REPORTING PERIOD

The reporting period is the 2011 calendar year (January 1, 2011 through December 31, 2011). The deadline for submissions was May 31, 2012. The previous corporate responsibility report of McDonald’s Deutschland Inc. was published in June 2011. We intend to publish a corporate responsibility report every year. Contact partners for any queries relating to the report and its contents are listed in the publishing details. All information relates to the Main Service Center and the three Regional Service Centers in Germany as well as the restaurants operated by McDonald’s Germany and all restaurants under franchise in Germany. Any exceptions to this are specifically stated.

SCOPE AND LIMITATIONS OF THE REPORT

In 2011, we made progress in determining the key sustainability issues facing McDonald’s Germany. These are shown in the matrix on page 55 in the Sharing brand chapter. We involved our many external stakeholder groups in this process by analyzing stakeholder interests across the full spectrum from non-government organizations (NGOs) to the scientific and research community.

During the period under review, we engaged in various forms of dialog on sustainability issues – ranging from Executive Board interviews to communication with restaurant guests. Even on critical issues, we provided detailed feedback in response to questions from the media, NGOs and various institutions.

During the course of the current year, we will be analyzing the issues of greatest interest to our stakeholders, above all our 64,000 or so employees across all levels of the company and our franchisees. We have defined these issues primarily on the basis of surveys and will be framing them with European and global sustainability goals.

TARGET AUDIENCE

This corporate responsibility report is intended for all employees and franchisees of McDonald’s Germany as well as partner companies, NGOs, government agencies, stakeholders in the science, research and education communities, politicians and the general public. We have also published a condensed brochure for 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. “McDonald’s Germany” is used in place of McDonald’s Deutschland Inc., Munich branch.

GRI-COMPLIANT INDICATORS AND REPORTING

This report outlines the targets we have defined for each of our action items and the status thus far.

Our aim is to define non-financial key performance indicators (KPIs), which we will then use to benchmark our sustainability performance and management in the future (from 2013 at the earliest). We follow the latest guidelines set down by the Global Reporting Initiative (GRI) here. The GRI index and application level are covered on page 62.

DISCLAIMER

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

FURTHER INFORMATION

This report and further information is also available online at: www.mcdonalds.de/verantwortung
ABOUT McDonald’s Germany

McDonald’s Deutschland Inc., Munich branch\(^1\), manages one of the most important and profitable markets within the global McDonald’s organization. The first McDonald’s restaurant in Germany opened in the district of Giesing in the city of Munich on December 4, 1971. The number of food and drinks on offer grew from six to over 100 products. This includes the products offered by the McCafé coffee shop brand, which was launched in 2003.

McDonald’s Germany is a stock company as defined by the laws of the 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, Hamburg, Schleswig-Holstein, Mecklenburg-Vorpommern, Saxony-Anhalt, Berlin, Brandenburg, and Saxony), the west (North-Rhine-Westphalia, Hesse, Rhineland-Palatinate and Saarland) and the south (Thuringia, Baden-Württemberg and Bavaria) of Germany. Key administration departments include development (real estate, IT, construction, equipment), operations, HR, marketing, finance, corporate communications and franchise (responsible for interfacing between administration and franchisees). At the close of fiscal 2011, there were 1,415 McDonald’s restaurants of different sizes and in different locations throughout Germany (see table). 1,166 of these (approximately 80 percent) were run by franchisees.

- Satellites\(^2\): 179
- Restaurants at airports: 8
- Restaurants in train stations: 96
- Restaurants in highway service areas: 70
- McDrives: 996
- Further in-stores: 37
- New restaurants opened in 2011: 29

McDonald’s and its franchisees employed a total of around 64,000 people in Germany during the previous fiscal year and achieved net revenue of EUR 3.195 billion, a 5.9 percent rise on the 2010 figure. During the period under review, there have been no significant changes to the size, organization or ownership structure of McDonald’s Germany.

The current annual report of the McDonald’s Corporation headquartered in Oak Brook, Illinois (US), contains information on total market capitalization, total assets, revenue and headcount according to country. Financial highlights are available online at www.aboutmcdonalds.com/mcd/investors/financial_highlights.html.

AWARDS

McDonald’s presents awards for outstanding performance within the company and also receives awards from third parties.

During the period under review, for example, Christiane Wörle, Senior Manager in the communication department at McDonald’s Germany, was named “Best Employer Brand Manager 2011” by Queb e.V. for the successful “Mach Deinen Weg” (Go For IT!) employee campaign. Queb e.V. is a network of specialists and companies dedicated to innovative employer branding. This campaign also received the 2011 Trendence Employer Branding Award, achieving first place in the “Best School Marketing” category.

The company also received the 2011 Catalyst Award in recognition of the long-standing commitment to equal opportunities demonstrated by the McDonald’s Corporation. This engagement is reflected in initiatives such as the German Women’s Leadership Forum (see Employer of choice chapter). The leading non-profit membership organization, Catalyst presents this award every year for outstanding initiatives that support and promote women in business. Further information on the prizes and awards won by McDonald’s is available online at www.mcdonalds.de/verantwortung.

FACTS & FIGURES

McDonald’s Germany

<table>
<thead>
<tr>
<th>Annual net revenue in EUR billion</th>
<th>Number of McCafés (franchisees and company)</th>
<th>Number of restaurants under McDonald’s Germany (franchisees and company)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.91 2009</td>
<td>656 2009</td>
<td>1,361 2009</td>
</tr>
<tr>
<td>3.02 2010</td>
<td>737 2010</td>
<td>1,386 2010</td>
</tr>
<tr>
<td>3.20 2011</td>
<td>783 2011</td>
<td>1,415 2011</td>
</tr>
</tbody>
</table>

\(^1\) Referred to as McDonald’s Germany in this report

\(^2\) Satellites are small restaurant units that are tied logistically to larger restaurants – e.g. in train stations or shopping centers
GOVERNANCE AT McDONALD’S GERMANY

The Executive Board of McDonald’s Germany had six members based in Germany during the period under review. As a subsidiary of a parent company listed in the US, McDonald’s Deutschland Inc. is subject to the Sarbanes-Oxley Act.

Bane Knezevic is Chief Executive Officer and President of the Western Division. Holger Beeck is Vice President of the Board and Chief Operating Officer. Joachim Kellner is Chief Finance Officer and Alexander Schramm was Chief Development Officer (until January 2012). Wolfgang Goebel is Chief Human Resources Officer. James Woodbridge was responsible for marketing until October 31, 2011. Matthias Becker took on the position of Chief Marketing Officer on November 1, 2011.

Different committees are responsible for communication and strategic collaboration between the management of McDonald’s Germany and franchisees in Germany. Franchisees are represented here by the Franchisee Leadership Council (FLC), comprising twelve members. Six new members (half of the council) are appointed each year. Four members represent one of the three regions (west, north-east and south). One of these members is appointed spokesperson for the franchisees for a period of one year. The FLC comprises six other members, who act as market representatives for the three regions. In total, eighteen franchisees meet regularly with representatives of McDonald’s Germany in strategy teams and specialist committees. Their primary task is to advance the interests of franchisees in order to improve and optimize the McDonald’s system overall.

FLC members act as the first and immediate line of contact for McDonald’s, supporting and advising on all key matters, also building an internal and external information hub. To ensure they can fulfill their duties, they are involved in all key decisions made by the franchisee. Roman Felbinger was Spokesperson for the FLC until the end of his term of office in 2011. Arndt Heiderich now assumes this position. The FLC was regularly kept up to date on sustainability issues during the period under review.

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


The Board of Directors forms six committees: The Audit Committee, the Compensation Committee, the Governance Committee, the Executive Committee, the Finance Committee and the Sustainability and Corporate Responsibility Committee.

The Sustainability and Corporate Responsibility Committee is a standing committee. Its role is to advise the Board of Directors with respect to guidelines and strategies, ensuring that the McDonald’s Corporation meets its responsibilities and obligations as a global company as effectively as possible, above all in respect to social issues.

The roles of the other committees are described in more detail at www.aboutmcdonalds.com/mcd/investors/corporate_governance/board_committees_and_charters.html.

The Sustainability and Corporate Responsibility Committee focuses on issues related to product safety, occupational safety, employee training and skills development, diversity, environmental protection and supply chain sustainable.

At executive management level, five standing committees support the work carried out by the Board of Directors’ Sustainability and Corporate Responsibility Committee (www.aboutmcdonalds.com/mcd/investors/corporate_governance/guidelines_and_policies/corporate_responsibility_governance.html).

These international, interdisciplinary bodies collaborate constantly on a wide range of issues.

These five bodies are:

- The Worldwide Corporate Relations Council, primarily responsible for coordinating positions and communication
- The Corporate Social Responsibility Department, responsible for the global corporate responsibility report published by the McDonald’s Corporation
- The Quality Systems Board, which determines strategies for ensuring product quality and safety
- The Sustainable Supply Steering Committee, responsible for anchoring sustainability in supply chains worldwide
- The Global Environmental Council, responsible for developing environmental standards based on global best practices

INVESTOR RELATIONS

Shareholders have the opportunity to pose questions to company management and the Board of Directors and to approve proposals at the Annual General Meeting (AGM). In 2011, the AGM for shareholders of the McDonald’s Corporation took place on April 8 at the company headquarters in Oak Brook, Illinois. The resolutions are listed online at www.aboutmcdonalds.com/mcd/investors/shareholder_information/voting_results.html.

GUIDING PRINCIPLES

The various internal mission statements, codes of conduct and principles of the McDonald’s Corporation are available online on our global website in the Corporate Governance section under Guidelines and Policies and Codes of Conduct (www.aboutmcdonalds.com/mcd/investors/corporate_governance.html).

We outline the guidelines that apply to each sustainability action item at McDonald’s Germany at the beginning of each chapter and explain how we implement these.
McDonald’s Germany is firmly positioned in the franchise food and drinks service sector. The value chain for our food and beverages starts in our farmers’ fields. Raw ingredients are then transported, processed and prepared for sale through our 1,415 restaurants in Germany. The globalization and industrialization of the food and drinks business have thrown up a number of key challenges for our industry. Questions have been raised, for instance, over the use of fertilizers, pesticides and gene technology in agriculture, as well as over the ethical standards governing livestock breeding and the risk of overfishing facing the world’s oceans. Our “Sustainable McDonald’s Germany” research project, which we launched in collaboration with the Wuppertal Institute in 2011, is just one of the steps we are taking to meet these growing challenges (see also the “Sharing Brand” chapter, page 53).

We also took a critical look at how our own company can make a contribution to climate protection. We have been able to significantly decrease our direct (Scope 1) and indirect (Scope 2) emissions by gradually increasing the proportion of renewable energy consumed by our restaurants and implementing a range of energy-saving measures. By comparison, lowering our carbon footprint in our upstream supply chains poses a much greater challenge. Yet we have also managed to make good progress in this area, for example in the transport sector (see the “Eco-Footprint” chapter).

Our environmental management policy focuses on waste management and packaging. We aim to recycle as much waste as possible and keep packaging material to a minimum. This is a key issue that we have been addressing for a long time now.

Health and nutrition are also top priorities for us. We are addressing rising expectations in this area, for example, by expanding our already highly varied menu to include low-calorie options and by providing clear information on nutrients and nutritional value. Our activities here are also flanked by internal and external advertising guidelines. We have long-established internal standards governing responsible advertising, in particular with regard to children.

As a major employer in Germany, we feel a strong sense of responsibility to our 64,000 or so employees. We stand for fair remuneration and outstanding training and further education opportunities. We also provide language skills courses for employees from abroad.

The McDonald’s Germany Corporate Responsibility Roadmap (see page 66) provides an overview of our goals for the future and details the milestones that we achieved in 2011 across our four action items.

The 2011 McDonald’s Global Sustainability Scorecard is just one of the initiatives that underscores the increasing importance of sustainability in the global strategy of McDonald’s Corporation (headquartered in Oak Brook, Illinois, USA). The Scorecard was published in December 2011 and is available at: www.aboutmcdonalds.com/med/sustainability/2011_sustainability_scorecard.html.
Dear Reader,

Last year, McDonald’s Germany celebrated its 40th anniversary. For the first time ever, we welcomed over one billion guests to our restaurants and saw our annual net revenue rise by 5.9 per cent on the previous year.

To remain successful and continue to offer high-quality products at affordable prices, we have to continuously strive to be better. And now, more than ever, we also have to think about how we can continue to create value in the future – for our company, our customers, the environment and for society as a whole.

Our long-term vision is to make ecological and social responsibility an integral and prominent part of our business model. This is a major challenge – and we still have not found all the answers we need. So it is crucial that we engage in intensive dialog with our customers to gauge their expectations and find out how they believe McDonald’s can step up to its responsibilities in Germany.

During the period under review (calendar year 2011) we identified the most important requirements of our internal and external stakeholders. We used this information to define our strategic priorities and key issues: sustainable agricultural practices and livestock breeding; environmental management – in particular packaging and waste management; health and nutrition; and our role as a responsible employer.

In 2011, we talked to a wide range of stakeholders about McDonald’s and sustainability, focusing in particular on agricultural practices. Our aim is to continually improve our performance in balancing economic, ecological and social goals. We are also tackling the risk of overfishing threatening the world’s oceans and promoting sustainable fishing practices.

Since October 2011, our Filet-o-Fish products are made exclusively with fish from sustainable fisheries that have been certified in line with the Marine Stewardship Council (MSC) standard. We have also continued to purchase energy from renewable sources and expect to achieve our 2014 goal switching all restaurants over to green energy.

Combined with our extensive energy-saving measures, this will make a real contribution to cutting harmful CO₂ emissions.

As a reliable and trusted employer, we are delighted that over 400 trainees successfully completed their apprenticeships with us in 2011. And we are proud that we were able to complete their apprenticeships with us in 2011. And we are proud that we were able to complete their apprenticeships with us in 2011.

Fiscal 2012 will see us place greater emphasis on all of our activities. Combined with our extensive energy-saving measures, this will make a real contribution to cutting harmful CO₂ emissions.

I hope you enjoy reading our report and that – like me – you’ll see that McDonald’s Germany has already come quite some way on its journey to becoming a more sustainable company.

Best regards,

Bane Knezevic
CEO, McDonald’s Germany
McDONALD'S GERMANY AS A FRANCHISE SYSTEM

Franchising is an internationally proven sales concept. It is a system in which the franchise makes its own, market-proven business idea available to franchisees for a fee. The franchisees then set up as independent businesses at different sites under the same brand with extensive support from the franchisor.

