

Believe it or not:

**We don't get
everything right.
But we are getting
BETTER.**



A CLEAR STRATEGY and GOOD TEAMWORK are vital if we want to become more SUSTAINABLE.

A conversation with Holger Beeck, CEO of McDonald's Germany, and Dominik Neiss, Speaker of the Franchisee Leadership Council

Why does McDonald's need to improve?

Holger Beeck: Whether we're talking sustainability or business performance in general, no company can afford to stand still. McDonald's is no exception. Continual process and product improvement is the key to long-term success.

How exactly is McDonald's going to achieve these improvements?

Holger Beeck: We don't believe in quick fixes. Instead, we think in terms of processes. This means that we carefully plan any changes to our restaurants or our supply chain. All innovations are subject to thorough, up-front testing on a small scale. This allows us to analyze the results in detail so we can decide whether system-wide deployment makes sense.

Dominik Neiss: "System" is the key word here. It goes without saying that any new development in the food service sector has to combine efficiency with universal functionality.



Dominik Neiss (left) and Holger Beeck (right)

What are the key focus areas of your sustainability strategy?

Dominik Neiss: Nutrition, packaging and climate are core areas of focus at the moment. Our recent successes here include advances in our beef sustainability program (BEST Beef) and introducing glass and porcelain cups for hot drinks in our "experience of the future" restaurants.

McDonald's is also focusing on this transformation in its current campaign.

Holger Beeck: Exactly. Our "Believe it or not" campaign shows how we are working with our Franchisees and suppliers to continually challenge prevailing assumptions with surprising statements – they could be about new products, McDonald's as an employer or ways we contribute to sustainability.

Believe it or not:

Every day, our
2 million guests in Germany
put their **TRUST IN US.**

**How can we live up to this huge responsibility?
Only by working together – with our Franchisees,
employees and suppliers.**



**Under the catchphrase “Believe it or not”, we
provide information about the company’s latest
projects. Each of these measures has the same
overarching goal:**

**To keep getting better. We know that we still have
a long way to go in some areas, but we are working
on it. Together.**

**We regularly report on what we are doing to
make McDonald’s Germany more sustainable
at www.change-m.de.**



Believe it or not:

MEAT still doesn't
grow **on trees.**

Our meat burgers are popular. However, more and more guests also want to enjoy a meat-free option at McDonald's or eat something that doesn't contain any animal products at all.

Which is why we are creating alternatives – including a vegan burger that tastes so good that it's a hit even among meat eaters.



McDonald's reports slaughterhouse to the authorities

TAUBERBISCHOFSCHEIM, GERMANY Fast food chain McDonald's and animal rights activists have reported that they have filed a criminal complaint against the management of a slaughterhouse run by the Bavarian food company OSI. The company and the Soko Tierschutz organization suspect OSI of breaching animal welfare legislation. According to the reports, the slaughterhouse in Tauberbischofsheim has been closed.

Abendzeitung newspaper, February 16, 2018

More stringent ANIMAL WELFARE standards and checks

Due to serious breaches in animal welfare, McDonald's Germany terminated its collaboration with the slaughterhouse in Tauberbischofsheim at the start of 2018 and reported the facility to the authorities.

Following this incident, we developed stricter checks and standards for slaughterhouses that supply our company. These measures go **much further than legal requirements** and include the following: As of 2019, all of our **animal welfare audits** will be unannounced and take place separately to other existing checks. The roles and responsibilities of **animal welfare officers** at slaughterhouses will also be monitored more thoroughly, and from the end of 2020 onward, we will mandate the installation of **video monitoring** equipment in all areas critical to animal welfare (e.g. animal handling areas).



VEGAN premiere

Good news for meat lovers and vegans: Following the launch of the Big Vegan TS at the end of April 2019, guests in Germany can now also **enjoy burgers containing no animal products**. The new burger has been well received by the vegan community.

The main part of the burger is a patty made of soy and wheat. With the typical McDonald's look, taste and consistency, the patty is **also a great choice for meat lovers**.





7% of our beef originated from the BEST Beef program in 2018.

3,624 farmers participate in the BEST Beef program.

McDonald's Germany paid a BEST Beef bonus for around **31,500** cows in 2018.



