McDONALD'S GERMANY - CORPORATE RESPONSIBILITY REPORT 2017 - AT A GLANCE

#365 REASONS TO FEEL GOOD ABOUT MCDONALD'S

#365 REASONS TO FEEL GOOD ABOUT MCDONALD'S BECAUSE WE ARE ALWAYS KEEN TO LISTEN AND TALK. Talking to GUESTS, FANS AND CRITICS IS

100%

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Taiking to **GOESTS, FANS AND CRITICS** is incredibly important to us. This year, we are publishing "365 reasons to feel good about McDonald's" – **A NEW REASON – EVERY DAY OF THE YEAR**. All of these reasons are featured on our Instagram channel and some are shown on posters, in video clips or here in our eighth Corporate Responsibility Report. In our report, we delve deeper and provide more **FACTS BEHIND THE REASONS**.

Hi Dominik. This year, we're presenting reasons to feel good about McDonald's every day of the year. Can you think of any great ideas as a franchisee? Holger Beeck

Holger Beeck

online

••••• McDonald's 🖘 9:41 AM

Chats

Hi Holger. There are so many good reasons. Take the evolution of how guests order from our menu, for example. They love that we are offering them even more freshness and individuality. They can see that we only prepare products once they have been ordered and they can even customize their burgers themselves. The new app is also a big hit.

I know. Our guests will soon be able to use it to order and pay with a single click. We're also rolling out our McDelivery service to more and more towns and cities so we can deliver our food to guests at home – or wherever else they might be.

Holger Beeck

WWW.McDONALDS.DE/ NACHHALTIGKEIT

DOMINIK NEISS Speaker of the Franchisee Leadership Council (FLC)

HOLGER BEECK

Managing Director and President

of McDonald's Germany LLC

••••• McDonald's 🗢 9:41 AM

< Chats

Dominik Neiss

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As you know, sustainability and product quality are particularly important topics for our guests. And we have plenty of good reasons in these areas too: Our BEST Beef program helps to promote a more sustainable approach to farming and improved animal welfare. We're also doing our bit for climate protection and aim to reduce our carbon emissions by more than 30% by 2030.

> Exactly. We're using our scale to influence action both within our business network and beyond. We call this using our Scale for Good. In this Corporate Responsibility Report, we will share what we are already doing in Germany and what we plan to achieve over the coming years. Holger Beeck

#365 REASONS TO FEEL GOOD ABOUT MEDONALD'S BECAUSE WE WILL REDUCE GLOBAL GREENHOUSE GAS EMISSIONS RELATED TO MCDONALD'S RESTAURANTS AND OFFICES BY 36% BY 2030.

McDONALD'S IS A GLOBAL COMPANY and operates 37,000 restaurants in 120 countries worldwide. 69 million guests are served every day. The network of suppliers spans the entire globe. WE ARE IMPROVING EXISTING STRUCTURES AND PROCESSES IN THE AREAS WHERE WE HAVE THE BIGGEST IMPACT ON THE ENVIRONMENT AND SOCIETY. McDonald's has set clear goals and is committed to achieving these worldwide. In Germany, we are focusing especially on the following three ambitious targets:

#SCALE FOR GOOD

WE ARE USING OUR SIZE AND REACH TO DRIVE ACTION ON KEY ISSUES WITHIN OUR BUSINESS AND ACROSS THE INDUSTRY.

BY 2020, WE WILL HAVE LAID THE FOUNDATION FOR MORE SUSTAINABLE BEEF PRODUCTION.

BY 2025, 100% OF McDONALD'S GUEST PACKAGING WILL COME FROM RECYCLED, RENEWABLE OR CERTIFIED SOURCES.