In Germany, there are currently around 900 franchise systems across a wide range of market segments. Subsequently, there are over 63,000 franchisees employing almost 663,000 people. More than 25% of these 900 franchise systems are members of the German Franchising Association (Deutscher Franchise-Verband e.V., DFV). To maintain high standards among member organizations, the association organizes a system check. An independent institute audits and certifies the franchise system every three years. The DFV system check assesses franchise contracts and franchise manuals to ensure compliance with the minimum quality standards for corporate networks. It also reviews system concepts, products and services, strategy and management and carries out random assessments of franchise satisfaction levels.

Franchising in Germany is a fast-growing sector. Experts predict that franchise revenue will rise to EUR 70 billion by 2015 and continue to grow faster than the general economy.1

In 2011, the German economic magazine "impulse" ranked the hundred best franchise systems in Germany. The unique and varied experiences of German franchisees enable them to often enrich the overall system with great ideas.

Continuous dialogue with our franchisees is the motor that keeps our system growing and evolving. At McDonald’s Germany, this takes the form of four annual strategy meetings organized by the Franchisee Leadership Council (FLC) and bi-annual franchise conventions, known as coop meetings. Field & operations consultants (see also the “Product Stewardship” chapter, page 17) also have a very important role to play here. They form the link between franchisees, their restaurants and the company headquarters (Main Service Center in Munich).

For the entire system to succeed, franchisors have to ensure that the right support framework is in place. This includes, for example, developing compelling marketing concepts, central procurement, shared responsibility for investment decisions and professional support for franchisees in their day-to-day business.

Success is equally dependent, however, on the entrepreneurial spirit of individual franchisees. Which is why the McDonald’s Corporation launched its “Golden Arches Award” - the highest accolade given by the company. It is awarded every two years to the 50 best franchisees worldwide. Criteria include best-run restaurant and exemplary employee management. In 2006, an award went to Michael Heinrich, a franchisee for over 25 years with restaurants in Germany and Austria. Werner Betzien also received an award in 2006. In 2010, Karl-Heinz Kielhorn and Bernd Dube Hengel received the “Golden Arches Award” for their long-standing and successful entrepreneurial contributions to the McDonald’s franchise system in Germany. A total of nineteen franchisees in Germany have thus far received the Golden Arches Award.

1) Deutsche Bank Research, “Franchising in Germany coming home”, Frankfurt 2005

INTRODUCTION

From Arndt Heiderich, Speaker of the Franchisee Leadership Council (FLC)

Dear Reader,

Moving forward, we have to ensure that our brand remains strong, that we continue to develop our system and that we maintain a value-angle strategic perspective. That is the key to our future success. The entire franchise concept hinges on dynamic partnerships between franchisor and franchisee, each built on trust and commitment to common goals.

As we look to the future, however, it is becoming increasingly clear that social issues – such as McDonald’s engagement with society or our understanding of the issues that interest our customers beyond restaurant doors – will have a growing impact on the success of every franchise.

We face a number of questions: What standards of quality apply to our products? Are our employees treated with fairness and respect? What energy-saving measures have we introduced in our restaurants? It is essential that we provide clear, well-documented answers to these and similar questions. This report is a step in our journey to communicate more actively with our guests and the general public and to cover a wider range of topics than ever before. We also distribute important information in our restaurants.

Some issues fall firmly within the remit of corporate responsibility and require action across our entire system. Both franchisor and franchisees have to step up to these challenges. Concrete examples include energy management and energy efficiency – two key action items in our sustainability program. We have created joint strategy groups to carefully assess the viability and possibility of gradually increasing the renewables shares in our electricity mix.

Our ability to work together to align our system with changing market dynamics and expectations, for example, by raising efficiency levels in various areas or driving active, transparent communication within and beyond company walls, will play a key role in the future success of the McDonald’s brand. These initiatives therefore require the full support of all franchisees.

Our community work is equally important to us. We have been collecting donations and organizing events in support of the Ronald McDonald House Charities since they were founded 25 years ago.

Thank you for your interest in McDonald’s. I hope you find this report an interesting and enlightening read.

Best regards,

Arndt Heiderich
Speaker of the Franchisee Leadership Council (FLC)
Product stewardship

HOW HAPPY CAN A BIG MAC BE?
STANDARDS AND CHECKS ACROSS OUR SUPPLY CHAIN

IN 2011, 1.7 MILLION EMPLOYEES IN 119 COUNTRIES WERE WORKING FOR THE McDO NALD’S BRAND. EVERY DAY, 64 MILLION CUSTOMERS VISITED US IN ONE OF OUR 31,000 OR SO RESTAURANTS AROUND THE GLOBE BUT BEFORE ANY OF THESE CUSTOMERS COULD ENJOY A BIG MAC, A PORTION OF FRIES OR ANY OTHER OF OUR VARIED PRODUCTS, A COMPLEX SUPPLY CHAIN SWINGS INTO ACTION. IT BRINGS TOGETHER LOCAL AND REGIONAL, NATIONAL AND INTERNATIONAL, DIRECT AND INDIRECT SUPPLIERS – ALL WORKING TIRELESSLY TO MEET GLOBAL STANDARDS. THESE RELATIONSHIPS ARE BUILT ON A SHARED COMMITMENT TO QUALITY AND CONTINUOUS IMPROVEMENT COUPLED WITH THE DESIRE TO BUILD AND MAINTAIN A STABLE, SUSTAINABLE SUPPLY CHAIN. McDO NALD’S AGRICULTURAL ASSURANCE PROGRAM (MAAP) ANCHORS THE THREE E’S (ETHICS, ENVIRONMENT AND ECONOMICS) INTO OUR EUROPEAN AGRICULTURAL SUPPLY CHAIN.

SUPPLIER CODE OF CONDUCT

The McDonald’s Corporation Supplier Code of Conduct (www.aboutmcdonalds.com/mcd/sustainability/library/policies_programs/sustainable_supply_chain.html) and the Supplier Workplace Accountability Program (SWA) frame all business relations at McDonald’s. Both programmes are valid worldwide and apply to all suppliers of food and non-food products, such as serviettes, cutlery, toys or crew uniforms.

Suppliers have to accept the Supplier Code of Conduct and join the SWA Program in order to enter into and maintain a business relationship with McDonald’s. The two programmes outline key standards governing legal compliance, the prohibition of child and forced labor, working hours, pay and equality. They also define mechanisms for checking compliance with these standards. Suppliers are obliged to appoint a compliance officer responsible for continuously monitoring these standards within their own company and among subcontractors.

A systematic assessment must take place at least once a year and compliance with the McDonald’s Supplier Code of Conduct must be expressly confirmed. McDonald’s reserves the right to run spot checks.

Serious violations of the Supplier Code of Conduct can lead to the immediate termination of the business relationship between McDonald’s and the supplier in question. Direct suppliers are obliged under the terms of the Code and the SWA program to ensure that their subcontractors also comply with the applicable standards.

MAAP SUSTAINABILITY PRINCIPLES

The MAAP Policy builds on the sustainability principles of ethics, environment and economics. The three E’s also form the three pillars of the MAAP program, namely legal regulations, requirements framed by existing quality assurance standards and programs, and criteria extending beyond legislation or the terms of existing quality assurance systems.

MAAP POLICY

The MAAP Policy outlines McDonald’s commitment to:

- Environmental protection and the conservation of natural resources and agricultural land
- Integrated, sustainable and competitive agricultural practices
- Animal protection
- Proper feed and medication in the event of illness
- Transparent, verifiable traceability across all production steps, medication included
- Responsible approach to biotechnology based on scientific findings, taking into consideration consumer suggestions and concerns

Our MAAP standards are geared to the agricultural industry and apply to all standard European suppliers. Some of our direct suppliers have dedicated employees who collaborate with farmers and advise them on compliance with MAAP standards. External auditors verify compliance with quality assurance systems. In addition to regular, scheduled checks, the auditors also run spot checks to ensure consistently high standards. They assure operational structures, processes and quality management systems.

ORGANIZATION CHAIN

At the top of the McDonald’s supply chain is the corporate headquarters in Chicago. Below it are the direct suppliers who are in charge of specific segments. They, in turn, work with the indirect suppliers who procure raw materials and provide logistical services. These indirect suppliers are responsible for the quality and safety of their products. McDonald’s continuously checks compliance with the rules and regulations of the MAAP program.
SUPPORT FOR CONTROLLED AND SUSTAINABLE AGRICULTURAL PRACTICES

THE McL DONALD’S PRODUCT STEWARDSHIP PROGRAM ADDRESSES TWO KEY AGRICULTURAL CHALLENGES – THE NEED FOR SUSTAINABLE FARMING PRACTICES AND HUMANE ANIMAL BREEDING ACCORDING TO THE SPECIES’ SPECIFIC NEEDS. THE McL DONALD’S AGRICULTURAL ASSURANCE PROGRAM (MAAP) IS JUST ONE OF THE STANDARDS WE HAVE ESTABLISHED AND CONTINUE TO EVOLVE IN ORDER TO ACHIEVE THIS. WE ARE WORKING WITH SCIENTIFIC INSTITUTES TO REALIZE OUR GOAL OF BECOMING A LEADER IN THIS FIELD. THREE STRATEGIC LINES OF ACTION ADD IMPETUS TO OUR EFFORTS IN THIS AREA: IDENTIFICATION OF FLAGSHIP PROJECTS (BEST PRACTICES); KNOWLEDGE TRANSFER WITHIN AND BEYOND THE MCDONALD’S SYSTEM; AND PROJECTS THAT PROMOTE SUSTAINABILITY IN LOCAL SUPPLY CHAINS.

BEST PRACTICES IN LIVE-STOCK BREEDING AND FISHING

We procure around 75 percent of our products from German manufacturers. We source almost 100 percent of beef and pork and around 20 percent of poultry from Germany. Approximately 30 percent of the fish for our Filet-o-Fish comes from the European Union. We improved our sustainability performance in all four product groups during the period under review.

FLAGSHIP FARM PROGRAM

McDonald’s launched the Flagship Farm initiative in order to engage in direct dialogue with progressive agricultural holdings. The program provides an ideal platform to show how the three E’s (ethics, environment and economics) can be actively lived in day-to-day operations on a farm. Agricultural landholdings have to fulfill a number of criteria to be selected for the Flagship Farm program, for example they must have a supply agreement covering at least one harvest year or one production cycle. Under www.flagshipfarms.eu, McDonald’s has created an open source platform that is available to landholders and the general public. Anyone can visit the site to read case studies showing how such Flagship Farm is successfully balancing the three E’s.

There are currently three Flagship Farms in Germany. The most recent of these, the dairy beef farm run by the Leitner family in Bayrischzell, was included during the period under review. The two other Flagship Farms demonstrate best practices in wheat and potato cultivation (Flagship Farm for wheat: Hubertus von Daniels, Gut Piesendorf; Flagship Farm for potatoes: DeTerra, Schierlantin). The Marine Stewardship Council (MSC) is an international, non-profit organization that has developed strict environmental standards to address the global problem of overfishing. It is a voluntary program that enables fishers to be assessed and certified by independent auditors and experts. In recent years, we have been gradually shuffling procurement in favor of sustainable fisheries. Since October 2011, 30 percent of the fish we use in our German Filet-o-Fish product is sourced from MSC-certified fisheries. This is a key milestone in our mission to build sustainability into our supply chain. During the period under review, McDonald’s Germany processed around 1,560 tons of fish fillets for its Filet-o-Fish option.

INFORMATION ON ANIMAL WELFARE, NON-GENE-MODIFIED FEED

Our suppliers currently source chicken meat from abattoirs in Germany and neighboring EU countries that have been certified by the European Union and from producers in Brazil. Regardless of source, the meat always has to meet the same high quality standards. Chickens raised for McDonald’s run free in barns with straw. Our suppliers are continually improving breeding practices (see: http://best-practices.mcdonalds.com). Welfare indicators are recorded before and after slaughter. These indicators provide information on the welfare and treatment of the animals (for example, the state of their feet or extremities). Back in 2001, we signed an agreement with our suppliers outlawing the use of gene-modified soy flour or corn as feed for poultry. We have systems in place to check and document along the supply chain. The same applies to our breakfast egg suppliers. These eggs are also free range.

NO PORK FROM CASTRATED PIGLETS

As of 2011, we no longer process pork from castrated piglets. By modifying the recipe and production process and by seeking in close collaboration with producers, our supplier OSI Food Solutions, Ginsburg has managed to combine meat from non-castrated young boars with meat from female animals to create McRib and sausage patties with same levels of quality and taste as before.

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DEVELEY: ZERO-CARBON PRODUCTION IN UNTERHACHING

Our supplier Develey Senf & Getreide GmbH has also been active on the climate protection front. The company is aiming to switch to zero-carbon production of mustard and sauces for McDonald’s as quickly as possible at its site in Unterhaching.

It has already switched from fossil fuels to climate-neutral geothermal energy for its heating systems and warm water. This has reduced annual CO₂ emissions by 870 tons. Next, the company intends to also rely on renewable sources for process heat. Instead of fossil-generated steam, Develey will be harnessing geothermal heat for tasks such as product pasteurization and cleaning. Develey also aims to capture all secondary heat streams and put this energy to good use where possible. In addition, the company plans major energy-saving measures to reduce electricity consumption. After the switch to geothermal energy and the reduction in power consumption, the company will compensate for any remaining CO₂ emissions by purchasing certificates.

QUALITY STANDARDS AND CONTROLS

The standards set down in the McDonald’s Supplier Quality Management System (SQMS) set the benchmark for our direct suppliers. They cover the following areas:

1. Traceability
2. Documentation
3. Staff and production hygiene
4. Control and minimization of foreign bodies
5. Pest control
6. Maintenance and cleaning of production facilities
7. Standards for the storage and transport of goods
8. Checks for upstream suppliers

Our suppliers have to sign both the Quality Assurance Requirements and the Code of Conduct. Upon signing, the supplier undertakes to comply with both legal regulations and the requirements defined by McDonald’s.

Selecting best-in-class suppliers is the key to success. Around 80 percent of the goods procured by McDonald’s Germany stem from 30 direct suppliers. Most of these have been part of the McDonald’s system for over 20 years. Fifteen suppliers are renowned brand manufacturers such as Lieken, Bondouille, Develey and Hochland – standard suppliers that guarantee consistency and professionalism every time.

Suppliers also have to appoint a food safety officer and ensure that all employees are properly trained.

Every supplier must provide written proof that they have systematically identified critical control points in their production processes and implemented preventative measures to keep food safety risks to a minimum (Hazard Analysis and Critical Control Points, HACCP).

We regularly check compliance with these standards through scheduled and unannounced audits carried out by McDonald’s employees or accredited auditors. We also evaluate suppliers once a year. In 2011, all of our European and local standard suppliers were audited.