BEST Beef 2.0

We have been working with our partners on our BEST Beef program for many years now, taking **important steps towards more sustainable beef production**. In 2018, we revised the terms of participation and launched the new BEST Beef 2.0 program.

Key changes focused on **improving animal health** while keeping the administration of medication to a minimum, extending the life span of cows, **reducing CO₂ emissions** and ensuring **animal-friendly husbandry practices**, for example by promoting modern loose housing and pasture grazing.

Our sustainability goals

By 2020, McDonald's will have laid the foundations for more sustainable global beef production. To this end, we have evolved our BEST Beef program in Germany.

Believe it or not:

ANIMAL WELFARE is **important** to us!



We do not process any pork from castrated piglets.

100% of our pork is QS certified.

No eggs from battery hens in all of our products.

Only free-range eggs are used in our breakfast products, dips and sauces.

100% non-GMO feed for all chicken products and breakfast eggs.

No chicken products treated with antibiotics defined by the World Health Organization (WHO) as Highest Priority Critically Important Antimicrobials (HPCIA) for human medicine.



128,182 tons of potatoes
71 % 29 % 0 %

40,837 tons of beef
93 % 7 % 0 %

34,127 tons of wheat flour
81 % 19 % 0 %

29,445 tons of milk
97 % 3 % 0 %

26,156 tons of chicken
29 % 69 % 2 %

24,763 tons of tomatoes
0 % 94 % 6 %

11,813 tons of lettuce
33 % 58 % 9 %

10,084 tons of onion
0 % 99 % 1 %

7,074 tons of cheese
41 % 56 % 3 %

4,268 tons of cucumber
93 % 7 % 0 %

1,945 tons of eggs
61 % 39 % 0 %

1,558 tons of coffee
0 % 0 % 100 %

1,068 tons of fish
0 % 18 % 82 %

3 %
from other countries

VOLUME AND ORIGIN of raw materials processed for us in 2018

37 %
from Europe

60 %
from Germany



100% of fish
from certified
sustainable
fisheries.



100% of seafood
from responsible
aquaculture.



100% of coffee
from certified
sustainable
plantations.



In 2018, **3,497 TONS**
OF FRUIT were
prepared for Happy
Meal products.


Always a good choice in
a Happy Meal: Fizzy apple
juice drink, milk and
packs of apple slices –
ALL ORGANIC.



Believe it or not:

We don't think that **sugar**
makes CHILDREN
SWEETER!

Kid's food has to be tasty and fun while still
containing all the nutrients youngsters need for
healthy growth. Our Happy Meals tick all the
boxes for our youngest guests, including healthy
alternatives such as our packs of organic apple
slices to help promote a balanced diet.



Our fruit purée is bursting with energy! It doesn't contain any additional sugar plus we've reduced the amount of natural fruit sugar too. It's also free of additional aromas, colorings or preservatives.

We are continuing to work on new ways to **REDUCE SUGAR.**

Our sustainability goals

In Germany, we have largely achieved our global goal of evolving our Happy Meals.

For example, none of our Happy Meals contain artificial colorings. We also provide information about all the ingredients in the products on our website. The nutritional values and allergens for every product are listed in the McDonald's app. We are currently focusing on incorporating this information into our digital ordering kiosks.



Believe it or not:

We'd rather **serve our food** on
a **SILVER PLATTER** too.

But unfortunately, we can't quite manage entirely without packaging (yet). However, we are working on making our packaging more environmentally friendly and eliminating it completely wherever possible. Sometimes, it's easier said than done. In some cases, we need packaging to comply with hygiene standards and to provide a fast, hassle-free service – which is what our guests expect and want.

The challenge for us lies in developing solutions that work in 1,500 restaurants serving two million guests a day. And we are fully committed to delivering on that goal.

“To go” coffee cups are a symbol of our throw-away society. We are working to **reduce disposable coffee cups** wherever possible. In our “experience of the future” restaurants, all hot drinks consumed in house are now only served in **glass and porcelain cups**. This **reduced** consumption of disposable paper cups **by around 30 million** in 2018. Almost all restaurants in Germany will have switched to this concept by the end of 2019.



We want to keep getting **BETTER** – by working **WITH YOU!**



Developing reusable solutions for “to go” drinks is more difficult. Back in 2016, we introduced the option of serving hot drinks **in guests’ own clean, reusable cups**. We offer a 10-cent discount for guests who use their own mugs. It is a great idea, but one that also proved rather challenging for us to implement as we had to ensure that we maintain our own stringent hygiene standards, for example.