BY 2030, OUR GOAL IS TO REDUCE GREENHOUSE GAS EMISSIONS FROM MCDONALD'S RESTAURANTS AND OFFICES WORLDWIDE BY 36% AND GREENHOUSE GAS EMISSIONS PER TON OF PRODUCT IN OUR SUPPLY CHAIN BY 31%

(FROM 2015 BASE YEAR)



#365 REASONS TO FEEL GOOD ABOUT MEDONALD'S BECAUSE OUR QUALITY CHAIN DOESN'T NEED ANY BLING. JUST GOOD SUPPLIERS AND PARTNERS. 91

91% FRANCHISE RESTAURANTS



234 FRANCHISEES 40 WOMEN / 194 MEN

AcDonald's

WE HAVE BEEN WORKING WITH 40 OF OUR SUPPLIERS FOR MORE THAN 20 YEARS

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We work with our employees, franchisees and suppliers every day to make McDonald's even better. Guests can experience this in our "experience of the future" restaurants.

368 restaurants were converted to this new concept in 2017. By the end of 2019, we will have remodeled almost all restaurants in Germany. In Germany, we welcome TWO MILLION GUESTS every day

Fancy a trip round one of our restaurants?



THE JOURNEY IS THE REWARD: OUR QUALITY CHAIN







#365 REASONS TO FEEL GOOD ABOUT McDONALD'S **BECAUSE WE ARE ONE OF THE LARGEST SELLERS** OF SALAD IN GERMANY.

Philipp Bayha works for Bonduelle and grows lettuce for our burgers under contract near Stuttgart. He is one of our "young farmers".

PLANNING FOR THE FUTURE

All of the potatoes, lettuce, and cucumber for our products ARE GROWN UNDER CONTRACT. This gives farmers THE SECURITY THEY NEED TO PLAN FOR THE FUTURE, and is one of the most important cornerstones of FUTURE-PROOF, **ECONOMICALLY VIABLE FARMING.** The participants in our YOUNG FARMER PROGRAM agree with us. We launched this program in 2017 in collaboration with our suppliers and around ten young farmers. This initiative will enable us to learn from each other and also develop and test new farming practices.



1,512 TONS OF COFFEE **100%**

As of July 2017, we also source our decaffeinated coffee from plantations certified by the Rainforest Alliance.

64% OF OUR RAW MATERIALS ORIGINATE FROM GERMANY

Transporting goods over short distances reduces our environmental footprint and keeps our ingredients fresh. It also allows us to support farmers in Germany.

32% ORIGINATE FROM EUROPE **4% FROM OTHER COUNTRIES**







100% of seafood from responsible aquaculture

100% of coffee from certified sustainable plantations

122.892 TONS

OF POTATOES

973% 27%

#365 REASONS TO FEEL GOOD ABOUT McDONALD'S **BECAUSE OUR BEEF** TASTES DELICIOUS.

We want to make conventional livestock breeding methods more sustainable. To do this, we're starting with the product we buy most. beef. BEST BEEF IS OUR PROGRAM TO PRO-**MOTE MORE SUSTAINABLE CATTLE FARMING IN GERMANY.** We support a number of practices here including loose housing, grazing on pasture and biosecurity in barns. In the future, we will also be focusing on improving animal health while keeping the administration of antibiotics to a minimum and reducing greenhouse gas emissions of beef production.

BEST BEEF! FROM 3,400 FARMERS

In 2017, around 6% of the beef processed for us was produced in line with our BEST Beef program

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As a farmer, <u>THE WELLBEING OF MY</u> <u>ANIMALS</u> is extremely important to me. I think it's great that McDonald's Germany provides financial incentives for good agricultural practices under its BEST Beef program. I have 115 dairy cows in modern, loose housing on my farm and I've been part of the BEST Beef program

BEST Beef

Today, it comprises three modules: husbandry, feed, and barn management. McDonald's Germany pays me up to 9 cents more per kilogram of meat. That's around 25 euros more per cow on average. The great thing about BEST Beef is its TRANSPARENCY. I can see exactly what my bonus is for participating in the program. Best regards, Johannes Wimmer



From 2020 on, we will source our chicken meat exclusively from farms that have SUFFICIENT PERCHES AND/OR ROOSTING PLATFORMS, PECKING FIXTURES AND HAY BALES IN BARNS FOR THEIR ANIMALS. In January 2018, we started our transition to PROCESSING MEAT ONLY FROM CHICKENS THAT HAVE NOT BEEN TREATED WITH ANTIBIOTICS defined by the World Health Organization (WHO) as Highest Priority Critically Important Antimicrobials (HPCIA) for human medicine. We will have completed this transition in chicken production by January 2019 at the latest.