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

FOOD SAFETY FIRST AND FOREMOST

FOOD SAFETY IS AN INTEGRAL PART OF EVERY STEP IN OUR VALUE CHAIN – FROM THE PRODUCTION OF RAW INGREDIENTS THROUGH PROCESSING, PACKAGING AND LOGISTICS TO RESTAURANT SERVICE. MCDONALD’S AGRICULTURAL ASSURANCE PROGRAM (MAAP) DEFINES STANDARDS FOR THE PRODUCTION OF AGRICULTURAL RAW MATERIALS AND PROMOTES SUSTAINABLE AGRICULTURAL PRACTICES MOVING ALONG THE SUPPLY CHAIN. OUR SUPPLIER QUALITY MANAGEMENT SYSTEM (SQMS) OUTLINES STRICT BENCHMARKS AND CONTROLS THAT APPLY TO DIRECT SUPPLIERS RESPONSIBLE FOR PROCESSING THOSE RAW MATERIALS.

We have also defined clear rules governing transport packaging, storage in distribution centers and logistics processes. Transport packaging has to comply with legal requirements for food safety and bear the correct labeling to ensure the contents can be traced. HAVI Logistics GmbH (see page 32) also uses a HACCP plan to ensure food safety during storage and transport. In other words, the company identifies and checks the critical points for food safety and quality and tracks these activities with regular internal and external audits.

TRANSPORT PACKAGING AND LOGISTICS

“A critical part of both our own operations and our supply chain is our food safety systems. We systematically assess compliance with both legal requirements and the criteria of our HACCP.”

Oliver Kunder
Customer Quality Manager, Lieken Brot- und Backwaren GmbH
QUALITY, SERVICE, CLEANLINESS

OUR COMMITMENT TO OFFERING SUSTAINABLE PRODUCTS IS FIRMLY BUILT ON OUR STANDARDS AND CONTROLS. THEY START AT THE VERY BEGINNING, ON THE FARMER'S FIELD, THEN MOVE ON TO OUR DIRECT SUPPLIERS AND ONLY END ONCE THE FOOD IS ON OUR DINERS' TRAYS.

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

STANDARDS AND CHECKS IN RESTAURANTS

McDonald's QSC standards ensure that all products are delivered and stored at the correct temperature. Every day, the core temperature of prepared beef and pork products and of fish and egg products has to be taken and entered in the operations calendar, which is an integral part of HACCP in restaurants. There are numerous points in the value chain where incorrect handling could impact the quality of our products. These critical check points are identified for every product and regularly evaluated.

Critical control points include hygienic handling, minimization and control of foreign bodies, maintenance and cleaning, pest control, storage, transport, traceability, upstream product checks and documentation. Preventative maintenance work on all equipment is also recorded in the operations calendar. Each shift leader in a restaurant is responsible for ensuring that this documentation is always correct and complete.

In addition, management and crew receive regular hygiene and food safety training, thus ensuring that every employee in the restaurant is able to handle food responsibly.

To ensure the highest possible food safety levels at McDonald's, our field & operations consultants regularly check and rate compliance with QSC standards under the umbrella of our Restaurant Operations Improvement Process (ROIP). Within a period of 24 months, they visit every restaurant at least eleven times. Some of these visits are announced in advance, others are on-the-spot checks.

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Other on-the-spot checks are flanked by legal inspections carried out by the authorities. If a restaurant does not pass the food safety criteria of an internal audit, the issue is immediately addressed. This is followed by a second visit shortly afterwards plus targeted consultation and training for the management and crew of the restaurant in question. We also commission across-the-counter quality consultants to carry out further internal assessments and consultations on food safety and quality. In addition, 150 restaurants are evaluated each year by independent laboratories.

On top of this, anonymous restaurant testers, known as mystery shoppers, evaluate service, products and cleanliness in every restaurant at least twice a month. Our Customer Service team also receives direct feedback from customers about their general and quality experience.

Our own internal restaurant controls are flanked by legal inspections carried out by the authorities.

SUSTAINABILITY IN INTERNAL COMMUNICATIONS

In 2012, internal communications are focusing on day-to-day restaurant operations that improve our sustainability performance, especially with regard to product stewardship, environmental protection and employee responsibility. We will be raising awareness of our commitment to sustainability among all stakeholders, including franchisees, operations managers, field & operations consultants and restaurant managers. During the course of six roadshows, we will be presenting the McDonald's sustainability program to restaurant managers and shift leaders for the first time. The aim of these events is to underscore the importance of every employee's individual contribution – each and every day. Sustainability will also play a greater role in the work of our field & operations consultants when they visit restaurants in Germany to check, assess and advise on QSC issues.

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BALANCE, VARIETY AND TRANSPARENCY

THE ORIGIN, SAFETY AND QUALITY OF OUR FOOD ARE JUST ONE SIDE OF THE COIN. HEALTH AND NUTRITION ARE ALSO BECOMING INCREASINGLY IMPORTANT IN THE PUBLIC EYE.

A BALANCED DIET IS A MUST. OUR COMMITMENT TO THIS IS ENHANCED IN OUR CORPORATE RESPONSIBILITY POLICY. THE FOLLOWING PAGES HIGHLIGHT JUST HOW COMMITTED WE ARE TO CONTINUOUSLY IMPROVING OUR PERFORMANCE HERE.

We want to offer the three million or so diners who walk through our doors every day a varied, balanced menu and enable each one to make their own informed choice, supported by transparent nutritional information.

BALANCE

Our product development activities already reflect the wishes of many customers looking for low-calorie or low-fat options. We also channel the latest findings from nutritional physiology into the work we do here. Wherever possible, we avoid using preservatives. Our salads and fruit bags as well as the new low-calorie McWrap Grilled Chicken, which we launched in 2011 with less than 300 kilocalories, are examples of this. In addition to launching new products, we continually optimize the salt and fat content of our existing offering. For example, we have improved the proportion of aliphatic acids in our deep-frying oil based on the latest findings of nutritional physiology. We have also developed low-fat dressing for our salads. In 2011, we reduced the salt and fat content of our sandwich sauce. In the case of cheese, however, we have to ensure that we comply with minimum salt and fat content required by law.

TRANSPARENT NUTRITIONAL INFORMATION

We aim to provide clear information on the nutritional value of our meals. This includes calorie content, fat and carbohydrates as well as all relevant information. Enabling our customers to choose the right product is an important part of product stewardship. 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 an online menu calculator service at www.mcdonaldsmenu.info. At that site, diners can drag entire menus to a virtual weighing scale which then calculates the nutritional value, also in relation to guideline daily amounts (GDA).

VARIED MENUS FOR CHILDREN

When families with children visit our restaurants, they can be sure of fun, games and a familiar atmosphere. For parents, it is particularly important that their children can choose between a balanced range of options, for example, with Happy Meals. Which is why we put salads, orange juice (without added sugar) and organic milk on the menu. During the course of this year, we will also be adding Filet-o-Fish to our children’s menu. The fish will of course be sourced from sustainable fisheries and certified by the Marine Stewardship Council (MSC), just like the adult meal. For 2012, we are also assessing the viability of introducing other organic products for children in addition to organic milk. This reflects feedback from parents who would welcome a more varied range of products for their children.

Children love to eat at our restaurants. And they love playing with toys that they get while they eat. Our playlands add the perfect touch to a visit, giving children the space to play and run around. In 2012, we will be complementing our conventional range of toys with a Happy Meal book campaign, in collaboration with the “Stiftung Lesen” foundation. Children will be able to choose from a popular range of books when they choose a Happy Meal.

For the manufacture of each toy, McDonald’s is committed to working with suppliers who share our values and ensure a safe and healthy working environment for employees. Our Supplier Workplace Accountability program reflects this commitment. Building on the McDonald’s Code of Conduct for Suppliers, the program outlines the expectations and process requirements we place on our suppliers (see also pages 10 and 14).

VOLUNTARY COMMITMENT TO RESPONSIBLE CHILDREN-DIRECTED MARKETING

McDonald’s Europe introduced the “Marketing to Children Principles” back in 2009. These have now also been implemented in Germany. These principles govern a range of issues including the kinds of product combinations that can be marketed to children. As of January 1, 2012, McDonald’s Europe is also a member of the EU Pledge, a voluntary initiative for self-regulation in children’s advertising. All EU Pledge member companies commit to either making no adverts aimed at children under twelve years of age, or to classify their products in line with specific nutritional criteria based on accepted scientific evidence and/or applicable national and international dietary guidelines. In this context, advertising to children means that no adverts should be shown to a public that comprises at least 35 percent children under the age of twelve. Advertising in schools is also excluded, except under certain circumstances, for example, as part of a specific agreement with a school. The regulations are published under www.eu-pledge.eu. An external auditor (Accenture Media Sciences) regularly checks that member companies comply with the EU Pledge voluntary commitments.

What this means for McDonald’s is that we only advertise menu combinations in children in line with the EU Pledge and that these products do not contain more than one third of the recommended guideline daily amount (GDA) for children (533 kilocalories). Furthermore, any advertised combination of food for our Happy Meals always contains a fruit or vegetable product. Any drinks in our advertisements do not contain more than one third of the recommended guideline daily amount (GDA) for children (533 kilocalories). Furthermore, any advertised combination of food for our Happy Meals always contains a fruit or vegetable product. Any drinks in our advertisements do not contain additional sugar or sweeteners and are clearly identified as such on the packaging. The nutritional information on the standard products is always clearly shown.

When serving children, we ensure that there is a greater focus on a balanced diet, health awareness and more modern gifts – without compromising on the fun factor.

“Today, parents and children expect more from us. Which is why, for example, we will soon be offering books with our Happy Meals.”

Jörn Winker
Department Head Marketing and Retail, Kids & Families, McDonald’s Germany

1) The EU Pledge defines all people under twelve years old to be children.
Details aus der Wertschöpfungskette/Supply Chain

PERCENTAGE OF RAW MATERIALS FROM GERMANY
of total volume purchased (2011)

75% of all products we procure come from Germany
100% of our fish comes from sustainable fisheries, certified in line with the MSC standard*
100% of our decaffeinated coffee comes from farms certified by the Rainforest Alliance

AMOUNT OF RAW MATERIALS PURCHASED
in Germany (2011)

<table>
<thead>
<tr>
<th>Product</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potatoes</td>
<td>177,038 tons</td>
</tr>
<tr>
<td>Beef</td>
<td>44,952 tons</td>
</tr>
<tr>
<td>Wheat flour</td>
<td>28,930 tons</td>
</tr>
<tr>
<td>Pork</td>
<td>4,790 tons</td>
</tr>
<tr>
<td>Chicken</td>
<td>9,384 tons</td>
</tr>
<tr>
<td>Lettuce</td>
<td>4,355 tons</td>
</tr>
<tr>
<td>Rapeseed oil</td>
<td>2,480 tons</td>
</tr>
<tr>
<td>Cucumbers</td>
<td>2,640 tons</td>
</tr>
<tr>
<td>Cheese</td>
<td>28,197,700 lbs</td>
</tr>
<tr>
<td>Whole milk</td>
<td>4,872,696 lbs</td>
</tr>
<tr>
<td>Eggs</td>
<td>22,311,000</td>
</tr>
</tbody>
</table>

ENSURING FOOD SAFETY
Through audits

- Percentage of local standard suppliers audited: 44%
- Percentage of European standard suppliers audited: 43%
- Percentage of suppliers of promotional products audited: 9%

ORIGIN OF OUR RAW MATERIALS
2011

- Whole milk: 100% from Germany
- Cucumbers: 100% from Germany
- Pork: 98% from the EU**
- Beef: 86% from the EU**
- Wheat flour: 81% from the EU**
- Eggs: 78% from the EU**
- Potatoes: 77% from the EU**
- Rapeseed oil: 70% from Germany
- Cheese: 43% from Europe
- Lettuce: 31% from the EU**
- Chicken: 21% from the EU**

For further information, facts and figures on product stewardship, visit www.mcdonalds.de/verantwortung

NUMBER OF CONTACTS
McDonald’s Customer Service

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Contacts</th>
<th>Contacts to Customer Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>32,247</td>
<td>60,007</td>
</tr>
<tr>
<td>2010</td>
<td>32,134</td>
<td>59,089</td>
</tr>
<tr>
<td>2011</td>
<td>32,134</td>
<td>59,089</td>
</tr>
</tbody>
</table>

* Since October 2011; Marine Stewardship Council (MSC)
** Excluding Germany

Audited by independent third parties
Ensuring food safety through audits

Audited in line with McDonald’s quality standards

Information from 2011
WIDE ANGLE ON ENVIRONMENTAL PROTECTION


OUR ENVIRONMENTAL GUIDELINES

Our overarching, long-term aim is to establish a sustainable business model that enables us to grow further and meet our customers’ highest expectations.

We factor environmental considerations into all decision-making processes, balancing these against issues such as suitability, availability and economic viability. Environmental awareness is an integral part of our business dealings with suppliers and partners at all times. We also aim to keep the environmental impact of our business activities to a minimum. Our environmental management system helps us to achieve this.

Its goals include:
1. Reduce the volume of materials we use (e.g., energy and raw materials)
2. Use resources efficiently (e.g., by using recycled materials)
3. Reduce emissions (e.g., by optimizing transport or improving the quality of waste water)
4. Reduce waste (e.g., in production processes and in our restaurants, and by separating secondary raw materials)

We regard our environmental program as a work in progress. We are committed to continuously reviewing, evaluating and improving it to ensure that we embrace the best environmental practices in our processes and restaurants. We continue to communicate with our employees, customers and suppliers to raise awareness of environmental issues. Concrete measures include the publication of information through internal communication channels and regular training sessions.

Our voluntary commitment to environmental protection is lived and breathed by employees and management alike at McDonald’s. McDonald’s Germany also implements McDonald’s internal Europe-wide minimum environmental standards.

ENVIRONMENTAL MANAGEMENT SYSTEM

To ensure environmental guidelines are followed to the letter, we check compliance with McDonald’s internal requirements for systematic environmental management. This includes the following activities.

- Responsibility for environmental issues is clearly defined in all instances. During the period under review, the members of the Executive Board responsible for development assumed overall accountability for disposal, energy, climate protection, buildings and equipment. The procurement department is responsible for packaging (supply chain).
- We adhere to legal regulations and monitor the latest developments, for example in R&D or legislative changes.
- Environmental awareness is hardened into all department goals.

We have clearly subdivided our environmental impacts into the areas of disposal, packaging, energy and climate protection (reduction of direct and indirect emissions), buildings and equipment, and logistics. We have set ourselves ambitious goals in each field (see our Roadmap, page 66).