Unfortunately our efforts in this area did not pay off for the environment. This concept resonated very strongly with the media, for example, but our guests rarely make use of this new opportunity. As a result, we are currently testing **a deposit scheme for coffee cups** in collaboration with the company **RECUP**. At the end of the day, we can only turn the niche solutions we develop today into the standards of tomorrow with the help of our guests.

A GOOD START. **But we’re not there yet.**



In July 2016, we introduced the SIGNATURE Collection in our “experience of the future” restaurants. This was the first time that we tried serving burgers on a **reusable tray** instead of in a paper box. It was a packaging-free solution that proved tricky to implement in our kitchens and – ironically – too popular among our guests. So many trays were taken from our restaurants that it became too expensive for us to continue serving our products in this way. We are not giving up, though, and will keep testing other ways to reduce packaging.



Diana Wicht is responsible for sustainability at McDonald's Germany. Here, she answers some of the questions we often get asked.



Reducing packaging is important to our guests.

Here are our answers to the most frequently asked questions:

Why do you serve products that are consumed in house in the same packaging as products to go?

A lot of the products we sell are eaten out of restaurant. When we prepare a burger or a portion of fries in our kitchens, we never specified in the past whether the products are going to be consumed in the restaurant or taken away. This makes our processes more efficient and faster. It ensures we provide a rapid service, which is what our guests expect from us. It's also what we expect from ourselves. But can we do all this with less packaging? Yes, I think we can. We are currently taking a critical look at all the packaging we use.

How come I can already get coffee served in a proper cup and a slice of cake on a proper plate?

The coffee and other hot drinks served in our "experience of the future" restaurants are prepared at one central location in the restaurant. This means that we can easily

integrate cups and glasses for in-house consumption into our processes. In our McCafé, we offer fewer products and these do not have to be prepared on demand. Cakes are a prime example here. In addition, the majority of these products are consumed in house. As a result, we started using plates here right from the start.

So why don't you just leave the plastic lid off drinks if they are going to be consumed in house?

At the moment, our kitchens use the lids on our drinks to identify the contents, for example Coke Zero. This ensures that every guest gets the drink they ordered. We are currently testing alternative solutions to significantly cut the amount of plastic in our packaging. This is not an easy process because any new packaging must be more environmentally friendly and meet the strict requirements of the foodservice sector. These include our standards governing the origins of raw materials, hygiene and functionality, and whether the new solution will be accepted by the approximately two million guests we serve every day.

BETTER 
STORE

Plastic-free FUTURE?

In June 2019, we decided to see what the future might hold ... reusable instead of disposable cups, grass fiber paper instead of burger boxes, ketchup served in an edible waffle cup ... In short: What would a McDonald's restaurant look like with less waste and plastic?



our roadmap for LESS PACKAGING WASTE AND PLASTIC



From 2021 onwards, a range of single-use plastic items including straws, cutlery and balloon holders will be banned in the EU. We are going one step further: In June 2019, we unveiled our roadmap for reducing packaging waste and plastic.

<< We will have eliminated plastic balloon holders **by the end of 2019** and will be serving portions of **four Chicken McNuggets in a paper bag** instead of a paper box – a first step towards reducing packaging waste.

<< We will follow up on this **in 2020** by modifying our packaging for desserts. We will no longer use plastic lids or plastic spoons for our McFlurry desserts. We will also introduce new packaging for our milkshakes and McSundaes with significantly less plastic. **This will enable us to save approximately 1,000 tons of plastic per year.**

We decided to carry out a ten-day live experiment called “Better M Store” in a specially modified McDonald’s restaurant in Berlin. Our main aim here was to stimulate dialog with our guests and stakeholders from politics and media. We wanted to find out how packaging alternatives resonate with guests, what already works well and where there is still room for improvement. Many guests, for example, thought that the wooden spoons we introduced in the “Better M Store” needed to be improved. We are working on this.

The feedback from our guests and employees has strengthened our commitment to continue our journey towards using less packaging.



A CUP TODAY, a report tomorrow?