THE CHICKEN OR THE EGG? WHATEVER COMES FIRST, IT WON'T BE GENETICALLY **MODIFIED!**

No antibiotics defined by WHO as HPCIA for human medicine

FREE-RANGE EGGS

All of the eggs for our breakfast products are FREE-RANGE EGGS - and have been for many years. In 2017, we started to introduce this policy for eggs in our sauces. As of summer 2018, all of the eggs we use in our sauces will also be free range.

100% free-range eggs

TRUST IS GOOD. BUT CHECKS **ARE BETTER**

RESTAURANT CHECKS IN 2017

We can trace every product and its ingredients back to its origins - every single step of the way - in just a few hours. We regularly check our suppliers and restaurants through scheduled and unannounced audits.

Muz Lioo% non-GMO feed

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#365 REASONS TO FEEL GOOD ABOUT MCDONALD'S BECAUSE WE CONTINUALLY IMPROVE OUR PRODUCTS.

Organic products in Happy Meals: Fizzy apple juice drink, milk, and packs of apple slices – all organic

> 3,493 tons of fruit in Happy Meals

Improved recipe for Chicken McNuggets



We are revolutionizing the restaurant experience for our guests with innovations such as digital ordering kiosks, table service and our new McDonald's app.

We aim to deliver maximum transparency: our guests can access clear information about our products at all times, including nutritional values, allergens and individual ingredients.



Everything at your fingertips with our digital ORDERING KIOSKS and the McDonald's APP.



Our "experience of the future" restaurants are designed to give our guests the ultimate experience in flexibility. The chance to **PERSONALIZE YOUR BURGER** doesn't just mean you can leave out ingredients. You can also add extras too, such as extra jalapenos and bacon or extra sauces. So you get exactly what you want – nothing less, nothing more. ALL OF OUR PACKAGING FEATURES A QR CODE THAT GUESTS CAN USE TO FIND OUT ABOUT NUTRITIONAL VALUES, INGREDIENTS AND ALLERGENS.

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This applies to our standard products and all new products that we develop. With just a few exceptions, our products are already **FREE FROM** artificial colors, flavorings and preservatives. As part of our commitment to continually improving our products, we will completely eliminate phosphates in the coating for Chicken McNuggets as of the end of 2018. M TOMITO HETCHIP LESS PACKAGING, SAME CONTENT

> The amount of foil we save annually with our ketchup and mayo packaging is equivalent to around 46 SOCCER PITCHES or the weight of FIVE ELEPHANTS.



#365 REASONS TO FEEL GOOD ABOUT McDONALD'S BECAUSE WE LOOK AFTER THE DETAILS SO THAT YOU CAN ENJOY YOUR FOOD.

WE REDUCE PACKAGING

In our "EXPERIENCE OF THE FUTURE" RESTAURANTS, we serve all in-house HOT DRINKS IN REUSABLE CUPS OR GLASSES at our front counter – just like at McCafé. In

many restaurants, we serve our signature burger to eat in **ON A TRAY** instead of in a box.

Purchasing and disposing of packaging costs money and consumes natural resources, and so we continually look for ways to **MINIMIZE PACKAGING**.

We aim to **REDUCE FOOD WASTE** by continually improving our kitchens and preparing food on demand.

(RE)FILL YOUR CUP

At McCafé, you can bring **YOUR OWN CLEAN CUP** for your coffee-to-go. It's a win-win situation: You get a **10 CENT DISCOUNT** while **WE SAVE ON PACKAGING**.