Environmental and political milestones

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>First environment brochure launched by McDonald’s Germany</td>
</tr>
<tr>
<td>2001</td>
<td>First cardboard packaging comprising up to 72 percent recycled paper comes into force in Germany</td>
</tr>
<tr>
<td>2005</td>
<td>Mandatory deposit on disposable drink cups and food containers begins</td>
</tr>
<tr>
<td>2006</td>
<td>Germany’s recycling and waste act (KrWG) comes into force</td>
</tr>
<tr>
<td>2007</td>
<td>Environmental protection is recognized as a national objective in the German Constitution</td>
</tr>
<tr>
<td>2008</td>
<td>Appliance of the Kyoto Protocol</td>
</tr>
<tr>
<td>2009</td>
<td>Germany’s carbon dioxide emissions are below 950 kg per square meter of floor space</td>
</tr>
<tr>
<td>2010</td>
<td>Environmental protection is promoted in the European Union by the European Commission</td>
</tr>
</tbody>
</table>

McDonald’s environment milestones

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Germany abandons its nuclear energy program. Following the nuclear reactor accident in Fukushima</td>
</tr>
<tr>
<td>2006</td>
<td>The amended version of the German Renewable Energy Act (EEG) comes into force. The installed share of the electricity mix at double to at least 18 percent by 2020</td>
</tr>
<tr>
<td>2007</td>
<td>German law (BAuA/2007) mandating a minimum level of knowledge with fundamental environmental law begins</td>
</tr>
<tr>
<td>2008</td>
<td>The Kyoto Protocol comes into force</td>
</tr>
<tr>
<td>2009</td>
<td>National climate protection program approved by the German Federal Government</td>
</tr>
<tr>
<td>2010</td>
<td>Eco tax reform in Germany</td>
</tr>
<tr>
<td>2011</td>
<td>Appliance of the Kyoto Protocol</td>
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<td>2012</td>
<td>Germany’s recycling and waste act (KrWG) comes into force</td>
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<td>2013</td>
<td>Environmental protection is recognized as a national objective in the German Constitution</td>
</tr>
<tr>
<td>2014</td>
<td>Appliance of Agenda 21</td>
</tr>
<tr>
<td>2015</td>
<td>Implementation of the Packaging Waste (VerpackV) legislation comes into force</td>
</tr>
<tr>
<td>2016</td>
<td>National climate protection program approved by the German Federal Government</td>
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<tr>
<td>2017</td>
<td>Environmental protection is recognized as a national objective in the German Constitution</td>
</tr>
<tr>
<td>2018</td>
<td>Appliance of the Kyoto Protocol</td>
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</tbody>
</table>

Number of restaurants

- 2019: 391
- 2020: 391
- 2021: 391

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>The Greenpeace movement is founded</td>
</tr>
<tr>
<td>1980</td>
<td>The International Environmental Cooperation Act comes into force</td>
</tr>
<tr>
<td>1986</td>
<td>The European Union’s first environmental policy is adopted</td>
</tr>
<tr>
<td>1987</td>
<td>The Kyoto Protocol comes into force</td>
</tr>
<tr>
<td>1988</td>
<td>The European Union’s first environmental policy is adopted</td>
</tr>
<tr>
<td>1990</td>
<td>The Autism Environment Treaty is signed</td>
</tr>
<tr>
<td>1992</td>
<td>The Rio Environment Conference is held</td>
</tr>
<tr>
<td>1993</td>
<td>The Earth Summit in Brazil is held</td>
</tr>
<tr>
<td>1995</td>
<td>The Kyoto Protocol comes into force</td>
</tr>
<tr>
<td>1996</td>
<td>The European Union’s first environmental policy is adopted</td>
</tr>
<tr>
<td>1997</td>
<td>The EU Green Taxation Directive comes into force</td>
</tr>
<tr>
<td>1998</td>
<td>The European Union’s first environmental policy is adopted</td>
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RESOURCE-EFFICIENT PACKAGING

THE PACKAGING WE USE TO SERVE FOOD AND DRINK IN OUR RESTAURANTS AND “TO GO” HAS TO FULFILL A WIDE RANGE OF STRICT CRITERIA.

On the one hand, it has to meet our ecological standards. Yet on the other, it has to be as attractive as possible as packaging builds our brand image. Packaging also has to provide information, for example on nutritional values. It should be easy to handle for our employees and protect our products during storage and transport. Last but not least, it must comply with statutory and internal McDonald’s regulations on food hygiene.

MCDONALD’S PACKAGING STRATEGY

We started optimizing our packaging twenty years ago and have been continually reducing the amount of plastic we use and the overall weight of packaging ever since. And so today, we are already operating to a very high standard. The low variations in certain indicator values already show that we are reaching eco-optimization limits based on today’s technologies. We can, however, continue to push our strategy aimed at maximizing resource efficiency by further increasing the regenerative and recycled share of raw materials in our packaging. Our ecological packaging strategy pursues the following aims:

- To keep the amount of material used for packaging as low as possible
- To continually increase the proportion of regenerative raw materials
- To use as many secondary raw materials as possible, including recycled paper or R-PET (recycled polyethylene terephthalate), and to continually increase the proportion of wood from certified sustainable forests in paper production.

FACTS AND TRENDS IN 2011

In 2011, McDonald’s Germany used a total of 48,623 tons of packaging material. This figure includes transport packaging. Around 52 percent of this was consumer packaging as defined by Germany’s packaging law (35,164 tons).

Just over two thirds (69.4 percent) of the total packaging material (consumer and transport packaging) was made of paper, cardboard and carton. The remaining third (30.6 percent) was lightweight packaging (primarily plastics and composite materials).

The average weight of our consumer packages rose slightly in 2011 to 5.47 grams (2010: 5.35 grams). At the same time, the recycled share of total packaging was 9.8 percent up on 2010 at 31.8 percent. The proportion of regenerative raw materials rose during the period under review to almost 50 percent (2010: 49.5 percent), while the percentage of wood from certified forests used in paper production fell slightly (2010: 64.3 percent; 2011: 66.7 percent). We also tested a variety of new packaging types and materials in 2011.

Our goal for 2012 is to further reduce the volume of packaging (paper, cardboard, carton and lightweight materials). We are working closely with our packaging suppliers to this end. Our suppliers are also committed to continually improving resource efficiency.

In our McCafé, food and drinks consumed in house are served on or in porcelain plates and cups.

ANTI-LITTERING INITIATIVES

Littering is a daily challenge for McDonald’s. We have implemented many measures over the years to combat this issue. Where necessary, our employees collect carelessly discarded waste from neighboring areas such as parking lots, bus stops or green areas. We use clearly marked waste containers outside our restaurants to remind customers to dispose of their waste responsibly.

We also support clean-up campaigns in many areas. In 2011, we launched the McDonald’s anti-littering initiative, Say No to Waste, in order to highlight the importance of protecting the environment.

WASTE SEPARATION AND REUSE

In 1991, the German Avoidance and Recovery of Packaging Waste law (VerpackG) transferred responsibility for the collection and proper disposal of packaging for the first time to the person or organization where the materials originated – in other words, us.

As a result, all McDonald’s restaurants have been part of a nationwide, dual packaging disposal system organized by a private company since 1993. This free collection service allows customers to dispose of used packaging close to their homes. It also ensures that all packaging in our restaurants is channeled into a high-quality recycling process. Since the introduction of this law, all used packaging (including non-packaging waste of a similar material) is carefully sorted by type and handed over to our qualified and certified disposal partners for further processing. Collection and recycling rates are regularly certified and documented in line with the requirements of VerpackG’s legislation. We provide training and extensive information to ensure that our employees are always up to date on the latest developments in waste separation.

In 2011, total waste increased slightly to 66,732 tons (2010: 63,353 tons). This corresponds to an average of 47 tons per restaurant, per year and includes transport packaging as well as non-packaging waste of a similar material.

Expressed in weight, paper, cardboard and carton generally account for around 50 percent of our restaurant waste. We increased the recycling rate for this category in 2011 to 75.2 percent (2010: 71.2 percent). Lightweight packaging (plastic wrap, plastics or composite material, for instance) make up around 20 percent of our waste by weight. 64.1 percent of plastics (2010: 67.1 percent) and 63.6 percent of composite materials (2010: 64.3 percent) were recycled2 in 2011.

Organic waste, primarily food waste, accounts for around 15 percent and used oil for around 10 percent of our waste. The technologies to recover secondary raw materials from our waste are becoming increasingly effective and important for our eco-footprint. Our waste oil, for example, is processed to create technical fats (see Logistics, page 33). Waste destined for recovery accounted for around 2 percent of total waste whereas waste destined for disposal accounted for 0.2 percent. Municipal authorities are responsible for the disposal of this waste.

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).

2) Only applies to our consumer packaging subject to licensing obligations.
REDUCED EMISSIONS

IN 2011, THE SUCCESSFUL IMPLEMENTATION OF OUR ENVIRONMENTAL GUIDELINES HAD A SIGNIFICANT IMPACT ON OUR ENERGY CONSUMPTION. WE USED ENERGY MORE EFFICIENTLY AND COVERED 25 PERCENT OF OUR POWER NEEDS WITH RENEWABLE ENERGY, ENABLING US TO CUT OUR INDIRECT CO2 EMISSIONS.

Although we opened more restaurants, welcomed more guests and extended opening hours, we managed to cut energy consumption per guest in 2011, thus reducing direct and indirect CO2 emissions per guest count from 0.68 kg in 2010 to 0.50 kg in 2011. This figure significantly outperforms our target of 0.61 kg for 2011.

REDUCED ENERGY CONSUMPTION

During the period under review, we needed 572.4 million kWH of energy to power our restaurants (2010: 568.6 million kWh). The annual average consumption of a comparable restaurant* fell by 653 kWh to 411,236 kWh. Our primary energy consumption has also fallen, primarily due to weather conditions. The amount of natural gas that we needed to heat our restaurants fell by around 50 million kWh from 282 million kWh in 2010 to 231 million kWh.

In 2011, 25 percent of our power came from renewable sources (biomass). By 2014, we intend to obtain 100 percent of our electricity from renewable sources (interim target 2012: 50 percent). A far-sighted procurement strategy that bundles our energy requirements in order to absorb rising costs is key to achieving this goal.

IMPROVED CLIMATE BALANCE

We have set ourselves a clear, long-term goal: We aim to keep energy consumption as low as possible and thus minimize CO2 emissions. To this end, we continually optimize processes in our restaurants, train our employees and ensure that our buildings and the equipment in our restaurants are as energy efficient as possible (see “Lowering consumption through energy upgrades”, page 30).

In 2011, we saved around 80,000 tons of indirect CO2 emissions by purchasing electricity from renewable sources. Direct CO2 emissions (Scope 1) arising from our natural gas consumption dropped faster than expected due to the mild weather. The total direct and indirect emissions of our restaurants thus came to 297,831 tons of CO2 in 2011. This is around 100,000 tons or 25 percent less than the prior-year figure (2010: 394,805 tons of CO2).

TRANSITION TO FC-FREE COOLING EQUIPMENT

Chlorofluorocarbons (CFCs) are widely used as cooling agents in our restaurant equipment. We carefully and regularly maintain our equipment to avoid leaks if at all possible. We estimate that CFCs account for less than one percent of our climate balance. Nevertheless, they are chemical compounds that have been proven to contribute to global warming. As such, we aim to replace CFCs to the greatest possible extent in our restaurants.

In September 2011, with support from scientists at the Biberach University of Applied Sciences, we opened the first CFC-free McDonald’s restaurant in Germany in the town of Heidelberg. All cooling systems – from freezers through cold rooms to the air conditioning system – use climate-friendly cooling agents. As of 2012, we will only be purchasing CFC-free cooling equipment. McDonald’s Germany is taking a pioneering role on this front in the food service sector.

WATER CONSUMPTION – EXPANDING OUR KNOWLEDGE BASE

The majority of water we consume is used for cleaning purposes and flushing toilets. We ensure that water is used as efficiently as possible at all times. In our McCafés, for example, we use water-efficient dishwashers. Some restaurants use rainwater for watering outside areas and in toilet flush systems. We exclusively use environmentally sound cleaning products with special dosing systems to ensure that they are used as sparingly as possible.

All restaurants in Germany source their water from local utility companies. They are all connected to public sewage systems and must comply with respective legal thresholds for waste water.

We only currently have information on water consumption for restaurants run directly by McDonald’s. In 2011, that was 235 restaurants (around 17 percent of the total number). Total water consumption for these restaurants amounted to 468,401 m³ (2010: 469,054 m³ for 217 restaurants, approximately 16 percent of the total). Average annual water consumption has thus fallen to below 2,000 m³ per restaurant. We intend to work with our franchisees to gradually expand our knowledge base for water consumption.
We aim to build restaurants that are as energy- and emissions-efficient as possible, using materials that can be reused and recycled wherever possible. Our commitment to energy management and lowering consumption is particularly visionary. In light of rising energy prices, investing in energy-efficient buildings and equipment doesn’t just benefit the environment and climate, it also pays off for the McDonald’s system as a whole.

Our Energy Upgrade program, for example, builds on various pilot projects showcasing innovative technologies. We use the findings from these projects to install modern, energy-saving technologies in existing restaurants.

IMPROVEMENTS TO OUTSIDE AREAS
Our EE-Tec pilot restaurant in Achim, near Bremen, makes a visible contribution to climate protection with its solar panels and wind turbines. However, many of our restaurants make a more subtle but similarly effective difference through energy-saving outdoor lighting. In restaurants with lighting systems that are at least fifteen years old with high to very high energy requirements, for instance, it makes sense to convert light pylons to LEDs. This reduces energy and material consumption and cuts maintenance effort. Converting car park lighting to LED technology and upgrading advertising displays on building walls and in McDrives offers the same benefits. Optimizing outside areas in this way reduces the energy consumption and subsequently indirect CO₂ emissions of restaurants. The energy used in outside areas can account for up to 15 percent of a restaurant’s total energy bill. The responsible departments at the Main Service Center and at regional level are on hand to advise franchisees and McDonald’s own restaurant managers on how best to implement these measures.

IMPROVEMENTS TO INSIDE AREAS
There are also many ways of saving energy inside our restaurants. Climate control systems are a prime example here. At our pilot restaurant in Achim, near Bremen, we demonstrated an energy-efficient, demand-driven control unit for air conditioning systems. The restaurant lobby and kitchen proved to be the biggest consumers. We aim to make this innovative climate control system available to all restaurants as air conditioning systems can account for up to 25 percent of a restaurant’s electricity bill. Demand-driven air conditioning not only saves electricity, it also cuts heating energy requirements by between five and ten percent.

Using the heat from kitchen outlet air to heat dining areas can also significantly cut the amount of energy needed for heating. Heat recovery can save up to 30 percent of energy required for heating.