Our cups are mainly made of paper sealed with a thin layer of plastic to make them watertight. **This makes them very difficult to recycle** using conventional processes. As a result, we've been collecting these cups separately in our restaurants since April 2019. They are then back-hauled by our logistics partner HAVI **for recycling**. We are currently testing different recycling options including paper towels. Perhaps one of our future corporate responsibility reports will be printed on recycled paper cups.

Believe it or not:

We put **waste** to
GOOD USE.

3,310 tons
of other waste



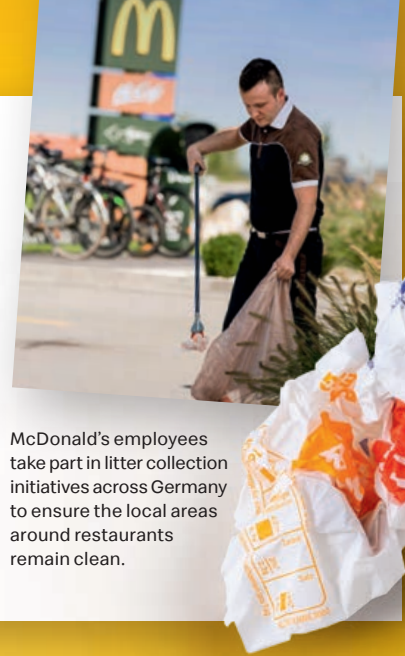
We will always produce a certain amount of organic waste such as coffee grounds and eggshells. However, **we are committed to minimizing avoidable food waste** – for example through packaging scaled precisely to meet actual demand. Food in over-sized packages can quickly go off. Or if packaging units are too small, this can produce unnecessary packaging waste. At the start of 2019, we launched **an initiative to analyze and reduce avoidable food waste** in our supply chain.

15,390 tons
of organic waste



Susanne Heppert (Runs three restaurants in Tübingen, Rottenburg and Ofterdingen):

“It is very important for us that the areas around the restaurants are kept clean. This is why we support litter collection initiatives in our communities. In Rottenburg, for example, we sponsor and provide equipment for litter collectors. Anti-littering is also a fundamental part of our day-to-day work. In Tübingen we have a dedicated employee who is tasked with picking up litter near the restaurant five days a week for three to four hours a day. We have been doing this for around ten years now. Our efforts here deliver real benefits – for the environment and for us as a business in our community.”



McDonald's employees take part in litter collection initiatives across Germany to ensure the local areas around restaurants remain clean.



13,200 tons
of used cooking oil



35,552 tons
of paper, cardboard,
carton



14,345 tons
of lightweight
packaging

100% of our virgin paper fiber is sourced from **PEFC-** or **FSC-certified forests.**

In 2018, we used 49,897 tons of PACKAGING.

Our employees carefully separate waste in our restaurants and feed it back into the appropriate materials cycle.



Believe it or not:

**CLIMATE
PROTECTION
GOALS** are
not just hot air for us.



McDonald's has become the first global restaurant company to set itself a science-based target to significantly reduce greenhouse gas emissions in restaurants and its supply chain.

This has been officially approved by the Science Based Targets initiative (SBTi), a collaboration between CDP, the United Nations Global Compact, the World Resources Institute and WWF.



Our sustainability goals

By 2030, McDonald's aims to reduce greenhouse gas emissions from all McDonald's restaurants and offices worldwide by 36% and greenhouse gas emissions per metric ton of food and packaging in our supply chain by 31%.

*from a 2015 base year

We have cut the ENERGY CONSUMPTION of an average restaurant by 14% since 2011.

In 2018, we consumed a total of 513,312 MWh of green energy.

We source 100% green energy, all from hydroelectric power.

In addition to introducing a new service and kitchen concept in our “**experience of the future**” restaurants, we have implemented numerous energy-saving measures.



The majority of the emissions we produce are generated in our supply chain, primarily from the production and processing of raw materials.

3 %
transport

5 %
restaurants and
administration

5 %
packaging and
toys

CLIMATE-FRIENDLY transport

HAVI delivers almost everything to our restaurants, from buns through salads to Happy Meal toys. In 2018 alone, HAVI's trucks drove over 13 million kilometers to supply us with products. More and more of these vehicles are using alternative fuels. Our logistics partner in Germany has set itself the goal of **converting 70% of its diesel trucks to gas-based models by 2021**, focusing in particular on **compressed natural gas (CNG) and liquefied natural gas (LNG)**. This should reduce total fuel consumption by between 15 and 40% per kilometer driven (depending on the route, fuel and traffic conditions).

