcakes and mini cakes we launched in 2010. All of the coffee specialties served in our McCafé shops are made with coffee beans certified by the Rainforest Alliance.*

Product variety: How the McDonald’s portfolio has evolved over the years

1971: six products: French fries, hamburger, cheeseburger, coke, lemonade and water
2010: 30 products in our standard offering, 20 breakfast products and 50 McCafé products

* Does not apply to decaffeinated coffee
Local freshness
McDonald’s Germany uses fresh, high-quality raw materials, which it sources as close as possible to the point of consumption. This has made us one of the largest purchasers of agricultural products in Germany for many years now. The 1,386 McDonald’s restaurants across Germany require large amounts of fresh raw materials every day. In 2010, agricultural products from Germany accounted for around 70 percent of the total volume of goods purchased. For example, around 90 percent of the beef we purchase on the free market comes via our supplier OSI and its network of almost 100,000 small and medium-sized agricultural holdings. The majority of these are located in southern Germany. As of March 2011, McDonald’s has been using 100 percent German beef for its hamburger, cheeseburger, Big Mac and McDouble patties.

MAAP: promoting quality from the very first step
We ensure that all agricultural raw materials are of the very highest quality from the first step in the value chain journey. The McDonald’s Agricultural Assurance Program (MAAP) helps us to do this by providing a framework for systematically comparing existing quality programs. Our aim is to continually align our individual MAAP criteria with the sustainability principles of the McDonald’s European supply chain management system. We call these the three Es: ethics, environment and economics. The program covers a wide range of areas including environmental protection, integrated agriculture, animal welfare, traceable animal feed, reduced medication levels, transparency and traceability across all production stages, and transparent information on biotechnology and genetic engineering. For further information about MAAP, visit: www.flagshipfarms.eu

Flagship Farms
The Flagship Farms project builds on MAAP. It was developed by McDonald’s Europe in conjunction with the Food Animal Initiative. Under the umbrella of this initiative, participating agricultural holdings must demonstrate good economic, environmental and ethical agricultural practices (the three Es). The project aims to establish dialogue between farms across Europe to promote the sharing of best practices in agricultural sustainability while at the same time driving improvements in sustainable processes.

McDonald’s and its suppliers use these criteria to choose the agricultural holdings that qualify as Flagship Farms. Farms should also have been supplying McDonald’s for at least one crop year or one production cycle. Examples of best practices from these farms are available online at: www.flagshipfarms.eu

Rainforest Alliance: guaranteed sustainability
The coffee beans used in our McCafés and restaurants are sourced exclusively from farms that have been certified by the Rainforest Alliance. This certification guarantees that the beans originate from more sustainable farm-management systems that promote environmental protection, social equality and economic viability.

Ethics, environment, economics: three Es for sustainability
Ethics, environment and economics – the three Es – are the cornerstones of MAAP. Ethics, for example, covers human and animal welfare. Environment addresses issues such as the protection of natural resources (such as land and water) through strict control of fertilizers. Environment also focuses on the protection of endangered species, as well as the reduction and correct disposal of waste. Economics captures our commitment to lasting economic business success, which includes a steady production flow of high-quality products. The three Es are an integral part of MAAP and our Flagship Farms concept.
Sustainable cattle farming

In 2009, McDonald’s joined forces with the World Wildlife Fund (WWF) to create the Sustainable Land Management Commitment (SLMCC), McDonald’s global commitment to promoting sustainable agricultural practices. Improving resource consumption in cattle farming is currently our number-one priority here. In collaboration with the WWF, McDonald’s will be playing a major role in developing more sustainable beef production methods, with particular focus on the climate impact of methane emissions resulting from cattle rearing.

In Germany, McDonald’s is committed to working on a more sustainable purchasing policy for beef with partners, suppliers and representatives from agriculture. We are currently developing and defining specific goals for sustainable optimization. Looking beyond the long-term reduction of CO2 emissions, we also focus on sustainability advances that benefit the environment, livestock, our consumers and the market in general.

A good catch with sustainable fishing

Our commitment to sustainability also includes fish farming. Together with Conservation International and the Sustainable Fisheries Partnership, we have been actively supporting sustainable fishing practices for many years. This program has enabled us to gradually switch our supply chain to fish from sustainable fisheries. In the course of 2011, all of the white fish we source will be certified by the standards of the Marine Stewardship Council and we will display the blue MSC logo in our restaurants.

www.msc.org/de

Quality partnerships with our suppliers

McDonald’s Germany sources many products from suppliers of well-known brands, including Jacobs, Lieken, Meggle, Hochland, Bonduelle, Alpenhain, AgrarFrost, McCain and Coca-Cola. Other suppliers, however, work exclusively for McDonald’s – such as the meat and poultry specialist OSI, based in Giengen and Duisburg.

All of our suppliers align their production processes with McDonald’s standards. To be certified as a McDonald’s supplier, manufacturers have to comply with certain minimum standards. We place great importance on long-term relationships and have been working with 27 of our suppliers for over twenty years – and in some cases over thirty years. These long-term partnerships create a solid platform of trust.

For further information on the scope of our supplier audits, visit: www.mcdonalds.de/verantwortung

Sustainable potato production – Germany’s first Flagship Farm

Germany’s first Flagship Farm is located in Schellerten, in the heart of a fertile potato-producing region called the Hildesheimer Börde. The farm is run by DeskTerra, a co-operative of eleven different landholders in the region. Over an area of 150 hectares, DeskTerra grows Russet and Innovator potato varieties on contract for our fries supplier AgrarFrost and, wherever possible, in line with sustainable standards.

The farm uses Argus monitoring, for example, to effectively control potato blight in an environmentally sound manner. The system recommends the exact time and scope of spraying to ensure the least amount of substances such as fertilizers is used with the greatest impact. This Flagship Farm also aims to achieve perfect seedbeds without excessive and expensive cultivation. This minimum cultivation approach improves the soil structure and helps increase the number of earthworms, which in turn naturally cultivate the soil.

The farm’s commitment to sustainability also stretches to renewable energy with the construction of a 700 kW/h biogas system. It is also certified to GlobalGAP standards.

www.flagshipfarms.eu/case11.php

Percentage of raw ingredients

Germany’s first Flagship Farm

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www.flagshipfarms.eu/case11.php
Quality control at our restaurants

Quality control is also particularly important in our restaurants. Hygiene, storage conditions, grill-to-plate times and service all ensure that our high-quality, controlled products reach our diners in the best possible condition. McDonald’s cleanliness and hygiene standards for restaurants are very strict and in some cases go far beyond minimum legal requirements.

As a market leader in the German foodservice sector, we cannot tolerate errors or oversights. Our restaurants are run in strict adherence to Hazard Analysis and Critical Control Points (HACCP), a concept comprising seven principles which provide a control and documentation process covering all parameters for diner safety. We also have established storage and grill-to-plate times for our products. These measures are continually assessed by independent, non-governmental auditors as well as by accredited labs commissioned by McDonald’s.

Continuous dialog and customer feedback

We believe that criticism is key to continual improvement. Our customer service team therefore handles all customer inquiries with the greatest of care, thoroughly investigating and evaluating all issues. In 2010, we received 69,697 inquiries. These included questions and praise and also complaints, which we use to improve our performance in certain areas. We received a particularly large number of inquiries about sponsoring, unfriendly service, delays in restaurants and receiving the wrong products after ordering at a McDrive were the main causes for complaint. We received praise for the friendly attitude of our staff and the positive service experience in general.
McDonald's Germany is publishing the first corporate responsibility report in the history of the company. For many people, McDonald's and sustainability don't exactly go hand-in-hand.

Mr. Knezevic, what are you trying to achieve?

"we have not always been successful in communicating our efforts to the public."