Retrofitting modern control technology to cold rooms is another way of saving energy. Industrial cooling accounts for up to three percent of a restaurant’s total energy consumption. In many restaurants, we already use energy-efficient lighting systems in dining areas and neighboring rooms.

We have been using energy-efficient kitchen machines for many years now, including the clamshell grill, which was specially designed for McDonald’s, and our low oil volume (LOV) fryers, which consume around five percent less energy than conventional devices.
INTEGRATED MEASURES FOR FEWER EMISSIONS

Modern storage technologies such as daylight-controlled lighting, rapid rolling gates and the recovery of heat released in cold stores keeps energy consumption at the seven distribution centers to a minimum. Photovoltaic systems are installed on the roofs of two distribution centers in Germany. The solar energy captured can be used for example to keep the cold store at the required –23 degrees Celsius. The company also intends to equip its own fleet of trucks with photovoltaic systems. It is currently implementing a one-of-a-kind test project, which will see it equip the roofs of truck trailers with solar modules to generate electricity for in-transit refrigeration. HAVI Logistics plans to test a total of four trucks in this project.

Biodiesel accounts for around 70 percent of all fuel required to transport goods to and from the distribution centers. By continually optimizing routes and avoiding empty loads, HAVI Logistics is constantly striving to minimize the number of kilometers driven per ton of goods delivered. Various temperatures zones can be set inside the trucks, enabling goods that require different temperatures to be delivered simultaneously to restaurants, thus eliminating the need for multiple deliveries.

In Duisburg and Günzburg, our suppliers of bakery products and burger patties are located next door to HAVI Logistics in sites known as food towns. Bundling these service providers means that the products do not need to be transported from the suppliers to the distribution center, thus cutting resource consumption, air and noise emissions.

Thanks to these measures, the total amount of CO2 per ton of freight delivered fell from 73 kilograms in 2010 to 72 kilograms in 2011.

INTELLIGENT COLLECTION SYSTEMS

HAVI Logistics has set up a complimentary service to collect the plastic menu posters and advertisements used in McDonald’s restaurants (translites). Since 2007, our logistics partner has also offered a collection service for used kitchen machines for all restaurants in Germany. In 2011, McDonald’s and HAVI Logistics started a new pilot project testing a system for collecting used oil from restaurants so it can be processed into biodiesel.

The waste frying oil is initially poured into a specially designed, mobile container. This is then pumped into another container on the underside of a distribution truck. The truck takes the oil to a collection point where it is fed into a biodiesel processing system. The project is currently being carried out at ten restaurants. If it continues to prove a success, we will be extending it to additional restaurants.

EFFECTIVE, EFFICIENT LOGISTICS

HAVI LOGISTICS GMBH IS OUR LOGISTICS PARTNER IN GERMANY. THE COMPANY MAKES SURE WE GET THE PRODUCTS WE NEED FROM DIFFERENT SUPPLIERS AND ORGANIZES THE STORAGE AND DELIVERY OF ALMOST ALL FOOD AND NON-FOOD PRODUCTS TO OUR RESTAURANTS. AT EACH POINT ON THE JOURNEY FROM SUPPLIERS TO DISTRIBUTION CENTERS AND FINALLY TO OUR RESTAURANTS, ALL GOODS UNDERGO A WIDE RANGE OF SAFETY AND QUALITY CHECKS (SEE ALSO PAGE 11).

In total, our logistics service provider moves around 5.7 million individual items per month for McDonald’s Germany and has around 1,100 employees at seven sites in Duisburg, Bingen, Ilsfeld, Günzburg, Wustermark, Neu Wulmstorf and Lederhose.

With its commitment to predictability, food safety, efficiency and environmental awareness, HAVI Logistics shares the same corporate goals as McDonald’s Germany – and we can always rely on our logistics partner to excel in reliability and environmental responsibility.

ENVIRONMENTAL PROTECTION BEYOND COMPANY WALLS

HAVI Logistics takes a strategic approach to reducing the ecological footprint of its logistics services. And this plays a defining role in minimizing McDonald’s overall environmental impact.

HAVI Logistics has defined four key targets for optimizing its – and thus our – value chain distribution centers, transport, services and environmental initiatives. This last action item includes environmental partnerships with different organizations.

Since 1997, all measures have been steered by the company’s environment department with the support of a proven environmental controlling system. Its environmental management system has been certified in line with EN ISO 14001 and the EU Eco-Management and Audit Scheme (EMAS) since 2000. HAVI Logistics GmbH is one of the first companies worldwide to be validated in accordance with the new, stricter EMAS III standard.

Sven-Carsten Sachse
Senior Vice President, HAVI Logistics Region West

“By harnessing regenerative raw materials and alternative energy sources and by continuously developing and rolling out environmental innovations, we aim to leave the smallest possible CO2 footprint in the McDonald’s supply chain.”

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25% of electricity from renewable sources in 2011

100% of electricity from renewable sources by 2014

TOTAL ENERGY CONSUMPTION
Direct and indirect primary energy consumption

ENERGY CONSUMPTION of a comparable restaurant

CO2-EMISSIONS
Total amount of direct and indirect greenhouse gas emissions

For further information, facts and figures on our eco-footprint visit: www.mcdonalds.de/verantwortung

The electricity consumption of an average restaurant is extrapolated and is not based on the total value for the year.
Employer of choice

WHY WORK?
WHO REALLY BENEFITS?
McDonald’s has grown continuously in Germany over the last four decades. Today, we are the largest employer in the gastronomy sector. Issues such as employee representation, fair remuneration, training and skills development, diversity and equal opportunities are top priorities. We continually focus on developing these areas as we step up to our responsibility as an employer. We maintain open dialog with our employees, franchisees, unions and other organizations in order to understand the different needs of each stakeholder and to find joint solutions, thus strengthening our position as an employer of choice. Engaging with our stakeholders highlights just how important McDonald’s global values and business principles are for the success of the entire company.

**GLOBAL BUSINESS STANDARDS**

McDonald’s values provide an ethical backbone for the entire company. They:

- place the customer at the heart of everything we do,
- outline our commitment to our employees,
- strengthen the McDonald’s system,
- provide the legal and moral framework for our employee’s actions,
- promote social commitment,
- support economic growth, and
- drive continual improvement.

These binding values form the basis for McDonald’s global Standards of Business Conduct (www.aboutmcdonalds.com), which apply to all employees. These standards lay the foundation for all other codes of conduct and management guidelines.

McDonald’s Germany has expanded the Standards of Business Conduct to include guidelines specifically for Germany. All office staff and restaurant managers employed by McDonald’s Deutschland Inc. have to regularly confirm compliance with these guidelines. They outline a variety of rules, including conventions on giving and receiving gifts and handling confidential information. They also prohibit donations to political parties, candidates running for political office, political committees or other political institutions.

The management promise that we formulated in 2001 in Germany builds on our values, also incorporating the daily experiences and needs of our employees. It was narrowed down in various workgroups bringing crew members together with restaurant managers and internal and external specialists. The management promise from McDonald’s Germany highlights our commitment to outstanding customer service as well as our duty to treat employees with fairness and respect, acknowledge exceptional performance and offer regular employee training opportunities.

**INTEGRITY AND OPEN COMMUNICATION**

Every two to three years on average, specially trained employees in the HR department at the Main Service Center and in the individual regions carry out HR audits in every restaurant. They assess each restaurant to ensure that they comply with labor and collective bargaining laws and with internal regulations. A total of 497 HR audits were carried out in 2011. In 2016, we set up a Confidential Contact Center for all employees of McDonald’s Germany. They can contact the center by phone, letter, e-mail or fax to air any problems they might have at work if talking to colleagues and supervisors did not help. Reports can also be made anonymously. The Confidential Contact Center tries to find solutions and reach a compromise with the line manager in question - usually through dialog, engaging everyone concerned. It works as a neutral arbitrator independently of McDonald’s Germany and its franchisees. It is bound to secrecy and provides advice to all employees free of charge. The Global Compliance Office is another point of contact for all employees worldwide to address any questions regarding ethical issues or violations of the code of conduct. Reports can also be made anonymously here. The McDonald’s Business Integrity Line is a toll-free international telephone hotline with an interpreted service. It is available to all employees round the clock. We inform employees about the Confidential Contact Center and the Business Integrity Line through flyers, internal information channels and the intranet.

**FACTS AND FIGURES**

In 2011, around 64,800 people were employed on average in 1,415 restaurants. This is 2,000 more than in the previous year. Over 30,500 of these people were employed by our 245 franchisees and almost 12,800 in restaurants run directly by McDonald’s (McOpCo). A further 620 employees work in administration.

On average, just over ten percent of all employees work in restaurant management. At 2,131, the number of trainees was up on the previous year (2,099 trainees). The average period of employment for crew members at our McOpCo restaurants in 2011 remained level with the previous year at 4.4 years. A total of 89 works councils were responsible for employee representation. Wolfgang Goebel, member of the Executive Board responsible for HR at McDonald’s Germany bore overall responsibility for human resources during the period under review.

*The McDonald’s system is often described as a three-legged stool comprising franchisees, suppliers and the company.*
FAIR REMUNERATION AND FAIR TREATMENT

AT MCDONALD’S, WE BELIEVE THAT FAIR, PERFORMANCE-RELATED PAYMENT IS A BASIC RIGHT. IN GERMANY, WE ADHERE TO A COLLECTIVE AGREEMENT NEGOTIATED BY THE FEDERAL ASSOCIATION OF THE FOODSERVICE SECTOR (BdS) AND THE FOOD, BEVERAGES AND CATERING UNION (NGG). AT THE END OF SEPTEMBER 2011, BOTH SIDES CONCLUDED A NEW COLLECTIVE WAGE AGREEMENT.

The collective wage agreement came into effect on December 1, 2011 and applies to around 100,000 employees in the German franchise foodservice sector. All members of the BdS, including McDonald’s Germany, have committed to paying their employees in line with the agreement. The overall entry-level wage has been increased. In the western states of Germany this now comes to EUR 7.50. In the east it has been raised to EUR 6.85. After twelve months at the company, employees are automatically upgraded to the next highest wage group. The wage agreements are available on the BdS website at www.bundesverband-systemgastronomie.de.

McDonald’s Germany also pays its trainees an agreed rate. In addition, we offer all employees covered by collective wage agreements attractive complementary benefits such as 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.

During the period under review, we revised our pension scheme for employees and made preparations for a modern, supplementary system to be launched in 2012.

ANNUAL EMPLOYEE SURVEY

Once again in 2011, we carried out an employee survey at McDonald’s Germany. Each year, we interview half of the employees at McOpCo restaurants on a rolling basis. Different questionnaires are given to crew members and restaurant managers and these are available in eight different languages. The survey is carried out online and is entirely anonymous. This annual feedback is extremely important as it provides us with information on how our values, guidelines and wage agreements are implemented at local level and, where necessary, enables us to take action to rectify any problems. We ask our employees 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 training opportunities available to them.

TOP EMPLOYER

In an independent study by the opinion research institute CRF, McDonald’s Germany was named one of the 118 top employers in Germany for 2012. The study was based on data collected in 2011 on career opportunities, primary benefits, secondary benefits, work/life balance, training, development and corporate culture. The administration division of McDonald’s has been awarded this seal of approval every year since 2004.

DATA PROTECTION

Data protection is an extremely important topic for us and we set ourselves high standards in this area. We therefore regularly inform employees and franchisees about data security trends, build awareness about the importance of security and, if possible, develop appropriate initiatives. These included a training program in 2011. Here, McDonald’s Germany developed a special training concept for dedicated security officers at franchise restaurants. The program was also highly rated by data security authorities. Known as “My Data Protection Expert”, the concept is tailored to the data security needs of McDonald’s franchise restaurants and therefore gives participants the skills they need for day-to-day operations. The training program was developed in collaboration with a renowned data security expert who also holds the course. After taking a final test, participants receive a certificate confirming that they have successfully completed the course and acquired the requisite technical expertise. In 2011, almost 120 in-house data protection officers representing over 600 of our franchise restaurants took part in this two-day course. Also in 2011, we revised our Video Policy. This policy defines exact procedures and prerequisites governing the use of video technology in our restaurants. To protect the privacy of our employees and customers, our Video Policy now frames very restrictive use of video surveillance systems in restaurants.

“At McDonald’s, we take the trust of our employees, customers and franchisees extremely seriously. Which is why we ensure personal data is handled correctly and protected to the strictest security standards.”

Marcus Lettschulte
Senior Department Head Legal, Data Protection Officer
McDonald’s Germany
MANY ROADS LEAD TO MCDONALD’S

Since the beginning of 2010, we have been running our most intensive ad campaign to date. In television, print media and on our website, we have been using an employer-focused campaign to provide information on working at McDonald’s. By showing how young people can be equipped with the skills and knowledge required to succeed in the profession, we aim to highlight the benefits of working at the company and the many career opportunities we provide. And the campaign has proved a success. In 2011, we again increased the number of employees and trainees at the company.

Under our “Jobs & Careers” portal at www.mcdonalds.de/jobs, we provide interesting, relevant information about working at McDonald’s as well as simple application forms for a wide range of jobs—from foodservice expert to interior designer.

VARIED TRAINING OPPORTUNITIES

We offer a wide range of training opportunities. Trainees in the “Fachkraft im Gastgewerbe” (specialist in the hospitality services industry) program can obtain a qualification recognized by the German Chamber of Commerce (IHK) in just two years. Participants must have completed German Hauptschule (lower-ranked secondary schools) to qualify for the course. In 2011, 447 young men and women participated in this course (2010: 235 people).

McDonald’s also offers training to become a Fachmann or “Fachfrau für Systemgastronomie” (expert in the foodservice sector, able FASY) program. 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). During the period under review, 1,404 trainees participated in the McDonald’s FASY program.

Trainees who successfully complete the two-year specialist course with good grades also have the option of following up with an FASY qualification.

We also offer school-leavers who have taken the university entrance examination (German Abiturienten) and graduates from technical colleges (German Fachhochschulen) a combined work/study program that gives young people the chance to graduate with an internationally recognized Bachelor of Arts (BA) or Bachelor of Science (BSc) degree.

Our offering includes courses on workplace safety such as first-aid training and regular first-aid refresher courses. To systematize and eliminate the causes of accidents and prevent accidents from happening in the first place, our employees have to attend regular training on a variety of safety-related topics.

We have created tailored development programs for different middle management target groups, such as field & operations consultants and operations managers. We have also developed courses for up-and-coming managers. Applicants for the young managers’ program first have to successfully pass a selection process. They can then start a training course that will prepare them for a future in management and which comprises modules such as intercultural training. All employees from the level of restaurant manager up receive regular performance feedback that forms the basis of their career and salary development. The feedback sessions are also used to determine appropriate skills development measures for individual employees.