IN 2017, WE USED 47,503 TONS OF PACKAGING.

100% of our virgin paper fiber for packaging is sourced from **FSC- OR PEFC-CERTIFIED FORESTS.**

ALL WASTE FROM OUR RESTAURANTS IS SEPARATED AND RECYCLED

All **WASTE IS SORTED INTO CATEGORIES** by restaurant employees. Each category is then fed back into the appropriate **MATERIALS CYCLE** and recycled.

Our employees regularly collect waste in the vicinity of our restaurants. These waste collection rounds are an integral part of our standards. We also support litter collection initiatives in many local communities throughout Germany.



33,493 tons

board, carton

13,809 tons of lightweight

of used cooking oil

Packaging

12,758 tons +

15,298 tons -

3,291 tons

of paper, card-

(-----)

#365 REASONS TO FEEL GOOD ABOUT McDONALD'S BECAUSE WE SHINE EVEN BRIGHTER WITH 100% GREEN ENERGY.

In 2017, we consumed a total of 516,131 MWh of green energy In addition to converting more restaurants to our **"EXPERIENCE** OF THE FUTURE" concept in 2017, we also **REPLACED 33 OLD AIR CONDITIONING SYSTEMS**. We installed **NEW CAR PARK**, **FACADE AND UNDER-ROOF LED LIGHTING SYSTEMS** in the outside areas of around 20 company-owned restaurants.

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GRUND

EACH RESTAURANT CONSUMES AN AVERAGE OF 558,585 KWH OF ENERGY PER YEAR. IN TOTAL, WE CONSUMED 14% LESS ENERGY IN 2017 THAN IN 2011.

100% V hydroelectric green energy The majority of our carbon footprint is generated **FROM THE PRODUCTION OF OUR RAW MATERIALS**, especially beef. The majority of our beef for Germany is sourced from dairy cows.

CARBON FOOTPRINT

IN 2017, OUR BUSINESS ACTIVITIES IN GERMANY GENERATED 1.38 MILLION TONS OF CO₂.



agriculture and food processing



MCDELIVERY SERVICES WERE AVAILABLE IN 35 CITIES ACROSS GERMANY AT THE END OF 2017. ORDERS ARE DELIVERED BY BICYCLE.

son packaging ald's and toys

OUR GLOBAL CONTRIBUTION TO THE TWO-DEGREE GOAL



McDonald's has set a Science Based Target to significantly reduce greenhouse gas emissions globally. The company will partner with franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 relative to the 2015 base year. Through collaboration and partnership with our suppliers and producers, the company also commits to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels. This combined target has been approved by the Science Based Targets initiative (SBTI).

restaurants and

5%

#365 REASONS TO FEEL GOOD ABOUT MCDONALD'S BECAUSE WE'RE COMMITTED TO GENDER EQUALITY

DISCRIMINATION-FREE

Employees from **121 COUNTRIES** work happily side by side at McDonald's Germany. We employed over **1,300 REFUGEES** in 2017 alone. 970 with

EMPLOYMENT

AND CAREER

PROSPECTS

OPPORTUNITIES

FOR EVERYONE

870 employees with disabilities

1,4-86 trainees in three apprenticeship programs

12,191 employees took part in 1,134 training courses

We have been successfully training our staff to become experts in the foodservice sector (Fachmann/ Fachfrau für Systemgastronomie, FASY) for twenty years. Through our efforts here, we open doors and **PROVIDE OPPORTUNITIES FOR EVERYONE** – regardless of where they come from or what level of education they have.

INTERESTED IN STARTING A CAREER AT MCDONALD'S? WWW.KARRIERE.MCDONALDS.DE In 2017, we offered jobs to **74%** of our trainees and students in the combined work/study program

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EQUAL PAY FOR EQUAL WORK

Employees in all restaurants in Germany are paid in line with a collective wage agreement. In addition, employees receive attractive extended benefits based on the number of years of service at the company. These include holiday pay, an annual special bonus and capital-forming benefits.