Bane Knezevic: As a company, we are confronted with imperatives on two sides: on the one hand, customer expectations are changing; on the other, global economic, environmental and social challenges are emerging. And we – not just our company, but society as a whole – have to find ways of rising to these challenges. I am talking about demographic change, for example, or sustainable and reliable sourcing of raw materials for food production. This is why, in recent years, McDonald's Germany has strengthened its corporate responsibility efforts. We have taken the first steps towards implementing the principles of business sustainability. However, we have not always been successful in communicating this to the public. And that is something we now want to change. One important aspect is consolidating all our sustainability activities and introducing transparency via a recognized and standardized form of reporting. In addition, we have set ourselves a number of initial goals, against which we will measure our progress in the future. These goals are mandatory across the entire enterprise and have the support of our franchisees. This is our contribution to securing a better future.

Does this approach have your support, Mr. Leipold?

Dr. Gerd Leipold: Of course I support a global brand such as McDonald's moving in this direction. I have spoken at length with McDonald's management over the last few months, both with the Executive Board and with representatives from other departments. And I have sensed that the issue of sustainability is taken very seriously at McDonald's, particularly by those at the top. We have held lively discussions, and of course there were some areas where I may have hoped McDonald's would go even further and set more ambitious goals. But on the whole, this program is a solid foundation – everyone knows where they stand and can measure what they have achieved. I am particularly impressed that sustainability is to become an integral part of day-to-day business operations.

Mr. Knezevic?

Knezevic: Proud is not the right word. In the long term, our brand success and competitiveness will depend on how successful we are in integrating sustainability into our day-to-day business. We have already introduced a number of innovations for the entire industry: ranging from energy-efficient equipment in our restaurants, to our commitment to attractive working conditions, to the development of our product portfolio. Today, a responsible attitude towards business plays a larger part in our restaurant experience than ever before. But we don't plan to rest on our laurels. Our CR program is based on an end-to-end approach and comprises concrete goals – such as using renewable energy, procuring fish from certified sources only, and reducing waste.

The approval – in principal – of the former head of Greenpeace: does that make you proud, Mr. Knezevic?

Knezevic: That's how I see it, too – and I'm looking forward to continuing our constructive discussions.

Leipold: That's the key point. The opportunities and challenges in this area are diverse and change practically every day. We need to keep moving, and that's why we have created these organizational structures and this culture in our company.

Mr. Leipold, what do you think of these key initiatives?

Leipold: The central issues are described in the sustainability program, and, as time goes on, the company will have to set more ambitious goals. What is important is that appropriate structures have been put in place within the company to guarantee effective sustainability management in the long term – for example the creation of a dedicated corporate responsibility unit.

Knezevic: You are addressing an important point, Mr. Leipold. Some of these elements were already in place in the past. And in the future we want to tie our managers' individual performance targets to more concrete sustainability goals. This ensures we embed those goals more firmly within the company, and work together sustainably in the truest sense of the word – in the long term.

"and in the future we want to tie our managers’ individual performance targets to more concrete sustainability goals."

So you still plan to do a lot more?

Knezevic: There's no doubt about that. The opportunities and challenges in this area are diverse and change practically every day. We need to keep moving, and that's why we have created these organizational structures and this culture in our company.

Leipold: That's how I see it, too – and I'm looking forward to continuing our constructive discussions.

Knezevic: I am also keen to promote further dialogue. And I know that many of those interested in our sustainability activities are also looking forward to our next steps: our employees and franchisees, our suppliers and the wider public, including the experts who advise us. We always welcome critical questions, expectations and suggestions.
eco-footprint

USING RESOURCES EFFICIENTLY

The responsible and efficient use of resources such as water and energy has been a top priority for us for many years now. Our commitment spans every aspect of our business from the farming and processing of our raw materials through the construction and operation of our restaurants to general logistics. Global developments such as the rapid rise in the world’s population, water shortages in some areas of the world and new sources of energy impact our business in different ways. And so, today more than ever, we are committed to active policies that raise the energy efficiency of our restaurants, minimize packaging materials (and subsequently waste) and promote sustainable farming and production processes – where necessary with the support of external experts and in collaboration with the agricultural industry.

ENERGY MANAGEMENT

Less is more – energy-efficient restaurants

Most companies and private homes look for ways to save energy costs and protect the environment. Our restaurants are no exception. In 2010, McDonald’s restaurants consumed a total of 568 million kWh* of energy. In comparison, a German household consumes an average of 3,500 kWh per year. Our aim is to continually lower energy consumption per diner even as the number of restaurants and guests increases and opening hours extend. We have already achieved a great deal by deploying innovative, energy-saving technologies in high-consumption areas such as kitchens and for air conditioning in dining areas.

In most cases, however, there are no easy solutions. Preparing large amounts of food and drink in a short space of time requires powerful equipment. In addition, the throughput of our kitchens varies depending on the time of day and day of the week. And so intelligent operating modes based on a switch-off or standby policy form just one part of the equation.

Equally important is the deployment of equipment with higher efficiency ratings. We have already had some successes here. The clamshell grill, for example, was specially designed for McDonald’s and has been standard equipment since 1988. It cuts cooking times in half and retains heat much more effectively than an open grill. Since 2009, McDonald’s has

*Refers to all restaurants in Germany and eight restaurants in Luxembourg
also been using low oil volume (LOV) fryers, which use around five percent less energy than conventional devices.

Energy consumption varies depending on the age of a restaurant and the equipment deployed. We are therefore currently analyzing and evaluating energy ratings at all restaurants. This will enable us to report on the energy efficiency of our restaurants and plan dedicated improvements.

**Energy consumption of an average McDonald’s restaurant in Germany per year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas (m kWh)</th>
<th>Electricity (m kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>239,407</td>
<td>417,876</td>
</tr>
<tr>
<td>2010</td>
<td>281,996</td>
<td>412,028</td>
</tr>
</tbody>
</table>

* Calculations in some cases not based on calendar years but on operational years or other periods of time; missing values projected.
** Refers to restaurants operating in Germany and Luxembourg and to the main service center (values for missing restaurants projected).

Pilot projects with a big impact

McDonald’s Germany needs to collect valid data and test results before deciding whether to roll out a new technology to all of its restaurants as part of its energy efficiency drive. Cost and energy efficiency are not the only factors to be considered. Each new technology must also be viable within the context of daily operations. We therefore need to test or pilot selected technologies. In 2009, McDonald’s Germany opened EE-Tec, its first energy-efficient restaurant in Achim, near the city of Bremen. Since then, we have been running normal service there with energy from wind, geothermal, solar (photovoltaic) and other renewable sources. In summer, we use evaporative cooling to control room temperature. In winter, heat recovery reduces the amount of energy required for heating. Energy-saving LED lighting, LOV fryers, demand-based ventilation systems, optimized food cooling and a small-scale biological wastewater treatment tank are also part of the pilot project. Technology that has proven to be efficient, such as demand-based ventilation, has already been integrated as standard equipment in new or remodeled restaurants.

**Energy consumption of all McDonald’s restaurants in Germany per year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas (m kWh)</th>
<th>Electricity (m kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>238.7</td>
<td>563.3</td>
</tr>
<tr>
<td>2010</td>
<td>281.7</td>
<td>568.6</td>
</tr>
</tbody>
</table>

* Calculations in some cases not based on calendar years but on operational years or other periods of time; missing values projected.
** Refers to restaurants operating in Germany and Luxembourg and to the main service center (values for missing restaurants projected).

Other technologies such as evaporative cooling are modified based on data gained in Achim and rolled out to further restaurants. For further information on our energy-efficient restaurant, visit: [www.mcdonalds.de/unternehmen/restaurants/eetec.html](http://www.mcdonalds.de/unternehmen/restaurants/eetec.html)

When we renovated our Cologne restaurant in Edmund-Rumpf-Strasse in 2010, we took the opportunity to retrofit various energy-efficiency technologies. This restaurant is now a demo model, allowing us to assess the viability of similar measures in other restaurants.