EMPLOYMENT AFTER TRAINING

Secure job prospects are extremely important, especially for young people. Good career opportunities and the possibility of being offered a job after qualification are decisive criteria for many trainees. From the company’s perspective, our own trainees make the best employees and managers of the future.

In 2011, as in 2010, we offered jobs to around 80 percent of our trainees. This puts us well above the average for the hotel and catering trade. 343 of the 447 FASY trainees hired were able to further their careers as shift leaders in restaurants run by McDonald’s Germany and its franchisees.

SKILLS DEVELOPMENT

McDonald’s offers a wide range of careers and talent development opportunities for motivated, enthusiastic employees. Our Hamburg University in Munich is one of seven training centers worldwide. These are flanked by our Regional Service Centers and dedicated in-restaurant trainers to bring a range of skills to our employees—from the basics of shift management to business planning.

In 2011, approximately 1,600 employees completed 82 courses at the Hamburg University. During the same period, 10,866 employees took part in 1,542 courses at our Regional Service Centers. In other words, almost 20 percent of our employees took part in talent development courses.

The Crew College is a training program for crew members in all McOpCo restaurants and participating franchisee restaurants. The program encourages employees to sign up for courses at German adult education centers (Volkshochschulen). At the start of each academic semester, these institutions offer a wide range of courses including language, information and computer skills. McDonald’s provides financial support for these courses in the form of a gross allowance of up to EUR 105 per semester. In order to receive this financial support, employees must attend at least 80 percent of the classes.

McDonald’s firmly believes in lifelong learning. Our Crew College concept was founded to realize this vision.

McDonald’s Germany and its franchisees.

For some years now, we have been offering management-level employees who do not have vocational qualifications the option of obtaining a qualification as “Fachmann” or “Fachfrau für Systemgastronomie” (experts in the foodservice sector, able FASY) through an external examination organized by the German Chamber of Industry and Commerce (IHK). Applicants who have not completed an apprenticeship can apply to sit the final exam if they have been working in the profession for a period that is one and a half times longer than the defined training period and can prove that they have acquired the required skills and knowledge during this time. The exam requirements are then identical to those for trainees. A preparatory course for the foodservice sector (Vorberufsvorbereitungsgesetz (VVO) Systemgastronomie) is held twice a year to prepare applicants for the exam. During the two-week course, managers are taught all the necessary business content for the final exam. In 2011, 38 managers took this effective preparatory fast-track to IHK qualification.

McDonald’s also supports crew members looking to take the external exam for Fachkraft im Gastgewerbe (specialist in the hospitality services industry), launching a preparatory course for Germany’s AdA examination, which employees can take while continuing to work. A day at a train the trainer scheme. The exam has to be completed by anyone responsible for instructing trainees during their apprenticeships or training courses as the German ordinances governing the appointment of trainers and instructors stipulate that a person can only train others if they have the requisite vocational and educational skills. In 2011, 102 people took part in the courses offered by McDonald’s for this qualification.

IHK QUALIFICATIONS

When employees in administration start their careers and McDonald’s they have to work for a day in a McDonald’s restaurant alongside crew members. They then repeat this experience once a year on what is known as Ray Kroc Day. It is obligatory for all office staff. We regard this as a crucial experience that enables our people in management and administration to work more successfully and effectively.
DIVERSITY AND EQUAL OPPORTUNITIES

People from 129 countries work at McDonald’s Germany. We respect, value and support all employees regardless of sex, nationality, ethnic origin, religion or ideology, disability, age, sexual orientation or identity. Our commitment here is anchored in our global values and guidelines and in the Diversity Charter that McDonald’s Germany signed in 2007. McDonald’s gives everyone a fair and equal chance.

Our diverse workforce is one of our greatest assets. The skills and talents of our employees form the basis of our success in a world increasingly shaped by globalization and demographic change.

INTEGRATION OF PEOPLE WITH DISABILITIES

Integrating employees with a disability into day-to-day restaurant operations is both a challenge and an opportunity for everyone. In 2010, we launched a manual providing information on the integration of severely disabled employees at McDonald’s Germany. The document is targeted in particular at franchisees and aims to encourage them to offer job opportunities to people with disabilities. The results speak for themselves. In 2011, we employed 740 employees with a disability – an increase of around twelve percent on the previous year.

Some restaurants collaborate with workshops that employ disabled people, hiring, for example, employees trained in landscaping and gardening to maintain the areas outside restaurants. We will also be focusing more on the needs of older employees in the future. Our activities here will target in particular the simple ergonomic measures that can be taken to reduce the physical stresses of working in restaurants.

WE AIM TO INCREASE THE NUMBER OF WOMEN IN MANAGEMENT POSITIONS

McDonald’s global vision also places the company as one of the most progressive employers in the development of female talent. We have already made a lot of progress in past years. In 2000, only one managing director of a country was female. In 2011, twelve women are now in this top management position in different countries.

During the period under review, the McDonald’s Corporation was presented the Catalyst Award 2011 (www.catalyst.org), recognition that measures implemented by McDonald’s across the globe – and set down in our Global Women’s Initiative – have already led to concrete results. The percentage of female restaurant managers increased worldwide between 2006 and 2009. In Europe, the proportion of women in this position – which is a key stepping stone to higher level management – rose from 45 percent to 52 percent. In Germany, 42 percent of restaurant managers and senior restaurant managers were women in 2011. This is a slight increase on the previous year. The percentage of women in office management positions at McDonald’s Germany (leadership team, LST) rose from 13 percent to 16 percent during the period under review. We aim to increase the percentage of female workers at this level to 30 percent in the next three years. In 2010, we launched the German Women’s Leadership Network (GWLN) in order to promote the exchange of information on this issue at McDonald’s Germany and to encourage and implement concrete measures for increasing female representation. Members of the network are all women in management positions.

“When it comes to our responsibility as a company, we look at the big picture. We recognize the benefits that a diverse workforce can bring, especially to a brand like McDonald’s. In our HR strategy for the coming years, diversity is therefore at the top of the agenda.”

Wolfgang Goebel
Member of the Executive Board responsible for HR at McDonald’s Germany
A HEALTHY WORK/LIFE BALANCE

OUR HR STRATEGY NOT ONLY FOCUSES ON DIVERSITY AND EQUAL OPPORTUNITIES. ENSURING A HEALTHY WORK/LIFE BALANCE IS EQUALLY IMPORTANT.

For many years now, our employees in restaurants and administration have had access to flexible full- and part-time work models.

ON-SITE DAYCARE CENTER

One of the highlights of 2011 was the opening in November of a children’s daycare center on the grounds of our Main Service Center in Munich.

The city of Munich and McDonald’s have been working hand in hand for many years, with McDonald’s Germany providing the premises and the city providing the funding. The additional facilities have enabled us to transition our Kindergarten, which has been operating since 1993, to a daycare center. This enables us to offer our employees professional childcare services for children from aged anywhere from eight weeks to six years. There are a total of 24 daycare places, half of which are allocated by our cooperation partners.

CORPORATE VOLUNTEERING

As of 2011, office staff have the opportunity to take part in a paid corporate volunteering day. Instead of doing their usual business on this working day, they assist the McDonald’s Kinderhilfe Stiftung (Ronald McDonald House Charities) by participating in the daily duties arising in Ronald McDonald Houses. Our aim here is to support the charity while at the same time fostering a sense of community involvement among our employees (see also “Sharing brand”, page 54).

RESPONSIBILITY FOR PERSONAL MOBILITY

In 2011, McDonald’s Germany introduced a new regulation for our fleet of around 550 company cars. The new regulation introduces CO₂ thresholds for the first time based on the CO₂ emissions limits defined by the European Union.

Any employee who chooses a car that exceeds these CO₂ thresholds is obliged to make a one-off payment of EUR 500 per excess gram. This money will then be invested in the MoorFutures project, an initiative of the Mecklenburg-West Pomeranian Ministry of Agriculture, Environment and Consumer Protection. The money will be used to rewet moors in the state of Mecklenburg-West Pomerania so that they can fulfill their original function again. This prevents turf degradation and significantly reduces greenhouse gas emissions. The moors also act as long-term stores of greenhouse gases and thus make an active contribution to climate protection.
NUMBER OF EMPLOYEES
in restaurants and administration

<table>
<thead>
<tr>
<th>Year</th>
<th>Crew</th>
<th>Restaurant management</th>
<th>Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>51,961</td>
<td>7,049</td>
<td>624</td>
</tr>
<tr>
<td>2010</td>
<td>52,029</td>
<td>7,454</td>
<td>618</td>
</tr>
<tr>
<td>2011</td>
<td>53,420</td>
<td>7,580</td>
<td>620</td>
</tr>
</tbody>
</table>

NUMBER OF EMPLOYEES
employed by McDonald’s (total)

- 2009: 61,466 employees
- 2010: 62,354 employees
- 2011: 63,899 employees

PERCENTAGE OF WOMEN
at various management levels

<table>
<thead>
<tr>
<th>Year</th>
<th>Administration</th>
<th>McOpCo restaurants</th>
</tr>
</thead>
</table>

EMPLOYEES
with a disability

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number in total</td>
<td>662</td>
<td>740</td>
<td>+12 %</td>
</tr>
<tr>
<td>Participants</td>
<td>11,978</td>
<td>14,467</td>
<td>10,866</td>
</tr>
</tbody>
</table>

TAKEUP RATE
for trainees*

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>BA students: Dual study programs for Bachelor of Arts (BA) or Bachelor of Science (BSc)</td>
<td>72.46 %</td>
<td>77.46 %</td>
<td>80.25 %</td>
</tr>
<tr>
<td>FASY qualification: Three-year training program to become a “Fachmann/Fachfrau für Systemgastronomie” (expert in the foodservice sector, abbr. FASY)</td>
<td>72.46 %</td>
<td>77.46 %</td>
<td>80.25 %</td>
</tr>
<tr>
<td>FACHKRAFT qualification: Two-year training program to become “Fachkraft im Gastgewerbe” (specialist in the hospitality services industry)</td>
<td>49.3 %</td>
<td>47.3 %</td>
<td>45.9 %</td>
</tr>
</tbody>
</table>

EMPLOYEE COURSES
Number of courses offered and participants

<table>
<thead>
<tr>
<th>Year</th>
<th>HU</th>
<th>HSC</th>
<th>RSC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Courses</td>
<td>80</td>
<td>80</td>
<td>52</td>
</tr>
<tr>
<td>Participants</td>
<td>1,342</td>
<td>1,357</td>
<td>1,579</td>
</tr>
</tbody>
</table>

For further information, facts and figures on McDonald’s as an employer of choice visit: www.mcdonalds.de/verantwortung
WHO’S INFLUENCING WHO HERE?
Dear Reader,  

2011 was the first year in which McDonald’s Germany set itself sustainability goals, clearly structured according to our four action items. We have already achieved some of our goals for 2011, including a reduction in CO₂ emissions from our restaurants. We have also optimized the energy consumption of 40 restaurants, switched to fish certified by the Marine Stewardship Council and identified a Flagship Farm for dairy products. Our achievements here have led us to expand our horizons to 2015. In some areas, it is still difficult to quantify our targets. In these cases, we have established overarching goals that align with the key sustainability issues that McDonald’s Germany has identified and is addressing through a commitment to sustainable agricultural and breeding practices, the promotion of health and nutrition, responsible waste management and reduced packaging, systematic environmental management, fair remuneration and support for diversity and equal opportunities. We aim to achieve these goals gradually and systematically.

We started work on a benchmarking system during the period under review. From over one hundred non-financial indicators, we have to establish relevant benchmarks that will enable us to determine whether our sustainability performance is moving forwards or backwards. And although we will be using these indices for internal purposes, they still have to be transparent for our stakeholders.

We achieved a lot during the period under review. This is all thanks to the unwavering commitment to sustainability shown by the Executive Board of McDonald’s Germany, seamless, constructive collaboration between all departments in the Main Service Center, commitment to sustainability shown by the Executive Board of McDonald’s Germany, and the dedication of our restaurant staff.

We would love to hear your opinions and suggestions regarding sustainability at McDonald’s. Visit verantwortung@mcdonalds.de and let us know what you think.

Best regards,

Dietlind Freiberg

Director Corporate Responsibility & Environment

IN THE HEART OF THE COMMUNITY

THE McDONALD’S BRAND HAS BEEN SOMETHING OF AN INSTITUTION IN GERMANY FOR OVER FORTY YEARS. WE ARE KNOWN PRIMARILY FOR OUR PRODUCTS AND ARE NO STRANGERS TO THE PUBLIC’S CRITICAL EYE. WE WELCOME CONTACT WITH OUR GUESTS AND EXTERNAL STAKEHOLDERS FROM NON-GOVERNMENTAL ORGANIZATIONS AND UNIONS THROUGH POLITICIANS AND ASSOCIATIONS TO SUPPLIERS AND PARTNERS, WE BELIEVE EVERYONE HAS THE RIGHT TO LOOK CLOSELY AT WHAT WE DO, TALK ABOUT IT AND TALK WITH US.

We represent our interests by actively seeking open dialog with our stakeholders and through our membership on different interest groups and organizations. These include the Confederation of German Employer Organizations Bundesvereinigung der Deutschen Arbeitgeberverbände; BDA) and the Federal Association of the Foodservice Sector Bundesverband der Systemgastronomie (BDeS). A complete list of our memberships is available online at www.mcdonalds.de/verantwortung.

We believe that exchanging opinions, needs, expectations and requirements openly via the widest range of media is a great catalyst for change.

This not only has a direct, positive impact on our product offering (as is the case with our “Mein Burger” campaign). It also benefits all sustainability activities at McDonald’s. Which is why dialog is the fourth pillar in our sustainability management strategy along with product stewardship, environmental protection and employees.

Dialog can drive and shape the way we act in the future. To give members of the public the chance to share their views, we have to transparently and regularly communicate the challenges we face, the goals we set and the progress we make in sustainability performance.

Building on our first sustainability report in June 2011, we improved both the scope and quality of our dialogue with a number of stakeholders during the period under review. Our aim for 2012 is to communicate sustainability issues as intensively as possible to restaurant staff, office employees and franchisees via internal media, events and roadshows. We intend to use the full range of communication channels. Our contact with the Wuppertal Institute for Climate, Environment and Energy is an excellent example of dialog with the scientific community. Our exchange started back in 2010 and culminated in a research project that is now investigating the changes the company would have to make to increase sustainability in production and consumption as well as the potential impact of these process changes on the environment and society.

