



McDONALD'S® GERMANY

CORPORATE RESPONSIBILITY REPORT

2012→

ABOUT THIS REPORT

REPORTING PERIOD

The reporting period is the 2012 calendar year (January 1, 2012 through December 31, 2012). The deadline for submissions was May 31, 2013. The previous corporate responsibility report of McDonald's Deutschland Inc. was published in June 2012. Contact partners for any queries relating to the report and its content 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 in Germany run by franchisees. Any exceptions to this are specifically stated.

SCOPE AND LIMITATIONS OF THE REPORT

The topics covered in this report are the result of a sustainability analysis focused on the McDonald's value chain. They were determined on the basis of extensive dialog with internal and external stakeholders as well as the initial results of the "Sustainable McDonald's Germany" research project carried out by the Wuppertal Institute for Climate, Environment and Energy. The management of McDonald's Germany has or can have a significant impact on the sustainable evolution of a number of issues and indicators here. These factors were identified as important.

This year, for the first time, the company has aligned its sustainability report for 2012 with the core steps of its value chain. We report on sustainability issues and indicators at every step of the process, from agricultural production and processing of raw materials through transport of goods to the marketing and preparation of food in our restaurants. This new, intuitive representation of the business model comprises six steps. The report is rounded off with information on HR management processes and recycling.

The report focuses on management strategies that shape our value chain, covering the latest data, facts, solutions and activities from 2012 that are relevant to these strategies. The report also features the opinions of external experts who talk about the major issues and trends in sustainability today and the challenges we will be facing in the future.

McDonald's Germany has shaped the structure and content of this year's report to place more emphasis on sustainability issues that are particularly important to the company and its business model.

Basic information on sustainability management, including topics such as the environmental management system, quality assurance systems, food safety and internal guidelines and codes are only partially included in the print version of the report. These

issues are described in detail online. To ensure that readers still have a clear and transparent overview of the company's development and progress towards the goals set for 2015, we continue to display the corporate responsibility roadmap for 2012 – 2015 in line with the four previous fields of action (product stewardship, eco-footprint, employer of choice and sharing brand).

TARGET AUDIENCE

This corporate responsibility report is intended for all employees and franchisees of McDonald's as well as partner companies, NGOs, government agencies, stakeholders in the science, research and education communities, politicians and the general public. Above all, however, it is addressed to 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.

INDICATORS AND REPORTING IN LINE WITH GRI

This report outlines the targets we have defined for each step of our value chain and their status thus far. The launch of our online control system in 2012 enables us to structure the data we collect. Our goal is to use this data to define non-financial key performance indicators (KPIs), which we can then use to benchmark our sustainability performance and management in the future (from 2013 at the earliest). We align our activities here with the G3 guidelines of the Global Reporting Initiative (GRI) and the GRI Sector Supplement for the food and drinks industry. The GRI index and application level are covered on pages 72 to 74 and on our website at www.mcdonalds.de/verantwortung. McDonald's Germany has been a GRI Organizational Stakeholder since the beginning of 2013.

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 2012

McDonald's Deutschland Inc., Munich branch¹, 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 German states in the north-east (Lower Saxony, Bremen, Hamburg, Schleswig-Holstein, Mecklenburg-Western Pomerania, Saxony-Anhalt, Berlin, Brandenburg, and Saxony), the west (North Rhine-Westphalia, Hesse, Rhineland-Palatinate and Saarland) and the south (Thuringia, Baden-Württemberg and Bavaria). Key administrative departments include marketing, HR, finance, operations, development, legal, corporate communication, and corporate responsibility and the environment.

At the close of fiscal 2012, there were 1,440 McDonald's restaurants of different sizes and in different locations throughout Germany (see table). 1,179 of these (approximately 80 percent) were run by 243 franchisees.

Satellites ²	184
Restaurants at airports	11
Restaurants in train stations	99
Restaurants in highway service areas	73
McDrives	1,019
McCafé	817
New restaurants opened in 2012	35

McDonald's and its franchisees employed a total of around 64,000 people in Germany during the previous fiscal year. McDonald's Germany achieved net revenue of EUR 3.247 billion, a 1.6 percent rise on the 2011 figure. During the period under review, there were 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 has also received awards from third parties.

McDonald's received several awards in 2012. For the "Mach deinen Weg" (Go for IT!) employee campaign, the company received the PR Report Award in the "Change" category. McDonald's also came out on top in the Employer Branding Award in the "School Marketing" category. The 2011 corporate responsibility report achieved third place in the Deutscher Designer Club (DCC) design competition in the category "Corporate Communication".

The "Mein Burger" campaign received several accolades in 2012: for example the "e-Star Online Excellence Award 2012" in the e-Gastro category, the Mobius Award (2nd place) and the EFFIE (Gold), an advertising and PR industry prize for efficient brand communication. Our award-winning campaigns included "Nicht alle Tassen im Schrank" (A few glasses short of a load) and "Ehrlich Mama" (Honest, Mom!).

Last year, McDonald's HR was awarded the "HR Excellence Award 2012" for the introduction of McBenefit, the McDonald's company pension model. The "HR Next Generation Award 2012" also went to McDonald's for its exceptional HR talent under the age of 35 who have impressed with their responsibility and performance. Again in 2012, the McDonald's Main Service Center was judged to be a "Top Employer" in Germany. For this award, an independent institute assessed the criteria remuneration, social benefits, career opportunities and training practices.

The International Center for Franchising and Cooperation (F&C) presents awards for exceptionally good results in partner satisfaction analyses in conjunction with the evaluation company Gesellschaft für Unternehmens- und Netzwerkevaluation mbH (GUN). The competition is aimed at corporate networks (franchise systems and groups of companies).

In 2012, McDonald's received the "F&C GOLD AWARD". This award recognizes the above-average quality of our relationships with partners.

In addition, the franchisees of McDonald's Germany present their own "Franchisee Partner Award", which recognizes outstanding service from individual employees or departments of the franchisor.

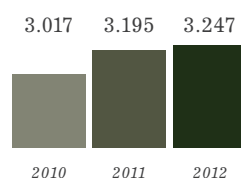
¹ Referred to as McDonald's Germany in this report.

² Small restaurant units located, for example in train stations or shopping centers.

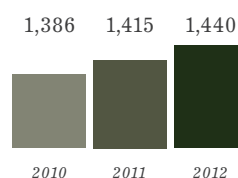
FACTS & FIGURES

McDonald's Germany

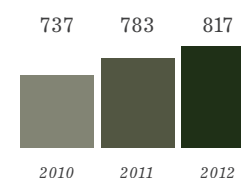
ANNUAL NET REVENUE:
in EUR billion



NUMBER OF RESTAURANTS
franchisees & McOpCo



NUMBER OF McCafé
franchisees & McOpCo



GOVERNANCE AT McDONALD'S GERMANY

The Executive Board of McDonald's Germany has five members based in Germany (as at March 27, 2013). As a subsidiary of a parent company listed in the US, McDonald's Germany is subject to the Sarbanes-Oxley Act.

Bane Knezevic is Chief Executive Officer and President of Europe Western Division. Holger Beeck is Vice President of the Board, Managing Director of McDonald's Germany and Chief Operating Officer. Wolfgang Goebel is Vice President Human Resources, Martin Nowicki is Chief Marketing Officer and Marcus Almeling is Chief Finance Officer.

During the period under review (January 1, 2012 through December 31, 2012), Bane Knezevic was Chief Executive Officer and President of Europe Western Division. Holger Beeck was Vice President of the Board and Chief Operating Officer.

Joachim Kellner was Chief Finance Officer and Wolfgang Goebel was Vice President Human Resources. Matthias Becker was Chief Marketing Officer.

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 FLC in line with the relevant statutes and 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 Germany, supporting and advising on all key matters, also building an internal and external information hub. To ensure they can fulfill their duties, they are involved in all key decisions made by the franchisor. Arndt Heiderich was Speaker of the Franchisee Leadership Council (FLC) at the close of the reporting period. 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 management team of the McDonald's Corporation, headquartered in Oak Brook, Illinois (US), comprises sixteen members (www.aboutmcdonalds.com/mcd/our_company/leadership.html). The Board of

Directors is also based in Oak Brook and comprises fourteen members (www.aboutmcdonalds.com/mcd/investors/corporate_governance/board_of_directors.html). These are bound by dedicated rules set down in the Director Code of Conduct (www.aboutmcdonalds.com/mcd/investors/corporate_governance/codes_of_conduct/director_code_of_conduct.html). The Board of Directors forms six committees: The Audit Committee, the Compensation Committee, the Governance Committee, the Executive Committee, the Finance Committee and the Corporate Responsibility Committee.

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

The Corporate Responsibility Committee focuses on issues related to product safety, occupational safety, employee training and skills development, diversity, environmental protection and supply chain sustainability. The Corporate Responsibility Committee Charter is available online at www.aboutmcdonalds.com/mcd/investors/corporate_governance/board_committees_and_charters/corporate_responsibility_charter.html.

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 2012, the AGM for shareholders of the McDonald's Corporation took place on May 24 at the company headquarters in Oak Brook, Illinois, US (see also: www.aboutmcdonalds.com/mcd/investors/shareholder_information/2012_Proxy_Statement.html). 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 summarized online on our global website in the Corporate Governance section under Guidelines and Policies (www.aboutmcdonalds.com/mcd/investors/corporate_governance.html) and under Codes of Conduct (www.aboutmcdonalds.com/cd/investors/corporate_governance/codes_of_conduct.html).

Our mission statements for the sustainable development at McDonald's Germany can be found under the "Mission & Werte" section on our German website at www.mcdonalds.de/uber-uns/mission-werte.

WHERE CAN I FIND...?

As well as the print report, McDonald's provides further background information on its corporate responsibility activities:



McDONALD'S CR REPORT 2012

The 2012 corporate responsibility (CR) report systematically covers all stages of the value chain.

VALUE CHAIN



AGRICULTURE



PROCESSING



TRANSPORT



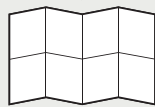
RESTAURANTS



EMPLOYEES



RECYCLING



McDONALD'S AT A GLANCE

The back of the CR report contains a pull-out poster with informative graphics on all the topics included in the report. Diners can also see the "McDonald's at a glance" poster on the info board in our restaurants.



NEW FOR MOBILE DEVICES

The CR report is not the only place you can find information on our commitment to environmental and social issues. In August 2013, we will be launching a McMission App to bring corporate responsibility issues to life using augmented reality technology. You will find teasers for the app on the "McDonald's at a glance" poster for diners and in the restaurants.



ONLINE INFORMATION

For more information on McDonald's commitment to corporate responsibility, go to:

www.mcdonalds.de/verantwortung



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**BANE
KNEZEVIC**

**Chief Executive Officer McDonald's
Germany and President of McDonald's
Europe Western Division**

INTRODUCTION BY BANE KNEZEVIC

Dear Readers,

The last fiscal year was a successful one for us. With annual net revenue at EUR 3.247 billion for 2012, we achieved an increase of 1.6 percent on the previous year. The key to this success was a wider product range, offering consistently high quality and strong value for money. A prospect that attracted 2.7 million guests to our 1,440 restaurants every day. Our guests were also able to create their own burgers again last year within our social media campaign “Mein Burger”. Over 327,000 burgers were created and posted online – a record result.

To secure our success in the long term, we have started thinking about our future in a way that is entirely new to McDonald's. It is clear to us that we are living in exceptional times. I see the current political and economic developments in Europe not just as a crisis, but as a period of deep-seated social change. This is happening right before our eyes – and thus also in our restaurants.

We – the McDonald's brand, our approximately 64,000 employees, our franchisees, our loyal suppliers, and our guests – are all part of this transition. As the leading retailer in Germany's foodservice sector, our biggest challenge right now lies in understanding this multifaceted change process, helping to shape it and, wherever possible, staying a step ahead of it.

When I talk about change, I am referring to trends such as mounting energy and raw material prices, an aging population in Germany, the growing influence of digital communication and rising consumer expectations on ethical issues.

All of this has an impact on us and on our franchisees, and we need to work with them to find new ways of moving forward. On the plus side, this transition phase also brings us exciting opportunities to evolve. Against this backdrop, I view a systematic commitment to environmental and social sustainability as both one of our most important tasks and a major area of potential for McDonald's.

Now, more than ever, we need to listen to our guests. Their wishes are the ultimate benchmark. And fulfilling them calls on us to be curious, daring, innovative and willing to venture into new terrain – even if that means departing from the proven, familiar path.

We are aware that transparency is very important to our guests – along with many other people in Germany – and essential to retaining their trust. That is why we are now publishing our third consecutive corporate responsibility report, providing a detailed breakdown of the ways in which we successfully integrated environmental, social and economic criteria in every step of our value chain during 2012.

We are committed to finding solutions to today's challenges. I hope that this report will give you an impression of the spirit in which we are laying the foundations for a sustainable, successful future – one where we embrace these far-reaching changes in the knowledge that they affect us all.

Best regards,

Bane Knezevic



**HOLGER
BEECK**

Vice Chairman, Managing Director
and Chief Operating Officer
McDonald's Germany

INTRODUCTION BY HOLGER BEECK

Dear Readers,

A leadership style geared towards sustainability can only function if the environmental and social measures that fall under our sustainability initiative also align with our business goals. The management of McDonald's Germany ensures that these measures are expedient and quantifiable and that they translate into improvements within our company, which, in turn helps to safeguard our overall success.

We achieved a great deal in our various departments last year and can be justifiably proud of this progress. On the one hand, some of our projects focus specifically on sustainability, such as the pension scheme for employees rolled out in 2012, the reduction in our energy consumption coupled with our ongoing switch to renewable sources, and our support for Germany's agricultural infrastructure. And on the other hand, the personal sustainability targets of our Leadership Team members provided added impetus to develop new ideas. Our roadmap on pages 76-78 of this report gives a detailed breakdown of what we had and had not yet achieved by the end of 2012, as well as an overview of our goals for 2015.

One of our priorities during the reporting period was internal communication. Information within the company is extremely important to us – almost more so than our external dialog. For our sustainability initiative to be successful, it is crucial that we discuss it intensively with our franchisees and restaurant managers, as well as with the office staff at our Main Service Center and across all three regions.

Our original vision of simply becoming a more sustainable organization has now evolved into a determination to leading by example in the foodservice sector.

This should translate into a tangible daily experience for each of our approximately 64,000 employees in Germany, as well as for our guests. During 2012, we were not only able to incorporate healthy elements – McFish, organic apple slices, and organic fizzy apple juice drink – into our Happy Meals for children, but also began offering books. This generated so much positive feedback that we have decided to repeat the Happy Meal book promotion this year too.

At McDonald's, our value chain begins at the farm. It goes on to span satisfied guests, who keep coming back, motivated staff, and energy-efficient restaurants – right through to the recycling question. How good are we, not only at minimizing our consumption of natural resources, but also at channeling the raw materials used in our restaurant operations back into the waste recovery cycle?

Throughout the entire value chain, our aim is to continually harmonize our business operations with evolving environmental and social dynamics and market expectations. This allows us to tap into optimization potential, become more efficient, and incorporate the many and varied expectations of our guests and the general public into our decision-making as effectively as possible. In this way, we continue to advance step by step towards our vision of playing a sustainable and successful role in society.

I hope you will enjoy reading our new corporate responsibility report.

Best regards,

Holger Beeck

INTRODUCTION BY PETER KAUCHE

Dear Readers,

McDonald's has been present in Germany for over forty years, having expanded its restaurant count to 1,440 in that time. Approximately eighty percent of these are currently run by Germany's 250 or so franchisees.

One of the main tasks facing a franchisor is ensuring that the right support framework is in place for the system as a whole to succeed. As McDonald's franchisees, we can draw on rich resources, including the development of compelling marketing concepts, centralized purchasing, reliable products and professional support in our day-to-day business.

Success is equally dependent, however, on the entrepreneurial drive of individual franchisees. Right from the start, we have contributed our expertise to the overall system, enabling McDonald's to rise to the top of the franchise foodservice sector in Germany.

Maintaining a collaborative dialog with our franchisor is vital here, for instance through the four annual strategy meetings organized by the Franchisee Leadership Council (FLC), as well as at our bi-annual franchisee conventions or coop meetings.

Inevitably, the wider economic and social context also has an impact on the success of each and every franchisee. The expectations of our guests are constantly evolving, and it is our job to keep all of them enthusiastic about McDonald's. Alongside outstanding service and high-quality products, transparency and the brand's commitment to sustainability are becoming increasingly important to our guests.

And that is why the McDonald's Germany sustainability initiative enjoys our full support. This year's corporate responsibility report again contains a wealth of facts and figures to answer many of the questions posed by our guests and the general public – ranging from the origins and quality assurance of our products through staff training and development prospects to the aims we have set ourselves.

Last but not least, we also place great value on social engagement. We have been collecting donations and organizing promotions in our restaurants to support the German arm of the Ronald McDonald House Charities (McDonald's Kinderhilfe Stiftung) for over 25 years now, ever since its foundation.

I welcome your interest in McDonald's and hope you will find this report an enjoyable and informative read.

Best regards,

Peter Kauke



**PETER
KAUCHE**

Spokesperson for the
Franchisee
Leadership Council (FLC)



AGRICULTURE

→ **LOOKING
AT THE
FUTURE**

BAVARIA'S ALPINE COUNTRYSIDE LOOKS LIKE IT HAS BEEN FROZEN IN TIME. APPEARANCES CAN BE DECEPTIVE THOUGH, BECAUSE THERE IS A VERY STRONG FOCUS ON THE FUTURE HERE, WITH ONGOING EFFORTS TO MAKE AGRICULTURE IN GERMANY MORE SUSTAINABLE. WE WANT TO SEE THE LOCAL AGRICULTURAL SECTOR THRIVE SO WE CAN CONTINUE TO SOURCE MOST OF OUR RAW MATERIALS FROM GERMANY. THIS HAS BECOME OUR MISSION.





FOR US, RESPONSIBILITY BEGINS AT THE SOURCE OF OUR PRODUCTS

We source most of the potatoes for our fries, the beef for our patties, the pork for our McRib®s and the wheat for our buns from German farmers. To boost the German agricultural sector, we support standards, knowledge transfer within and beyond the McDonald's system, and flagship projects that promote sustainability in local supply chains.

Many people in Germany – including guests to our restaurants, farmers' associations or environment and conservation organizations – are interested in the rules that apply to the production of our raw materials, how we monitor compliance with these rules among farmers, and whether all our raw foodstuffs actually come from Germany, and if not, where they are sourced.

THE McDONALD'S AGRICULTURAL ASSURANCE PROGRAMME

Throughout Europe, McDonald's sources its ingredients from around 500,000 agricultural businesses. In Germany alone, there are around 80,000 farms supplying beef to McDonald's. In 2012, we sourced approximately 75% of our raw materials from Germany. This is a huge number of farms and a huge volume of goods. The va-

riety of ingredients our direct suppliers purchase from farms is also immense. As a result, it is virtually impossible for us to know every single producer, let alone monitor compliance individually.

By targeting the first link in the supply chain – the primary producer, the **McDonald's Agricultural Assurance Programme (MAAP)** helps assure the quality and safety of foodstuffs offered by McDonald's. The program allows McDonald's to systematically benchmark standards in existing Farm Assurance Schemes that apply to agricultural products against our own reference standards. The aim is to assure the quality and safety of raw ingredients and continually improve these standards in line with the latest ecological, ethical and economic principles of sustainable food production. We encourage suppliers to source raw materials from independently audited schemes in high levels of compliance. Our MAAP standards are geared to the agricultural industry and apply to all our major European suppliers.

MAAP includes benchmarks of Quality Management (QM), of the German QS-System (Quality Assurance System) and of GlobalGAP (uniform global standard for agricultural products), whose compliance is checked by announced and unannounced audits.

ANIMAL WELFARE IS A TOP PRIORITY

Sustainable farming practices and animal-friendly husbandry are key elements of our commitment to sustainability at the very start of the value chain. We commit all of our agricultural suppliers to comply with the law, which means animal-friendly husbandry practices, veterinary care for sick animals and the appropriate administration of drugs.

The MAAP program is based on the three principles of sustainable food production: ethics, environment and economics. The three 'E's are also an integral part of our Flagship Farms initiative. For more information, see

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or go to www.flagshipfarms.eu



COMMENT:

STRENGTHENING REGIONAL TIES.

Consumers in Germany want to know what they are eating. They also want to know where and how their food was produced. The origin of food is extremely important and regional products always inspire a strong feeling of trust.

And there is a logical explanation for this. People usually know who their local farmers are. They know how they work so can trace their food from the farm to the fork. I have a strong political commitment to further strengthening and expanding these regional value chains.

*Dr. Till Backhaus,
Minister for Agriculture, Environment
and Consumer Rights Mecklenburg-Western
Pomerania*



FOCUS ON BEEF

In 2012, we purchased over 46,000 tons of beef, making it our second most important raw ingredient by volume, second only to potatoes. We sourced 94 percent of our beef from approximately 80,000 dairy farms in Germany. The remaining 6 percent came from neighboring countries (Austria, the Netherlands, Denmark). In spite of fluctuating prices for beef and the declining number of agricultural holdings in Germany, McDonald's would like to maintain this quota. After all, the origin of our patties is important not only to us, but also and – above all – to our diners and many of our critical stakeholders.

BEST BEEF PILOT PROJECT LAUNCHED

That is why we initiated a pilot project for more sustainable cattle farming in partnership with the Association of Bavarian Farmers (BBV), representatives of the beef farming sector, QS Qualität und Sicherheit GmbH and members of the scientific community.

The “Association for Excellence, Safety and Transparency in Cattle Breeding”, or **“BEST Beef”**, came into being in 2010. This association, which covers the entire beef value chain, goes even further than MAAP in its requirements and provides incentives for the promotion of German agriculture.

The aim is to create a forum where all players can exchange knowledge and ideas, and also create incentives for further development. The pilot phase of the program has been running since October 2012, with around 440 farmers from the south-east of Bavaria taking part. Higher prices will be paid to reward farming practices based on certain housing systems (loose housing or stanchion barn with pasture).

During 2013, “BEST Beef” modules will be devised for feed and management; in the future, bonuses will be awarded for these areas also. The scientific partners in the “BEST Beef” pilot project come from Weihenstephan-Triesdorf University of Applied Sciences and the Wuppertal Institute for Climate, Environment and Energy.

ANALYZING “HOT SPOTS” IN THE VALUE CHAIN

During the reporting period, the Wuppertal Institute carried out a “beef hot spot analysis” with the aim of identifying the main environmental and social impacts across the entire beef production value chain – from feed sourcing to the recovery of waste. The results of the analysis are continuously fed into the “BEST Beef” project and discussed with the project partners. In the medium term, they should lead to further action items. In 2013, a hot spot analysis focusing on chicken will be carried out. The aim is to repeat this process on a gradual basis for all of our most important products, with a view to making value chains more sustainable.

