



McDONALD'S GERMANY
CORPORATE RESPONSIBILITY
REPORT 2015

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FOREWORD BY HOLGER BEECK

GRI indicators: G4-1

DEAR LADIES AND GENTLEMEN, DEAR GUESTS,

I am delighted that you have picked up this report as it enables us, McDonald's Germany, to share some important information with you. As a large company with over 58,000 employees, we are deeply committed to open, honest communication. Our sustainability report is one way of expressing this.

Your opinions and needs are important to us. To ensure we meet your expectations even more effectively, we are gradually transitioning our restaurants to a new concept called "restaurant of the future". Here again, the focus is all about welcoming our guests and meeting their needs. For example, more and more people want to personalize their orders nowadays. So if you want to get rid of the pickles and have extra jalapeños and more meat, you can – thanks to "Mach deinen Mäc!" (*Make your Mac*), our new program that gives you the freedom to create your perfect burger.

Our restaurants of the future also offer digital games and digital ordering options. You can order your burger at one of our digital terminals, for example, or from a service employee with a tablet PC. Only then do we start making your products – ensuring that you get your food fresher than ever. And if you want a burger with extra meat, our gourmet burgers from THE SIGNATURE COLLECTION™ could be just what you're looking for. The beef we use here is sourced entirely from Germany.

We will have 220 restaurants of the future set up by the end of 2016. By 2019, the majority of our almost 1,500 restaurants will have transitioned to the new concept.

We are also aware that many of our guests – and other stakeholders – expect McDonald's to provide forward-looking answers to questions that go above and beyond our restaurant operations. Which is why, in



addition to our restaurant of the future concept, we are also looking to make our procurement activities fit for the future. To this end, we are promoting sustainable farming, conserving natural resources and encouraging a culture of fairness and responsibility across the company.

This brochure provides a brief look at how we are stepping up to our responsibilities as a company. You can find further information on our website at www.mcdonalds.de/verantwortung and on our sustainability blog "Change M" (www.change-m.de). I hope you enjoy finding out more about our company.

Best regards
Holger Beeck
Managing Director and President of
McDonald's Germany

FOREWORD BY DOMINIK NEISS

DEAR LADIES AND GENTLEMEN, DEAR GUESTS,

“Responsibility has many faces.” I can hardly think of a more fitting statement for McDonald’s Germany. At the beginning of the year, McDonald’s Germany launched 238 x Verantwortung (238 x Responsibility) – a campaign to showcase franchisees as ambassadors for the company. This initiative focused on one core topic: Trust.

The aim of this campaign was to show that McDonald’s Germany is not an anonymous conglomerate but a collection of responsible entrepreneurs who are always accessible to stakeholders. In short, we wanted to show that responsibility has a face.

However, for a company or brand to earn the trust of its stakeholders, it also has to deal effectively with the key issues of the day. We are committed to making a contribution to society. Our efforts here range from providing employment opportunities for over 900 refugees through strong support for the Ronald McDonald House Charities and the outstanding work they have been doing in Germany for nearly thirty years now to our targeted promotion of the most varied of projects in issues such as species-appropriate farming and animal welfare.

Through our business and our actions, we have many touchpoints with society. It was therefore particularly important for us this year to shine a light on the people who live, breathe and shape the McDonald’s Germany sustainability strategy every day at each of our almost 1,500 restaurants. The 238 franchisees show that responsibility and trust go hand in hand. Their commitment extends much further than ensuring a great experience for guests at our restaurants.



To truly live and breathe responsibility, we have to act conscientiously at every step of the value chain from crop cultivation and animal husbandry to reusing and recycling materials.

Above all else, our report shows that sustainability at McDonalds Germany is a team effort. I hope you enjoy reading about it.

Best regards,
Dominik Neiss
Speaker of the Franchisee Leadership Council (FLC)

A handwritten signature in black ink, appearing to read 'D. Neiss', with a long, sweeping underline.