EXPLORING SUSTAINABILITY OPPORTUNITIES – COLLABORATION WITH THE WUPPERTAL INSTITUTE

Where exactly is there potential for increasing sustainability in McDonald’s operations along the value chain? How can McDonald’s help make eating habits more sustainable? What forward-looking scenarios and strategies can be developed for restaurant and “to-go” foodservice? How can we trigger changes that increase our sustainability performance and what call to action do these changes need? We believe that these questions are part of some of the questions McDonald’s Germany and the Wuppertal Institute are addressing as part of a research project that will run until April 2014. The collaboration focuses on identifying how we can move to more sustainable production and consumption value chains and the process changes that would be required in the company to achieve this. Social trends, growing mobility and flexible working models have increased the need for catering outside of the home – from nursery schools and schools through company canteens to the restaurants and diners. Against this backdrop, McDonald’s can have a major impact on resource conservation, climate protection and eating habits in Germany by adopting more sustainable business practices. We are stepping up to the plate here by investing in research into sustainability. We aim to take a leading role in this area.

The McDonald’s brand has been something of an institution in Germany for over forty years. We are known primarily for our products and are no strangers to the public’s critical eye. We welcome contact with our guests and external stakeholders from non-governmental organizations and unions through politicians and associations to suppliers and partners, we believe everyone has the right to look closely at what we do, talk about it and talk with us.

We represent our interests by actively seeking open dialog with our stakeholders and through our membership on different interest groups and organizations. These include the Confederation of German Employer Organizations Bundesvereinigung der Deutschen Arbeitgeberverbände; BDA) and the Federal Association of the Foodservice Sector Bundesverband der Systemgastronomie (BDeS). A complete list of our memberships is available online at www.mcdonalds.de/verantwortung.

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DEEPLY EMBEDDED

To make effective progress in realizing sustainability goals, they must be anchored at the highest level of the corporate organization. Which is why the CEO of McDonald’s Germany, Bane Knezevic, is responsible for sustainability at executive board level. The corporate responsibility department reports directly to him, collaborating with individual departments to develop and implement strategies and targeted solutions.

We set sustainability goals to steer and chart our progress. These goals are part of the performance targets entrusted to our extended management team (leadership team). Part of their variable remuneration is tied to the achievement of these goals.

Our panel of three experts continues to be on hand to advise us and provide us with valuable input on our core issues. Its members include Dr. Gerd Leipold, former Executive Director of Greenpeace International, Prof. Werner Sobek, architect and expert in green building, and Dr. Walter Jochmann, Chairman of the Executive Board of Kienbaum Management Consultants GmbH.

KEY ISSUES

Sustainability at McDonald’s spans a variety of topics that we have bundled into four action items. Each of these areas has a different priority for us and our stakeholders. The following chart shows how we currently rank those issues based on stakeholder analyses and the evaluation of our own processes.

Nicolas von Sobbe
Department Head Media und Community Relations
McDonald’s Germany

“Social media provides creative opportunities for establishing simple interfaces between digital communication and sustainability.”
SOCIAL MEDIA CAMPAIGN: “MEIN BURGER”

DIGITAL AND SOCIAL MEDIA HAVE CHANGED THE WAY COMPANIES AND STAKEHOLDERS – AND ABOVE ALL CONSUMERS – COMMUNICATE WITH EACH OTHER BY EMPOWERING INDIVIDUALS WITH THE MEANS TO EXERT A DIRECT AND GROWING IMPACT.

Our “Mein Burger” campaign gave guests and fans of McDonald’s Germany the chance to create a burger online, thus enabling them to have a direct impact on the very heart of the McDonald’s brand – our products.

From February 21 to March 25, 2011, fans were encouraged to let their imagination run wild and create their own burger from around 70 ingredients. And if their product got enough votes, they were able to eat it later at a McDonald’s restaurant. All participants were able to create their own advertising campaign for their favorite burger and spread the word via social networks such as Facebook.

Around 116,000 burgers were created and approximately 1.5 million votes submitted during the campaign – figures that far exceeded our expectations. During the period under review, the campaign was shortlisted for numerous awards and also received a gold medal in the social media category of Der Pixel CommAward. It also received a silver medal at the AME Award in the use of medium – social media section as well as a bronze medal in the DMMA Online Star awards in the social marketing campaign category. The campaign was also ranked second in the Mobius Awards.

We launched a second round of the “Mein Burger” campaign in spring 2012.

“Brands and products are part of our everyday lives. In Germany, McDonald’s has been a fixed institution for 40 years.”

Rainer Saborny
Marketing Director, McDonald’s Germany

VARIED ENGAGEMENT

DEDICATED TO SPORT

To mark a national soccer game between Germany and Holland on November 15, 2011, McDonald’s Germany and the German Soccer Association (DFB) announced that they would be extending their partnership until June 30, 2015. In our capacity as the “official partner of the German Soccer Association”, we will be continuing our successful sports programs: the DFB & McDonald’s Soccer Badge and McDonald’s Soccer Escorts. Since its launch in 2007, around one million DFB & McDonald’s Soccer Badges have been awarded. The program’s success is largely down to support and commitment from numerous clubs throughout Germany. Building on the extension of our partnership, we aim to expand the program further over the coming four years. The overall aim of McDonald’s commitment to sports is to enable families and our employees to experience the thrills of major sporting events and, above all, to motivate children and young adults to take an interest in sports. Which is why our international commitment in this field also includes long-standing affiliations with FIFA, UEFA and the IOC in addition to our partnership with the DFB.

COMMUNITY INVOLVEMENT

Our franchisees engage with local communities. They support various social projects such as sports facilities for young people, Ronald McDonald Houses and family rooms (Oases) in hospitals, as well as daycare facilities and clubs. They are often the first port of call for institutions looking for assistance. As employers and trainers, franchisees carry a huge responsibility to local communities. They provide training for young people and – thanks to good chances of being offered a subsequent position – they also provide career prospects. 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 institutions. In Bad Säckingen, the work carried out by the town’s McDonald’s restaurant and the environmental agency is a prime example of local, long-term collaboration on anti-littering. The restaurant and the agency have been working together to organize annual litter collections since 2001. The franchisee also provides the community with trash cans in areas where littering is a particular problem.

In addition, our franchisees support the McDonald’s Kinderhilfe Stiftung (Ronald McDonald House Charities) through annual fundraising activities and fixed donations that are not tied to revenue.
The Ronald McDonald House Charities operate under the umbrella of the supervisory authority for foundations of the District Government of Upper Bavaria. These separate bodies manage, advise and control the foundation’s work. The Executive Board is responsible for the management of the foundation. The Foundation Council is a voluntary control and monitoring body, comprising volunteers from our franchisees and suppliers. The Board of Trustees is primarily an advisory body made up of representatives from politics, society and business as well as our franchisees and suppliers, all of whom use their knowledge and connections to the benefit of the Ronald McDonald House Charities.

**DONATIONS**

made by McDonald’s Deutschland Inc., franchisees, suppliers and customers

**PROVEN EFFICIENCY:**

Once a year, the Ronald McDonald House Charities are assessed by the German Central Institute for Social Issues (DZI) to ensure that donations are used efficiently in line with the foundation’s charter and by-laws. The foundation has had the DZI seal of approval for donations since 2004. The approval helps donors make informed decisions.

**ORGANIZATIONAL STRUCTURE**

of the Ronald McDonald House Charities

DONATIONS made by McDonald’s Deutschland Inc., franchisees, suppliers and customers

- **McDonald’s, franchisees, suppliers**
- **Funding gala**
- **World Children’s Day**
- **Collection boxes in restaurants**
- **Donations in EUR K made by**

<table>
<thead>
<tr>
<th>Year</th>
<th>McDonald’s, franchisees, suppliers</th>
<th>Funding gala</th>
<th>World Children’s Day</th>
<th>Collection boxes in restaurants</th>
<th>Donations in EUR K</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2,899</td>
<td>337</td>
<td>823</td>
<td>1,469</td>
<td>5,576 in total</td>
</tr>
<tr>
<td>2009</td>
<td>2,909</td>
<td>419</td>
<td>1,283</td>
<td>2,363</td>
<td>6,954 in total</td>
</tr>
<tr>
<td>2010</td>
<td>3,284</td>
<td>740</td>
<td>1,362</td>
<td>2,580</td>
<td>7,966 in total</td>
</tr>
</tbody>
</table>

**SUPERVISORY AUTHORITY FOR FOUNDATIONS OF THE DISTRICT GOVERNMENT OF UPPER BAVARIA**

**FOUNDATION COUNCIL:**
- Ulrich Bissinger
- Wolfgang Goebel
- Adriaan Hendrikx
- Detlef Hochstein
- Valérie Holsboer
- Rolf Krömer
- Dr. jur. Karl Rauzer
  
**BOARD OF TRUSTEES:**
- Prof. Dr. phil. Rita Susmann
- Prof. Dr. rer. pol. Hans Bertram
- Michael Dørsett
- PD Dr. med. Thomas Erler
- Wilhelm Hecker
- Prof. Dr. med. John Hess
- Heinz Hügler
- Karl-Heinz House
- Dr. sc. techn. Dietmar Hummel
- Wilfried Jacobs
- Dr. rer. pol. Thilo auf ’m Kamp
- Judith Lohse
- Henry Madsen
- Maren Otto
- Manfred Wolf

**EXECUTIVE BOARD:**
- Manfred Welzel
- Adrian Köstler

**Ronald McDonald Houses and Oases in Germany**

- 25 years of Ronald McDonald House Charities in Germany
- 637 volunteers gave their time to the Ronald McDonald Houses and Oases in 2011
- 79,306 hours worked by volunteers in 2011

- 69,702 families have found a home from home at the Ronald McDonald Houses since 1987
- 5,347 families stayed at the Ronald McDonald Houses in 2011
- 12,541 families have retreated to Ronald McDonald Oases in clinics since 2010
- 17 Ronald McDonald houses are located in Germany
- 3 further houses are planned or already under construction

**Ronald McDonald Oases**

- Bad Geyhausen since 2005
- Oldenburg since 2005
- Hamburg since 2005
- Cottbus since 2005
- Esslingen since 2005
- St. Augustin in the pipeline
- Mainz under construction
- Tübingen since 2011
- Munich (German Heart Center) since 1995

**Ronald McDonald Houses**

- Aachen since 1991
- Cologne since 2009
- Jena since 1992
- Berlin-Buch October 2012
- Berlin-Wedding since 1998
- Oldenburg since 2001
- Bad Oeynhausen since 2001
- Munich-Grosshadern since 1997
- Hamburg since 1997
- Cottbus since 2003
- Eschen since 2005
- Stuttgart since 2009
- Mainz since 2011
- Munich (German Heart Center) since 1995
- Leipzig since 2011
- Erlangen since 2008
- Erlangen since 2008
- Munich-Grosshadern since 1997
- Berlin-Buch October 2012

**For further information, facts and figures on our sharing brand visit:**

www.mcdonalds.de/verantwortung

**CONFERENCE CORPORATE REPORT 2011**

59
The Ronald McDonald House Charities: Helping the families of seriously ill children for 25 years

Many parents are in the same situation as Tom and his parents. Luckily, Germany has an outstanding medical system. Nevertheless, thousands of children still have to be treated far away from their homes. The Ronald McDonald House Charities play an important role here, closing a gap in the healthcare system with Ronald McDonald Houses and Oases. It is particularly important that parents staying at the houses always have someone to share their thoughts and worries with. And who could understand this situation better than other people who have had the same experience? In addition to the permanent employees, over 600 volunteers donate their time to support families. They carry out housekeeping duties, prepare a “feel good” breakfast every Tuesday and an evening meal every Thursday for the families, look after brothers and sisters and do everything to make the houses a real home from home.

This year, the foundation is celebrating its 25th anniversary. Since 1987, it has enabled around 70,000 families to be close to their seriously ill children while they undergo treatment in hospital. The Ronald McDonald Houses have been built in this time in Germany. Three Ronald McDonald Oases also give families a place to retreat and recover in hospitals during outpatient treatment. The foundation also helps other projects that benefit children. In 2011, for example, it supported Ark (Arche) project in the town of Siesheim, a charity that provides children with warm meals and helps them with their homework.

A STRONG PARTNER: McDonald’s Deutschland Inc.

McDonald’s Deutschland Inc. has always been committed to active, long-term support for Ronald McDonald House Charities. This engagement is built on several pillars. McDonald’s Germany and its franchisees provide a significant amount of support through direct donations (2011: approximately EUR 3 million). We also have over 4,000 collection boxes in McDonald’s restaurants across Germany that restaurant guests can also use to give to the charity. Around EUR 2.6 million was donated via these boxes in 2011 alone. Our customers also have the opportunity to donate during our annual campaign for World Children’s Day. In fall 2011, for example, they were able to buy Helping Hands stickers in all McDonald’s restaurants. From each euro spent per sticker, 84 cents was channeled directly into the House Charities. Our trainees put in a particularly strong effort during the campaign and ensured that the restaurants sold more stickers than ever. Total proceeds came to EUR 740,000 – a record result for this campaign. We also collected record-breaking donations at our benefit gala in October 2011. Total takings of EUR 1.4 million represent an increase of almost 8 percent on the previous year.

For more information, visit:
www.mcdonalds-kinderhilfe.org
This report is based on our corporate responsibility strategy and performance, also reflecting the insights gained through dialogue 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, whereas our online version also includes the GRI’s additional indicators. Based on our own assessment, the report matches GRI’s usability level “B”.