MODULES OF THE “BEST BEEF” PROGRAM:

- 1. HUSBANDRY SYSTEMS¹:**
Loose housing or stanchion barn with pasture
- 2. FEED¹:**
Criteria to be determined by working groups
- 3. MANAGEMENT¹:**
Criteria to be determined by working groups

¹⁾ Basis: QA certification or QA approval.

WUPPERTAL INSTITUTE FOR CLIMATE, ENVIRONMENT AND ENERGY

FUTURE TREND

Of the seventeen trends that are set to have a major impact on the food sector and therefore on McDonald's Germany in the decades to come, more than half concern the agricultural sector. Included among these trends are climate change, soil degradation, resource conservation, agricultural industrialization and competition for land use. Genetically modified crops and the use of regional and seasonal products will continue to remain important topics for consumers in Germany.

Source: Wuppertal Institute and McDonald's: “Sustainable McDonald's Germany” research project, step 1.1 “Sustainable business practices – relevance for ‘nutrition’ action area” interim report 2012.



LET'S ASK

JAN GROSSARTH,
business editor
at the Frankfurter Allgemeine newspaper

“IN YOUR OPINION, WHAT ARE THE MOST IMPORTANT FACTORS IN THE DEBATE SURROUNDING SPECIES-APPROPRIATE, SUSTAINABLE ANIMAL FARMING IN GERMANY?”

Most people do not know how animals are kept on modern farms. Today's city dwellers are simply not that interested. And those who are interested are probably the least well informed. They only see the extreme animal farming scenes – images of blood-splattered turkeys and pigs broadcast by the media when a scandal comes to light.

The reality is different. Animals are properly cared for. They are well fed and kept in clean, hygienic conditions. Maybe too clean, in fact. They are certainly much cleaner than they would ever be in the great outdoors. In reality, animal farming is extremely boring. Animals raised for industry – or human consumption – are properly looked after. They are kept warm and dry to ensure they grow quickly with the least possible amount of food, which, after all, is also a facet of “sustainability”.

But, of course, that's not what people want. More and more farmers are opening their holdings to the public to head off criticism. But when the pre-school classes come to visit, the children are initially upset. They want to see pigs frolicking in green meadows.

And while that's an entirely understandable desire, it's simply not feasible. It would be far too expensive for farmers. It would only work if we almost completely stopped eating meat and closed our borders to block cheap meat imports from abroad.

In reality, animal husbandry is a compromise between animal welfare and cost. At the moment, a lot is being done to improve conditions for animals. There are new seals of approval that make it easier for supermarket shoppers to check the conditions under which animals were raised. Consumers can also choose meat from pigs and chickens raised in larger stalls and given the space to roam or have straw nests. Politicians at national and state level recently approved a raft of new animal welfare measures that are gradually coming into force.

What people want for animals is understandable, but it is also unrealistic. And many of the people who make these demands eat a lot of meat themselves. Turning these wishes into policies would cause a lot of problems. This debate shouldn't be used to force through a romanticized image of animal husbandry built on an idealized, almost religious view of nature. Nor should we be attributing human characteristics to animals. If we did that, livestock would all but disappear from Germany. All we'd have left would be a few eco-farms producing steaks for the super-rich. And the animals would not have a better life outside of Germany. I'm not saying that things should stay as they are. It's not too much to ask that animals in stalls and pens should be able to do the things they would otherwise do in nature – that includes the freedom to move, forage, peck and wallow.

QUALITY STANDARDS FOR PORK, CHICKEN AND FISH

In 2012, we sourced 87 percent of our pork from Germany, with the remaining 13 percent sourced from Denmark. As of 2011, we no longer process pork from castrated piglets.

Our suppliers source chicken meat from EU-approved slaughterhouses and cutting plants in Germany (2012: 17 percent), neighboring European countries (2012: 59 percent) and Brazil (2012: 24 percent). Regardless of source, the chicken meat always has to comply with the same high quality standards.

100 percent of the fish used for the **Filet-o-Fish** product in Germany comes from MSC-certified fisheries.

QUALITY LABEL FACTS

When purchasing coffee, fish and pre-packaged beverages and sides for our Happy Meal offering, McDonald's relies on established quality labels.

FILET-O-FISH®

Since October 2011, 100% of the fish used for the Filet-o-Fish option in Germany comes from sustainable fisheries, certified in line with the **MSC standard**. In 2012, we purchased 1,108 tons of MSC-certified fish. Worldwide, 99 percent of the fish used by McDonald's carries the MSC label.

COFFEE

Since 2008, 100% of our caffeinated coffee is **Rainforest Alliance-certified**. In 2012, we purchased 1,247 tons of coffee from certified plantations in South America. McDonald's also uses certified coffee in the rest of Europe as well as in Australia and New Zealand.

HAPPY MEAL®

Since August 2012, the apple slices and fizzy apple juice drink for our Happy Meal are **certified organic**. In 2012, we purchased 353 tons of organic apples (organic apple slices: 140 tons; organic fizzy apple drink: 213 tons). McDonald's has been offering organic milk as a Happy Meal drink option since 2003. In 2012, we sourced 727,613 liters of organic milk from Austria.



THE MARINE STEWARD-SHIP COUNCIL (MSC)

is an independent non-profit organization which awards an ecolabel for fish sourced from sustainable fisheries. Its aim is to mitigate the global problem of overfishing. www.msc.org



THE RAINFOREST ALLIANCE

The Rainforest Alliance Certified™ label is awarded to plantations if they meet stringent standards for sustainable agricultural practices. www.rainforest-alliance.org



THE NATIONAL GERMAN ECOLABEL

identifies produce from certified organic agricultural holdings which comply with EU legislation on organic farming. www.bio-siegel.de

CLIMATE CHANGE AND AGRICULTURE

In the catering business – whether in schools, kindergartens, universities, hospitals, care homes, canteens or our restaurants in the “to go” foodservice sector – sustainable business practices can have a major impact on resource conservation and climate protection.

Social trends like growing mobility and more flexible working models will likely lead to increased demand for food “to go” as we move forward.

Around the world, greenhouse gas emissions, especially carbon dioxide (CO₂)², continue to rise from industry, private households and transport – but also from agriculture. Climate change is set to influence the agricultural sector in a multitude of ways, which means that we and our partners will be faced with a completely new set of challenges.

For an overview of the carbon emissions resulting from our restaurant operations, see

P. 48–49

That is why we are cooperating with our scientific partners, producers and suppliers to find ways to systematically reduce our greenhouse gas emissions. Since every kilo of beef is responsible for higher greenhouse gas emissions than the same quantity of pork or chicken, we introduced a carbon footprint³ for cattle farming in Germany in 2012. This considers factors like the size of the farm holding, whether the animals are dairy or beef cattle, and the type of feed used. During 2013, we will develop suitable measures to reduce these **CO₂ emissions**.

Competition for land use, water management, the use of biotechnology and future price trends for agricultural commodities are other topics we will need to actively engage with in coming years.



COMMENT:

AGRICULTURE HAS TO BECOME MORE ECO-FRIENDLY.

We all rely on agriculture to produce the food we eat every day. But agriculture is also contributing to many of the world's environmental problems: it is responsible for around 14 percent of greenhouse gas emissions and accounts for three quarters of our water consumption. In addition, over-fertilization is detrimental to the quality of soil and watercourses, and intensive farming results in a loss of biodiversity. Agriculture has to become more eco-friendly. Large stakeholders like McDonald's have to play a major role in this effort, but we as consumers must play our part, too.

*Dr. Gerd Leipold,
advisor to McDonald's Germany*

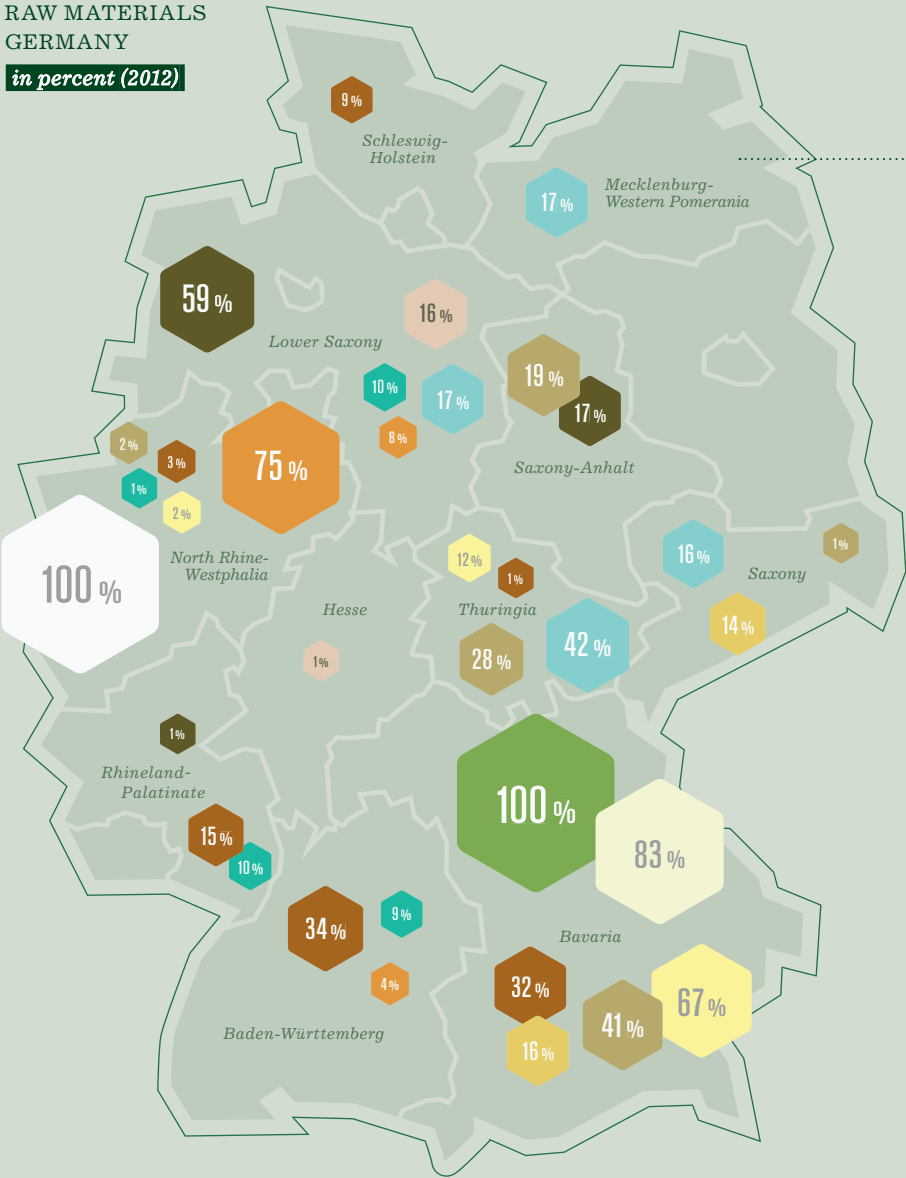
² Greenhouse gases as defined by the Kyoto Protocol are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆). According to the Renewable Energy Industry Institute (IWR), 34 billion tons of carbon dioxide were emitted in 2011 – 0.8 billion tons more than in 2010. Given its role in causing climate change – accounting for well over 50% of greenhouse gases – CO₂ is, however, the main focus of climate protection attention.

³ Kilogram of CO₂ per kilogram of live weight.

FACTS & FIGURES

ORIGIN OF
RAW MATERIALS
GERMANY

in percent (2012)



75%

OF THE PRODUCTS WE PROCURED
IN 2012 CAME FROM GERMANY.

80,000

FARMS SUPPLY US WITH BEEF.

MOORFUTURES & McDONALD'S

Mecklenburg-Western Pomerania

MoorFutures are emission certificates which companies can use to improve their carbon footprint. One MoorFutures certificate corresponds to a potential saving of one ton of CO₂ per year. As part of the Car Policy which it introduced in 2012, McDonald's has acquired 100 MoorFutures certificates. The Car Policy sets out clear thresholds and guidelines for the use of company cars as an incentive to choose low-emission company vehicles. Drivers who exceed the defined CO₂ thresholds are obliged to make a compensatory payment. This money is invested directly in our MoorFutures certificates and will go towards the restoration of wetlands in Mecklenburg-Western Pomerania.

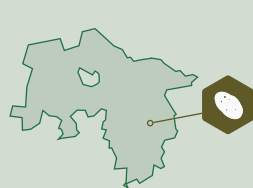


- Potatoes
- Beef
- Wheat flour
- Milk (full-fat)
- Milk (milkshakes & McSundaes)
- Chicken
- Lettuce
- Cheese
- Pork
- Rapeseed oil
- Cucumbers
- Eggs

FLAGSHIP FARMS

in Germany

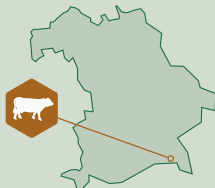
McDonald's developed the Flagship Farm program in cooperation with the Food Animal Initiative and the University of Oxford. Flagship Farms are committed to best practices and innovation when it comes to sustainable farming and animal-friendly husbandry systems. They serve as a role model for other landholders. In 2012, there were 16 Flagship Farms in Europe – three of them located in Germany. In-depth profiles of the farms can be found on the website www.flagshipfarms.eu.



FLAGSHIP FARM: POTATOES
(Schellerten, Lower Saxony)



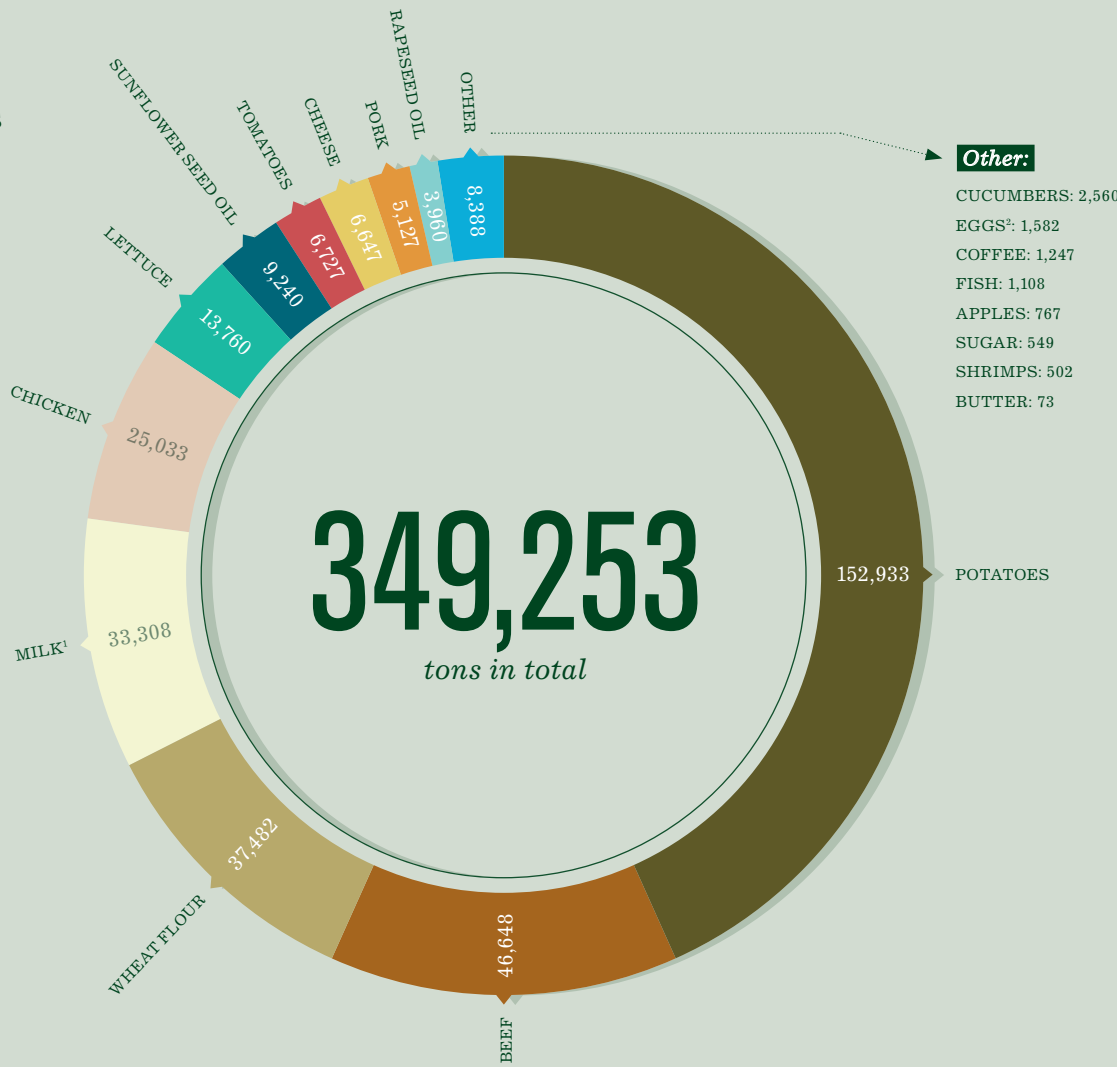
FLAGSHIP FARM: WHEAT
(Gut Piesdorf, Saxony-Anhalt)



FLAGSHIP FARM: BEEF
(Bayrischzell, Bavaria)

VOLUME OF
RAW MATERIALS

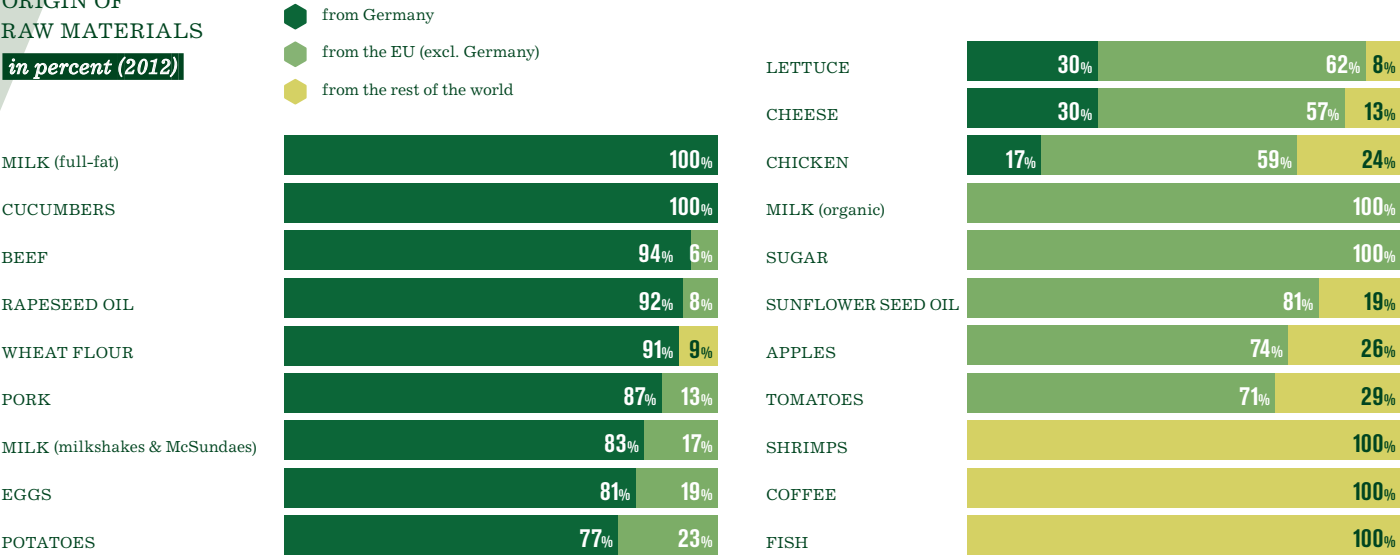
in tons (2012)



¹⁾ At an average weight of 1.02 kilograms per liter of milk.
²⁾ At an average weight of 54 grams per egg.

ORIGIN OF
RAW MATERIALS

in percent (2012)



PROCESSING

THE OLD WAYS

A HUGE QUANTITY OF FRESH BUNS ARE BAKED FOR OUR RESTAURANTS EVERY DAY. LARGE MODERN BAKERIES LOOK NOTHING LIKE A TRADITIONAL BAKER'S SHOP, OF COURSE, BUT THE PRINCIPLE IS THE SAME: QUALITY INGREDIENTS AND ABUNDANT EXPERIENCE ARE STILL THE RECIPE FOR SUCCESS. THAT IS WHY WE FOSTER LONG-TERM RELATIONSHIPS WITH OUR SUPPLIERS. THERE ARE SOME THINGS WE HAVE NO DESIRE TO CHANGE.





THE CUSTOMER'S TRUST IS OUR TOP PRIORITY

Too often, food scandals have been a cause of concern for German consumers. First it was antifreeze in wine, then rotten meat, BSE, E. coli bacteria on bean sprouts, spoiled strawberry compote and the recent undeclared horse meat in processed meat products. It is hardly surprising that consumers have little or no trust in the food industry.

For us, however, trust is one of our top priorities. Hardly anything is more important to us than food quality and food safety. It is a source of great pride for us and our suppliers that we were able to bypass all these crises thanks to the rigorous standards and controls we have in place.

TIGHTER HYGIENE REGULATIONS

Back in 2011, when lettuce leaves, cucumbers and tomatoes were suspected of passing on the EHEC strain of E. coli, we decided as a result to further tighten our hygiene controls by testing the lettuce and tomatoes used in our products for EHEC bacteria. With this step, we were able to guarantee the highest level of food safety for our diners.

100% TRACEABILITY FOR OUR MEAT

We are also able to say with confidence that no horse meat is contained in our beef patties. We know everything there is to know about the quality and origin of our beef. As such, we are positive that no meat can enter the McDonald's supply chain via an intermediary we are not absolutely sure about.

Furthermore, we foster close, long-term relationships with all of our meat suppliers. For their part, these suppliers work with EU-approved slaughterhouses and cutting plants. They fully comply with our quality standards and product specifications. Our suppliers scrupulously document the origin of their meat along the entire supply chain – right back to the ear tag of each processed animal, thus meeting the requirements of the German authorities.

“IN” DRINK MADE WITH GUARANTEED ALL-NATURAL COLORINGS

In May 2012, we introduced bubble tea in all of the 800 or so McCafés in Germany for a limited period. This drink, which is especially popular among young people, is made with water and/or milk, a fruity syrup with tea extract, plus “bobas”, or tapioca pearls, and jellies.

The products of other vendors, who primarily source their ingredients from Asia, have been shown to contain azo colorants, which have to be declared in the European Union. McDonald's is the only company to have the bobas and jellies as well as the tea syrup specially made by known suppliers in Germany. Our bubble tea was produced using fruit juices and natural flavors as well as all-natural colorings and plant-based gelling agents. As such, our customers were reassured in the knowledge that our bubble tea complied with all food regulatory requirements and that it met the high quality standards that are the hallmark of all our products.