ABOUT THIS REPORT

Reporting period and profile

GRI indicators: G4-22, G4-28, G4-29, G4-30, G4-31, G4-32, G4-33

The reporting period is the 2015 calendar year (January 1 through December 31, 2015). The deadline for submissions was June 30, 2016. Major developments that occurred up to the deadline for submissions were included in the report. McDonald's Germany updates and publishes its sustainability data every year. The last full corporate responsibility report was published in August 2014. In 2015, we published an update in October.

The report was prepared in accordance with the core option of the G4 guidelines published by the Global Reporting Initiative (GRI) (see GRI Index on page 57). As in previous years, the external auditing company KPMG AG Wirtschaftsprüfungsgesellschaft was engaged to perform an audit to provide limited assurance as per International Standard on Assurance Engagements (ISAE) 3000. The audit covered selected key performance indicators, which are highlighted accordingly in the report (see also assurance report on page 66). We are gradually expanding the scope of the audit every year.

As in the previous report, the content has been structured in line with the five pillars of the McDonald's global sustainability strategy. This report therefore focuses on presenting our management approach, activities, developments and indicators in relation to the material issues identified for McDonald's Germany. Detailed background information on sustainability management can be found online. This report and further information is available on our website at: www.mcdonalds.de/verantwortung.

In addition to this corporate responsibility report, we have also published the "McDonald's Germany Corporate Responsibility Report 2015 – At a Glance". This format is targeted primarily at our restaurant guests, which is the most important group of stakeholders with whom we engage. Printed versions of the condensed report are available on the info board in all McDonald's restaurants in Germany. This report focuses on important progress made in 2015 and includes updates to our key sustainability indicators.

All information in the report relates to the Main Service Center and the three Regional Service Centers in Germany as well as to the restaurants operated by McDonald's Germany and all restaurants in Germany run by franchisees. Any exceptions to this are specifically stated. In the interests of readability, we generally do not write out the full legal names of companies, associations and non-profit organizations. In cases where McDonald's Deutschland Inc. is referenced in the report, the corresponding information refers exclusively to company-owned restaurants and administration. Contact partners for any queries relating to the report and its contents are listed in the publishing details.

ABOUT THIS REPORT

Material topics and boundaries of the report

GRI indicators: G4-18, G4-19, G4-20, G4-21, G4-23

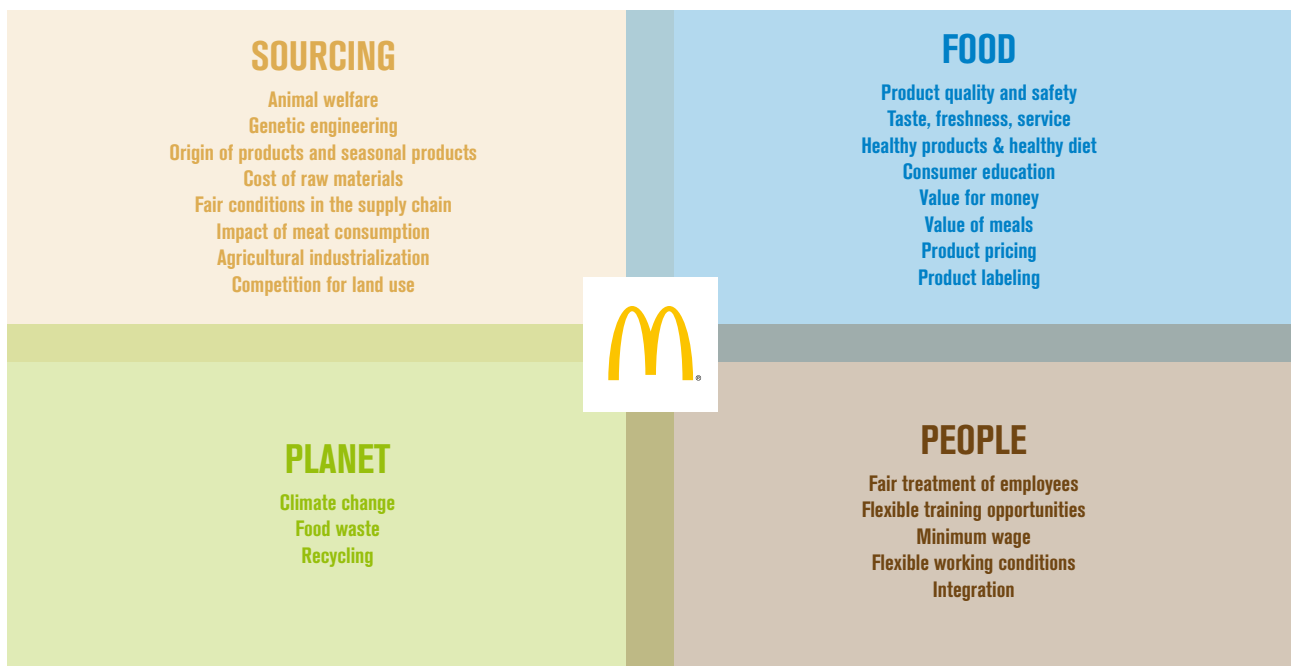
The sustainability issues covered in this report are based on the materiality analysis performed for the McDonald's Germany 2013 Corporate Responsibility Report. We prepared a broad spectrum of potential issues for this in collaboration with internal and external sustainability and communication experts. These were then mapped against the GRI's G4 guidelines, the G4 sector-specific disclosures for the food processing sector, the results of a meta-analysis of trends in nutrition carried out in collaboration with the Wuppertal Institute for Climate, Environment and Energy as well as the views, wishes and expectations regarding sustainability expressed by our most important stakeholder groups.