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1. **Strategy and Analysis**
   1.1 Introduction from the CEO
   1.2 Description of key impacts, risks, and opportunities

2. **Organizational Profile**
   2.1 Name of the organization
   2.2 Primary brands, products, and/or services
   2.3 Operational structure of the organization
   2.4 Location of organization’s headquarters
   2.5 Number of countries where the organization operates
   2.6 Nature of ownership and legal form
   2.7 Markets served
   2.8 Scale of reporting organization
   2.9 Changes regarding size, structure, or ownership
   2.10 Awards received in the reporting period

3. **Report Parameters**
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   3.2 Date of most recent previous report
   3.3 Reporting cycle
   3.4 Contact point for questions regarding the report or its contents
   3.5 Process for deciding report content
   3.6 Boundary of the report
   3.7 State any specific limitations on the scope or boundary of the report
   3.8 Joint ventures, subsidiaries, leased facilities, outsourced operations
   3.9 Data measurement techniques
   3.10 Explanation of the effect of any re-statements of information
   3.11 Significant changes from previous reporting periods
   3.12 GRI Content Index
   3.13 External assurance for the report

4. **Governance, Commitments, and Engagement**
   4.1 Governance structure of the organization
   4.2 Independence of the CEO
   4.3 Control body or independence of the highest governance body
   4.4 Mechanisms to provide recommendations to the highest governance body
   4.5 Linkage between Executive Board compensation and sustainability performance
   4.6 Processes to ensure conflicts of interest are avoided
   4.7 Executive Board members’ expertise on sustainability
   4.8 Mission statements, codes of conduct, and principles
   4.9 Procedures for overseeing the organization’s performance
   4.10 Processes for evaluating the highest governance body’s own performance

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**SOURCES**

**Symbol Key**
- Internet not covered
- Pages partly covered
- Pages completely covered
- Symbols not covered
**GRI – Food Processing Sector Supplement**

<table>
<thead>
<tr>
<th>Sourcing performance</th>
<th>Management approach</th>
<th>10–12, 15–17, 30–32</th>
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</thead>
<tbody>
<tr>
<td>PP1 Suppliers compliant with company’s sourcing policy</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>PP2 Purchased volume in accordance with internationally recognized production standards</td>
<td>20</td>
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</table>

<table>
<thead>
<tr>
<th>Social performance (Labor Practices and Decent Work)</th>
<th>Management approach</th>
<th>18–20, 35–36, 60</th>
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</thead>
<tbody>
<tr>
<td>PS1 Working time lost due to strikes</td>
<td>12–20</td>
<td></td>
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<tr>
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**Glossary**

**Biofuel**
Biosynthetic fuel that can be used as an alternative to mineral diesel fuel. In Europe, biofuel 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.

**Charite 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.

**Cladding**
Bread used by McDonald’s primarily as packaging for burgers.

**Ecological footprint (non-footprint)**
The production and waste water resources required to produce the resources a company needs and absorb its waste. A footprint is synonymous with environmental protection in our restaurants.

**EMAS (eu 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. 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.

**Ronald McDonald House Charities**
Ronald McDonald House Charities (McDonald’s Kinderhilfe Stiftung) builds and runs Ronald McDonald Houses near to hospitals to provide a temporary home from home for the families of seriously ill children. In 2011, there were 17 Ronald McDonald Houses in Germany.

**Socioeconomic benefits**
The production and waste water resources required to produce the resources a company needs and absorb its waste. Emphasis on environmental protection in our restaurants.

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

**Waste**
Waste products that cannot be recycled. Waste that is not used as packaging by McDonald’s but is similar in composition to packaging.

**Waste destined for reuse**
Waste that is not used as packaging by McDonald’s but is similar in composition to packaging.

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**Product Responsibility**

**Management approach**

**Society**

**Labor Practices and Decent Work**

**Human Rights**

**Environmental auditing**

**Aquaculture**

**Eco-Management and Audit Scheme (EMAS)**
International, non-profit, independent organization committed to maintaining healthy fish stocks in the world’s oceans. The organization runs an excellent program certifying fish from sustainable fisheries. Since October 2011, McDonald’s exclusively sources fish for the Filet-O-Fish from fisheries certified to the MSC standard.

**Gastro**
A flat, die-shaped serving of ground meat or vegetables used for McDonald’s burgers.

**Quality management (QM)**
Measures aimed at improving and assuring processes, products and performance;

**Rainforest Alliance**
A set of environmental management standards that help organizations to achieve their environmental targets.

**Litter Roll (LOV) fryer**
A type of fryer that uses up to 40% less energy than conventional fryers.

**Biodiesel**
Biodiesel is a biosynthetic 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.

**Lawrence Graham**
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.

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CORPORATE RESPONSIBILITY

ROADMAP 2011–2015

In 2011, we achieved many of the goals that we had set for the end of 2013. This has encouraged us to set further ambitious mid-term goals for 2015. Our roadmap is divided into four action items, which cover the seven most important issues for us and our stakeholders: sustainable agricultural practices and livestock breeding, health and nutrition, packaging, waste disposal, environmental management, fair remuneration, and the promotion of diversity and equal opportunities as an employer.

PRODUCT STEWARDSHIP

Vision 2020: We stand for “good food fast”, setting the benchmarks for sustainable agricultural practices, quality, variety and a balanced diet.

**AREA**

**Product development**

**ACHIEVED IN 2011**

- Obtain Marine Stewardship Council (MSC) certification for all four fillet-o-fish options (October 2011)
- Offer a grilled chicken wrap with less than 300 calories (May 2011)
- Reduce fat and salt in our sandwich sauce (February 2011)

**GOALS FOR 2015**

- Overall goal: Balanced choice and product variety
- Present nutritional information more clearly
- Develop a nutritional footprint

**Sustainable quality and supply chain management**

**ACHIEVED IN 2011**

- Identify a flagship farm for exemplary cattle farming in Bavaria (August 2011)
- Start preparing a carbon footprint for beef in collaboration with McDonald’s Europe, suppliers and agricultural holdings
- Research into sustainable cattle farming practices in collaboration with the University of Weihenstephan-Triesdorf

**GOALS FOR 2015**

- Overall goal: Improve sustainability across our supply chain – starting with the “Sustainable McDonald’s Germany” research project in collaboration with the Wuppertal Institute
- Develop and introduce a corporate responsibility scorecard for all direct suppliers

**Quality, service, cleanliness (QSC)/customer satisfaction**

**ACHIEVED IN 2011**

- Hold an internal QSC (Quality, Service, Cleanliness) prize-giving competition for all eligible restaurants (franchises and McOpCos) in Germany (QSC Challenge 2011)
- Organize regular customer surveys on the subject of McDonald’s and sustainability

**GOALS FOR 2015**

- Overall goal: Optimize Quality, Service and Cleanliness (QSC) performance across all restaurants in Germany
- Integrate sustainability into existing internal QSC processes
- Hold roadshows for all restaurant managers in Germany to encourage active dialog on sustainability
- Promote active dialog on sustainability between McDonald’s and diners

**Responsible marketing**

**ACHIEVED IN 2011**

- Commit voluntarily to responsible advertising, especially with regard to children
- Join the EU Pledge (Jan. 1, 2012)

**GOALS FOR 2015**

- Overall goal: Implement the EU Pledge – increased focus on a balanced diet, awareness of health issues and educational content when we welcome children as guests

ECO-FOOTPRINT

Vision 2020: We use natural resources such as energy and water efficiently, actively support recycling systems and use innovative technologies to optimum effect. This allows us to grow without lock-step increases in resource consumption, emissions and refuse/waste.

**AREA**

**Systematic environmental management**

**ACHIEVED IN 2011**

- Implement a Europe-wide environmental management system
- Define eight key indicators to benchmark environmental performance

**GOALS FOR 2015**

- Review and reissue the 2001 McDonald’s Germany environmental guidelines
- Create a uniform environmental control system in all restaurants as a management tool for McDonald’s Germany and all franchisees
EMPLOYER OF CHOICE

Vision 2020: We are one of the most popular employers in Germany, known throughout our industry for our excellent training and skills development programs as well as our commitment to diversity and equal opportunities.

**AREA**

**Guidelines / communication between employees and management**

**Achieved in 2011**

- Strengthen our corporate values, living the McDonald’s Germany management promise
- Launch the “train the trainer” data privacy training concept (“My Datenschutzbeauftragter”)
- Carry out the annual employee survey at the main service center (HSC), at regional service centers and in restaurants

**Goals for 2015**

- Overall goal: Implement all guidelines systematically
- Drive our project to promote a modern management and corporate culture
- Overall goal: Carry out regular employee surveys at all organizational and hierarchical levels

**Recruitment / training and skills development**

**Achieved in 2011**

- Introduce an electronic, online application tool
- Use social media more strategically to support recruitment
- Run the Management Development Program (MDP) for restaurant management
- Organize talent development programs for different hierarchical levels in administration

**Goals for 2015**

- Introduce an e-learning module also covering sustainability issues in the MDP
- Evolve regional job and career centers
- Offer training for all shift supervisors – also covering sustainability issues

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**Waste management / anti-littering**

**Achieved in 2011**

- Maintain recycling rates (paper, cardboard, cardboard boxes and lightweight packaging)
- Support anti-littering campaigns at municipal and regional levels – the region West, for example, has supported the community campaign “Saubertasen Hessen” organized by the Hessen authorities since 2002

**Goals for 2015**

- Overall goal: Reduce all types of waste and maximize materials efficiency – limiting the amount of waste channeled into recycling systems
- Overall goal: Increase the quality and quantity of recycled waste to optimize the recycling value chain
- Overall goal: Maintain support for and initiate new anti-littering campaigns at municipal and regional levels

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**Packaging**

**Achieved in 2011**

- Conduct market research into new forms of packaging (April 2011), for example, research into cups for cold drinks made from renewable, compostable and recyclable materials or new, fully biodegradable biopolymer lids made from renewable raw materials
- Run real-world tests on new, environmentally sound packaging options

**Goals for 2015**

- Implement the five European strategic packaging guidelines: (1) Avoid waste by reducing the weight of packaging materials; (2) Use renewable raw materials; (3) Source the highest possible percentage of wood from certified sustainable forests for free fibre; (4) Optimize share of recycled materials; (5) Reduce various plastics in packaging

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**Energy management / direct and indirect emissions**

**Achieved in 2011**

- Obtain 25 percent of energy from renewable sources
- Reduce direct (scope 1) and indirect (scope 2) emissions to 0.5 kg CO2e per restaurant visit in 2011
- Increase the number of Mangelberger energy management systems in use from around 750 in 2010 to around 800 in 2011
- Complete transition to renewable sources of energy by 2014; passing 50 % milestone in 2012
- Reduce direct (scope 1) and indirect (scope 2) emissions per restaurant visit
- Control and manage energy consumption with a Mangelberger EMS9040 system as standard
- Record precise electricity, gas and water consumption data in all restaurants

**Goals for 2015**

- Improve energy efficiency in around 40 restaurants (conventional and drive-thru)
- Open first McDonald’s restaurant in Germany that does not use any fluorocarbon-based (HFC) cooling agents (September 2011)
- Purchase only HFC-free cooling equipment from 2012 on

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**Buildings / equipment**

**Achieved in 2011**

- Improve energy efficiency in around 40 restaurants (conventional and drive-thru)
- Open first McDonald’s restaurant in Germany that does not use any fluorocarbon-based (HFC) cooling agents (September 2011)
- Purchase only HFC-free cooling equipment from 2012 on
- Improve energy efficiency in around 500 restaurants
- Reduce energy consumption by gradually equipping all restaurants in Germany with energy- and oil-saving low oil volume (LOV) fryers
- Expand the OSCAR pilot project to other restaurants in Germany on successful completion of tests
- Capture solar energy from a 6,200 m2 photovoltaic installation on the roof of the Günzburg distribution center
- Equip truck trailers with solar modules to generate electricity for on-board refrigeration systems
- Reduce CO2 per trucking kilometer
- CO2 compensation1
- Reduce paper consumption2

**Goals for 2015**

- Improve energy efficiency in around 40 restaurants
- Reduce energy consumption by gradually equipping all restaurants in Germany with energy- and oil-saving low oil volume (LOV) fryers
- Expand the OSCAR pilot project to other restaurants in Germany on successful completion of tests
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- Equip truck trailers with solar modules to generate electricity for on-board refrigeration systems
- Reduce CO2 per trucking kilometer
- CO2 compensation1
- Reduce paper consumption2

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**Logistics / indirect emissions (scope 3)**

**Achieved in 2011**

- Introduce a new reverse logistics system that converts used cooking oil (OSCAR) from McDonald’s restaurants into biodiesel (starting May 2011)
- Install temperature controllers at distribution centers to reduce gas consumption
- Equip HAVI Logistics GmbH offices and storage rooms with LED technology to reduce electricity consumption

**Goals for 2015**

- Reduce CO2 per trucking kilometer
- Overall goal: Implement all guidelines systematically
- Drive our project to promote a modern management and corporate culture
- Overall goal: Carry out regular employee surveys at all organizational and hierarchical levels
- Introduce an e-learning module also covering sustainability issues in the MDP
- Evolve regional job and career centers
- Offer training for all shift supervisors – also covering sustainability issues

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**1,2 Environmental goals set by HAVI Logistics GmbH (environmental statement 2010–2012). Any reductions in CO2 emissions achieved by our logistics service providers classify as a contribution to climate protection in our upstream value chain (scope 3).**
**Vision 2020:** We are committed to supporting the communities in which our restaurants are located. We maintain continuous, constructive dialog on all key sustainability issues with a wide range of stakeholders. Particularly when it comes to children, we are committed to promoting the right balance between nutrition and exercise.

**GOALS FOR 2015**

- Communicate sustainability issues to all employees
- Embed sustainability more effectively into franchisee committees by providing them with regular information
- Realization of the “Sustainable McDonald’s Germany” research project in partnership with the Wuppertal Institute, and presentation of results (mid-2014)
- Continue support for Ronald McDonald House Charities, especially in the anniversary year 2012
- Encourage local activities such as anti-littering campaigns, especially through regional service centers (RSCs)
- Extend partnership between McDonald’s Germany and the German Football Association (DFB) until June 30, 2015 to continue and expand the “DFB & McDonald’s Soccer Badge” and “McDonald’s Player Escorts” sporting programs

**ACHIEVED IN 2011**

- Analyze key stakeholder groups within and beyond company walls
- Identify and prioritize key issues that arise during the course of stakeholder dialog (sustainability matrix)
- Initiate dialog with external stakeholders (focus on non-governmental organizations and research institutes)
- Support Ronald McDonald House Charities through various activities in restaurants (helping hands, collection boxes) and through the annual charity gala
- Numerous specific franchisee initiatives at local level
- Organize the DFB & McDonald’s Soccer Badge initiative

**CR-MANAGEMENT**

**Vision 2020:** We take a holistic, long-term approach to sustainability, integrating it into all of our business activities. We communicate our achievements and areas where we see scope for improvement openly and transparently.

**GOALS FOR 2015**

- Introduce a sustainability control system at restaurant level
- Continue the Corporate Responsibility Expert Advisory Council

**ACHIEVED IN 2011**

- Create a dedicated department for sustainability
- Initiate the Corporate Responsibility Expert Advisory Council
- Define 17 key indicators to benchmark sustainability performance
- Publish first sustainability report (June 2011)
- Publish a diner brochure on sustainability and distribute in all restaurants (December 2011)

- Anchor a basic understanding of sustainability issues at all organizational units and levels of the company
- Annually reporting on corporate responsibility
Statement
GRI Application Level Check

GRI hereby states that McDonald's Deutschland Inc. Zweigniederlassung München has presented its report "Recipe for the future. Corporate Responsibility Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 4 May 2012

Nelma Arbex
Deputy Chief Executive
Global Reporting Initiative

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 27 April 2012. GRI explicitly excludes the statement being applied to any later changes to such material.