SALT CONTENT IN CORE PRODUCTS REDUCED

Our diners are very interested in the fat, salt and sugar content of our food and beverages. In 2011, we succeeded in reducing the salt and fat content in our sandwich sauce, and in 2012, we modified the recipes of items including the cheeseburger, Big Mac and Filet-o-Fish with a view to using less salt. In the future, our cheeseburgers will contain six percent **less salt**, the Big Mac four percent less and the Filet-o-Fish a full twelve percent less salt. Our efforts to optimize the salt content of our core products in 2012 are set to save us in the region of 33 tons of salt per year.¹

TRANSPARENCY IN CUSTOMER COMMUNICATIONS

All of our standard product packages feature a nutritional compass. Nutritional values and indications about the main allergens are also printed on the rear of our tray liners. We re-designed the *www.mcdonalds.de* website in 2012, and it now contains a “What's in it?” section for individual products – including McCafé offerings. Nutritional and allergen information is clearly presented. Since the launch of the McDonald's app in April 2012, customers can now also check this information on their smartphone at any time.

Wherever possible, we avoid using preservatives. A detailed listing of all the ingredients and additives used in all of our products is available from our customer service team on request. We are in the process of creating a comprehensive overview of all the ingredients and additives contained in our products. We plan to present this information in a user-friendly way through an online platform.

For an overview of our salt optimization efforts, see

P.27



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LET'S ASK

Dr. KARIN BERGMANN,
nutritional scientist and home economist

“DO WE NEED TO REFORM INDUSTRIAL FOOD PRODUCTION? IF SO, WHAT KIND OF REFORMS WOULD YOU ENVISAGE?”

Yes, it's time for change in industrial food processing both at the supply chain engineering level and at a communication level. We need to see communication confirming that every step in the food chain meets the highest possible safety standards.

Consumers know very little about industrial, and in many cases – global – food production. This makes them more inclined to form negative, rather than positive impressions. In addition, consumers have no direct impact on process quality. This lack of agency rises with increasing distance from the point of production – both in terms of geography and time. In short, consumers “only” get to eat the food that they purchase. Honest, authentic product information is at the heart of this process.

Many consumers in Germany do not want to eat food made with ingredients that were shipped across the globe to capitalize on the latest price fluctuations. Some want their food to be sourced from closer to home and be labeled with more detailed nutritional information. We also see many consumers demanding more ethical production and advertising methods. Others are happy to trust that the manufacturer has acted with a sense of responsibility.

Companies today can no longer afford to “just” know their own production steps and those that come before and after. Just like a hand-crafted product, the quality of an industrially manufactured product is the collective result of every step in the production process. Previously, producing quality on an industrial scale was a question of “thinking globally and acting locally”. Today, we have almost come full circle – we now have to act responsibly on a global scale and think locally about food safety issues.

This transition hinges on strengthening and targeting our efforts to incorporate climate protection into our processes and establish stable global supply chains. We also have to open meaningful dialog with consumers about safety in production chains. This is no easy task but if we can't do it, with our vast understanding of food, food processing, IT and economics, then who will?

¹⁾ Projected figure based on 2012 sales value.

OUR SUPPLIERS: PARTNERS IN QUALITY ASSURANCE

The McDonald's Agricultural Assurance Program (MAAP) sets out our reference standards for the production of agricultural raw ingredients, also reflecting our commitment to sustainable farming practices.

Meanwhile, the McDonald's Supplier Quality Management System (SQMS) outlines strict benchmarks and controls that apply to direct suppliers responsible for processing those raw materials. Our SQMS system covers traceability, documentation, staff and production hygiene, minimization and control of foreign bodies, pest control, maintenance and cleaning of production facilities, standards for the storage and transport of goods and checks on upstream suppliers.

REGULAR MONITORING OF SUPPLIERS

Our suppliers have to sign our Quality Assurance Requirements. Upon signing, the supplier undertakes to comply with both legal regulations and the requirements defined by McDonald's. 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 accredited auditors or McDonald's employees. Furthermore, we verify the audit quality of the approved auditing firms on an annual basis.

Suppliers have to undergo an audit by McDonald's itself or an independent third party before they can be listed as a standard supplier. 100 percent of our standard product suppliers are audited in accordance with the SQMS system. Promotional product suppliers are audited either to the IFS (International Food Standard) and/or the BRC (British Retail Consortium) standard, or according to the "12 NN" (non-negotiables) of the SQMS. The frequency and conduct of audits depends on the risk category of a particular supplier, the volume of products supplied and the frequency of supply. SQMS, IFS and BRC audits are generally carried out once a year.

For more information about our
"Supplier Code of Conduct" see
www.mcdonalds.de/verantwortung

"SUPPLIER CODE OF CONDUCT" FOR UNIFORM STANDARDS WORLDWIDE

McDonald's suppliers are obliged to sign a **"Supplier Code of Conduct"** and take part in our "Supplier Workplace Accountability (SWA) program". This obligation applies worldwide to all our suppliers of both food and non-food items (for example serviettes, foodservice packaging and toys). The "Supplier Code of Conduct" outlines key standards governing legal compliance, the prohibition of child and forced labor, working hours, pay and equality. It also defines mechanisms for checking compliance with these standards.

The "SWA program" was set up to create uniform global workplace standards across our supply chain – for example in relation to fair pay or health and safety in the workplace.

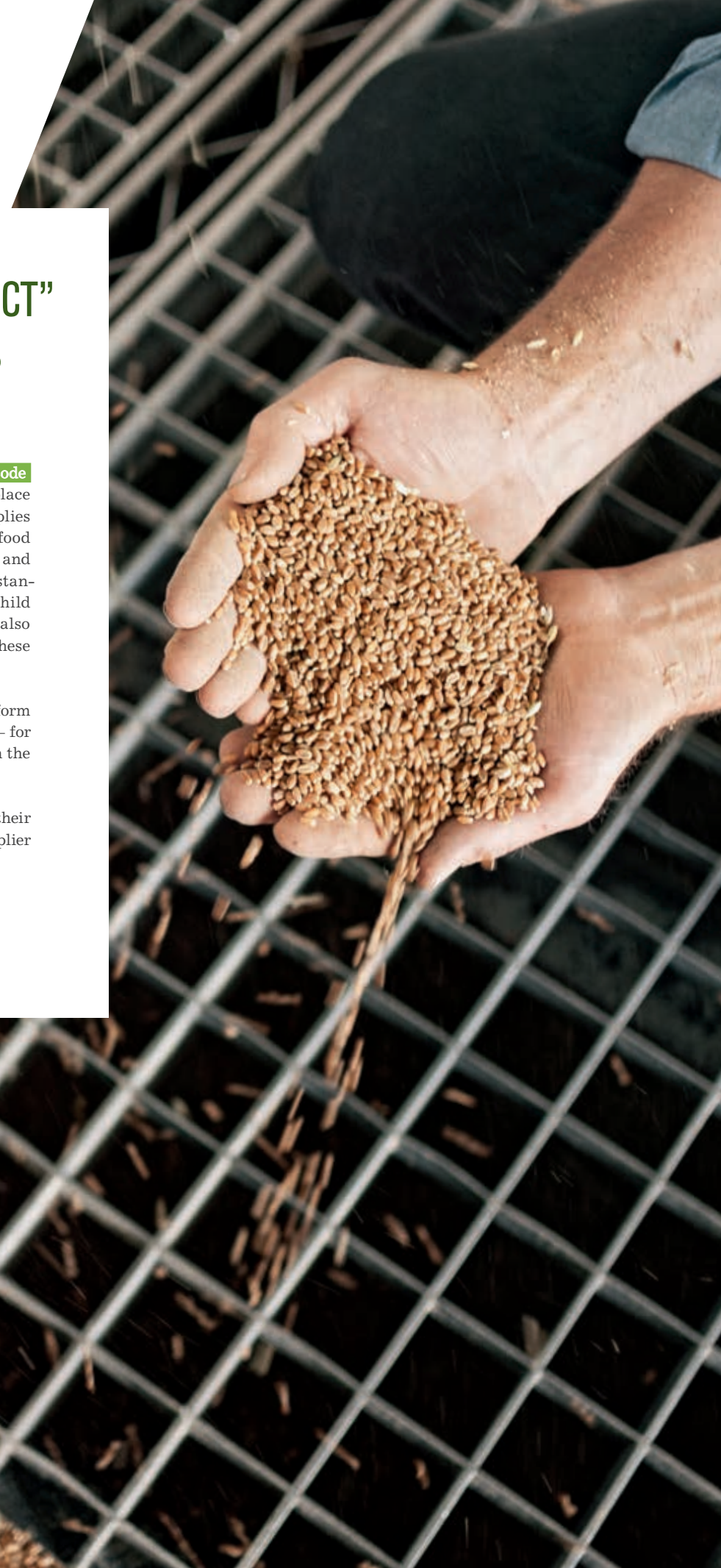
Our direct suppliers are obliged to ensure that their subcontractors also comply with the terms of the "Supplier Code of Conduct" and the "SWA program".

WUPPERTAL INSTITUTE FOR CLIMATE, ENVIRONMENT AND ENERGY

FUTURETREND

FOOD PROCESSING: The increasing importance of eating a healthy diet should also be reflected in the food-away-from-home sector – in particular now that more and more people are eating meals outside the home. The mechanization of food production and processing and the globalization of the food sector reinforce the need for transparent communication of nutritional values, for example, to alert consumers to potential health implications. This is all the more important since prices do not always necessarily reflect differences in quality.

Source: Wuppertal Institute and McDonald's: "Sustainable McDonald's Germany" research project, step 1.1 "Sustainable business practices – relevance for 'nutrition' action area" interim report 2012.



LONG-TERM PARTNER-SHIPS MINIMIZE RISKS

Just as we source most of our raw materials from German farms, our main direct suppliers, who are responsible for processing these raw materials, are also based in Germany – as are our suppliers of non-food items and services. Our most important suppliers have been working with McDonald's Germany for over twenty years now. Fifteen suppliers are well-known brand manufacturers in Germany, for example Lieken, Bonduelle, Develey and Hochland. Our long-term relationships with these established partners help us to minimize many risks in our supply chain.

OUR GOAL: SUSTAINABILITY ACROSS THE ENTIRE SUPPLY CHAIN

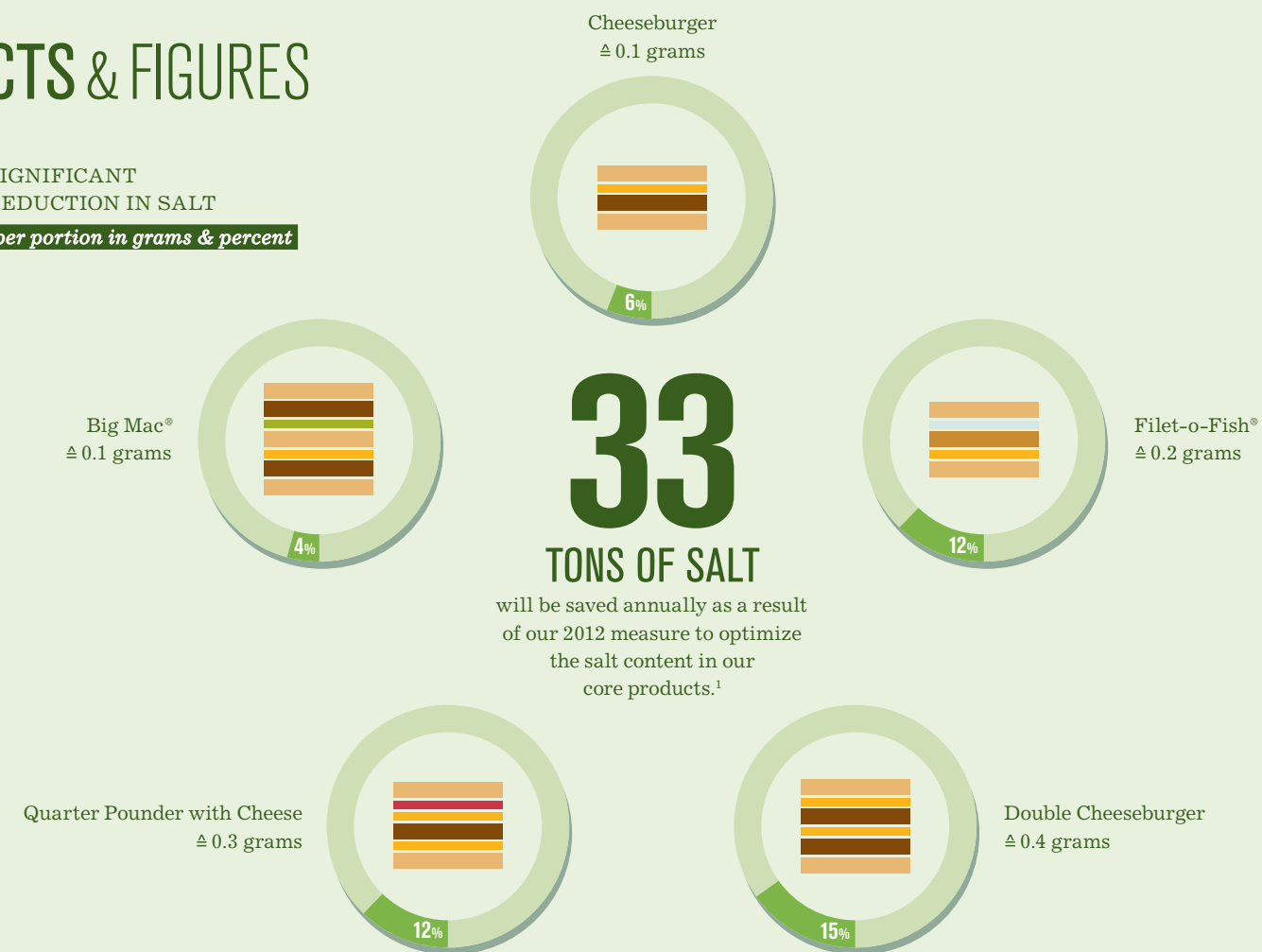
For many of our suppliers, sustainability has been firmly anchored into their corporate strategies and day-to-day operations for some time. Initiatives range from resource efficiency within company walls and the avoidance of waste through the preservation of regional farm structures and good training opportunities for employees to the implementation of Total Productive Management (TPM). The latter is a quality management concept with objectives that include the integration of employees and improving process efficiency. To reach our own ambition of becoming a more sustainable company one step at a time, we attach great importance to framing cooperation with our suppliers by a mutual understanding of sustainability matters. We have included this as a goal in our Corporate Responsibility Roadmap. Some of the main topics that would be included in supplier dialog include the shifting framework for raw material sourcing, the latest consumer trends or the avoidance of food waste in production processes.

We already use an environmental scorecard to measure the eco-efficiency progress of our European standard suppliers on an annual basis.

The McDonald's Supplier Quality Management System (SQMS) sets out standards for quality assurance and food safety which our direct food suppliers must comply with. SQMS is based on ISO 9001, ISO 22000, PAS 220 and McDonald's-specific requirements.

FACTS & FIGURES

SIGNIFICANT
REDUCTION IN SALT
per portion in grams & percent



100%

ASSURANCE THROUGH AUDITS:

Suppliers have to undergo an audit by McDonald's itself or an independent third party before they can be listed as a standard supplier. If a potential new supplier does not pass the audit, they will not be accepted.

1x PER YEAR

SQMS, IFS AND BRC AUDITS
ARE CARRIED OUT AS A RULE.

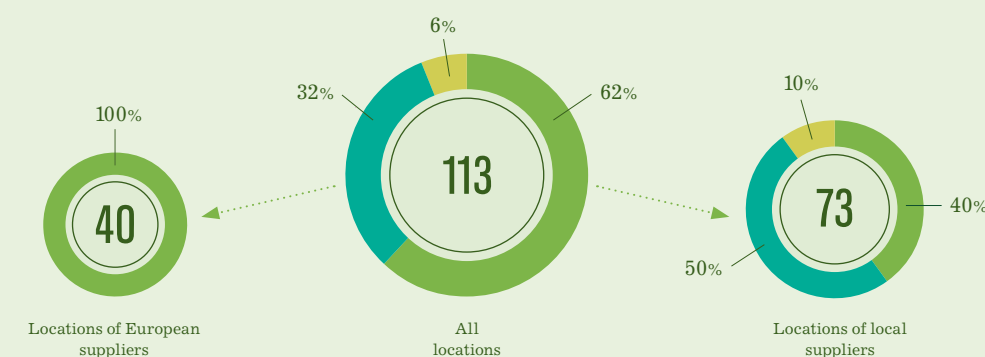
The actual frequency depends on the supplier's risk category, the volume of products supplied and the frequency of supply.

ENSURING FOOD SAFETY
THROUGH AUDITS

*percentage of production locations
of our suppliers audited (2012)*

Production locations of our suppliers
for the German market, audited by

- SQMS
- int. Food Safety Standard (IFS, BRC)
- Supplier-internal standard





TRANSPORT

→ ALWAYS ON THE MOVE

OUR LOGISTICS PARTNER HAVI DELIVERS EVERYTHING THAT THE 1,440 McDONALD'S RESTAURANTS IN GERMANY NEED ON A DAILY BASIS. BUT A LOGISTICS NETWORK EXTENDS FAR BEYOND DELIVERY TRUCKS. BEHIND THE SCENES, NEW CONCEPTS ARE CONSTANTLY BEING TESTED TO MAKE MORE EFFICIENT USE OF STORAGE FACILITIES AND SHORTEN DELIVERY ROUTES. AND IF WE'RE NOT ON TRACK, WE'RE ALWAYS READY TO TRY A MORE INNOVATIVE ROUTE.





SOURCING, STORING AND DELIVERING – THE A TO Z OF LOGISTICS

HAVI Logistics GmbH is the logistics partner of McDonald's Germany. HAVI Logistics has been sourcing products from numerous suppliers and organizing the storage and delivery of practically all the food and non-food items to our restaurants since 1981.

The company has seven locations in Germany: Duisburg, Bingen, Ilsfeld, Günzburg, Wustermark, Neu Wulmstorf and Lederhose. Its workforce averaged around 1,340 employees in 2012.

In the two “food towns” in Duisburg and Günzburg, our baked goods suppliers Lieken and FSB and our burger patties and Chicken McNuggets supplier OSI are located next door to HAVI Logistics. This convenient location has the advantage of eliminating transport and the resulting air and noise emissions.

With its commitment to a reliable, seamless service, food safety, efficiency and environmental awareness, HAVI Logistics shares the same corporate goals as McDonald's Germany. We value our partnership with HAVI Logistics not just for its reliable service, but also its commitment to sustainable practices.

AVOIDING UNNECESSARY TRANSPORT

If we are to achieve our goal of minimizing environmental impact across our extended value chain, it is imperative that HAVI Logistics take a systematic approach to environmental protection and resource conservation.

To achieve this, HAVI Logistics has defined four action items: optimization of its seven distribution centers, transport activities, service offering, and support for environmental initiatives. All of its locations are, for example, equipped with a heat recovery system and a biodiesel fuel station for its fleet of trucks.

HAVI Logistics is a member of the environmental associations Umweltpartnerschaft Brandenburg, Umweltpakt Bayern and Umweltpakt Saar, and in 2010 it became one of the first companies in the world to be certified in accordance with the EMAS III standard.

HAVI Logistics publishes its environmental key performance indicators (KPIs) as well as the concrete goals and measures under its **environmental program** in annual environmental statements. This means that the environmental impact of a significant section of our value chain is documented with concrete facts and figures.

GREEN TEAM DEVELOPS GREEN IDEAS

Since 1997, all environmental measures have been steered by a “green team” with the support of a proven environmental control system. These environmental officers, who are appointed at all HAVI Logistics locations in Germany, are responsible for identifying areas offering scope for environmental performance gains, developing innovative green ideas, and then communicating the results of their work. This collaborative approach yields progressive improvements which are consistently rolled out across Germany. Our logistics partner is committed to raising employees' awareness of environmental issues via the intranet, newsletters and in-company seminars. In so doing, it ensures that environmental protection is embedded in its corporate culture.

To read the annual environmental statement of HAVI Logistics, go to www.havi-logistics.com

NEW INITIATIVES SUCCESSFULLY IMPLEMENTED

Last year, the company launched an initiative to encourage employees to abandon their cars in favor of cycling to work for the sake of the environment. In 2012, employees at the Günzburg distribution center cycled a total of 7,993 kilometers, while staff at the Bingen distribution center covered 5,394 kilometers on their bikes.

A further aim is to cut down on the use of paper by switching to electronic data processing. One of the initiatives at HAVI Logistics involves making the delivery route plans available electronically instead of printing them out. For McDonald's, this means paperless route plans for all 1,440 of its restaurants. In 2012, this measure helped HAVI Logistics reduce **the paper consumption** at its distribution centers and head office by six percent compared with 2011.

Reduction in paper consumption compared with 2011:

6%

► OUR GOAL: TEAMING UP TO IMPROVE THE ECOBALANCE

HAVI Logistics and McDonald's share many environmental goals, not least the desire to leave the smallest possible carbon footprint from transport activities.

Our common environmental indicators refer to energy consumption and CO₂ emissions in relation to the volume of goods transported for McDonald's as well as to the use of renewable energies.

In order to calculate both overall energy consumption and carbon emissions per ton of goods delivered, three categories covering direct and indirect emissions are considered.

Firstly there is primary distribution, or transport from the producer to the distribution center and between the distribution centers. Next there is secondary distribution – transport from the seven distribution centers to McDonald's restaurants. Thirdly comes all of the emissions produced at HAVI Logistics locations (for example through electricity and gas consumption). 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.

Energy consumed per ton
of goods delivered in 2012:

259 kWh

SLIGHT RISE IN ENERGY CONSUMPTION

The overall energy consumption accounted for by primary and secondary distribution and the distribution centers rose slightly per ton of goods delivered, up from 254 kWh/ton in 2011 to 259 kWh/ton in 2012. Similarly, CO₂ emissions per ton of goods delivered rose from 72 kilograms in 2011 to 75 kilograms in 2012. Per trucking kilometer, CO₂ emissions in 2012 amounted to 2.4 kilograms (2011: 2.2 kilograms CO₂/trucking kilometer). These rises in energy consumption and CO₂ emissions are primarily due to the construction work carried out at the Ilsfeld, Neu Wulmstorf and Wustermark distribution centers in 2012. These three locations were expanded to handle increased volumes of goods.

For McDonald's in 2012, goods transport and the distribution centers accounted for 37,903 tons of CO₂ (2011: 36,132 tons of CO₂).

To reduce its CO₂ emissions, HAVI Logistics is testing bi-fuel trucks as part of a pilot project. The two fuels that will be used are diesel and liquefied petroleum gas (LPG). The lower-emission LPG will replace around twenty percent of the diesel consumed. In 2012, biodiesel accounted for around 70 percent of all fuel used for the primary and secondary distribution of goods, the same level as last year.