For this report, we reassessed and modified the 2013 materiality analysis to ensure it was still up-to-date and covered all areas. To this end, we analyzed the most important stakeholder surveys, monitoring tools, engagement groups, analyses and developments since January 1, 2015, to determine if key issues needed to be added, expanded, deleted or reweighted and, if so, which issues specifically. At the same time, we looked at the relationship between McDonald's Germany's business operations and the Sustainable Development Goals for the year 2030 (2030 SDGs) released by the United Nations in fall 2015. The *SDG Compass* links the aims of the 2030 SDGs with concrete sustainability indicators, including many GRI indicators. We used this compass to find out which SDG goals are impacted the most by our core business activities. The most relevant SDGs for McDonald's Germany are as follows:

- SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 12: Ensure sustainable consumption and production patterns

The evaluation revealed that all issues identified in the 2013 materiality analysis are still highly relevant to our stakeholders and our core business. We also identified and incorporated two new key issues: Integration (covered in the section People on page 45) and recycling (covered in the section Planet on page 35).

Materiality analysis for McDonald's Germany Issues that are highly relevant to our stakeholders and our core business



ABOUT THIS REPORT

We then assessed this updated range of topics again to ensure it aligns with the GRI aspects and the G4 sector-specific disclosures for the food processing sector. On the basis of this, the McDonald's Germany Sustainability Report 2015 covers eighteen GRI aspects. Boundaries were defined along the McDonald's Germany value chain. The selection, number and boundaries of the GRI aspects covered in the report are therefore align with those in the last report. The company's Executive Board was regularly informed about the process and its results.

List of material GRI aspects

GRI aspects	Material within the organization	Material outside of the organization
Economic performance	X	
Market presence	X	
Procurement practices		X
Materials	X	X
Energy	X	X
Emissions	X	X
Effluents and waste	X	X
Transport	X	X
Employment	X	
Labor / Management relations	X	
Training and education	X	
Diversity and equal opportunity	X	
Local communities	X	
Anti-corruption	X	X
Customer health and safety	X	X
Product and service labelling	X	
Marketing communications	X	
Animal welfare		X

Stakeholder engagement

GRI indicators: G4-24, G4-25, G4-26, G4-27

By means of interactive stakeholder dialog, surveys, monitoring and analyses, McDonald's Germany keeps up to date with the views, expectations and decisions of its stakeholders. We also consider the findings from bilateral discussions and set up and take part in industry and specialist events and conferences. During the period under review, we continued to engage extensively with our guests via our *www.frag.mcdonalds.de* platform. We also launched our McDonald's sustainability blog "ChangeM" in September 2015. The blog (*www.change-m.de*) is run by a cross-departmental team working together to help McDonald's Germany become more sustainable. In addition to the six core bloggers, guest bloggers from inside and outside of the company make regular contributions. The blog provides an interactive platform for anyone who wants to follow our journey, reflect critically on our performance, engage in discussions or simply find out more about what McDonald's Germany is doing and what we want to change.