**Sustainably modern – new and remodeled restaurants**

We have carried out numerous energy optimization tests over the years. The findings of these tests allow us to implement various technologies in new or remodeled restaurants today. We have been able to reduce energy consumption and costs since 2009, for example by deploying energy-efficient lighting systems in dining areas. The lights also have a longer service life than conventional lighting equipment. We have also converted many of the light towers outside our restaurants to LED technology. Furthermore, we have been installing high-efficiency lighting systems in new and refurbished kitchens for many years now. In 2005, McDonald’s was awarded the European Union’s GreenLight Award for its efforts here. We also intend to recycle more of the energy generated by our restaurants. Heat from outlet air, for example, can be recovered and used to heat dining areas and cut heating energy requirements significantly. In future, we aim to continue leveraging the latest energy-saving measures both on construction and remodeling projects.

Collaboration and dialog with the research community and other companies plays a key role for McDonald’s Germany when it comes to building energy-efficient restaurants. In 2010, we joined the German Sustainable Building Council (DGNB), one of whose founding members is the highly respected Professor Werner Sobek. The association’s 900 members are committed to promoting sustainable, cost-effective construction choices in the future. The DGNB certificate recognizes environmentally sound, cost-effective and user-friendly buildings. For further information on the DGNB’s work, visit: [www.dgnb.de](http://www.dgnb.de)

Saving energy each and every day

In order to use energy efficiently, we have to continually improve existing structures. Energy management systems help cut energy consumption in restaurants by switching off power-hungry machines or equipment when not in use. Timed on and off windows optimize electricity consumption further by ensuring kitchen machines are only on when they are needed. The windows take the warm-up phases of different appliances into consideration and can thus reduce power consumption by an average of six percent.

We also regularly provide our franchisees and restaurant managers with an energy-saving catalog which features a wide range of ideas and options for increasing energy efficiency and gradually improving energy management in restaurants. We believe that each individual should step up to the energy challenge. This is why environmental awareness – and energy saving in particular – is an integral part of our employee training program.
Year-to-year comparison of CO2 emissions (Scope 1 and Scope 2) from all McDonald’s restaurants in Germany

<table>
<thead>
<tr>
<th>Year</th>
<th>CO2 Emissions (Scope 1)</th>
<th>CO2 Emissions (Scope 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>381,013 t CO2</td>
<td>59,932 tpa</td>
</tr>
<tr>
<td>2010</td>
<td>394,805 t CO2</td>
<td>69,703 tpa</td>
</tr>
<tr>
<td>2011*</td>
<td>387,000 t CO2</td>
<td>73,000 tpa</td>
</tr>
</tbody>
</table>

(*) Conversion factor for natural gas: 0.23 kg CO2 equivalent / kWh
(**) Projection for 2011 based on current estimates

Environmental management at HAVI Logistics

HAVI Logistics implemented its company-wide environmental management system back in 1997. It was the first logistics company in Europe to have its operational environmental management system certified in line with ISO 14001 and EMAS. In 2010, the company was also certified in accordance with EMAS III. It regularly publishes an environment report. Together with McDonald’s Europe and other logistics companies operating for McDonald’s across Europe, HAVI Logistics has committed to cutting CO2 emissions by 20 percent per ton of delivered goods, increasing the share of renewable energy sources by 20 percent and raising the energy efficiency per ton of delivered goods by 20 percent (2007 baseline) by the year 2020. HAVI Logistics takes a ground-up approach to environmental management – in other words, it is factored into the construction of its distribution centers. As part of its Food Town concept, the company builds distribution centers at the same location as production facilities, for example for patties or buns. This reduces transport and fuel-related CO2 emissions, as suppliers’ goods no longer have to be driven to the distribution center.

At its Günzburg site, HAVI Logistics also uses renewable energy from a photovoltaic system. The company opened its seventh distribution center in Lederhose, in the state of Thuringia. The new center features an energy-efficient cooling system that saves around 294,000 kWh of power and subsequently around 120,000 kilograms of CO2 each year.

HAVI Logistics is also committed to improving the emissions from its delivery fleet. Delivery routes are planned as efficiently as possible to keep fuel consumption to a minimum. The new distribution center in Lederhose has had a positive effect here too, as it cuts the distance travelled to McDonald’s restaurants by 1.5 million kilometers per year – an annual saving of 1.1 million kilograms of CO2.

On the fuel front, the logistics specialist is currently testing a diesel-autogas system for its trucks, known as the bi-fuel system. This technology can cut CO2 emissions by 8.7 percent compared with conventional diesel engines. The company plans to increase the number of test vehicles in 2011. Other vehicles in HAVI’s fleet already run on alternative fuels such as biofossil or fatty acid methyl ester; made in part from used cooking oil from our restaurants.

These alternatives have already enabled HAVI Logistics to noticeably cut CO2 emissions. The company is committed to making further reductions. In addition to fuel consumption, the creation of temperature zones inside trucks has a significant impact on CO2 emissions. Cutting-edge cooling and freezing equipment together with optimized management of cooling space and power translate into further savings.

Charging stations at restaurants: a clean way to be on the way

We live in a mobile world. Mobility has always been a key component of the McDonald’s business model. And we want to keep it that way, but also make it compatible with a more sustainable lifestyle of our guests. In 2011, we kicked off a pilot project to set up around twenty charging stations at our restaurants. So guests with electric cars will be able to charge their vehicles while they dine.
PACKAGING AND WASTE MANAGEMENT

At McDonald’s, packaging packs a double punch. For both hygienic and practical reasons, we require effective packaging solutions for the sale and transportation of our products. Moreover, visually appealing and informative product packaging boosts brand awareness. This is why packaging is a key aspect of our business model – a fact that also presents challenges with regard to sustainability. Minimizing packaging, creating less waste and rubbish, and using eco-friendly materials wherever possible are the central elements of our dedication to climate and environmental protection. Against this background, we follow four basic guidelines: reducing packaging weight, maximizing the proportion of renewable resources, using recycled materials and buying paper goods made from wood sourced from sustainably managed forests.

Less packaging, more recycling

We are actively working on reducing packaging as a whole and on increasing the proportion of recycled materials in our packaging. In 2010, the average weight of our packaging stood at 5.35 grams. This is somewhat higher than in 2009 (5.23 grams), but slightly lower than in 2008 (5.53 grams). The average weight is an important indicator for determining if we are getting closer to our goal of reducing packaging weight. In this regard, we are subject to the German Avoidance and Recovery of Packaging Waste (VerpackV) legislation. This sets out stringent guidelines for taking back and recycling transportation, secondary and consumer packaging. We strive to continuously improve in this regard. Our packaging comprises approximately 90 percent renewable materials. At the same time, we consider the quality and safety of our food: clamshells, the cardboard packaging for our burgers, consist of both non-recycled and recycled material. The inside is coated with non-recycled material, so that the products do not come into contact with recycled material. The core is made up of around 70 percent recycled paper. Buns and salads are delivered to the restaurants in reusable containers, and even the delivery cartons comprise 50 percent recycled paper.

We have deployed a special concept in our McCafés: employees serve food and drinks meant to be eaten in the restaurant on or in porcelain plates and cups.

Say no to waste

In addition to used packaging, McDonald’s Germany needs to dispose of a variety of other forms of waste – in restaurants and as a result of transporting goods.

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 (Batteriegesetz). This governs the collection and recycling of batteries.

We use privately operated collection and recycling systems to ensure that waste is recycled according to statutory requirements. However, thoughtless littering of our packaging – especially in the vicinity of restaurants – is the source of repeated complaints from local governments, neighbors and guests.

Employees regularly clear up areas surrounding restaurants. Since 2010, we have drawn public awareness to the issue of litter with our nationwide anti-littering campaign “Gib Müll eine Abfuhr” (Say No to Waste). As part of this campaign, we are also strengthening our partnerships with city councils and local government, beginning with a pilot project in Cologne in 2010. This project is set to continue with further partnerships, for example in Frankfurt and Berlin.