LET'S ASK

WOLF LOTTER,
journalist and author

“AS THE FLOW OF GOODS MOVING AROUND GERMANY RISES, SO TOO WILL THE NEED FOR INNOVATIVE LOGISTICS SERVICES. WHERE DO YOU SEE THE FUTURE?”

In a free and open world, unrestricted movement is a must. We also want to have access to knowledge, goods and services anytime and anywhere. This vast range of opportunities is great, but it also leads to complex and ever-increasing flows of goods. This is, and will always be, the price of choice. Nowadays, however, goods and services no longer move along central highways. Today's society is built around highly branched networks headed towards individual consumers. Their aim is to meet personal needs.

In logistics today, we no longer think in terms of mass or units. It's all about mental agility. And communication is the most important factor here. We have to learn how to talk to each other more effectively. Bottlenecks result from lack of communication.

Access is the biggest success factor in the market. In transport, however, communication rules. Customers and goods have to “understand” and “identify” each other better than ever for logistics workflows to run smoothly.

Time spent searching, misunderstandings and barriers have to be eliminated. The Internet provides the perfect blueprint here. A smart container, for example, would automatically “know” the best route and mode of transport. It could independently log its progress or any changes to its journey and, depending on specific requirements, select the securest or cheapest route to the customer.

Enabling customers to quickly source the products and services they need via clear, understandable access points saves energy, time and money. The future lies in clear, simple, self-explanatory access – and not complicated rules and barriers. Only then can we create truly global networks.

This “Internet of Things” could already save up to 25 percent of resources today. Even though we are moving more goods. Ultimately, thinking power is the best way to get things moving.



Solar energy used since April 2012:

235,000 kWh

FOCUS ON RENEWABLE ENERGIES

HAVI Logistics and McDonald's are equally committed to promoting energy from renewable sources.

In 2012, the Günzburg distribution center used a **photovoltaic system** to capture some of its energy from the sun. The system was installed in December 2011 and became operational in April 2012.

HAVI Logistics is also considering equipping its fleet of trucks with photovoltaic panels. The roofs of truck trailers would be equipped with solar modules to provide auxiliary power for the refrigeration unit. However, a trial carried out in 2012 showed that this technology cannot adequately maintain the cold chain. When conditions are ideal, the solar modules only produce enough energy for one to two hours of refrigeration. Nevertheless, HAVI Logistics will continue to monitor developments and advances in this innovative area.

COOPERATION BEYOND LOGISTICS

In 2012, McDonald's and HAVI Logistics trialed a system for collecting used cooking oil from restaurants. The waste frying oil was first poured into a specially designed mobile container and then pumped into another container on the underside of a distribution truck. The pilot project itself turned out to be a success. The potential timeframe and locations for wide-scale introduction of the scheme are currently being considered.

Another service offered by HAVI Logistics is collection of the plastic menu and advertising posters, or translites, used in McDonald's restaurants. HAVI Logistics stows the translites in the trucks' empty cargo space on the way back to the distribution centers and then sends them for recycling. When it comes to the licensing of McDonald's packaging, HAVI Logistics provides another valuable service. It keeps accurate records of all packaging brought into circulation by type of material in compliance with the legal requirements. These records are then used to calculate the license fee for all McDonald's restaurants.



COMMENT:

GREEN MISSION.

HAVI Logistics takes a strategic approach to reducing the ecological footprint of its logistics services. And this plays an important role in minimizing the overall environmental impact of our customers' supply chains. We are very aware of our social and environmental responsibilities and have been striving to deliver low-impact services throughout the three decades of our existence. Our "green mission" is to play our part in creating a world worth living in for future generations.

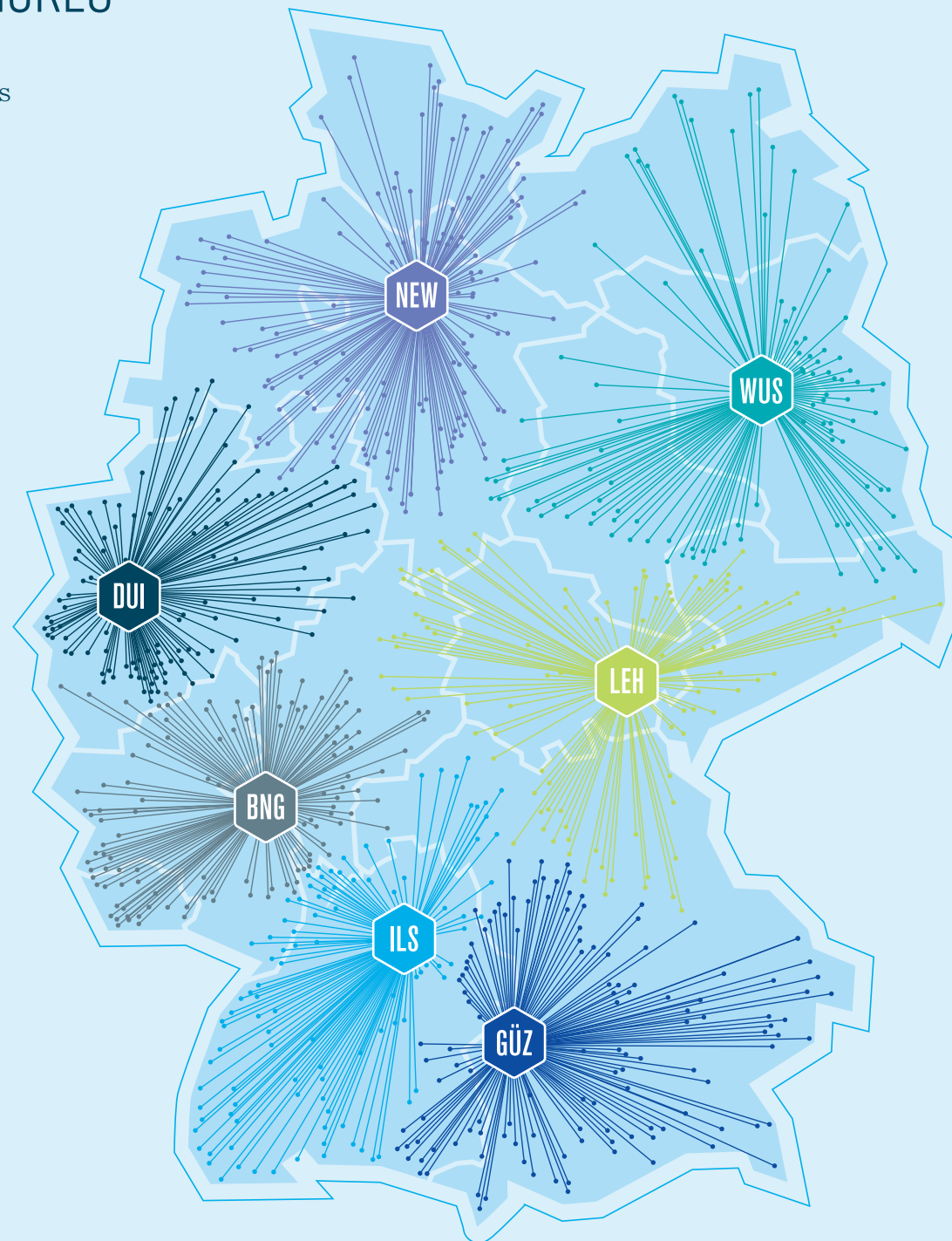
Since we first started operating, the volume of goods we have to handle has rocketed. Throughout Germany, too, there has been a huge increase in the volume of goods being distributed. This is something we notice every day en route to our customers' locations. The motorways are clogged with traffic, and arriving with our deliveries on time has become a daily challenge. However, we view the increase in our distribution volumes as an opportunity. We can further minimize the relative environmental footprint of our services by making optimum use of resources and using the latest technologies. Over the years, we have continued to reduce the number of kilometers driven per ton of goods distributed. In 2013, we plan to put our first truck fueled by natural gas on the road. If this technology stands the test, it will help us further drastically reduce our carbon emissions.

*Gabriele Kaiser,
HAVI Logistics GmbH, Head of Quality and
Environmental Management*

FACTS & FIGURES

TRANSPORT DISTANCES
& LOCATIONS

of HAVI Logistics (2012)



235,000

KWH OF SOLAR ENERGY HAVE BEEN GENERATED BY THE NEW PHOTOVOLTAIC INSTALLATION AT GÜNZBURG DC SINCE APRIL 2012.

1,343

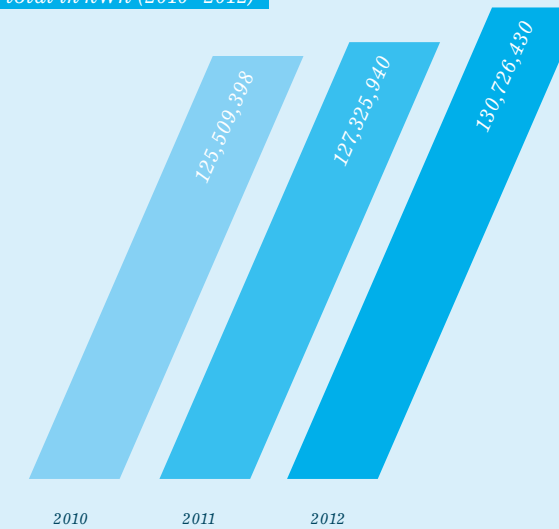
EMPLOYEES AT SEVEN HAVI LOGISTICS LOCATIONS IN GERMANY.¹

5.7 MILL.

INDIVIDUAL ITEMS TRANSPORTED FOR McDONALD'S EVERY MONTH.¹

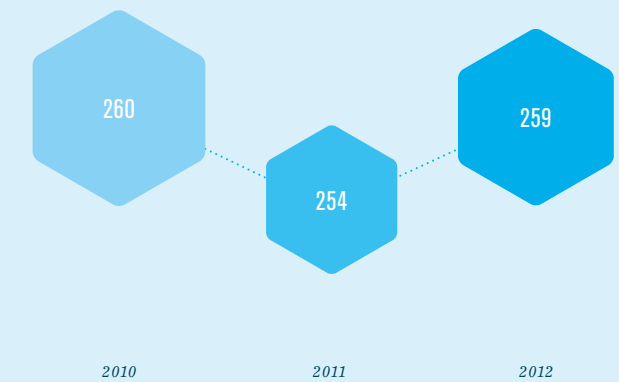
ENERGY CONSUMPTION

total in kWh (2010–2012)²



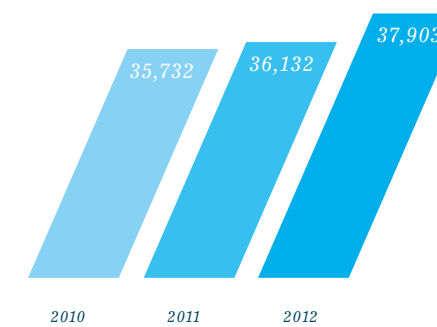
ENERGY CONSUMPTION

per ton of freight delivered in kWh (2010–2012)²



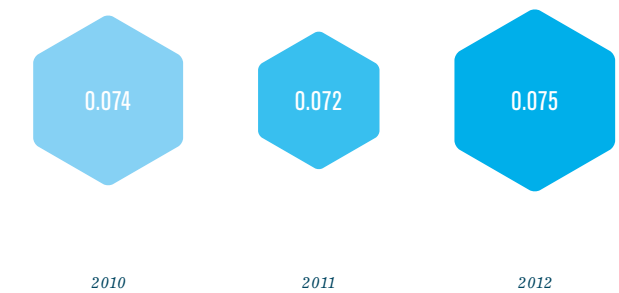
CO₂ EMISSIONS

total amount in tons (2010–2012)³



CO₂ EMISSIONS

per ton of freight delivered in tons (2010–2012)³



504,775

TONS OF FREIGHT WERE DELIVERED TO OUR RESTAURANTS BY HAVI LOGISTICS IN 2012.

261

TRUCKS MADE UP THE HAVI LOGISTICS FLEET IN 2012.

15,790,542

KILOMETERS WAS THE DISTANCE CLOCKED UP BY HAVI LOGISTICS FOR McDONALD'S IN 2012.

¹⁾ Average for the year 2012.

²⁾ Energy consumption of HAVI Logistics on behalf of McDonald's resulting from primary and secondary distribution plus the distribution centers.

³⁾ Based on the energy consumption of HAVI Logistics on behalf of McDonald's resulting from primary and secondary distribution plus the distribution centers.



RESTAURANTS

LIGHTS OUT

WE DO EVERYTHING WE CAN TO GIVE OUR GUESTS A PLEASANT EXPERIENCE – SERVING ALMOST AROUND THE CLOCK IN MANY OF OUR RESTAURANTS. NEEDLESS TO SAY, THAT TAKES A LOT OF ENERGY. BUT WITH A TOOLKIT RANGING FROM SMALL TWEAKS TO RADICAL RETHINKS, WE HAVE SUCCEEDED IN CUTTING THE POWER CONSUMPTION OF AN AVERAGE RESTAURANT OVER THE PAST FEW YEARS. AND USING ENERGY FROM RENEWABLE SOURCES HAS SIGNIFICANTLY REDUCED OUR CO₂ EMISSIONS TOO.





SPOTLIGHT ON DINER EXPERIENCE

Day or night, the only thing that really matters to us is how our guests experience McDonald's. Are the restaurants clean and inviting – both inside and out? Are the people friendly? Is the service fast? Can I find what I want to eat at a reasonable price? Is the taste and quality of the ingredients right? Do I feel at home?

COMMUNICATING WITH OUR GUESTS

Both before and during their visit, our guests can find out about our product range, nutritional values (see also p. 23) and our social engagement in a variety of ways. We publish this information online at www.mcdonalds.de and, since April 2012, via a specially developed app. This information is also available in printed form at our restaurants, each of which features an info board with guest brochures on quality, nutrition and sustainability, for instance. And we display information – including nutritional values – on our product packaging too.

Social media now plays a pivotal role in dialog with guests, and our Facebook page had over two million fans by the end of the reporting period. The number of e-mails and telephone calls to our customer service advisors is also growing year on year, up from around 70,000 in 2010 to around 75,000 in 2012. Each year, around 35,000 of these represent concrete enquiries for our customer service team to address.

We work with established seals of approval. For more information, see

p.15

“MEIN BURGER” – ANOTHER BIG HIT IN 2012

The **social media campaign “Mein Burger”** was highly successful in 2012, with a total of 327,000 burgers created. In this way, our guests were able to have a direct impact on the very heart of the McDonald's brand – our products. We brought the most popular burgers to our restaurants, where they sold in the millions. On the back of this success, we decided to expand the campaign with a vegetarian category in 2013. This was largely inspired by frequent suggestions from our guests (and other stakeholders) that we should extend our vegetarian range. And sure enough, around 9 percent of votes in this year's competition went to **vegetarian burgers**.

MORE CHOICE WITH HAPPY MEALS

For parents, being able to choose from a balanced range of options is particularly important when it comes to their children's meals. That is why we added organic apple slices and an organic fizzy apple juice drink to our Happy Meal range in August 2012, alongside salad, orange juice (no added sugar) and organic milk. We also developed McFish especially for the Happy Meal. As with our other fish products, the fish here originates from sustainable fisheries certified in line with the **Marine Stewardship Council (MSC) standard**.

We also launched a Happy Meal book promotion in collaboration with the “Stiftung Lesen” foundation last year, handing out approximately **four million books**. This was such a success that children can choose from a popular range of books along with their Happy Meals again in 2013.

Since January 1, 2012, McDonald's Europe has been a member of the EU Pledge – a voluntary initiative for self-regulation in children's advertising¹. We therefore undertake to comply with the EU Pledge standards (see www.eu-pledge.eu).

Burgers created within the “Mein Burger” social media campaign from January 9 through February 3, 2012:

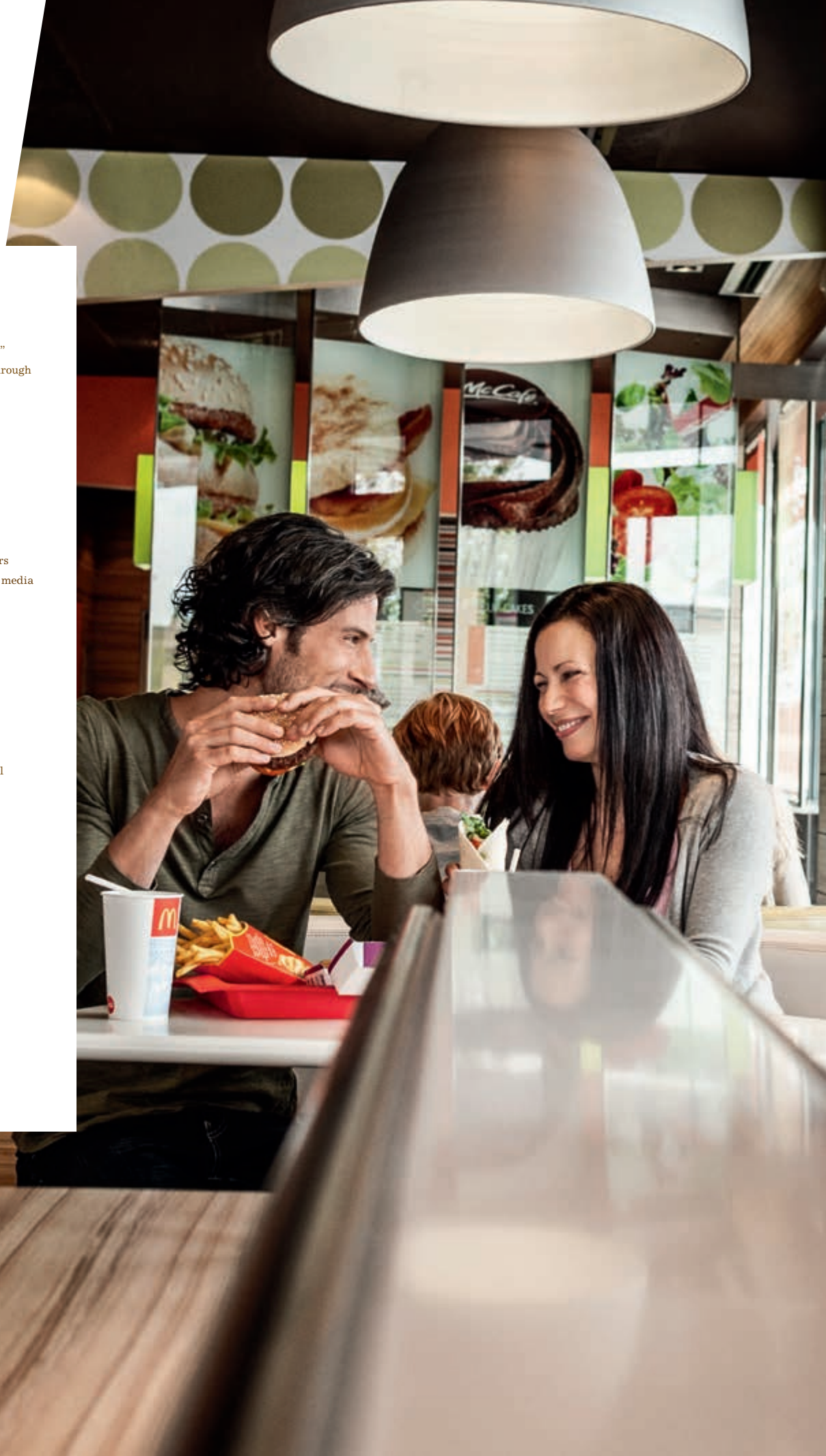
327,000

Proportion of votes for vegetarian burgers created within the “Mein Burger” social media campaign in 2013:

9%

Books distributed within the Happy Meal promotion from August 31 through September 27, 2012:

4,000,000



¹ The EU Pledge classifies anyone under the age of twelve as a child.

QUALITY, SERVICE AND CLEANLINESS ALWAYS A TOP PRIORITY

We have defined standards for quality, service and cleanliness (QSC) that are applicable to the many different workflows in our restaurants. These QSC standards must be observed at all McDonald's diners. They set out numerous critical control points, with food safety the top priority. Our field & operations consultants regularly check and rate compliance with the 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, while others are spot checks. Since January 2013, the ROIP also incorporates specific criteria for sustainability management at our restaurants, for instance checking that waste separation meets the defined standards.

Samples taken by external labs in 2012 within our own company checks:

29,229

A total of seven **across-the-counter quality (ATCQ) consultants** regularly schedule visits to check the quality of our core products (bread, fries, meat, poultry and salad) at all our restaurants. They rate both raw products in storage and prepared, ready-to-eat products. Our **own company checks** also include four visits per year to each restaurant by employees of an accredited laboratory.

Shake, sundae and syrup samples are taken four times a year and all other relevant samples on an annual basis. In addition to our own company checks, we commission unannounced food safety audits at ten percent of our restaurants each year, again by accredited labs. Additional samples are collected here.

On top of this, undercover restaurant testers, known as mystery shoppers, visit unannounced to evaluate product quality, service and cleanliness at every restaurant twice a month. Our internal restaurant checks are flanked by legal inspections carried out by the authorities. In 2012, around 70 percent of all official visits were routine practice, around 15 percent investigations into specific issues, around 6 percent follow-ups, and around 9 percent due to current topics such as bubble tea.

Total visits from ATCQ consultants to our restaurants in 2012:

1,233

Energy saved per restaurant through upgrades in 2012:

160,557 kWh

WUPPERTAL INSTITUTE FOR CLIMATE, ENVIRONMENT AND ENERGY

FUTURETREND

HEALTH AND NUTRITION: Values and responsibility, food safety, good value for money, convenience, food enjoyment and health/wellness are general future trends that are highly relevant for consumers in Germany and hence for McDonald's. In terms of health and nutrition, functional foods, lower-calorie choices and individualized diets are major topics of interest.

Source: Wuppertal Institute and McDonald's: "Sustainable McDonald's Germany" research project, step 1.1 "Sustainable business practices – relevance for 'nutrition' action area" interim report 2012.

ECO-FRIENDLY RESTAURANTS: ON THE RIGHT PATH

Although it may not be immediately visible to our guests, we also place great emphasis on innovative and eco-friendly restaurant operation, saving resources wherever possible.

The overarching aims of our environmental guidelines (see also www.mcdonalds.de/verantwortung) are to minimize the volume of materials we use in the first place, use them as efficiently as possible and reduce emissions and waste. We factor these aims into all decision-making processes, balancing them against issues such as suitability, availability and economic viability.

We apply our environmental guidelines right from the start when selecting locations for our restaurants. To ensure the necessary volume of guests to make operating a restaurant viable, we look at numbers of inhabitants and traffic density, for instance, as well as potential synergies with surrounding companies. Once a site has been selected, it goes without saying that we comply with all applicable legal regulations for any construction work we require. We aim to build restaurants that are as energy-efficient as possible, minimizing emissions and selecting materials that can be reused and recycled wherever we can.