By November 2018, just six months after the start of this initiative, HAVI already had 35 gas-fueled vehicles, making it **one of the largest gas-powered fleets in Germany**.



CARBON footprint

In 2018, our business activities in Germany generated **1.44 million tons of CO₂**.



We are working closely with our suppliers to achieve our global goal of reducing greenhouse gas emissions per metric ton of food and packaging in our supply chain by 31% by 2030.



87 %
agriculture and
food processing



Develey supplies us with sauces, dips and dressings. In 2008, the company set itself the goal of **switching all its sites to zero-carbon production processes by 2022**. Its headquarters in Unterhaching, near Munich, have been **climate neutral** since 2013. Develey achieved this by sourcing its heating energy and process heat from a geothermal source in Unterhaching and installing a central CO₂-based refrigeration unit with a heat recovery system.

BEST Beef

The majority of the greenhouse gas emissions produced in our supply chain are generated from raising cows, whose meat is then processed to make our burgers. In 2019, we are starting **a pilot project for reducing CO₂**. This initiative is part of our BEST Beef 2.0 program, which aims to promote a more sustainable approach to cattle farming. The BEST Beef program also aims to extend the life span of cows, which has a positive impact on the climate balance of milk and meat.



Believe it or not:

We are **big enough**
to make a
DIFFERENCE.

We are aware of our responsibility to the environment and society and are therefore improving structures and processes in the areas where we have the biggest influence.

In our sustainability strategy, we have defined clear priorities and measurable solutions – to ensure we have a positive impact on people and the environment.

Audited report

McDonald's Germany updates and publishes its sustainability data every year. This Corporate Responsibility Report – At a Glance features the key milestones and figures from 2018.

We also publish **a full corporate responsibility report** regularly, which is available at:
www.mcdonalds.de/nachhaltigkeit.

This report was prepared in line with the guidelines issued by the Global Reporting Initiative (GRI Standards). **Key indicators were audited by KPMG AG Wirtschaftsprüfungsgesellschaft.**

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





McDonald's

92 %
franchise restaurants

226
Franchisees
39 of whom are women

1,489
McDonald's
restaurants in Germany

61,230
employees

139
suppliers

In Germany, we welcome
2 MILLION
guests every day



Where **theory** meets **PRACTICE!**

On our annual **Ray Kroc Day**, all employees working in administration and management – **from trainees to members of the Board** – spend one day working in our restaurants. We do this for a very good reason.

Ray Kroc Day strengthens our **team spirit**. It helps employees working in administration and management understand the challenges of **everyday life in our restaurants** and gives them important insights into how processes and workflows function in the real world – for example, during table service and when advising guests at self-service kiosks. These hands-on insights also help us plan future projects.



1,468 trainees in three apprenticeship programs.

69 % of our trainees and students in the combined work/study program were offered jobs in 2018.

HAVING FAMILY CLOSE BY helps critically ill children

Critically ill children being treated in hospitals far from home need to have their parents and siblings close by. Ronald McDonald House Charities is committed to **supporting families in these challenging situations.**

There are **22 Ronald McDonald Houses** in Germany offering families a home away from home close to hospitals. They enable families to stay together in difficult times and provide young patients with the **company, comfort and reassurance** they need.



Together with our Franchisees, suppliers and guests, McDonald's Germany donated a total of **EUR 7.8 million** to Ronald McDonald House Charities in 2018 through fundraising activities such as the collection boxes in our restaurants.



Getting stronger together – for Rafael

Rafael started life too early. He weighed just 540 grams (just over one pound) when he was hurriedly brought into the world at 29 weeks. In the first two years of his life, Rafael had to undergo six major operations and spent months in hospital in Leipzig. His parents Katja and Tino and his three brothers were able to stay with him during these times.

They lived in a Ronald McDonald House and found support and comfort there. "We were welcomed with open arms every time and were able to make friends with other parents," they recall.

Looking at how Rafael charges around with his three brothers today, you would never think that he has already been through so much. He and his family overcame this difficult time together. Because being close to your family is vital in times like this.



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

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