Recycling rate from packaging requiring licenses disposed of at McDonald’s

- Light packaging
- Paper, cardboard and carton

<table>
<thead>
<tr>
<th>Material and Energy Recovery (%)</th>
<th>Paper, Cardboard and Carton</th>
<th>Composite Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>plastics (material and energy recovery)</td>
<td>67.1%</td>
<td>64.3%</td>
</tr>
<tr>
<td>aluminum</td>
<td>61.5%</td>
<td></td>
</tr>
</tbody>
</table>

Share of recycling materials used in McDonald’s packaging

- 64.5% in 2010
- 66.4% in 2009
- Light packaging
- Paper, cardboard and carton

* The category “boxes” includes Happy Meal boxes, breakfast boxes, clamshells and the packaging for French fries and apple pies.
Mr. Schramm, McDonald’s is a member of the German Sustainable Building Council, the DGNB, and Professor Sobek is the Vice Chairman. Why is McDonald’s part of this organization?

“we want environmentally sound practices as well as energy and resource efficiency to be hardened into our restaurants.”

Sobek: Construction is perhaps the most important weapon in the fight against energy waste and climate change. Buildings are the world’s biggest climate offenders. Global construction activity consumes up to one third of all energy resources, and overall, the construction industry is responsible for around 35 percent of all emissions. I want to make a difference here. We need to radically change how architecture relates to occupants, technologies and the natural environment. McDonald’s is a particularly exciting partner because it has such a large number of restaurants and therefore the potential to take sustainable construction from a niche market to a broader, everyday social and economic agenda.

Sobek: We have developed a standard known as Triple Zero that clearly defines the criteria a building must meet to be considered sustainable. The first of these is “zero energy.” In other words, a building must not consume more energy than the amount it produces itself on average per year. The second factor is “zero emissions”, which states that a building must not produce harmful emissions. And thirdly, we have “zero waste”. This principle states that a building must be fully recyclable and will not result in any waste at the end of its lifecycle.

Sobek: We are part of the DGNB. Reducing energy costs is also a strong financial reason for joining.

Professor Sobek, what is the main focus of your work?

Sobek: We are on the right path. The Three Zeros standard is also McDonald’s yardstick – not today, but in the foreseeable future.

Is McDonald’s Germany also committed to these targets?

Schramm: We are on the right path. However, we and our franchisees also have to take economic factors into consideration. We mustn’t forget that the majority of these changes are being implemented in existing McDonald’s restaurants – of which there are almost 1,400 in Germany. They must not disrupt day-to-day operations or, above all, the restaurant experience and high quality enjoyed by our guests. What we need here are simple, practical solutions. A lot of the time, the right offers just aren’t out there. When we were looking to convert to energy-saving, CFC-free cooling equipment, for example, there were simply no devices on the market that met our needs. In the end, we had them developed for us. In this respect, we are also assuming the role of a technological innovator.

In that case, the real hurdle lies within the construction industry. Professor Sobek, do you agree with that?

Schramm: I truly believe that economic interests and sustainability can and should go hand in hand. This year alone, we will bring to life the most ambitious energy-saving strategy in our company history. It will include the optimization of energy consumption in all of our restaurants and various efficiency offers for our franchisees. This will not only help us save money, but also benefit the environment. We are fl anking this strategy with a green electricity policy. Even before the Fukushima catastrophe and the German government’s nuclear exit announcement, we started buying green electricity. And when it comes to the restaurant experience, sustainable architecture for the McDonald’s brand will always – to quote Professor Sobek – be a thing of beauty...

How do you feel about this, Mr. Schramm? Is it full steam Ahead for sustainability?

Schramm: This is the inspiration behind our energy-efficient restaurant in Achim, near Bremen. We are using it as a test bed for new technologies and procedures ranging from solar energy through evaporative cooling to CO2-controlled ventilation. Any technologies that prove fit for purpose in this or other pilot projects and bring ecological and economic benefits will be gradually integrated in all our restaurants. It’s not just the exteriors of our restaurants that have changed, the structures and technologies have also evolved. LED lighting is just one example. Sometimes small steps can take you a long way.

breathtakingly beautiful – building the future

Interview with architect Prof. Dr. Dr. h.c. Werner Sobek and Alexander Schramm, Board Member responsible for development at McDonald’s Germany

“buildings are the world’s biggest climate offenders.”
Fostering Talent

In their role as employers, companies will in future need to overcome a multitude of new challenges, such as the effects of demographic change and skills shortages. At McDonald’s, we too must be prepared for increasingly fierce competition for the best young employees – despite our current positive situation. In 2010, an average of 62,000 people worked for McDonald’s in Germany. This includes crew, restaurant managers, trainees and other specialists such as food product developers, customer service advisors and marketing staff. That makes McDonald’s the largest employer in the German restaurant industry. In recent years, the number of employees at McDonald’s in Germany has risen steadily. The reasons for this include the opening of many new McCafés in Germany and restaurants’ extended opening hours, up to 24 hours a day. On average, each crew member stays with McDonald’s for 4.4 years.*

Starting and Advancing Your Career

Individualized entry options

Our aim at McDonald’s is to give everyone an opportunity to embark on a promising career, regardless of origin or education. That is why we offer a number of different training paths – each tailored to the individual applicant’s educational background and experience.

As recently as 2009, we introduced a special training program for young people who have completed German Hauptschule (lower-ranked secondary schools). The trainees graduate as “Fachkraft im Gastgewerbe der Systemgastrotomnie” (specialists in the hospitality services industry). We introduced this program in response to a current trend in Germany. Here, young people are increasingly finding that they need more than their school leaving certificate to qualify for a traineeship. This program also addresses demographic shifts, which point towards a growing shortage of skills across all sectors of the economy. Our “specialist” training program is aimed directly at students in Germany’s lower-ranked secondary schools. We give school-leavers an opportunity to train in the foodservice sector and gain a German Chamber of Commerce certificate in the space of two years.

McDonald’s also offers a more advanced training program to become “Fachmann” or “Fachfrau für Systemgastronomie” (experts in the foodservice sector, abbr. FASY). The company was heavily involved in setting up this scheme in 1998. Training usually takes three years and is primarily aimed at good graduates from middle-ranked secondary schools and school-leavers who have taken the university entrance examination (German Realschule and Gymnasium). In addition, successful “specialist” training graduates have the chance to go on and complete this advanced training course within a year.

Since 2006, McDonald’s Germany has also been offering school-leavers who have taken the university entrance examination (German Abiturienten) and graduates from technical colleges (German Fachoberschüler) a combined work/study program that gives young people the chance to graduate with an internationally recognized Bachelor of Arts degree. McDonald’s pays the students’ fees for the three-year course, which combines theory lessons at vocational colleges (trade schools) and on-the-job training at the restaurant.

* Average duration of employment for McOpCo
Year-to-year comparison of employee numbers at McDonald’s: The share of people employed by franchisees has grown (as of Dec. 31, 2010).

2009
- Total number of employees: 61,466
  - Administration: 624
  - Franchise restaurants: 47,993
  - Company restaurants: 12,849

2010
- Total number of employees: 62,354
  - Administration: 608
  - Franchise restaurants: 49,211
  - Company restaurants: 12,535

Staying for good

McDonald’s Germany is very keen to give its trainees the opportunity to be taken on as employees once they have finished their apprenticeship. We find that the company’s own trainees go on to make the best employees and managers. That is why we hire over 70 percent of our trainees as soon as they have successfully completed their period of training. By way of contrast, according to a Confederation of German Trade Unions training report, only between eight and 13 percent of all trainees were kept on in the German hotel and catering trade in 2010.

The Bachelor degree provides a direct path to restaurant manager rank. The training to become a “Fachmann” or “Fachfrau für Systemgastronomie” (expert in the foodservice sector) also prepares participants for leadership roles – the young men and women who complete this training are often taken on as shift leaders in their restaurants immediately afterwards. At a later date, they too will have a chance to take over management of the restaurant. In 2010, 309 of the 385 trainees hired were able to further their careers as shift leaders in the restaurants of McDonald’s Germany and its franchisees. We also offer various ongoing training courses at our center of excellence for operations training and leadership development – the Hamburger University in Munich – and at our regional service centers. These talent development schemes focus on everything from basics in shift leading to business planning.