TOOLS TO CUT CONSUMPTION

With older restaurants, we can carry out **energy upgrades** to retrofit the latest energy-saving technologies. We completed nine of these upgrades in 2012, saving approximately 1.1 million kilowatt hours (kWh) of energy in total. We also place priority on the continuous reduction of our energy requirements by gradually equipping all our restaurants in Germany with energy-saving appliances and providing ongoing training for staff.

Our previous goal was to optimize approximately 500 existing restaurants with energy upgrades by 2015, but we have now pushed this out to 2020, since updating our kitchen and service technologies in coming years is a more urgent priority.

POWER CONSUMPTION DOWN SLIGHTLY

We used a total of 577.2 million kWh of electricity last fiscal year, with our 1,440 restaurants across Germany accounting for 574 million kWh and our offices in Munich for the rest. The average annual consumption of a comparable restaurant² amounted to 404,494 kWh in 2012, down by around 2 percent on 2011 (412,209 kWh). The average power consumption of one of our restaurants roughly corresponds to the consumption of 116 average German households³.

Reduction in average
CO₂ emissions per guest:

-7%

In 2012, around 1,040 of our restaurants used natural gas, consuming a total of 240.9 million kWh – around 2 percent below the prior-year figure (2011: 246.4 million kWh).

Overall, the energy consumption (electricity and natural gas supplies) of a comparable restaurant fell 1.8 percent in 2012, to 636,355 kWh.

TURNING TO RENEWABLE ENERGIES

In 2012, we achieved our interim target of increasing our **share of renewable electricity** to 50 percent. We intend to increase this to 100 percent by 2014. However, McDonald's remains subject to the levy payable under Germany's Renewable Energy Act (EEG). Over 66 percent of the total price we will be paying for our electricity in fiscal 2013

comprises grid usage fees and, above all, taxes and charges, despite the fact that we expect to cover 75 percent of our power needs with renewable energy in 2013.

We saved around 82,000 tons of indirect CO₂ emissions by purchasing electricity from renewable sources in 2012. The total direct and indirect emissions from our restaurants came to 219,916 tons of CO₂ – down around 27 percent on 2011 (303,699 tons). Of this, 55,408 tons were caused by direct⁴ (scope 1) and 164,508 tons by indirect⁵ (scope 2) emissions. The **average CO₂ emitted per restaurant guest** thus also dropped from 0.51 kg in 2011 to 0.37 kg in 2012.

INCREASING TRANSPARENCY IN WATER CONSUMPTION

All restaurants in Germany source their water from local utility companies. We ensure that water is used as efficiently as possible at all times.

We currently only have information on water consumption for some of the restaurants run directly by McDonald's. In 2012, 232 restaurants (around 16 percent of the total number) fell into this category. Their total water consumption amounted to 476,887 m³ (2011: 468,401 m³, based on 235 total restaurants). Unfortunately, we were not able to expand our knowledge base as planned in 2012, but this remains our goal.

²⁾ Open all year round

³⁾ 3,500 kWh p. a.

⁴⁾ Conversion factor for natural gas: 0.23 kg of CO₂ equivalent/kWh

⁵⁾ Conversion factor for electricity: 0.57 kg of CO₂ equivalent/kWh





LET'S ASK

OUR GUESTS

“FAR TOO MANY GERMANS HAVE AN UNHEALTHY DIET. WHERE DO YOU FEEL THE RESPONSIBILITY OF A COMPANY LIKE McDONALD’S STARTS, AND WHERE DOES IT STOP ON THE HEALTHY EATING FRONT? HOW SHOULD McDONALD’S STEP UP TO ITS RESPONSIBILITIES IN THIS AREA?”



KLAUS L. (57),
Carpenter
Favorite product:
McWrap Grilled Chicken

It goes without saying that companies like McDonald's have a responsibility here. You could offer more products that aren't based on wheat flour, for example, and more fresh food. More rye, more whole grain – and raw ingredients from regions with sustainable sourcing might also be an option.



TIM K. (15),
High schooler
Favorite product: **Big Mac**

McDonald's should offer a bigger range of salads and not just fatty foods. My parents are mainly responsible for what I eat, but sometimes I am too. At home we always cook with fresh ingredients, for example, and don't use convenience foods.



LINDA S. (28),
Kindergarten teacher
Favorite product:
Latte Macchiato from McCafé

If you go to McDonald's, you know you're not eating a healthy meal. I'm not sure whether McDonald's should make changes there. After all, the products are what sets it apart – health food for the soul, as I always say.



CHRISTOPH B. (42),
Sales manager
Favorite product: **Hamburger Royal TS**

It would be good if items were available with and without coating – Chicken McNuggets, for instance. Then I could choose how I want my food and would definitely cut down on carbohydrates. That's how I eat at home too. I'd also like to see more options for combining different products in the menus.



CHRISTINA S. (55),
Legal secretary
Favorite product: **Coffee**

As consumers, we can all make changes ourselves. I don't think the fault lies with McDonald's or Burger King – it has a lot more to do with what goes on at home. I have three children, all adults, and they all cook for themselves. We used to take them to McDonald's about once a month – it's no problem in moderation. You can enjoy fast food and balance it by eating fruit, vegetables or fish later in the day. Snacking is the real danger, I think – you just stop by on the way past and the next thing you know, you've eaten a 1,000 calorie menu. But you have to raise nutritional awareness at home, and McDonald's doesn't have a lot to do with that.



BARBARA B. (34) and her son, Jakob,
Doctor
Favorite product: **Hamburger Royal TS**

As soon as my son spots the golden arches, he wants to head inside. So I think it's great that you can get fruit and orange juice in the Happy Meals now. I'm well aware that I'm not really eating healthily at McDonald's but Jakob and I like to go once a month anyway, as a kind of shared treat.



VERONIKA M. (21),
Student
Favorite product: **McChicken**

It's great that the food is such good value at McDonald's. It can be a vicious circle for families, though, as they start going there more often and eating an unhealthy diet. I recently saw “Food, Inc.” – a film about meat production. The animals were treated with absolutely no dignity, and I do find myself thinking of that when I bite into a burger. I'd welcome more information and positive changes there.



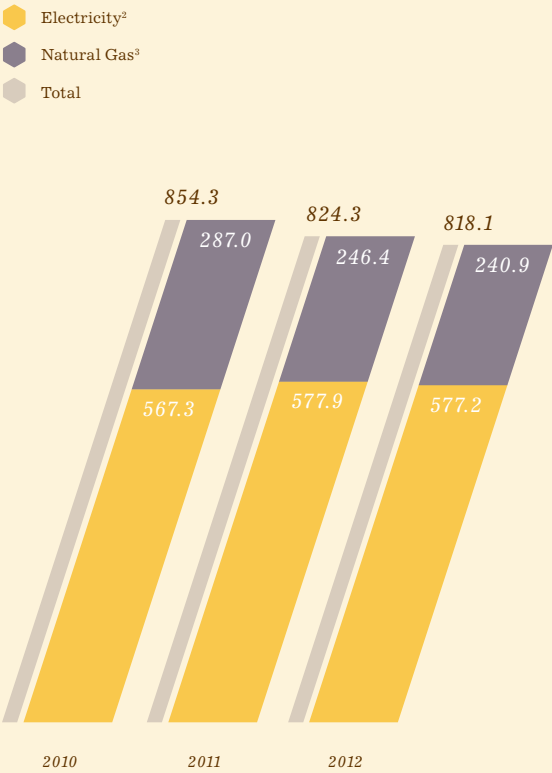
MARIUS M. (20),
Industrial sales rep
Favorite product: **Caesar Salad**

Each of us is responsible for our own diet. You can actually go to McDonald's and pick healthy options if you want to, and that's what I personally do. I just order a salad, as the other options are too high in fat for me. More choice would be good, including different portion sizes. Maybe bring in a small salad with chicken strips?

FACTS & FIGURES

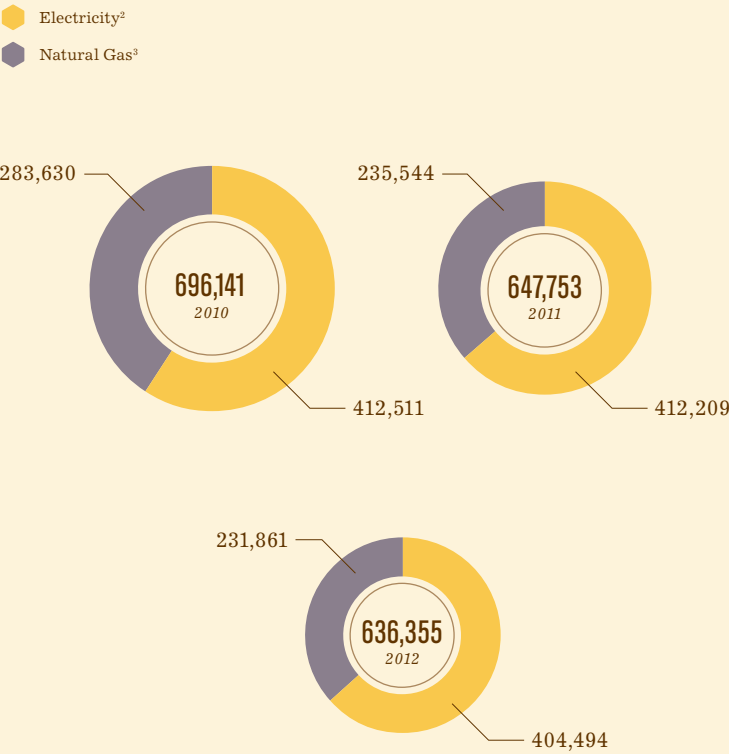
TOTAL ENERGY CONSUMPTION

Direct and indirect primary energy consumption in million kWh (2010–2012)¹



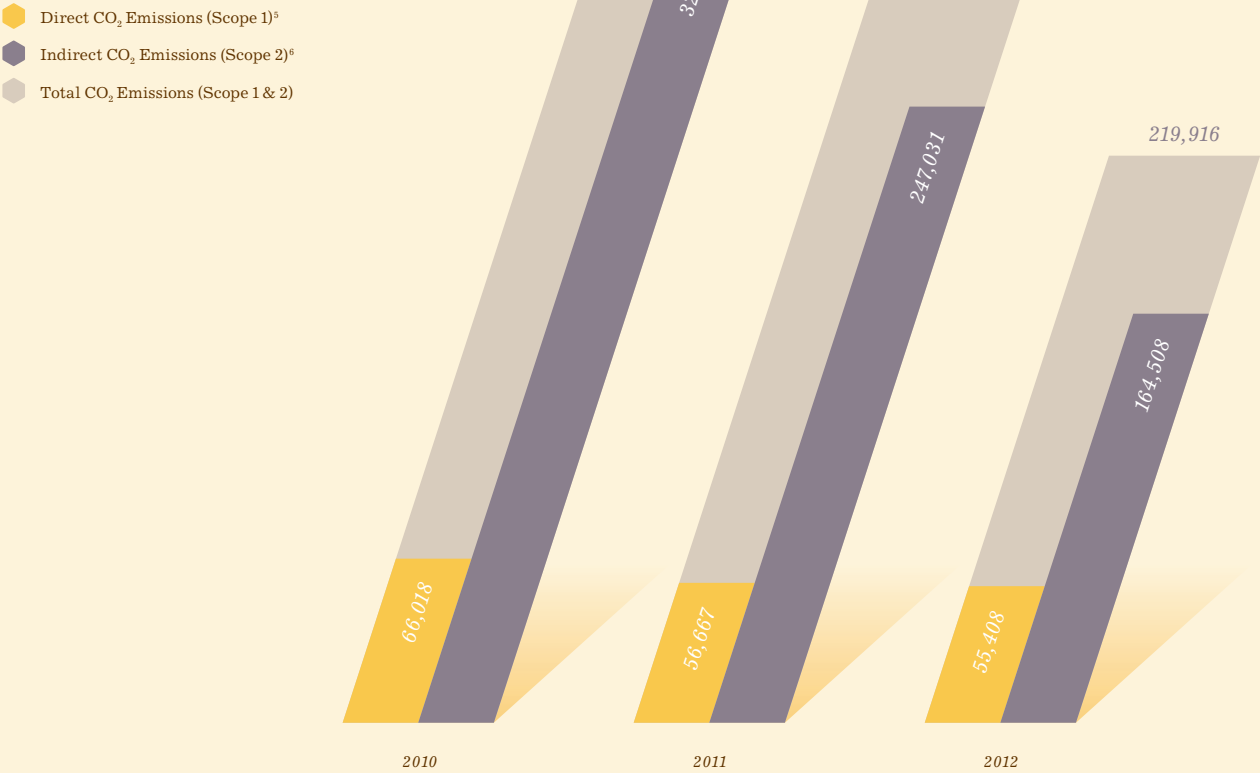
ENERGY CONSUMPTION

of a comparable restaurant in kWh (2010–2012)^{1,4}



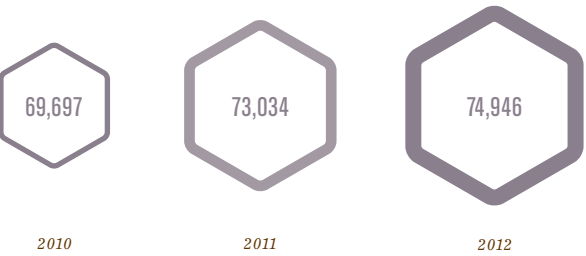
TOTAL CO₂ EMISSIONS

Direct and indirect greenhouse gas emissions in tons (2010–2012)¹



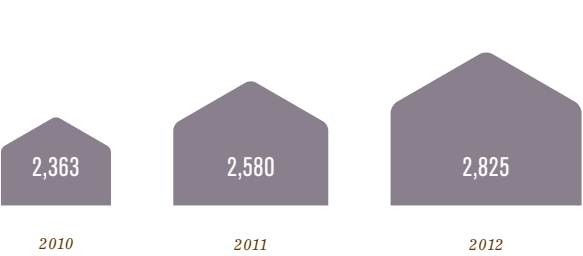
McDONALD'S CUSTOMER SERVICE

Total contacts (2010–2012)



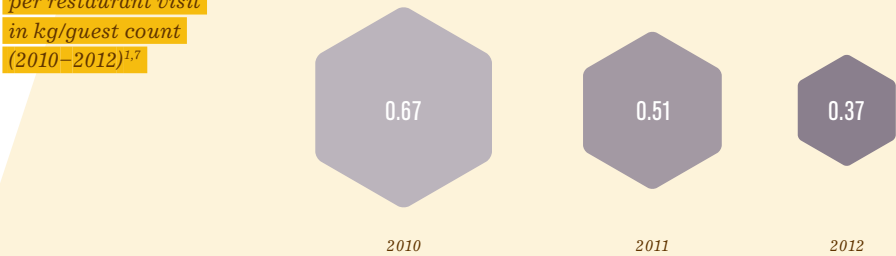
COLLECTION BOXES IN RESTAURANTS

Donations from diners for the Ronald McDonald House Charities in EUR K (2010–2012)



CO₂ EMISSIONS

per restaurant visit in kg/guest count (2010–2012)^{1,7}



50% OF ELECTRICITY FROM RENEWABLE SOURCES IN 2012.

100% OF ELECTRICITY FROM RENEWABLE SOURCES BY 2014.

¹ Due to changes in internal processes and the way metrics are defined, these values are slightly at variance with those communicated in previous years.
² Electricity consumption of all open restaurants in Germany and the Main Service Center in Munich. Electricity consumption figures were extrapolated based on comparable restaurants (open all year round) which had electricity consumption data available (2010: 1,288 restaurants, 2011: 1,322 restaurants, 2012: 1,366 restaurants).
³ Natural gas consumption of all open restaurants in Germany using natural gas (2010: 1,012 restaurants, 2011: 1,046 restaurants, 2012: 1,039 restaurants). Natural gas consumption figures were extrapolated based on comparable restaurants (open all year round) which had natural gas consumption data available (2010: 905 restaurants, 2011: 979 restaurants, 2012: 987 restaurants).
⁴ Annual average consumption of comparable restaurants (open all year round) which had electricity or natural gas consumption data available.
⁵ Conversion factor for natural gas: 0.23 kg of CO₂ equivalent/kWh.
⁶ Conversion factor for electricity: 0.57 kg of CO₂ equivalent/kWh.
⁷ The guest count measures the number of cashier-processed customer transactions in our restaurants.



EMPLOYEES

LIFELONG TIES

LIFE MOVES FAST AT McDONALD'S. AND FOR MANY PEOPLE,
A JOB WITH US IS JUST A PASSING PHASE – AT LEAST TO START WITH.
HOWEVER, WE OFFER TARGETED TRAINING AND TALENT DEVELOPMENT
OPPORTUNITIES TO OPEN DOORS TO OTHER POSITIONS
AND NEW CAREER PROSPECTS. WHICH MEANS A SUMMER JOB CAN
RAPIDLY TURN INTO A SUCCESSFUL, LONG-TERM CAREER.





OUR RECIPE FOR SUCCESS AS AN EMPLOYER: DIVERSITY, FAIRNESS AND TRUST

McDonald's is the largest employer in the German restaurant business. Diversity, equal opportunities, training and development, and payment in line with wage agreements are all important factors for us here, as are trends such as demographic change and its impact. We place great emphasis on ongoing dialog with our staff and franchisees, as well as with **Germany's Food, Beverages and Catering Union** (NGG) and other associations. Our aim is to understand the different needs of each stakeholder and work together to find solutions.

In 2012, 63,330 people from around 130 countries were working at our 1,440 restaurants across Germany. 50,568 of these were employed by our 243 franchisees and 12,762 at restaurants run directly by McDonald's (McOpCo). A further 556 employees work in administration. Together with our franchisees, we thus employed a total of 63,886 people last fiscal year.

Unfortunately, the number of trainees fell by 6 percent compared with the prior-year figure, from 2,279 to 2,147, since many training positions could not be filled. Altogether, we employed 828 people with a disability in 2012 – up around 12 percent on the previous year (2011: 740).

The average period of employment for crew members at our McOpCo restaurants was 4.6 years in 2012, and 8.4 years for our Restaurant Management. Around 12 percent of all restaurant staff have jobs in management.

Wolfgang Goebel, the Executive Board member responsible for HR at McDonald's Germany, carried overall responsibility for human resources during the period under review.

EVERY VOICE COUNTS

A total of 91 works councils were responsible for employee representation at our franchisees and McOpCo restaurants in 2012 (2011: 79). We conduct regular employee opinion surveys and interview half of the employees at McOpCo restaurants on a rolling basis each year. Franchisees can register their restaurants for participation in the employee opinion survey every two years. Employees from a total of 482 restaurants were surveyed in 2012.

PERFORMANCE-RELATED PAY

ON TARIFF SCALE

In Germany, we adhere to **a collective wage agreement**, negotiated by the Federal Association of the Foodservice Sector (BdS) and the Food, Beverages and Catering Union (NGG). The current, renegotiated version came into force on December 1, 2011 and applies to around 100,000 employees in the German foodservice sector. All members of the BdS, including McDonald's Germany and its franchisees, have committed to paying their employees in line with this agreement. The wage agreements are available on the BdS website at www.bundesverband-system-gastronomie.de. McDonald's Germany and its franchisees also pay their trainees an agreed rate.

In addition, all employees covered by collective wage agreements are entitled to attractive extended benefits such as vacation pay, an annual special allowance, bonuses for working nights and public holidays, and capital-forming benefits. Men and women are naturally offered the same pay. In 2013, McDonald's Germany will take part in the Logib-D initiative by the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth (BMFSFJ). This supports selected German companies in analyzing their remuneration structures from a gender perspective.

► The agreed entry-level wage in 2012 was EUR 7.50 per hour in the western states of Germany and EUR 6.85 in the east.



LET'S ASK

MICHAELA ROSENBERGER,
Deputy Chair of the Food, Beverages and Catering Union
(Gewerkschaft Nahrung-Genuss-Gaststätten)

“IN YOUR OPINION, WHAT ARE THE MAIN FORCES THAT WILL BE SHAPING THE RELATIONSHIP BETWEEN McDONALD'S AND ITS EMPLOYEES IN THE FUTURE?”

The customer is always right. But what about the employees? Customer satisfaction is key to success. However, employees will also be expecting more and more from employers in future, and not only as a result of demographic change. In addition to good wages, fair working conditions and respectful relationships, employees will be looking increasingly for security and working conditions that align with their personal needs.

Expectations go much further than aligning family and work commitments. Work-life balance is set to become ever more important for many employees as it encompasses a much wider range of factors such as sabbaticals, care needs, future-proof and age-appropriate workplaces as well as individual education and training opportunities. Employers will have to address these expectations if they want to continue to win talent in the future.

After all, flexibility works in both directions. Companies will only be able to attract flexible, well qualified employees if they also provide the right tools and secure conditions for their staff to thrive. The spotlight is currently on codetermination. Greater employee representation through more works councils and forward-looking industry wage agreements for McDonald's employees will lay the foundation for meeting future challenges by placing people center stage.

STAFF SATISFACTION IS NEVER LEFT TO CHANCE

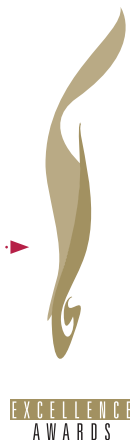
Every three years on average, specially trained employees from the HR department carry out on-site audits at each restaurant to ensure compliance with labor and collective bargaining laws and with internal regulations. A total of 387 of these HR audits were carried out in 2012 (up from 297 in 2011).

Sometimes, issues arise at work that cannot always be resolved to everybody's satisfaction on the spot. That is why the McDonald's system includes a Confidential Contact Center, which provides support in finding solutions and reaching compromises – usually through dialog with everyone involved. Set up in 2008, the center 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. In 2012, the Confidential Contact Center received a total of 562 enquiries (2011: 501).

TAILORED PENSION PLANS UNDER McBENEFIT

In July 2012, we launched a new company pension scheme open to all employees at restaurants run directly by McDonald's (McOpCo) and in administration whose salaries exceed the pay scale of collective bargaining agreements. In this way, we have succeeded in closing a significant gap in our pension provision commitments. "McBenefit" consists of four levels: "Initialversorgung", "Grundversorgung", "Aufbauversorgung" and "Ergänzungsversorgung" (starter, basic, enhanced and supplementary cover). Depending on their circumstances, employees of McDonald's Deutschland Inc. can choose from various packages within these levels, with the type and extent of coverage adjusted to personal requirements. The HR department at McDonald's Germany provided comprehensive information to accompany the launch of McBenefit and held a total of 25 internal events on the subject. By launching this scheme, we have already achieved a target in the "employer of choice" category of our sustainability roadmap: "Introduce a new pension model."