Women in management positions: 47% in company-owned restaurants 28% in offices

50% women

Company-owned

restaurants:

50 % men

••••• McDonald's 🗢 9:41 AM Chats Tanya online

TANYA, from trainee to restaurant manager

100%

Hi Monika, how's it going? Things are great here. I'm looking for someone new to join my team and thought of you. Are you still looking for a job? Tanya

Yes, I am, Tanya. But would I be able to balance working with you and looking after my young child? Monike

I've had really positive experiences with McDonald's. I'd only been in Germany a couple of years when I started working part-time as a restaurant crew member. My son was just two years old. Tanya

Didn't you receive training as well? Monika

Yes. 2.5 years' training to become an expert in the foodservice sector – and the qualification is recognized by the German Chamber of Industry and Commerce (IHK). I've been managing one of the restaurants here in Hanover since 2015.

That sounds great! Can we meet up for coffee to talk about it?

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We are a **FAMILY RESTAURANT**. Which is why we have been supporting Ronald McDonald House Charities in Germany since 1987. The foundation celebrated its 30th anniversary in 2017.

#365 REASONS TO FEEL GOOD ABOUT McDONALD'S

BECAUSE YOU SUPPORT BECAUSE YOU SUPPORT RONALD MCDONALD HOUSE CHARITIES WITH EVERY HAPPY MEAL BOOK YOU CHOOSE - NO MATTER HOW OLD YOU ARE.

EUR 9.2 MILLION IN DONATIONS

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Together with our guests, franchisees and suppliers, we donated **A TOTAL OF EUR 9.2 MILLION** to Ronald McDonald House Charities in Germany in 2017 through fundraising activities such as the collection boxes in our restaurants.



We launched our Happy Meal Book campaign in January 2017. FOR EVERY BOOK CHOSEN INSTEAD OF A TOY in a Happy Meal, WE DONATE 10 CENTS TO A NON-PROFIT ORGANIZATION: From February to December 2017, we donated EUR 282,537.60 to Ronald McDonald House Charities in Germany.



As of 2004, Ronald McDonald House Charities in Germany are assessed annually by the German Central Institute for Social Issues (DZI) to ensure that donations are used transparently, economically and honestly.







Ronald McDonald House Charities in Germany includes 22 RONALD McDONALD HOUSES.

In 2017, a total of **6,515 FAMILIES** found a home from home in these houses. On average, these families spent 18 days here. The average distance to their own homes was around 99 kilometers.

6 RONALD McDONALD FAMILY ROOMS

provide families with a welcome retreat within hospital walls. In 2017, **9,637 FAMILIES** made use of these rooms.

5,471 VISITORS used the services offered by the kid's health truck in the city of Essen in 2017.

A second **KID'S HEALTH TRUCK** was launched in September 2017 serving the city of Duisburg.

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ICH LIEBE ES!

GERMAN SUSTAINABILITY CODE

We updated our declaration of compliance with the German Sustainability Code in 2017.

AUDITED REPORT

McDonald's Germany updates and publishes its sustainability data every year. This Corporate Responsibility Report – At a Glance features the key milestones and figures from 2017. We also publish a full corporate responsibility report every two years, which is available at: www.mcdonalds.de/nachhaltigkeit. This report was prepared in accordance with the guidelines issued by the Global Reporting Initiative (GRI guidelines).

Key indicators were audited by KPMG AG Wirtschaftsprüfungsgesellschaft.

Would you like to know more? Then take a look here.

All information in this report refers to the restaurants operated directly by McDonald's Germany ("company-owned restaurants"), all restaurants in Germany and Luxembourg run by franchisees and the management of McDonald's Germany. Any other information is highlighted accordingly. In the interests of readability, we do not write out the full legal names of companies, associations or non-profit organizations.



The paper used in this Corporate Responsibility Report is certified with the Blue Angel and FSC ecolabels.

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