McDonald’s also promotes the concept of lifelong learning among its employees. The Crew College was set up in collaboration with German adult education centers (Volkshochschulen) for this very purpose. Its curriculum is based on the European Lifelong Learning Program, and it offers an additional qualification independent of the participant’s current job and career. McDonald’s provides financial support for these courses in the form of a gross allowance of up to EUR 180 per semester.

For more information about McDonald’s training opportunities, go to: www.mcdonalds.de/verantwortung

Year-to-year comparison of McDonald’s training offers and uptake (courses at the Hamburger University, HU) and administration courses offered by the Personnel Development Department

Year-to-year comparison of apprentices at McDonald’s

- Apprenticeship opportunities
  - 2009: Total: 2,168
    - Bachelors: 74
    - Specialists: 1,860
  - 2010: Total: 2,263
    - Bachelors: 126
    - Specialists: 239

Year-to-year comparison of McDonald’s as top employer

Our overarching aim is to be ranked as an “employer of choice” and we undertake a wide range of measures to enhance the employee experience. Initial pointers to our success in this area include improved rankings in satisfaction surveys and studies, such as the “Deutsche Schülerbarometer”. This survey examines the career and life aspirations of German secondary school students in forms 8 to 13. In 2010, 15,800 school-goers were surveyed, and McDonald’s was rated as the 33rd most attractive employer for young people in Germany out of a 100-strong field. In 2009, we were placed 36th. Meanwhile, based on an independent study by the opinion research institute CRF, McDonald’s Germany has received “Top German Employer 2011” certification – a seal of approval we have held since 2004.
MORE THAN JUST A JOB

Employee satisfaction

Our aim is to have a satisfied, engaged and committed workforce. We regularly survey our employees anonymously to gauge their job satisfaction. We ask them if they are happy to come to work, whether there is a good line of communication between management and crew members and what they think about the further training opportunities available to them. We have already channeled these insights into specific initiatives in collaboration with the Crew College and the Confidential Contact Center.

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We update our surveys on a regular basis to examine the effectiveness of the measures we have put in place.

Corporate Volunteering Day

For the first time in 2011, employees in administration will have a chance to participate in the McDonald’s Corporate Volunteering Day. Instead of doing their usual business on this working day, they will assist the McDonald’s Kinderhilfe Stiftung (Ronald McDonald House Charities) by participating in the daily duties arising in Ronald McDonald Houses. We are organizing this day for two reasons: firstly to support these houses, and secondly to nurture the social awareness of our employees as active members of the local communities in which they live and work. Find more information on the McDonald’s Kinderhilfe Stiftung in the Sharing Brand chapter.

Teamwork – a matter of trust

The McDonald’s Confidential Contact Center was set up in 2006. It provides an opportunity for all company employees to air any problems they might have at work by phone, letter, e mail or fax if talking to colleagues and superiors did not help. The Confidential Contact Center tries to find solutions and reach a compromise – usually through dialog with everyone concerned.

It works as a neutral arbitrator independently of McDonald’s and its franchisees. It is bound to secrecy and provides advice to everyone free of charge. Employees are informed about the Confidential Contact Center through flyers, internal information media and the intranet.

Safety in the workplace

McDonald’s takes the safety of its employees very seriously. We optimize our work processes and use the best possible equipment to ensure a safe working environment. Nevertheless, accidents cannot be excluded in a restaurant environment despite complying with all legal requirements. In a bid to systematically eliminate the causes of accidents and prevent accidents from occurring, our employees receive regular training on a variety of safety-related topics. These include courses on workplace safety such as first-aid training and regular first-aid refresher courses.

Diversity with equal opportunities

Demographic shifts are posing increasingly formidable challenges to employers everywhere. We expect skills shortages to intensify, and companies will have to hire older employees in the years to come. We recognize the benefits of diversity: McDonald’s Germany employs 128 different nationalities, and around 20 percent of all crew members in company restaurants are over 41 years of age. We develop the personal, professional and social skills of all employees, regardless of origin, age or educational background. The Crew College was set up, for example, to educate McDonald’s employees in areas that are not directly related to their job function. We focus on language or computer skills. Internal training courses enhance employees’ job-specific skills and lay the foundation for their future career path. In 2007, McDonald’s Germany signed the Diversity Charter, which was set up by Professor Maria Böhmer, Minister of State at the Federal Chancellery. McDonald’s was one of the founding members of the “Charta der Vielfalt” association, established in 2010. It became operational in early 2011 and will in future organize and financially support all Diversity Charter-related activities. Silvia Merretz, Senior Department Head HR Development at McDonald’s Germany, is the new Chair of the association. Under the umbrella of the Charter, we make a commitment to respect, value and support all employees, regardless of gender, nationality, religion or ethnic origin.

Work and family in balance

Achieving a good work-life balance is particularly important for working mothers and fathers. McDonald’s is committed to supporting its people in striking the right balance. A kindergarten in Munich is just one of the many facilities available to employees at the main service center in Munich. In fall 2011, a nursery will open up as well. The company berufsfamilien gGmbH awarded the “work and family award” (Sofit berufsfamilien) certificate to the Munich Center in recognition of its measures to harmonize work and family life. In our restaurants, the shift plans contribute to our employees’ flexibility when choosing their hours of work.

A matter of principle: our management promise

Senior managers at McDonald’s follow the company’s management guidelines and live the “McDonald’s Führungsversprechen” in their daily work. Follow this link to read our six guidelines: www.mcdonalds.de/metanavigation/jobs_karriere/richt_mcdonalds.html

Our administrative staff and senior managers are also committed to actively participating in Ray Kroc Day. When they join McDonald’s and once a year after that, office-based employees join crew members to work at a McDonald’s restaurant for a day. We feel this gives our office staff and senior managers vital insights into our daily operations.

Fair pay scale

McDonald’s is committed to paying its employees fairly and in line with individual performance. McDonald’s Germany adheres to a collective agreement negotiated by the Bundesverband der Systemgastromenie e. V. (BdS) (Federal Association of the Foodservice Sector) and the Gewerkschaft Nahrung-Genuss-Gaststätten (NGG) (Food, Beverages and Catering Union). Our trainees are also paid an agreed rate. In addition, we offer attractive extended benefits like holiday pay, an annual special allowance, bonuses for working nights and capital-forming benefits. Men and women naturally receive equal pay for the same job. For details of our collective agreements and the payment of our employees, see: www.bundesverband-systemgastronomie.de/uber-den-bds/ tarifabschluss.html

www.mcdonalds.de/metanavigation/jobs_karriere/richt_mcdonalds.html
“our aim is to be the employer of choice in the foodservice sector.”

Wolfgang Goebel: I can’t think of a better location than here to discuss McDonald’s image as an employer. After all, it is where the majority of our 62,000 employees do their job every day with dedication and commitment. A restaurant is the perfect backdrop for this interview.

Do you agree, Dr. Jochmann?

Dr. Walter Jochmann: It’s an ideal place to challenge existing ideas and put new thought processes in motion. It is also “home” to the clichés most people associate with working for McDonald’s.

You mean the image of a stressful job that no-one wants to do? But the hectic pace in the kitchen and at the counter speaks for itself, doesn’t it?

Goebel: Of course. I’m not saying that the work isn’t hard. However, it’s the same for almost all jobs in the foodservice industry. Which is why we make the same for almost all jobs in the foodservice industry. Which is why we make the same for almost all jobs in the foodservice industry. Which is why we make the same for almost all jobs in the foodservice industry. Which is why we make the same for almost all jobs in the foodservice industry. Which is why we make the same for almost all jobs in the foodservice industry. Which is why we make the same for almost all jobs in the foodservice industry. Which is why we make the same for almost all jobs in the foodservice industry. Which is why we make it a top priority to offer our employees much more. Many people still have an old image of the McJob culture. Our aim is to be the employer of choice in the foodservice sector. Offering professional development paths is just one of the ways we are doing this. We support everyone who wants to challenge existing ideas and put new thought processes in motion. It is also “home” to the clichés most people associate with working for McDonald’s.