In fact, our McBenefit program resonated strongly, receiving an **HR Excellence Award** in the "benefit and incentive programs" category on December 5, 2012.



WUPPERTAL INSTITUTE FOR CLIMATE, ENVIRONMENT AND ENERGY

FUTURETREND

DEMOGRAPHIC CHANGE: According to the German Institute for Economic Research (DIW), demographic trends will cause consumer spending in Germany to contract by six percent by the year 2050, bringing the figure to around EUR 61 billion. This fall in consumer spending relates to all households aged under 75. In the 35 to 50 age group in particular, a decline of approximately EUR 109 billion – or around 30 percent – is expected.

Source: Wuppertal Institute and McDonald's: "Sustainable McDonald's Germany" research project, step 1.1 "Sustainable business practices – relevance for 'nutrition' action area" interim report 2012.

STANDARDS OF BUSINESS CONDUCT

McDonald's Germany has expanded the globally applicable Standards of Business Conduct established by the McDonald's Corporation 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 and other political institutions.



CUSTOMIZED TRAINING FOR ALL EMPLOYEES

After two years of training to become **a specialist in the hospitality services industry** (Fachkraft im Gastgewerbe; FKGS), trainees can obtain a qualification recognized by the German Chamber of Industry and Commerce (IHK) in this field. Participants must have completed German Hauptschule (basic secondary schooling) to qualify. In 2012, 513 men and women were participating in this training (2011: 447). McDonald's also offers training to become **an expert in the foodservice sector** (Fachmann/Fachfrau für Systemgastronomie; FASY). This usually takes three years and is primarily aimed at good graduates from middle-ranked secondary schools (Realschule) and school-leavers who have taken the university entrance examination (German Abitur). During the period under review, 1,480 trainees participated in the McDonald's FASY program (2011: 1,684).

Those who successfully complete the two-year specialist course with good grades then have the option of training for an additional year to obtain the FASY qualification. 36 people took this opportunity in 2012. We also offer school-leavers who have taken the university entrance examination (Abiturienten) and graduates from technical colleges (Fachoberschüler) a **combined work/study program** that gives them the chance to graduate with an internationally recognized Bachelor of Arts (BA) or Bachelor of Science (BSc) degree. We pay these students an allowance and cover any course fees. In 2012, we employed 154 students within this program (2011: 148).

Altogether, 641 trainees and students successfully completed their training with McDonald's during the period under review. 485 of these young men and women were subsequently hired and are now embarking on careers with us. This corresponds to approximately 76 percent (2011: approx. 80 percent). Around three quarters of the trainees who successfully completed the FASY course were taken on as shift leaders, while the majority of Bachelor degree-holders began their careers as assistant managers.

STAFF DEVELOPMENT: HAMBURGER UNIVERSITY AND ON SITE

Our Hamburger University in Munich is one of seven McDonald's training centers worldwide offering talent development for management-level restaurant staff.

This is flanked by our Regional Service Centers and dedicated in-restaurant trainers to help our employees develop their skills. The program ranges from the basics of shift management right through to business planning, and incorporates sustainability topics.

During 2012, approximately 1,840 employees took 100 courses at the **Hamburger University in Munich** (up from around 1,600 employees and 92 courses in 2011). During the same period, around 8,930 employees participated in 1,300 talent development courses at our **Regional Service Centers** (2011: 1,642 courses for 10,866 employees). All crew members also receive regular on-site training at the restaurant.

Total trainees in 2012:

2,147

PROMOTING LIFELONG LEARNING

McDonald's Germany firmly believes in lifelong learning. Our Crew College concept was founded to realize this vision. This consists of 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 (Volkshochschule). At the start of each academic semester, these institutions offer a wide range of courses all over the country, including language, integration and computer skills. McDonald's provides financial support for these courses in the form of a gross allowance of up to EUR 100 per 6-month period.

Employees at restaurant and middle management level also have the opportunity of completing a more advanced training program while working. "Fachwirt im Gastgewerbe" is a business qualification that gives applicants the skills and know-how required for management positions in the hospitality services industry. Applicants must have a vocational business qualification and at least two years' experience in the hospitality services industry. Through a combination of distance, online and classroom-based learning, employees can obtain a qualification recognized by the German Chamber of Industry and Commerce (IHK) in two years while they continue to work.

At McDonald's, management-level employees who do not hold vocational qualifications have the option of qualifying as experts in the foodservice sector (FASY) through an external examination organized by the IHK. Applicants can also apply to sit the final exam without the dedicated training if they have been working in the relevant profession one and a half times longer than the defined training period and can prove that they have acquired the requisite skills and knowledge during this time. The exam requirements are then identical to those for trainees. A preparatory course for the foodservice sector (Vorbereitungskurs Systemgastronomie; VKS) is held twice a year to prepare applicants for the exam.

These measures are also part of our response to demographic change – a megatrend that will have a major impact on human resources management in the coming years.

Total course participants in 2012:

10,772

“PEOPLE IN MIXED TEAMS
TREAT EACH OTHER WITH
A LOT MORE RESPECT.”

**IOANNIS
TSIAPANIS**

24, Assistant Manager
With McDonald's since 2006

**GEORGIOS
TSIAPANIS**

53, Restaurant Manager
With McDonald's since 1992

?

GEORGIOS AND IOANNIS TSIAPANIS ON THEIR CAREER PATHS AT McDONALD'S; WORKING IN MIXED-AGE TEAMS.

GEORGIOS AND IOANNIS, TELL US HOW YOU CAME TO McDONALD'S AND HOW YOU STARTED OUT?

Georgios T.: I came to McDonald's by chance. I had just decided to leave another job in the foodservice industry and someone I knew asked if I was considering McDonald's. And I just thought: “What am I going to do at McDonald's, flip burgers?” The wages weren't attractive to me either, especially with a family to feed and the rent to pay. But in spite of all that, I took a job as a trainee assistant. After one month, I moved up to restaurant assistant, then deputy restaurant manager, and then I became restaurant manager myself in 1995. So I started out with no expectations and a few misconceptions, only to be surprised by the opportunities I found at McDonald's.

Ioannis T.: For me it all started with a so-called “mini-job” while I was still at school, earning a few hundred a month. I really enjoyed that, so when I left school, I found out about training opportunities at McDonald's – obviously my father was able to give me a few tips there! I started training to become an expert in the foodservice sector (FASY) in 2006, and now I'm assistant manager.

SO WHAT ABOUT MIXED-AGE TEAMS AT McDONALD'S – IS THERE A LOT OF VARIATION THERE?

Ioannis T.: We have people over 50 and under 20, so a complete mix of ages – and it varies from restaurant to restaurant.

Georgios T.: Yes, the mixture is important. The younger ones are often faster but lack experience in certain situations, which can throw them off. Whereas our older staff know how to deal with things and keep their cool. Also, people in mixed teams treat each other with a lot more respect. And the younger co-workers can learn a great deal by watching how to behave around guests.

Ioannis T.: I was very young when I became a shift supervisor and actually found it quite difficult that my co-workers were all different ages then. Especially as a supervisor, you have to give instructions to older staff too. In the end, though, you learn to tailor your approach to the individual. I speak differently to someone my father's age than to someone in their early twenties. And some people need motivating; others supporting. On the flip side, co-workers older than me have more life experience and I'm glad I can draw on that.

CAN AN OLDER CO-WORKER ALSO LEARN FROM A YOUNGER ONE?

Ioannis T.: Yes, definitely. We have a lot of younger people working as servers in the restaurant I am working in now. And we have some people in the kitchen who haven't quite got to grips with the language yet. But if they make mistakes, they just correct each other. Another interesting thing is that younger people often think more pragmatically and try to simplify things. Older co-workers can learn from that as well.

Georgios T.: That's right – the straightforward approach is a real advantage. And I can also think of other learning flows. Young people tend to be better informed and connected and know their way around new media. When it comes to computers and technology, older co-workers can really learn a lot from the younger ones. I benefit from staff input myself too, and am always pleased when they can help shape developments.

BOTH OF YOU HAVE BEEN WORKING FOR McDONALD'S FOR SOME TIME NOW. HAVE YOU NOTICED ANY CHANGES AS REGARDS EMPLOYMENT CONDITIONS?

Georgios T.: The entire philosophy and set-up of the company have changed. In the process, priorities have also shifted. Its employees are incredibly important to McDonald's. When employees are happy in their work, this will be noticed by diners in the restaurants, and by society at large. This will help to change public perception.

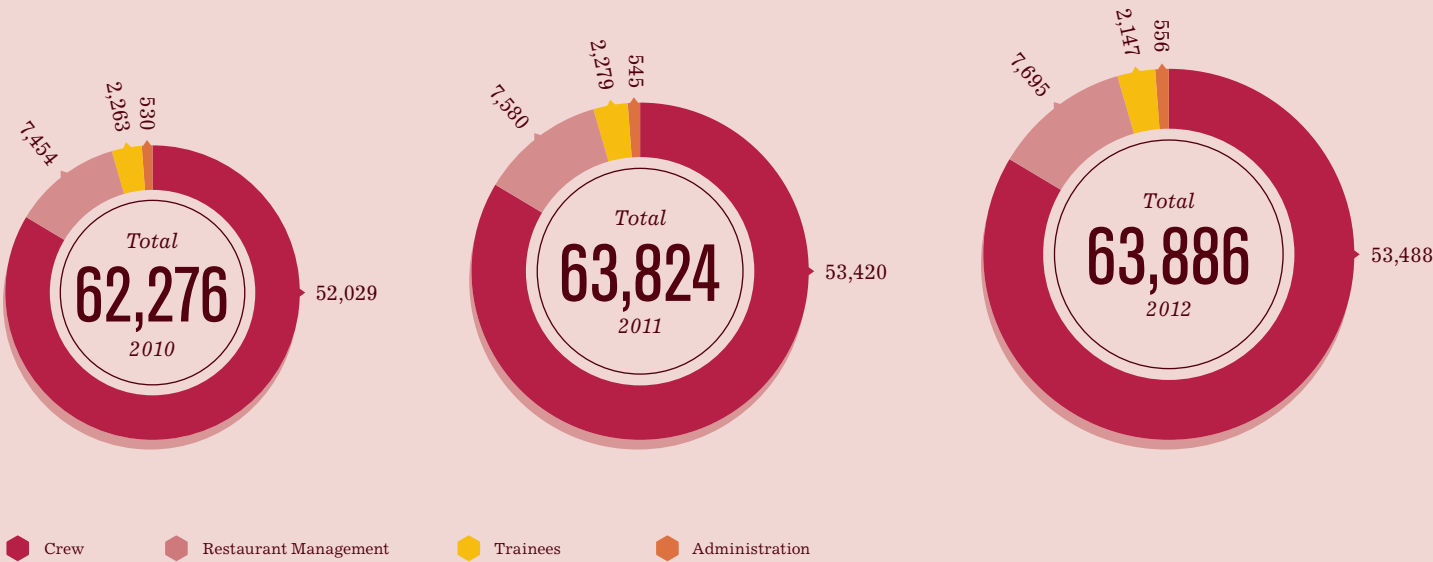
Ioannis T.: I agree. I did my training during the economic crisis, for instance, but at McDonald's we didn't feel it at all. New people were constantly being hired and the company continued to invest in training and the future. There were no wage cuts or sudden dismissals.

Georgios T.: The same opportunities are open to everyone at McDonald's, and whether you make headway never depends on the assessment of just one person. At least three people are always involved. And on the financial side, the longer you're with McDonald's, the better you can earn.

FACTS & FIGURES

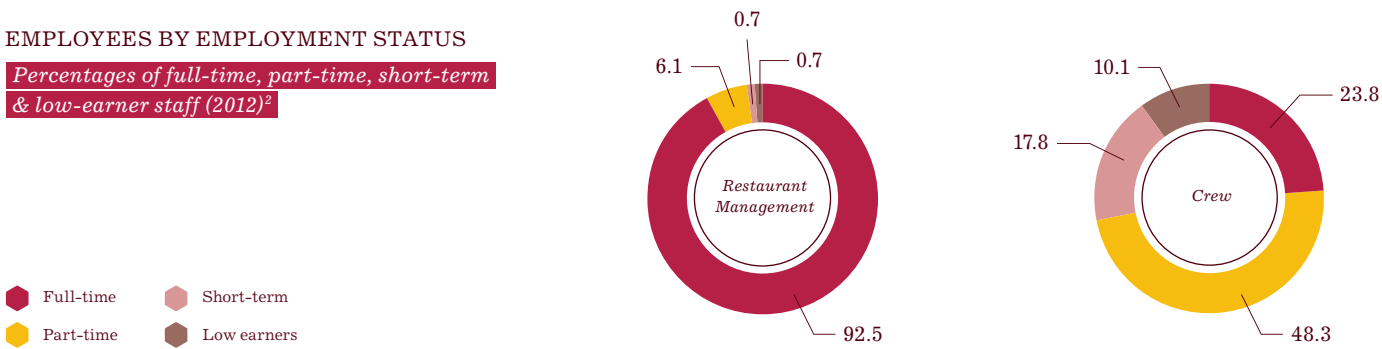
NUMBER OF EMPLOYEES

in all restaurants and in administration
(2010–2012)¹



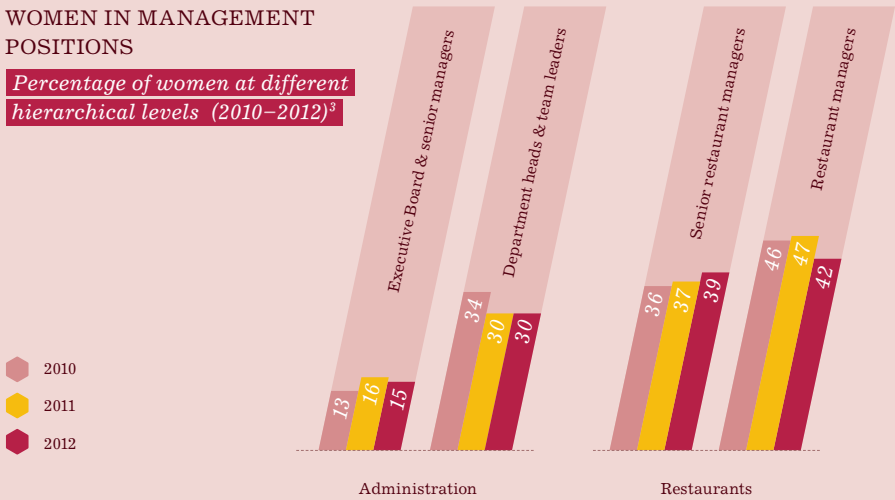
EMPLOYEES BY EMPLOYMENT STATUS

Percentages of full-time, part-time, short-term
& low-earner staff (2012)²



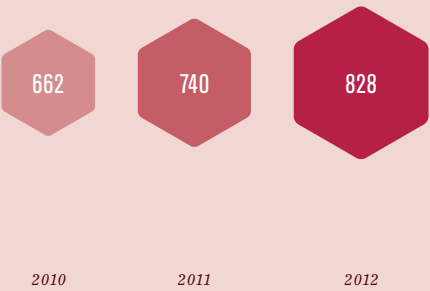
WOMEN IN MANAGEMENT POSITIONS

Percentage of women at different
hierarchical levels (2010–2012)³



EMPLOYEES WITH A DISABILITY

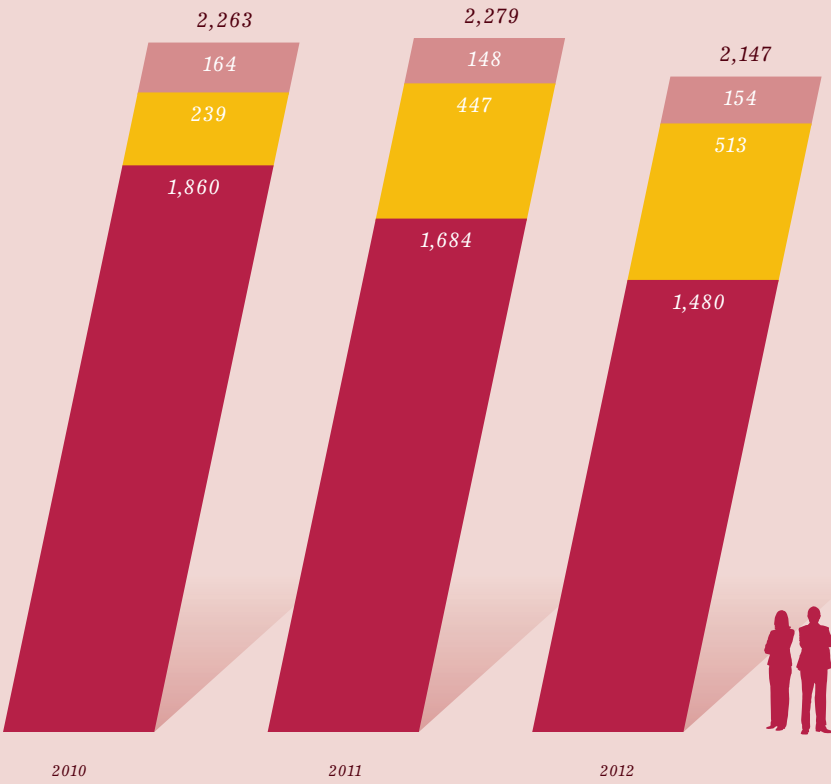
in all restaurants and in administration
(2010–2012)⁴



PEOPLE IN TRAINING

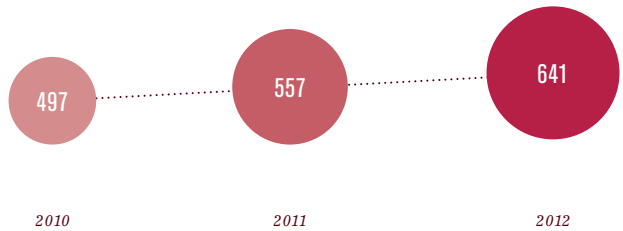
in all restaurants (2010–2012)

- FASY qualification:
Three-year training program to become a “Fachmann/Fachfrau für Systemgastronomie” (expert in the foodservice sector, abbr. FASY)
- “Fachkraft” qualification:
Two-year training program to become a “Fachkraft im Gastgewerbe – FKGS” (specialist in the hospitality services industry)
- Students:
Dual study program for Bachelor of Arts (BA) or Bachelor of Science (BSc)



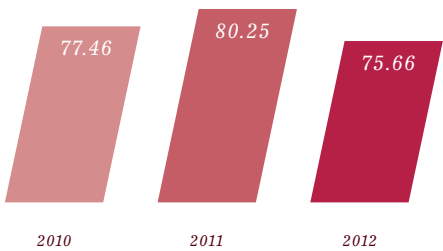
TRAINING PROGRAMS SUCCESSFULLY COMPLETED

by trainees (2010–2012)⁵



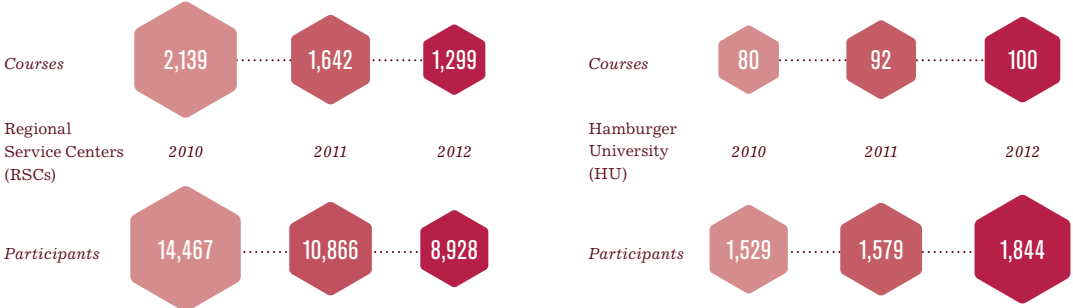
TAKEUP RATE

Percentage of trainees
kept on (2010–2012)⁵



TRAINING FOR RESTAURANT EMPLOYEES

Number of courses
offered and participants
(2010–2012)



¹ Because of changes to internal processes and the way metrics are defined, these values are slightly at variance with those communicated in previous years.
² Figures refer to McOpCo restaurants only.
³ Figures for (senior) women restaurant managers refer to McOpCo restaurants only.
⁴ 2012 figure includes our administration locations for the first time.
⁵ The figures for 2010 & 2011 refer to FASY training only. From 2012, all three training paths – FKGS, FASY and BA course – are included.



RECYCLING

NOTHING NEW

NUMEROUS BURGERS CROSS OUR COUNTERS EACH DAY – AND OUR GUESTS NATURALLY EXPECT THE PACKAGING TO BE APPEALING TOO.

TO MINIMIZE THE IMPACT ON THE ENVIRONMENT AND SAVE RESOURCES, WE HAVE CONSISTENTLY USED A MIXTURE OF RENEWABLE AND RECYCLED MATERIALS FOR MANY YEARS NOW.

AND ONCE OUR GUESTS HAVE ENJOYED THEIR MEALS, THE PACKAGING GOES BACK INTO THE RECYCLING CHAIN.





RECYCLING: ROUND AND ROUND

We only use porcelain crockery for eat-in food and drinks at our McCafé. Our guests receive all other products in disposable packaging, whether eating on our premises or purchasing food to go. There are several reasons for this.

First, packaging is part of our brand image and needs to be as attractive as possible. We also use it to provide information, for instance on nutritional values. It needs to be easy for our employees to handle and plays an important role in our finely tuned kitchen processes. And last but not least, it must offer high-quality protection for our products right through to consumption, in full compliance with both statutory legislation and McDonald's own strict food hygiene standards.

Since the early 1990s, we have been systematically reducing the weight of our packaging and the amount of plastic it contains. Our aims here are:

- ▶ To keep the amount of material used for packaging as low as possible
- ▶ To continually increase the proportion of renewable raw materials
- ▶ To use secondary raw materials as much as possible, including recycled paper and R-PET (recycled polyethylene terephthalate)
- ▶ To continually increase the proportion of wood from certified, sustainable forests in the virgin fiber paper we use.

PACKAGING BREAKDOWN FOR 2012

In 2012, McDonald's used a total volume of 50,391 tons of packaging material (2011: 48,592 tons). As well as the packaging in which we offer products to our guests, this figure includes packaging used to transport products to our restaurants and prepare them in our kitchens. 70 percent (35,412 tons) of this total packaging material was made of paper, cardboard and carton in 2012. The remaining 30 percent (14,979 tons) was lightweight packaging (primarily plastics and composite materials).

The average weight of our service packaging¹ rose slightly in 2012 to 5.6 grams (2011: 5.47 grams). The **proportion of recycled materials** in our main product packages² was 71.5 percent in 2012 (2011: 69.1 percent), while our to-go bags were made of 100 percent recycled material.

At 90 percent, the proportion of renewable raw materials in our service packaging remained level with the previous year (2011: 89.9 percent) during the period under review. The percentage of wood from certified forests used in the non-recycled paper component of our service packaging increased slightly to 62.3 percent (2011: 60.7 percent).

Proportion of recycled materials
in our main product packages² in 2012:

71.5%

Proportion of recycled materials
in our to-go bags in 2012:

100%

SORTING WASTE EFFICIENTLY

All McDonald's restaurants have been part of a private-sector packaging disposal system since 1993 with materials sorted by type. This is in line with Germany's Avoidance and Recovery of Packaging Waste (VerpackV) legislation, which transfers responsibility for the collection and proper disposal of packaging to the person or organization where the materials originated – in other words, us.

All packaging in our restaurants is therefore sorted by type. Once our guests have returned their trays to the designated trolleys, crew members separate the used product packaging. Our disposal partners then collect waste sorted into two categories: lightweight, recyclable packaging (corresponding to the yellow bag system for private German households) and paper, cardboard and carton. The amounts are recorded by our partners and the recycling rates certified once a year in line with the requirements of the VerpackV legislation.

We provide training and extensive information resources to ensure our employees are always up to date on the latest developments in waste separation. In 2012, we made waste separation an official operations standard. It is included in our training material for Restaurant Management and our "field & operations consultants" monitor proper adherence in our restaurants.

¹ Service packaging refers exclusively to the packaging in which our products are sold to guests, not including prepackaged products such as organic milk and orange juice or packaging arising from transport and the preparation of products in our restaurant kitchens.

² Refers to the following product packaging: burger containers (clamshells), folding cartons (e.g. for nuggets), Happy Meal boxes, and packaging for fries, apple pies and breakfast products.



WASTE BREAKDOWN FOR 2012

In 2012, the total waste generated by all our restaurants amounted to 70,219 tons (2011: 66,752 tons). This corresponds to an average of 48.7 tons per restaurant, per year.

Expressed in weight, paper, cardboard and carton account for around 50 percent of our restaurant waste. In 2012, our recycling rate³ for this category was 89.7 percent (2011: 75.2 percent). Lightweight packaging such as plastic wrap, plastics and composite materials made up around 21 percent of our waste by weight in 2012. 60.8 percent of plastics (2011: 66.1 percent) and 60.4 percent of composite materials (2011: 63.6 percent) were recycled³ in the same period. Organic refuse (food waste) comprised around 15 percent and used oil around 9 percent of our waste in 2012.

Waste destined for recovery accounted for 3.3 percent of the total, whereas waste destined for disposal accounted for 0.4 percent. Municipal authorities are responsible for disposing of waste in this category. In terms of volume, waste destined for recovery rose to 2,306 tons in 2012 (2011: 1,387 tons), while waste destined for disposal totaled 252 tons (2011: 151 tons). This increase is mainly due to an adjustment we made to the underlying calculation for these values based on a bulk weight analysis.

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.

PACKAGING ROUNDTABLE UNITES

ALL DEPARTMENTS

Reducing the amount of material used in our packaging – in transport and product presentation – is a key sustainability goal at McDonald's Germany. It has both ecological and economic advantages, since lowering consumption of water, energy and wood pulp in manufacturing protects the environment and helps to cut costs. And, of course, materials that do not flow into our restaurants in the first place do not flow back out – with all the costs and resource consumption that in turn entails. The issue here is both the packaging in which we offer products to our guests – disposable cups, for instance, or clamshells for burgers – and packaging such as boxes used for transport and storage, which also end up as restaurant waste.

To achieve our long-term objective and enable company growth without lock-step increases in resource consumption, we launched an internal packaging roundtable in 2012. This gathers representatives from every department involved in packaging usage or responsible for key activities such as procurement, operations, marketing or supplier management. Measures to reduce service packaging materials will be executed during fiscal 2013, as will a project to promote reusable solutions in transport packaging.



³ Only applies to our service packaging subject to licensing obligations.

JOINING FORCES AGAINST LITTERING

At McDonald's, we have implemented a **wide range of measures** to combat littering on a daily basis. Our employees regularly collect carelessly discarded waste around restaurants, as well as from neighboring areas such as parking lots, bus stops and public parks. We use clearly marked waste containers outside our restaurants to remind our guests to put their trash where it belongs. Additionally, we support clean-up campaigns, such as the local environment ministry's initiative ("Sauberes Hessen") in the German state of Hesse. Furthermore, our franchisees are often involved in initiating or supporting litter collections at local level.

BEST PRACTICE EXAMPLE:

DFB ENVIRONMENT CUP 2012

As soccer fans geared up for the UEFA European Championship last year, the German Football Association (DFB) kicked off its DFB Environment Cup 2012 initiative. This called on around 20,000 soccer clubs to implement ideas to protect the environment. Clubs could choose from around 90 possible projects, one of which was "Say No to Waste", under which McDonald's supported local football clubs in picking up litter. Nine local litter collections were held nationwide between September and November 2012, involving approximately 160 volunteers. McDonald's equipped them with refuse bags and work gloves, as well as organizing proper disposal of the waste in consultation with the local authorities. We also took this opportunity to continue our efforts to highlight the importance of protecting the environment, especially among young people.



DFB
UMWELT**CUP**
2012



?

LET'S ASK

PD Dr. RALPH HANSMANN,
Private lecturer (research focus on littering)
at the Department of Environmental Systems Science,
ETH Zürich

"IS THERE A PANACEA FOR LITTERING?"

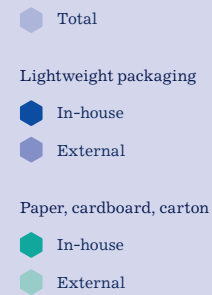
I do not believe that there is one universal remedy for littering. Experts generally agree that a multi-faceted approach is needed to tackle this problem. Others believe that littering in public places can only be stopped by enforcing punitive measures. This restrictive approach, however, stems from anger at littering. This anger is understandable, but it only has a limited impact on the problem, especially as fines and behavioral controls in public places are strictly limited in a liberal, constitutional democracy. This issue requires a more positive approach and there are many steps that can be taken here, ranging from convenient waste disposal options for citizens through regular cleaning of public spaces to intensive PR work highlighting how considered waste disposal benefits the environment and saves costs for all. The success of any campaign hinges on its ability to reach its target groups and engender a sense of responsibility for the environment. Scientific studies show that creative campaigns with clear messages can bring about positive changes in behavior.

An authoritarian, commanding tone has little impact on young people, for instance, and is unlikely to win them over. It's not enough to simply advocate adapting people's behavior to a social norm. Campaigns should share insights and raise awareness among target groups so that people realize for themselves that discarding trash irresponsibly just doesn't make sense. In addition to media campaigns, events, competitions, face-to-face meetings and community clean-up projects can also help engage target groups. After all, insights and knowledge gained through direct, personal experience is one of the best ways of effecting long-term responsible change.

FACTS & FIGURES

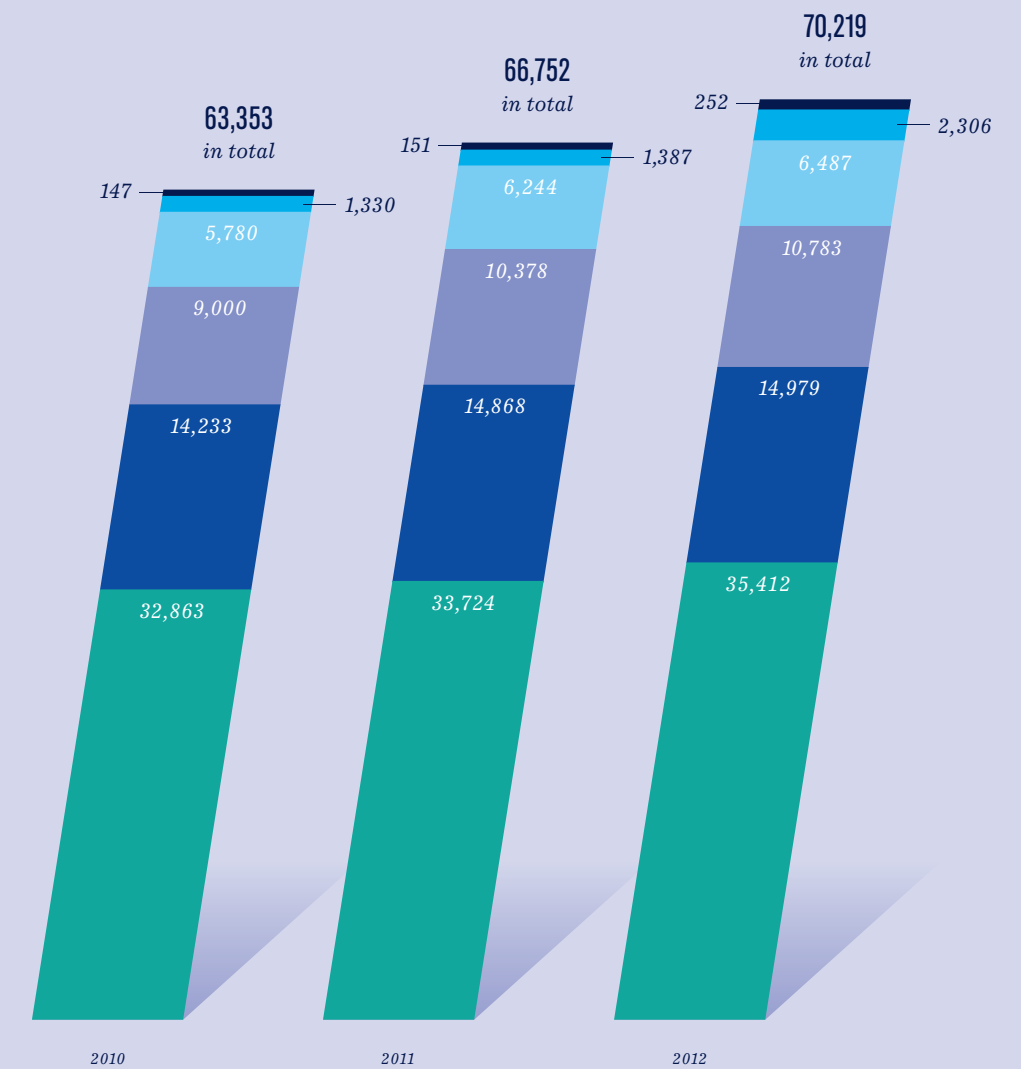
VOLUME OF PACKAGING

by material category
in tons (2010–2012)¹



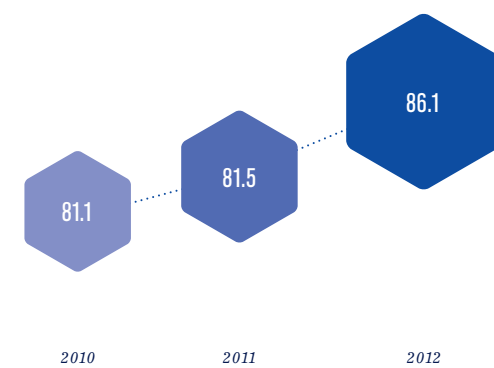
VOLUME OF WASTE

by material category
in tons (2010–2012)



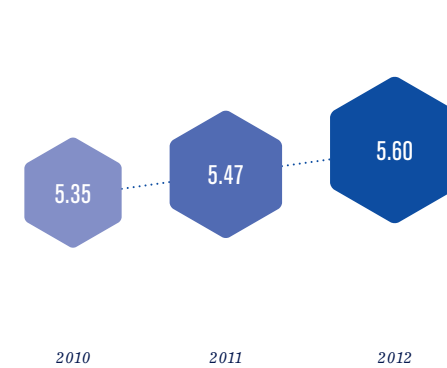
VOLUME OF PACKAGING PER RESTAURANT VISIT

in grams/guest count (2010–2012)²



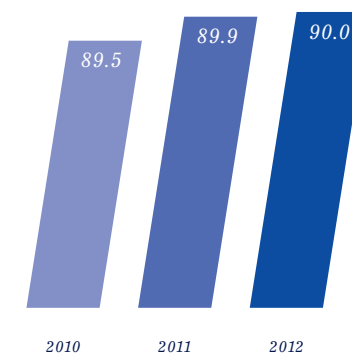
AVERAGE WEIGHT PER PACKAGING UNIT

in grams (2010–2012)³



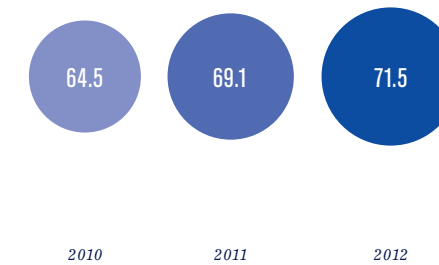
PERCENTAGE OF RENEWABLE RAW MATERIALS

in our packaging materials
(2010–2012)⁵



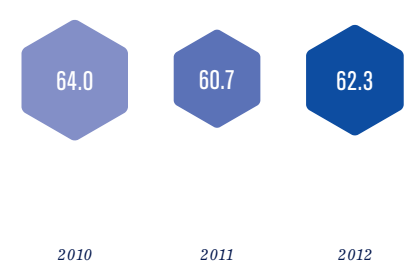
PERCENTAGE OF RECYCLED MATERIALS

in selected product packaging
(2010–2012)⁵



PERCENTAGE OF PACKAGING MATERIALS FROM CERTIFIED FORESTS

made of virgin fiber (2010–2012)^{3,6}



¹⁾ All figures quoted refer to certified volumes delivered to restaurants by HAVI Logistics.

²⁾ The guest count measures the number of cashier-processed customer transactions in our restaurants.

³⁾ Figures only include service packaging for the products sold to customers; excluded is packaging used during transport or the preparation of food in restaurant kitchens.

⁴⁾ Data on waste destined for recovery, waste destined for disposal, organic waste and used oil is based on estimates using the average waste volumes produced by restaurants.

⁵⁾ Refers to the following product packaging: burger containers (clamshells), folding boxes (e.g. for Chicken McNuggets), packaging for fries, Happy Meal boxes and the packaging for apple pies and all breakfast products.

⁶⁾ Refers to the following certificates: FSC (Forest Stewardship Council), PEFC (Programme for the Endorsement of Forest Certification Schemes) and SFI (Sustainable Forestry Initiative).



GRI INDEX

GRI-COMPLIANT REPORTING

This report is based on our corporate responsibility strategy and performance, also reflecting the insights gained through dialog with different stakeholders. To help our readers compare our performance with that of our peers, we have used the Global Reporting Initiative (GRI G3) guidelines as our framework. We also cover the “Food Processing Sector” supplement from May 2010. The information in our print report focuses on core indicators, while our online version also includes the GRI’s additional indicators. Based on GRI’s assessment, the report matches GRI’s usability level “B”. McDonald’s Germany is “Organizational Stakeholder” of the GRI since the beginning of the year 2013.

1. STRATEGY AND ANALYSIS			
1.1	Introduction from the CEO	📄 5	●
1.2	Description of key impacts, risks, and opportunities	📄 U1, 3, 76–78, @	●
2. ORGANIZATIONAL PROFILE			
2.1	Name of the organization	📄 1	●
2.2	Primary brands, products, and/or services	📄 1	●
2.3	Operational structure of the organization	📄 1	●
2.4	Location of organization's headquarters	📄 1	●
2.5	Number of countries where the organization operates	📄 1	●
2.6	Nature of ownership and legal form	📄 1	●
2.7	Markets served	📄 1	●
2.8	Scale of the reporting organization	📄 1, 60–61, @	●
2.9	Changes regarding size, structure, or ownership	📄 1	●
2.10	Awards received in the reporting period	📄 1	●
3. REPORT PARAMETERS			
3.1	Reporting period	📄 U1	●
3.2	Date of most recent previous report	📄 U1	●
3.3	Reporting cycle	📄 U1	●
3.4	Contact point for questions regarding the report or its contents	📄 U3	●
3.5	Process for defining report content	📄 U1, @	●
3.6	Boundary of the report	📄 U1	●
3.7	State any specific limitations on the scope or boundary of the report	📄 U1	●
3.8	Joint ventures, subsidiaries, leased facilities, outsourced operations	No impact on the CR report	●
3.9	Data measurement techniques	📄 U1	●
3.10	Explanation of the effect of any re-statements of information	📄 48–49, 60–61	●
3.11	Significant changes from previous reporting periods	No significant changes	●
3.12	GRI Content Index	📄 U1	●
3.13	External assurance for the report	Planned for 2014, the present report is not examined	●
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT			
4.1	Governance structure of the organization	📄 2	●
4.2	Independence of the CEO	📄 2	●
4.3	Control body or independence of the highest governance body	📄 2	●
4.4	Mechanisms to provide recommendations to the highest governance body	📄 2	●
4.5	Linkage between Executive Board compensation and sustainability performance	📄 78	●
4.6	Processes to ensure conflicts of interest are avoided	📄 2, @	●

SYMBOLS



pages



Internet



completely covered



partly covered



not covered

4.7	Executive Board members' expertise on sustainability	📄 2, @	●
4.8	Mission statements, codes of conduct, and principles	📄 2, @	●
4.9	Procedures for overseeing the organization's performance	📄 2, @	●
4.10	Processes for evaluating the highest governance body's own performance	📄 78	●
4.11	Implementation of the precautionary principle	📄 2, @	●
4.12	Externally developed charters, principles, or initiatives	📄 76	●
4.13	Memberships in associations and/or national/international advocacy organizations	📄 53	●
4.14	Stakeholder groups engaged by the organization	📄 78	●
4.15	Basis for identification and selection of stakeholders	📄 U1, @	●
4.16	Approaches to stakeholder engagement	📄 40, @	●
4.17	Key topics and concerns raised through stakeholders	📄 40, 46–47, @	●
ECONOMIC PERFORMANCE			
	Management approach	📄 1	●
EC1	Direct economic value generated and distributed	📄 1, @	●
EC2	Financial implications due to climate change	📄 48–49, 76–77	●
EC3	Coverage of the organization's defined benefit plan obligations	📄 54	◐
EC4	Significant financial assistance received from government		○
EC6	Locally-based choice of suppliers	📄 10, 18–19	●
EC7	Procedures for local hiring		○
EC8	Infrastructure investments and services provided for public benefit		○
ENVIRONMENTAL PERFORMANCE			
	Management approach	📄 30–35, 43–45, 64–67, 76–77	●
EN1	Materials used by weight or volume	📄 19, 70–71	●
EN2	Percentage of recycled materials in total material use	📄 70–71	●
EN3	Direct energy consumption	📄 44, 48, @	●
EN4	Indirect energy consumption	📄 44, 48, @	●
EN8	Total water withdrawal by source	📄 44	●
EN11	Land in, or adjacent to, protected areas		○
EN12	Significant impacts on biodiversity		○
EN16	Direct and indirect greenhouse gas emissions	📄 44, 49	●
EN17	Other relevant indirect greenhouse gas emissions		○
EN19	Emissions of ozone-depleting substances by weight		○
EN20	NOx, SOx, and other significant air emissions		○
EN21	Total water discharge by quality and destination	📄 44, @	◐
EN22	Total weight of waste by type and disposal method	📄 66, 71	●
EN23	Total number and volume of significant spills		○
EN26	Initiatives to mitigate environmental impacts	📄 30–31, 43–44	●
EN27	Percentage of reclaimed packaging materials	📄 70–71	●
EN28	Fines/sanctions for non-compliance with environmental regulations		○
SOCIAL PERFORMANCE (Labor Practices and Decent Work)			
	Management approach	📄 52–57, 77–78	●
LA1	Total workforce by employment type, employment contract, and region	📄 60–61	●
LA2	Employee turnover by age group, gender, and region	📄 52	◐
LA4	Employees covered by collective bargaining agreements	📄 53	●
LA5	Notice period(s) regarding significant operational changes		○
LA7	Rates of injury, occupational diseases, lost days, and absenteeism		○
LA8	Training, counseling, prevention, and risk-control programs		○
LA10	Hours of training by employee category	📄 61	◐
LA13	Composition of governance bodies	📄 60	◐
LA14	Salary by gender and employee category	📄 53	●

SOCIAL PERFORMANCE (Human Rights)			
	Management approach	📄 24–25	🟩
HR1	Investment agreements that include human rights clauses		🟩
HR2	Suppliers that have undergone screening on human rights	📄 10, 24–25, @	🟩
HR4	Incidents of discrimination and actions taken		🟩
HR5	Operations involving significant risk to exercise freedom of association		🟩
HR6	Operations carrying significant risk of child labor	📄 24–25	🟩
HR7	Operations carrying significant risk of forced or compulsory labor	📄 24–25	🟩
SOCIAL PERFORMANCE (Society)			
	Management approach	📄 22–23, 40–43, @	🟩
S01	Impacts of operations on communities		🟩
S02	Business units analyzed for risks related to corruption	📄 55	🟩
S03	Employees trained in anti-corruption policies		🟩
S04	Actions taken in response to incidents of corruption	📄 54	🟩
S05	Public policy positions and lobbying	📄 55	🟩
S08	Fines for non-compliance with laws and regulations		🟩
SOCIAL PERFORMANCE (Product Responsibility)			
	Management approach	📄 10, 22–25, 76	🟩
PR1	Impact on health and safety throughout the product lifecycle	📄 10, 22–23, 42, 48	🟩
PR2	Incidents of non-compliance with health standards	📄 42, 48	🟩
PR3	Required product and service information	📄 15, 22–23, 40	🟩
PR6	Programs for adherence to regulations related to advertising	📄 40, 76	🟩
PR9	Fines for non-compliance with laws concerning the use of products and services		🟩

GRI – FOOD PROCESSING
SECTOR SUPPLEMENT

SOURCING PERFORMANCE			
	Management approach	📄 10–17, 22–26, 43, 64–65, 76–77	🟩
FP1	Suppliers compliant with company's sourcing policy	📄 10	🟩
FP2	Purchased volume in accordance with internationally recognized production standards	📄 10, 15	🟩
SOCIAL PERFORMANCE (Labor Practices and Decent Work)			
FP3	Working time lost due to strikes		🟩
SOCIAL PERFORMANCE (Society)			
FP4	Programs and practices that promote access to healthy lifestyles	📄 22–25, 27, 76	🟩
SOCIAL PERFORMANCE (Product Responsibility)			
FP5	Production volume manufactured in sites certified to food safety standards	📄 27	🟩
FP6	Products lowered in saturated fat, trans fats, sodium and added sugar	📄 22–23, 27	🟩
FP7	Products that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives		🟩
FP8	Nutritional information beyond legal requirements	📄 22–23, 76	🟩
ANIMAL WELFARE			
	Management approach	📄 10–15	🟩
FP9	Percentage and total of animals raised and/or processed	📄 18–19	🟩
FP10	Physical alterations and the use of anesthetic	📄 14	🟩
FP11	Animals raised and/or processed by species	📄 14	🟩
FP12	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments by species	📄 12–14	🟩
FP13	Non-compliance with regulations and adherence to voluntary standards related to transportation, handling, and slaughter practices		🟩