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Wolfgang Goebel: Let me put it this way, McDonald’s has already achieved quite a lot in an industry that is currently not seen as the most attractive source of employment. Providing good training opportunities is certainly one way to achieve this ambitious goal. In my work as a consultant, I find again and again that systematic talent management is the key to retaining qualified employees. The prospect of advancing professionally is above all a motivational force for employees already working in the company. To attract new staff, however, companies also need to focus on other factors such as work-life balance.

Isn’t work-life balance incompatible with shift work?

Goebel: Not if you use the benefits of a shift model. We use it to offer our employees flexibility. A mother, for example, can work in the morning when her child is at school. If a father prefers to work evenings when his wife is at home looking after the children, he can.

Can these parents make a career at McDonald’s? Can they work in restaurant management?

Jochmann: This model allows employees to share tasks and achieve a balanced career. It enables two restaurant managers to share tasks and achieve a balanced career. It enables two restaurant managers to share tasks and achieve a balanced career. It enables two restaurant managers to share tasks and achieve a balanced career.

Jochmann: Part-time management positions are still very rare. I often advise companies to adopt a split leadership model. In my opinion, this will be a key element in tomorrow’s labor market. And the only way to increase the share of women in management positions. It would be extremely detrimental for a company to do without qualified female workers simply because they are unable to align working life with childcare and family commitments.

Has this model been adopted by McDonald’s?

Goebel: We do offer a form of split leadership. It enables two restaurant managers to share tasks and achieve a better work-life balance on a part-time basis. And we already boast an impressive 52 percent share of female employees in management positions.

Which shows that your efforts are paying off to some extent. But is that enough, Dr. Jochmann?

Jochmann: A consistent HR policy is crucial to a company’s future success and there are many more challenges that need to be addressed here. Healthcare management and workplace ergonomics are becoming increasingly important, especially as demographic trends push up the proportion of employees over 50.

Is this where the McDonald’s system reaches its limits, Mr. Goebel?

Goebel: We have already achieved a great deal even if we are not yet perceived as a totally positive employer. We know that we have to improve here. We will be putting the spotlight on workplace ergonomics within the framework of our health-care management policy. When it comes to increasing our appeal as an employer, McDonald’s will again prove itself to be a committed and adaptable company.

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from mcjob image to valued employer

Interview with Dr. Walter Jochmann, CEO of Kienbaum Management Consultants GmbH, and Wolfgang Goebel, Chief Human Resources Officer of McDonald’s Germany.
At McDonald’s Germany, we see ourselves as a part of the communities we serve and are committed to being a good corporate citizen in all of our dealings. Together with our franchisees and employees, we do our utmost to achieve this. McDonald’s founder Ray Kroc coined the phrase “We have an obligation to give something back to the communities that give so much to us.” Social engagement is a cornerstone of our business model. We actively seek the support of our diners and partners so we can reach even more people. In addition, ongoing dialog with our stakeholders is very important to us. We are aware of the challenges this involves in light of public preconceptions and certain internal reservations. But we are certain that only an open exchange of opinions and frank and honest discussion of needs and expectations can enable us to find innovative solutions and provide a basis for sustainable long-term development – at local and national level.

**sharing brand**

**PART OF THE COMMUNITY**

We involve external experts representing our material action items in the development and implementation of our CR program. At present, a three-headed Expert Council that was constituted in 2011 is consulting us. Current members are Dr. Gerd Leipold, former Executive Director of Greenpeace International, Prof. Dr. Dr. h.c. Werner Sobek, architect and expert in green building and Dr. Walter Jochmann, Chairman of the Executive Board of Kienbaum Management Consultants GmbH. The Expert Council meets twice a year.

**ENGAGING WITH OUR STAKEHOLDERS**

We maintain open dialog with our stakeholders, including government bodies, trade associations, politicians and non-governmental organizations (NGOs), as these groups influence our business and the industry as a whole. Guided by a strong sense of corporate social responsibility, our dialog activities focus on maintaining constructive exchange with these interest groups. Our aim is to get our message across and listen to what others have to say. Transparency, integrity and openness are key priorities for us here. McDonald’s Germany is also a member of various trade groups and organizations to represent our interests. These include the Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA) (Confederation of German Employer Organizations) and the Bundesverband der Systemgastronomie (BdS) (Federal Association of the Food-service Sector). As the president of BdS, our Chief Human Resources Officer Wolfgang Goebel is also a chairing member of BDA.

McDonald’s does not pay any party donations or contributions to parties or politicians.

**CR Expert Council**

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Strong commitment from our franchisees

Our franchisees support the McDonald’s Kinderhilfe Stiftung through annual fundraising activities and fixed revenue-indexed donations. In addition, they engage with local community activities. They support various social projects such as sports facilities for young people, Ronald McDonald Houses and family rooms in hospitals, as well as day care facilities. They are often the first port of call for institutions looking for assistance.

Franchisees also have a special responsibility as a local employer and provider of training opportunities. Many young people who complete training with us are subsequently offered full-time positions. Franchisees create on average 40 to 50 flexible full- and part-time positions per restaurant.

The environment is becoming an increasingly important issue. More and more franchisees are committed to anti-littering campaigns, thus ensuring that the areas around their restaurants are kept clean and well maintained. These activities are often carried out in conjunction with local communities and district authorities.

So we inspire others to help

At McDonald’s Germany we believe in mobilizing as much support as possible for environmental and community causes. We therefore want to inspire our diners, employees and suppliers to help us reach our ecological and environmental goals. We involve them in our campaigns and encourage them to take the initiative – for example with our collection boxes for the McDonald’s Kinderhilfe Stiftung.

A temporary home: McDonald’s Kinderhilfe Stiftung (Ronald McDonald House Charities)

The McDonald’s Kinderhilfe Stiftung has been helping critically ill children and their families since 1987. Its projects include building and running Ronald McDonald Houses near to specialist hospitals, and Ronald McDonald family rooms (Ronald McDonald Oases) in the actual hospitals. Our houses provide a temporary home for families whose children are being treated in nearby hospitals.

The family rooms provide a comfortable space within a hospital environment for children and families undergoing often stressful and exhausting treatments. In addition to these facilities, the McDonald’s Kinderhilfe Stiftung runs a support program, which provides funds for selected initiatives and projects that focus on the wellbeing of children and young adults. In 2010, the foundation was able to make a donation for a children’s hospital in Haiti following the earthquake and contribute to a new facility in Meissen run by the children’s charity Arche.

McDonald’s, together with its franchisees and suppliers, is the foundation’s largest and most important donor. In 2010, we contributed EUR 4.8 million to the upkeep and expansion of a total of sixteen Ronald McDonald Houses and three Ronald McDonald family rooms in Germany. Some of these funds are raised at annual events held at our restaurants on World Children’s Day and at our gala organized specifically to support the McDonald’s Kinderhilfe Stiftung. Our diners also support the foundation by donating to the collection boxes at our restaurants. A total of EUR 2.4 million was collected in our restaurants in 2010. Donations are also made by private individuals.

However, supporting the McDonald’s Kinderhilfe Stiftung is not just a question of money. The foundation also relies on the commitment of its many volunteers, all of whom donate valuable time to sick children and their families. A total of 629 volunteers gave around 74,000 hours of their time to the foundation in 2010.

For further information please visit: www.mcdonalds-kinderhilfe.org
We believe that striking the right balance between exercise and a good diet is the basis for a healthy lifestyle. Which is why we work with the German Soccer Association (DFB) to get kids in Germany more involved in sport and exercise. 2007 saw us launch the first DFB & McDonald’s Soccer Badge (DFB & McDonald’s Fußball-Abzeichen). This sporting program encourages girls and boys to train for a badge which they are awarded on completion of a course that franchisees construct next to their restaurants.

The participants must navigate the obstacles in the course with a soccer ball. The badge is also offered by different sports clubs. In 2010, 360,000 children took part in the campaign. McDonald’s Player Escort Program also inspires children to play sports and exercise by giving them the once-in-a-lifetime opportunity to run into a soccer stadium at the start of a game holding the hand of their sporting hero. At the Soccer World Cup 2006, this dream certainly resonated with children when the number of applicants crossed the million mark.
Mr. Felbinger, McDonald’s is the most successful franchise system in Germany. It has also received awards on numerous occasions. What are the secrets of its success?

Roman Felbinger: Based on my own experience and conversations with other franchisees, I would say that close collaboration between the company and its franchisees is a key factor here. We remain in constant contact. The brand can only be successful if its values and core messages are lived in an authentic and consistent way at all levels. In many ways, we benefit from the brand’s strength and from national campaigns. And the brand benefits from the success of individual franchisees, acting as local brand ambassadors and bringing business, employment and training to the community.

Is this just a question of the restaurant, the products and the employees or does community involvement also play a role here, Mr. Beeck?

Holger Beeck: It plays a very large role. Our company founder Ray Kroc believed that we have an obligation to give something back to the community that gives so much to us. We still live by these words today. The responsibility that McDonald’s Germany bears as a company at national level is played out at grassroots level by our franchisees. They are the local face of many of the activities that we develop and implement, including the work we do for the McDonald’s Kinderhilfe Stiftung (Ronald McDonald House Charity) and our efforts for national charities such as the Deutsche Fußball-Bund (DFB) & McDonald’s Soccer Badge. I am impressed time and again by the commitment of our franchisees. This is a key factor in our sustainability strategy for me.

Mr. Felbinger, how would you describe your responsibilities as a local franchisee?

Felbinger: As franchisees, we are continually reminded of the importance of our contribution to our immediate neighborhoods as corporate citizens. We provide local jobs and training opportunities and are often the first port of call when a community service or local sports club needs a helping hand. We are proud of this and it shows us that we are seen as active members of our communities.

Mr. Felbinger praises the collaboration between the company and franchisees. But, Mr. Beeck, doesn’t this also mean that the support of your franchisees can make or break your sustainability strategy? After all, we are talking about some 250 franchisees. How do they react to change? How do you convince them to invest in sustainability?

Mr. Beeck: Implementing a sustainability strategy throughout a franchise network certainly is a challenge. But critical feedback also creates new impetus. Just like any other company, our franchisees want the right answers to just one question: Will this approach secure the success of my business in the long term? In this case, our franchisees benefit from two factors in particular: the more efficient use of costly resources and greater acceptance of our brand and values by our customers. We provide local jobs and training opportunities and are often the first port of call when a community service or local sports club needs a helping hand. We are proud of this and it shows us that we are seen as active members of our communities.

Which brings us right to the heart of the matter: Integrating sustainable business principles into our restaurants is not just about raising our image in the eyes of our guests, it also contributes to our long-term economic success. And we have always concentrated on building long-term relationships with franchisees. In some cases, we are already working with the second or even third generation. Any company built on these foundations knows just how much sustainable business philosophy contributes to long-term profits. In fact, you could say that franchisees themselves have a local awareness of sustainability.

Mr. Felbinger, how would you describe your responsibilities as a local franchisee?

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## Corporate Responsibility

### Roadmap McDonald’s Germany 2010–2013

**Product Stewardship**

**Vision for 2020**: We are committed to supporting others – particularly at local level – in the communities where our restaurants are located. We are committed to achieving the right balance between financial and social objectives.

**Goals for 2013**

**Area**: Achieved by 2010

<table>
<thead>
<tr>
<th>Buildings and equipment</th>
<th>Logistics</th>
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</thead>
<tbody>
<tr>
<td>- Systems analysis for alternative energy (in restaurants in Germany)</td>
<td>- CO2 emission associated with transportation for suppliers in Germany (e.g. trucks)</td>
</tr>
<tr>
<td>- Reduction of energy consumption in various activities</td>
<td>- Systematically reduce CO2 emissions (+5% vs. reference period)</td>
</tr>
<tr>
<td>- Programme to reduce CO2 emissions in logistics (e.g. trucks)</td>
<td>- Increase energy efficiency in overall logistics (i.e. transportation and distribution)</td>
</tr>
<tr>
<td>- Investment in alternative energy systems (e.g. solar and wind power)</td>
<td>- Close a key supplier for CO2 emissions in both logistics and distribution</td>
</tr>
<tr>
<td>- Integration of energy-saving technologies (e.g. green logistics)</td>
<td>- Increase efficiency in overall logistics (i.e. transportation and distribution)</td>
</tr>
</tbody>
</table>

**Goals for 2013**

- Increase energy efficiency in overall logistics (i.e. transportation and distribution)
- Close a key supplier for CO2 emissions in both logistics and distribution
- Integration of energy-saving technologies (e.g. green logistics)
- Increase efficiency in overall logistics (i.e. transportation and distribution)

**Eco-Footprint**

<table>
<thead>
<tr>
<th>Sustainable supply chain management</th>
<th>Customer satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>- High proportion of locally sourced ingredients</td>
<td>- Regular customer surveys</td>
</tr>
<tr>
<td>- Organic farming for fresh vegetables</td>
<td>- Drive continuous improvement based on monitoring, cleanliness (QSC)</td>
</tr>
<tr>
<td>- Transparency in the supply chain</td>
<td>- Drive continuous improvement based on monitoring, cleanliness (QSC)</td>
</tr>
<tr>
<td>- Increase the proportion of organic produce</td>
<td>- Drive continuous improvement based on monitoring, cleanliness (QSC)</td>
</tr>
<tr>
<td>- Continuous improvement in supply chain activities</td>
<td>- Drive continuous improvement based on monitoring, cleanliness (QSC)</td>
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</tbody>
</table>

**Goals for 2013**

- Drive continuous improvement based on monitoring, cleanliness (QSC)
- Drive continuous improvement based on monitoring, cleanliness (QSC)

**Quality**

- Ensure that suppliers continue to meet the highest food quality standards, even in new outlets
- Continue to improve food quality and service
- Continue to improve food quality and service

**Goals for 2013**

- Drive continuous improvement based on monitoring, cleanliness (QSC)
- Drive continuous improvement based on monitoring, cleanliness (QSC)

**Employer of Choice**

**Vision for 2020**: We are one of the most popular employer brands in Germany, known for our excellent training and skills development programs, as well as our diversity and equal-opportunity approach.

**Goals for 2013**

**Area**: Achieved by 2010

<table>
<thead>
<tr>
<th>Employment and training</th>
<th>Communications</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Increase green electricity ratio to at least 25% of energy consumption in restaurants in Germany</td>
<td>- Strategic workforce planning</td>
</tr>
<tr>
<td>- Deploy additional meters in restaurants</td>
<td>- Development of an end-to-end HR strategy with defined areas</td>
</tr>
<tr>
<td>- Ensure product development is focused on increasing variety and offering balanced options</td>
<td>- Analysis of all sustainability activities for the four defined areas</td>
</tr>
<tr>
<td>- Increase green electricity ratio to at least 8%</td>
<td>- Using results as a basis for development and carrying out pilot projects</td>
</tr>
</tbody>
</table>

**Goals for 2013**

- Using results as a basis for development and carrying out pilot projects
- Developing initiatives, focusing on individual areas where appropriate
- Using results as a basis for development and carrying out pilot projects

**Sharing Brand**

**Vision for 2020**: We are committed to supporting others – particularly at local level – in the communities where our restaurants are located. We are committed to achieving the right balance between financial and social objectives.