GLOSSARY

CLAMSHELL	Boxes used by McDonald's primarily as packaging for burgers.
CORPORATE VOLUNTEERING	Corporate Volunteering Day was introduced in 2011 and gives administrative staff the opportunity to help out with day-to-day tasks at a Ronald McDonald House in lieu of one working day of the year.
EU PLEDGE	A voluntary initiative for self-regulation in children's advertising. All EU Pledge member companies undertake to refrain from advertising food and beverage products to children under twelve years of age, or to classify their products in line with specific nutritional criteria.
FOODSERVICE RETAIL/SECTOR	Branch of gastronomy characterized by standardized, uniform organizational structures implemented in all restaurants.
FOOD TOWN CONCEPT	An integrated site where bakery production facilities are combined with a distribution center, for instance. This means that goods do not have to be transported from the supplier to the distribution center.
FRANCHISEE LEADERSHIP COUNCIL	Elected council representing all McDonald's franchisees in Germany. The council is involved in the approval of business-related issues and the development of corporate strategy.
GUEST COUNT	All transactions that occur while serving an individual customer.
HAMBURGER UNIVERSITY	The Hamburger University in Munich is one of seven worldwide training centers for McDonald's Restaurant Management.
HAZARD ANALYSIS AND CRITICAL CONTROL POINTS (HACCP)	HACCP is a preventive system aimed at ensuring food safety. It is a requirement of EU food hygiene legislation (2004). Only food that meets HACCP standards can be imported and traded in the EU.
HSC	Main Service Center for McDonald's Germany, located in Munich.
LOV FRYER	A type of fryer that uses up to 40 percent less oil than conventional fryers.
MANGELBERGER SYSTEM	Standardized energy management and controlling system for restaurant networks. McDonald's uses Mangelberger technology to increase energy efficiency and reduce energy consumption.
McOpCo	Restaurants that are directly operated by McDonald's Deutschland Inc.
NUTRITIONAL COMPASS	Information on nutritional values and main allergens in McDonald's food and beverages. Found on all standard McDonald's product packages.
PATTY	A flat, disc-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.
QSC	QSC stands for quality, service and cleanliness at McDonald's.
RAY KROC DAY	Ray Kroc Day is an annual event for McDonald's administrative staff, who leave their offices to work in a restaurant alongside crew members for a day.
ROIP	As part of the Restaurant Operations Improvement Process (ROIP), field & operations consultants regularly check and rate compliance with QSC standards to ensure the highest possible food safety levels at McDonald's.
RONALD McDONALD HOUSE CHARITIES	Ronald McDonald House Charities (McDonald's Kinderhilfe Stiftung) builds and runs Ronald McDonald Houses near to hospitals to provide the families of seriously ill children with a temporary home from home. In 2012, there were 18 Ronald McDonald Houses and 3 Ronald McDonald Oases in Germany.
RSC	McDonald's Germany Regional Service Centers are responsible for states in the North-East Region (Lower Saxony, Bremen, Hamburg, Schleswig-Holstein, Mecklenburg-Western Pomerania, Saxony-Anhalt, Berlin, Brandenburg and Saxony), the West Region (North Rhine-Westphalia, Hesse, Rhineland-Palatinate and Saarland) and the South Region (Thuringia, Baden-Württemberg and Bavaria).
STANDARD SUPPLIER	McDonald's supplier with a fixed, long-term contract.
VIRGIN FIBER	Also known as non-recycled wood fiber, this refers to plant fibers gained by mechanical or other forms of pulping for processing into paper, cardboard or carton.
WASTE DESTINED FOR DISPOSAL	Waste products that cannot be recycled.
WASTE DESTINED FOR REUSE	Waste products that can be recycled either by being physically converted into useful products or chemically treated to obtain useful raw materials.

ROADMAP














CORPORATE RESPONSIBILITY

2012-2015

In 2011, we drew up an ambitious roadmap of goals to be achieved by 2015. The “trend” arrows indicate the areas where we made progress in 2012 and where we have already achieved our goals, but also those areas where we did not (fully) realize our ambitions during the reporting period. 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	GOALS FOR 2015	TREND	ACHIEVED IN 2012
PRODUCT DEVELOPMENT	• Overarching goal: Ensure a balanced choice and product variety.		• Extend Happy Meal offering to include McFish, organic apple slices and organic fizzy apple drink (see page 40). • Recipe improvements in 2012 lower salt content in certain core products by up to 15% per portion (see page 23).
	• Present nutritional information more clearly.		• Devise concepts to present nutritional information more clearly in various communication channels. Testing and implementation of initial concepts planned for 2013.
	• Develop guidelines for optimum “nutritional footprint”.		• Root discussion in a permanent working group; prepare a scientific approach.
	• NEW: Factor in diversity of dietary habits.		• Develop concrete plans (implementation in 2013) for a more varied menu, e.g. for vegetarians.
SUSTAINABLE QUALITY AND SUPPLY CHAIN MANAGEMENT	• Overarching goal: Improve sustainability across supply chain.		• Start BEST Beef pilot phase; participation of first agricultural holdings (see page 12). • Carry out hot spot analysis (HSA) for beef value chain. HSA for chicken value chain planned for 2013.
	• Start “Sustainable McDonald’s Germany” research project.		• Initial results from the research project include a comprehensive trend analysis and hot spots from the value chain.
	• Develop and introduce a corporate responsibility scorecard for all direct suppliers.		• Postpone the first sustainability forum for suppliers until 2013.
QUALITY, SERVICE, CLEANLINESS (QSC)/ CUSTOMER SATISFACTION	• Overarching goal: Optimize Quality, Service and Cleanliness (QSC) performance across all restaurants in Germany.		• Continuously maintain and improve performance through the ROIP process (Restaurant Operations Improvement Process).
	• Integrate sustainability into existing internal QSC processes.		• Integrate relevant points from the four corporate responsibility action items into the ROIP process.
	• Hold roadshows for all restaurant managers in Germany to encourage active dialog on sustainability.		• Presented six roadshows across Germany in May 2012.
	• Promote active dialog on sustainability between McDonald’s and diners.		• Distribute 2012 corporate responsibility brochure in the restaurants for diners.
RESPONSIBLE MARKETING	• Overarching goal: Implement the EU Pledge.		• Implemented; all means of communication adapted to guidelines of the EU Pledge.
	• Introduce Happy Meal book campaign.		• Implemented in August 2012. Happy Meal book campaign to be continued in 2013 due to positive feedback.

ECO FOOTPRINT

VISION 2020: We use natural resources like 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	GOALS FOR 2015	TREND	ACHIEVED IN 2012
SYSTEMATIC ENVIRONMENTAL MANAGEMENT	• Review and reissue the 2001 McDonald’s Germany environmental guidelines.		• Published the environmental guidelines in the 2011 corporate responsibility report.
	• NEW: Monitor ongoing implementation of environmental guidelines.		• Set out goals (implementation in 2013).
	• Create a uniform sustainability control system in all restaurants as a management tool for McDonald’s Germany and all franchisees.		• Ongoing process; the foundation for a sustainability control system was laid in 2012 (parameters, definitions, data collection processes, etc.).
WASTE MANAGEMENT	• Overarching goal: Increase the quantity and quality of all recycled waste from restaurants (especially used cooking oil, paper, cardboard, carton and lightweight packaging) to optimize the recycling value chain.		• Continue cooperation with waste disposal company and its subcontractors; continue project aimed at optimizing collection of used cooking oil. No significant improvement in quantity or quality of recycled waste in 2012.
	• NEW: Set up waste volume control at restaurant level.		• Consolidate web-based information from McDonald’s Germany and the waste disposal service provider.
	• NEW: Overarching goal: Highlight importance of correct separation of recyclable materials to restaurant staff, restaurant management and franchisees from both an environmental and cost perspective.		• Communication campaign in restaurants (e.g. revised separation of recyclables poster, flyers, new intranet platform). In 2012, the separation of recyclable materials became an official operations standard, which is regularly monitored as part of the Restaurant Operations Improvement Process (ROIP).
	• Overarching goal: Reduce all types of waste.		• Roll out packaging using less material in 2013 with the aim of reducing the volume of waste produced. No reduction in volume of waste in 2012.
	• NEW: Reduce food waste in our supply chain and in our restaurants.		• Raise awareness of the importance in particular of the modernization initiative for our kitchen and service technologies, which has been underway since 2012.

PACKAGING	<ul style="list-style-type: none"> 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 forestries for non-recycled packaging; (4) Optimize share of recycled materials; (5) Reduce various plastics in packaging. 		<ul style="list-style-type: none"> Test cups made of lighter material and optimized serviette dispensers and cutlery. Roll-out 2013. To-go bags made from 100% recycled material in 2012.
	<ul style="list-style-type: none"> NEW: Overarching goal: Reduce transportation packaging and packaging used in the restaurant kitchens. 		<ul style="list-style-type: none"> Set up a project in 2013 based on information gathered in 2012.
	<ul style="list-style-type: none"> NEW: Overarching goal: Close coordination between all departments/suppliers involved in packaging. 		<ul style="list-style-type: none"> Set up a packaging roundtable at McDonald's Germany in 2012; implementation in 2013 (see page 66).
ENERGY MANAGEMENT/ DIRECT AND INDIRECT EMISSIONS	<ul style="list-style-type: none"> Complete transition to renewable sources of electricity by 2014; passing 50% milestone in 2012. 		<ul style="list-style-type: none"> 2012 milestone achieved; in 2013, all McDonald's restaurants in Germany will get 75% of their electricity from renewable sources.
	<ul style="list-style-type: none"> Reduce direct (scope 1) and indirect (scope 2) emissions per restaurant visit. 		<ul style="list-style-type: none"> The average CO₂ emissions per diner from our restaurants fell from 0.51 kg in 2011 to 0.37 kg in 2012.
	<ul style="list-style-type: none"> Control and manage energy consumption with a Mangelberger EMS9040 system as standard. 		<ul style="list-style-type: none"> EMS9040 systems are fitted as standard in new restaurants. Extended number of EMS systems for energy consumption control planned for 2013.
	<ul style="list-style-type: none"> Record accurate electricity, gas and water consumption data in all restaurants in Germany. 		<ul style="list-style-type: none"> Over 90% of restaurants record their electricity consumption with an automatic metering system. Extension to gas and water consumption planned for 2013.
BUILDINGS/EQUIPMENT	<ul style="list-style-type: none"> PREVIOUSLY: Improve energy efficiency in around 500 restaurants NEW: Improve energy efficiency in around 500 restaurants by 2020. 		<ul style="list-style-type: none"> In 2012, nine energy upgrades were carried out, less than originally planned. The original goal of improving energy efficiency in around 500 existing restaurants by 2015 as part of the Energy Upgrade program has been pushed forward to 2020 because we intend to prioritize the modernization of our kitchen and service technologies in coming years.
	<ul style="list-style-type: none"> Reduce energy consumption by gradually equipping all restaurants in Germany with energy- and oil-saving low oil volume (LOV) fryers. 		<ul style="list-style-type: none"> Around 36% of our restaurants already use LOV fryers. LOV fryers will be used without exception in new restaurants and when old fryers need to be replaced.
	<ul style="list-style-type: none"> NEW: Improve energy efficiency of McCafé. Introduce energy-efficient equipment, use LEDs instead of neon lights on menu board and in cabinets. Also adjust operating temperature and to some extent the compressors in cabinets and change material and weight of menu boards. 		<ul style="list-style-type: none"> The energy efficiency measures implemented in 2012 resulted in an energy saving of at least 1 million kWh (based on a full year). The weight of the menu boards was significantly reduced from 1,460 grams to 510 grams.
LOGISTICS/INDIRECT EMISSIONS (SCOPE 3)	<ul style="list-style-type: none"> PREVIOUSLY: Extend the OSCAR pilot project to other restaurants in Germany on successful completion of tests. NEW: Optimize used cooking oil disposal, factoring in particular situation of restaurants, potential service providers, the legal framework and innovative recycling methods. 		<ul style="list-style-type: none"> Testing of specially developed disposal containers for used cooking oil did not produce the desired outcome. The project is to take a different direction in 2013.
	<ul style="list-style-type: none"> Capture solar energy from a 6,200 m² photovoltaic installation on the roof of the Günzburg distribution center*. 		<ul style="list-style-type: none"> 235,000 kWh of solar energy used since April 2012 (see page 35).
	<ul style="list-style-type: none"> Equip truck trailers with solar modules to generate electricity for on-board refrigeration systems*. 		<ul style="list-style-type: none"> Testing of this new technology was not successful because the solar modules do not generate enough electricity to guarantee sufficient cooling (see page 34).
	<ul style="list-style-type: none"> Reduce CO₂ per trucking kilometers*. 		<ul style="list-style-type: none"> CO₂ emissions per trucking kilometer rose slightly in 2012 to 2.4 kilograms (2011: 2.2 kilograms) due to the expansion of three existing distribution centers (see page 32).
	<ul style="list-style-type: none"> CO₂ compensation*. 		<ul style="list-style-type: none"> Use bi-fuel trucks which run on two different kinds of fuel (diesel and liquefied petroleum gas). Promote cycling at two HAVI Logistics locations (see page 30).
	<ul style="list-style-type: none"> Reduce paper consumption*. 		<ul style="list-style-type: none"> Paper consumption reduced by 6 percent in 2012 compared with previous year (see page 31).

* Environmental goals set by HAVI Logistics GmbH (environmental statement 2010-2012). Any reductions in CO₂ emissions achieved by our logistics service provider classify as a contribution to climate protection in our downstream value chain (scope 3).

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	GOALS FOR 2015	TREND	ACHIEVED IN 2012
GUIDELINES/ COMMUNICATION BETWEEN EMPLOYEES AND MANAGEMENT	<ul style="list-style-type: none"> Overarching goal: Carry out regular employee opinion surveys at all organizational and hierarchical levels. 		<ul style="list-style-type: none"> Carry out regular employee opinion survey in restaurants of franchisees, McOpCo restaurants, the Main Service Center (HSC) and the Regional Service Centers (RSCs). In 2012, employees from 482 restaurants as well as administrative staff were surveyed (see page 52).
	<ul style="list-style-type: none"> Overarching goal: Implement all guidelines systematically. 		<ul style="list-style-type: none"> Pro-active communication of the management promise to all restaurant employees (McOpCo) via ourlounge.de web portal launched in 2012. The portal also provides information about the Confidential Contact Center, which staff can contact by fax, phone or e-mail to air any problems they might have encountered at work.
	<ul style="list-style-type: none"> NEW: Overarching goal: Set up ourlounge.de web portal; communicate sustainability issues to restaurant employees. 		<ul style="list-style-type: none"> Launched in December 2012 with basic information on sustainability at McDonald's.
RECRUITMENT/ TRAINING AND SKILLS DEVELOPMENT	<ul style="list-style-type: none"> NEW: Overarching goal: Systematically integrate sustainability issues into training documents. 		<ul style="list-style-type: none"> Sustainability issues have already been integrated into certain processes, e.g. use of corporate responsibility report for training and the recruitment of trainees.
	<ul style="list-style-type: none"> Introduce an e-learning module, which also covers sustainability issues, in the Management Development Program (MDP). 		<ul style="list-style-type: none"> To be implemented on a gradual basis as part of the MDP review.
	<ul style="list-style-type: none"> Offer training for all shift supervisors – also covering sustainability issues. 		<ul style="list-style-type: none"> Sustainability issues integrated into restaurant management courses.
SOCIAL ENGAGEMENT	<ul style="list-style-type: none"> Overarching goal: Encourage community service among employees. 		<ul style="list-style-type: none"> The second year of the "Helping Hands" campaign involving our trainees was a success: 870,000 handprint stickers were sold in 2012 to raise 751,000 euro for Ronald McDonald House Charities.
	<ul style="list-style-type: none"> Continue Corporate Volunteering Day and Ray Kroc Day. 		<ul style="list-style-type: none"> In 2012, 108 employees from the Main Service Center and the Regional Service Centers took part in the Corporate Volunteering Day in aid of Ronald McDonald House Charities; Ray Kroc Day, which is an obligatory event for all our administrative staff, took place in November 2012.

COMPENSATION AND BENEFITS	<ul style="list-style-type: none"> PREVIOUSLY: Introduce a revised pension model. NEW: Establish the McBenefit company pension plan. 		<ul style="list-style-type: none"> Introduce the McBenefit revised company pension model (see page 54). In December 2012, the McBenefit scheme received the HR Excellence Award in the Benefit and Incentive Programs category.
	<ul style="list-style-type: none"> Review the award scheme for long-serving employees. 		<ul style="list-style-type: none"> New award scheme was set up. All employees receive recognition in line with their years of service to the company.
	<ul style="list-style-type: none"> NEW: Introduce and establish Ray Kroc Award for restaurant managers (Europe-wide award program). 		<ul style="list-style-type: none"> Set up Ray Kroc Award for outstanding commitment of restaurant managers (McOpCo and franchises). Introduction planned for 2013.
	<ul style="list-style-type: none"> PREVIOUSLY: Introduce and implement the car policy. NEW: Continue to develop the car policy in line with technological and policy frameworks, in particular with respect to CO₂ thresholds. 		<ul style="list-style-type: none"> The new car policy of McDonald's Germany was successfully introduced and implemented, allowing for CO₂ thresholds and a CO₂ compensation model.
	<ul style="list-style-type: none"> Overarching goal: Define annual sustainability goals for the leadership team. 		<ul style="list-style-type: none"> Goals for 2012 were agreed with all members of the leadership team and implemented.
	<ul style="list-style-type: none"> NEW: Overarching goal: Create transparency and understanding among all employees regarding overall compensation packages. 		<ul style="list-style-type: none"> Introduce a single line of communication for internal communication on all compensation and benefit issues based on the McBenefit campaign.
DIVERSITY AND EQUAL OPPORTUNITIES	<ul style="list-style-type: none"> Create concepts to provide wider work opportunities for older employees and employees with disabilities. 		<ul style="list-style-type: none"> The number of employees with a disability increased by 12% compared with the previous year. Concepts to improve the work opportunities of older employees are continuously being developed.
	<ul style="list-style-type: none"> Fill 30 percent of management positions with women (leadership team). 		<ul style="list-style-type: none"> In 2012, the average proportion of women in management positions held steady at 16 percent.

SHARING BRAND

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.

AREA	GOALS FOR 2015	TREND	ACHIEVED IN 2012
ORGANIZATIONAL INTEGRATION/ STAKEHOLDER DIALOG	<ul style="list-style-type: none"> Communicate sustainability issues to all employees. 		<ul style="list-style-type: none"> Pro-active information on sustainability at McDonald's at events for employees, franchisees and suppliers. Information about new intranet pages (for administrative and restaurant employees). Six roadshows across Germany aimed at all Restaurant Managements.
	<ul style="list-style-type: none"> Make sustainability a firmly rooted issue in franchisee committees by providing them with regular information. 		<ul style="list-style-type: none"> Sustainability is firmly rooted in the strategy groups of the Franchisee Leadership Council (FLC).
	<ul style="list-style-type: none"> Realize the Sustainable McDonald's Germany research project in partnership with the Wuppertal Institute for Climate, Environment and Energy, and presentation of results (mid-2014). 		<ul style="list-style-type: none"> In 2012, the project participants met on six occasions. Initial results from the sub-projects are available; see for example page 12 and page 54, infobox. Perform hot spot analysis for beef value chain (see page 12). Tie in research project with BEST Beef initiative and liaise with stakeholders (see page 12).
RONALD McDONALD HOUSE CHARITIES/ COMMUNITY INVOLVEMENT	<ul style="list-style-type: none"> Continue support for Ronald McDonald House Charities. 		<ul style="list-style-type: none"> A charity fundraiser in November 2012 raised 1.35 million euro. Regional support: Around 255,700 euro was raised from the sale of "Vital" cookies in the South region; in the West region, chocolate bars were sold over a nine-week campaign in aid of the House Charities.
	<ul style="list-style-type: none"> Maintain support for and initiate new anti-littering campaigns at municipal and regional levels**. 		<ul style="list-style-type: none"> Nationwide campaign against waste "Zum Angriff gegen Abfall" (Attacking Waste) organized by the German Football Association (DFB) and McDonald's Germany as part of the DFB Environment Cup 2012. Around 160 volunteers took part in nine local clean-up activities (see page 68). Numerous franchisee initiatives at local level.
ENCOURAGING SPORT AND ACTIVITY	<ul style="list-style-type: none"> Extend partnership between McDonald's Germany and the German Football Association (DFB) through June 30, 2015 to continue and expand the DFB & McDonald's Soccer Badge and McDonald's Player Escorts sporting programs. 		<ul style="list-style-type: none"> The partnership was extended. DFB & McDonald's Soccer Badge: Around 3,230 events with 245,000 participants in 2012. McDonald's Player Escorts: 37,500 applicants and 73 participants in 2012. In addition, three children got the chance to travel to the London Olympic Games as part of the European Champion Kids Program.

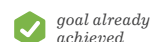
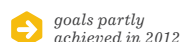
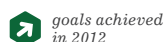
** The goal has been redefined, since it has been merged with the corresponding Anti-Littering goal in the section "Eco Footprint".

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.

AREA	GOALS FOR 2015	TREND	ACHIEVED IN 2012
MANAGEMENT	<ul style="list-style-type: none"> Introduce a sustainability control system at restaurant level. 		<ul style="list-style-type: none"> Design and program a web-based control system and define necessary data capture processes. Data for this 2012 CR report captured for the first time with the web-based control system.
	<ul style="list-style-type: none"> PREVIOUSLY: Continue the Corporate Responsibility Expert Advisory Council. NEW: Engage the Corporate Responsibility Expert Advisory Council in a wider stakeholder dialog. 		<ul style="list-style-type: none"> In May 2012, the council convened with a representative from the Wuppertal Institute for Climate, Environment and Energy.
COMMUNICATION/ NETWORKING	<ul style="list-style-type: none"> Anchor a basic understanding of sustainability issues in all organizational units and at all levels of the company. 		<ul style="list-style-type: none"> Stage annual summer information event for all administrative employees (Main Service Center, Regional Service Centers) dedicated to sustainability.
	<ul style="list-style-type: none"> Report annually on corporate responsibility. 		<ul style="list-style-type: none"> Goal achieved in 2012. Current CR report is available.
	<ul style="list-style-type: none"> NEW: Instruct auditing firm to verify core content and key indicators. 		<ul style="list-style-type: none"> Targeted for 2014.
	<ul style="list-style-type: none"> NEW: Develop existing contacts to form a network focused on wider sustainability issues in the to-go foodservice sector. 		<ul style="list-style-type: none"> Member of Center for Sustainable Corporate Management (ZNU) at the University of Witten-Herdecke. Set up a to-go foodservice roundtable in 2013 (planned).

SYMBOLS



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