**Area**: Achieved by 2010

<table>
<thead>
<tr>
<th>Building effective “good housekeeping” and set new standards in sustainable agricultural practices, quality, product variety and balance</th>
<th>Consumer communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Advertising only for certain product combinations, e.g. Fruchtüte or Bio-Milch</td>
<td>- Annual corporate responsibility reporting</td>
</tr>
<tr>
<td>- Maintain or increase high recycling rate, as applicable</td>
<td>- Strategic workforce planning</td>
</tr>
<tr>
<td>- Maintain or increase high recycling rate, as applicable</td>
<td>- Development of an end-to-end HR strategy with defined areas</td>
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**Goals for 2013**

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**Employee Relations**

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**Goals for 2013**

**Area**: Achieved by 2010

<table>
<thead>
<tr>
<th>Responsible marketing</th>
<th>Customer satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Corporate Volunteering</td>
<td>- Regular customer surveys</td>
</tr>
<tr>
<td>- In Germany: identify and recognize more agricultural expertise (e.g. beef)</td>
<td>- Drive continuous improvement based on monitoring, cleanliness (QSC)</td>
</tr>
<tr>
<td>- Use of renewable resources</td>
<td>- Drive continuous improvement based on monitoring, cleanliness (QSC)</td>
</tr>
<tr>
<td>- Quality assurance for ingredients under McDonald’s (Flagship Farms, <a href="http://www.flagshipfarms.eu">www.flagshipfarms.eu</a>)</td>
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**Goals for 2013**

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**Responsibility**

**Vision for 2020**: We are committed to supporting others – particularly at local level – in the communities where our restaurants are located. We are committed to achieving the right balance between financial and social objectives.

**Goals for 2013**

**Area**: Achieved by 2010

<table>
<thead>
<tr>
<th>Company-level initiatives</th>
<th>Relationship with stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>- New locations and remodeling around 100 restaurants per year</td>
<td>- Using results as a basis for development and carrying out pilot projects</td>
</tr>
<tr>
<td>- 2011: Improve energy efficiency in around 40 new locations and remodeling existing ones</td>
<td>- Development of an end-to-end HR strategy with defined areas</td>
</tr>
<tr>
<td>- Starting in 2012, optimize energy efficiency in all restaurants in Germany</td>
<td>- Analysis of all sustainability activities for the four defined areas</td>
</tr>
<tr>
<td>- 2011: New locations and remodeling around 100 restaurants per year</td>
<td>- Using results as a basis for development and carrying out pilot projects</td>
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**Logistic**

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**Goals for 2013**

**Area**: Achieved by 2010

<table>
<thead>
<tr>
<th>Customer communication</th>
<th>Customer satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Monitor and measure customer feedback electronically</td>
<td>- Regular customer surveys</td>
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<tr>
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<td>- Drive continuous improvement based on monitoring, cleanliness (QSC)</td>
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**CoP Management**

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**Goals for 2013**

**Area**: Achieved by 2010

<table>
<thead>
<tr>
<th>Resource management</th>
<th>Relationship with stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Recruit and retain talented employees, become a valuable employer brand</td>
<td>- Ongoing dialog with all key external stakeholders, e.g. media and industry associations</td>
</tr>
<tr>
<td>- Ensure product development is focused on increasing variety and offering balanced options</td>
<td>- Ongoing dialog with all key external stakeholders, e.g. media and industry associations</td>
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**Goals for 2013**

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**Power**

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**Goals for 2013**

**Area**: Achieved by 2010

<table>
<thead>
<tr>
<th>Buildings and equipment</th>
<th>Logistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Increase green electricity ratio to at least 25% of energy consumption in restaurants in Germany</td>
<td>- Close a key supplier for CO2 emissions in both logistics and distribution</td>
</tr>
<tr>
<td>- Deploy additional meters in restaurants</td>
<td>- Increase efficiency in overall logistics (i.e. transportation and distribution)</td>
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**Goals for 2013**

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GRI INDEX

Reporting according to GRI guidelines

This report was produced on the basis of our corporate responsibility strategy and performance, as well as on the basis of the insights gained through dialog with different stakeholders. To help our readers compare our performance with that of our peers, we have used the Global Reporting Initiative (GRI G3) guidelines as our framework. We also cover the “Food Processing Sector” supplement from May 2010. The information in our print report focuses on core indicators, while our online version also includes the GRI’s additional indicators. Based on our own assessment, the report matches GRI’s usability level “C”.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Reference</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strategy and Analysis</td>
<td>1.1 Foreword by the CEO</td>
<td>5</td>
</tr>
<tr>
<td>1. Description of key impacts, risks and opportunities</td>
<td>1.2</td>
<td>2, 19-21, 30, 31, 47</td>
</tr>
<tr>
<td>2. Organizational Profile</td>
<td>2.1 Name of the organization</td>
<td>6</td>
</tr>
<tr>
<td>2. Primary brands, products, and/or services</td>
<td>2.2</td>
<td>6, 12</td>
</tr>
<tr>
<td>2. Operational structure of the organization</td>
<td>2.3</td>
<td>6</td>
</tr>
<tr>
<td>2. Location of organization’s headquarters</td>
<td>2.4</td>
<td>6, 4, 22</td>
</tr>
<tr>
<td>2.5 Number of countries where the organization operates</td>
<td>2.5</td>
<td>6</td>
</tr>
<tr>
<td>2. Nature of ownership and legal form</td>
<td>2.6</td>
<td>6</td>
</tr>
<tr>
<td>2. Markets served</td>
<td>2.7</td>
<td>6</td>
</tr>
<tr>
<td>2. Scale of the reporting organization</td>
<td>2.8</td>
<td>6</td>
</tr>
<tr>
<td>2. Changes regarding size, structure, or ownership</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td>2.10 Awards received in the reporting period</td>
<td>2.10</td>
<td>10, 35, 37</td>
</tr>
<tr>
<td>3. Report Parameters</td>
<td>3.1 Reporting period</td>
<td>2</td>
</tr>
<tr>
<td>3. Date of most recent previous report</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>3. Reporting cycle</td>
<td>3.3</td>
<td>2</td>
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<td>3. Contact point for questions regarding the report or its contents</td>
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<td>51</td>
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<td>3. Process for defining report content</td>
<td>3.5</td>
<td>2</td>
</tr>
<tr>
<td>3. Boundary of the report</td>
<td>3.6</td>
<td>2</td>
</tr>
<tr>
<td>3. State any specific limitations on the scope or boundary of the report</td>
<td>3.7</td>
<td>2</td>
</tr>
<tr>
<td>3. Joint ventures, subsidiaries, leased facilities, outsourced operations</td>
<td>3.8</td>
<td>27</td>
</tr>
<tr>
<td>3. Data measurement techniques</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>3.10 Explanation of the effect of any re-statements of information</td>
<td>3.10</td>
<td></td>
</tr>
<tr>
<td>3. Significant changes from previous reporting periods</td>
<td>3.11</td>
<td></td>
</tr>
<tr>
<td>3.12 GRI Content Index</td>
<td>3.12</td>
<td></td>
</tr>
<tr>
<td>3. External assurance for the report</td>
<td>3.13</td>
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</tr>
<tr>
<td>4. Governance, Commitments and Engagement</td>
<td>4.1 Governance structure of the organization</td>
<td>8</td>
</tr>
<tr>
<td>4. Independence of the CEO</td>
<td>4.2</td>
<td>8</td>
</tr>
<tr>
<td>4. Control body or independence of the highest governance body</td>
<td>4.3</td>
<td>8</td>
</tr>
<tr>
<td>4. Mechanisms to provide recommendations to the highest governance body</td>
<td>4.4</td>
<td>36</td>
</tr>
<tr>
<td>4. Linkage between Executive Board compensation and sustainability performance</td>
<td>4.5</td>
<td>48</td>
</tr>
<tr>
<td>4. Processes to ensure conflicts of interest are avoided</td>
<td>4.6</td>
<td>8</td>
</tr>
<tr>
<td>4.7 Executive Board members’ expertise on sustainability</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td>4. Mission statements, codes of conduct, and principles</td>
<td>4.8</td>
<td>8, 9, 37</td>
</tr>
<tr>
<td>4. Procedures for overseeing the organization’s performance</td>
<td>4.9</td>
<td>2, 9</td>
</tr>
</tbody>
</table>