By engaging actively with our stakeholders, we can find out more about their broad and varied expectations of McDonald's Germany and see how they perceive our performance. We can then channel this information into our strategic management decision-making. At the start of 2016, we carried out an extensive stakeholder analysis and used the results to identify the stakeholders that have a particular influence on material sustainability issues for McDonald's Germany together through the topics they concentrate on and represent. Our focus here was firmly on our guests, employees, franchisees and suppliers as well as NGOs, the media, unions, scientific institutions, politicians, authorities, industry associations and other market players in the to-go foodservice sector. National and international organizations have also taken a more prominent role here. The Sustainable Development Goals (2030 SDGs) set down by the UN in 2015 have more clearly outlined the role that the private sector has to play in achieving global sustainability goals and made the contribution and commitment required from this sector more binding. In future, the contribution a company makes towards achieving the 2030 SDGs will play a much bigger role in winning stakeholder trust and influencing perceptions around corporate social responsibility, thus eclipsing the quality of the company's own sustainability goals and success in achieving those goals.

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 though 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.

ABOUT McDONALD'S GERMANY

Organizational profile

GRI indicators: DMA economic performance, G4-3, G4-4, G4-5, G4-6, G4-7, G4-8, G4-9, G4-10, G4-13, G4-17, G4-EC1

McDonald's Deutschland Inc., Munich branch, manages one of the largest markets within the global McDonald's organization. The first McDonald's restaurant in Germany opened in the Giesing district of Munich on December 4, 1971. The number of food and drink items on offer grew from the original six to over 100 products in total. This includes products offered under the McCafé brand launched in 2003, as well as McDonald's breakfast items.

McDonald's Deutschland Inc. is a stock company as defined by the laws of the US state of Delaware. It is headquartered in Munich, where its Main Service Center is located. Three regional service centers are responsible for states in the northeast (Lower Saxony, Brandenburg, Mecklenburg-Western Pomerania, Saxony-Anhalt, Saxony, Schleswig-Holstein, Berlin, Hamburg and Bremen), the west (North Rhine-Westphalia, Hesse, Rhineland-Palatinate and Saarland) and the south (Bavaria, Baden-Württemberg and Thuringia) of Germany.

At the close of fiscal 2015, there were 1,478 McDonald's restaurants of different sizes and in different locations throughout Germany. 1,289 of these (approximately 87 percent) were run by 238 franchisees. In 2015, a total of ten new restaurants were opened and nine closed. 859 restaurants have a McCafé. 1,047 restaurants have a children's play area (known as a Playland) either inside and/or outside.

Development of restaurants in Germany Company-owned and franchisee restaurants

	2011	2012	2013	2014	2015
Number of restaurants	1,415	1,440	1,468	1,477	1,478
Number of McCafés	783	817	847	862	859

In total, McDonald's Germany and its franchisees employed around 58,000 people in Germany during fiscal 2015. McDonald's Germany achieved net revenue for the year of EUR 3.1 billion. There were no significant changes to the size, organization or ownership structure of McDonald's Germany during the reporting period.

McDonald's has over 36,000 restaurants in more than 100 countries worldwide. The current annual report¹ 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. The "Investors" section of the McDonald's global website contains an overview of financial data².

¹ Go to: www.aboutmcdonalds.com/content/mcd/investors/financial-information/annual-report.html

² Go to: www.aboutmcdonalds.com/content/mcd/investors.html

Corporate governance

GRI indicators: G4-34 & G4-LA12

As a subsidiary of a parent company listed in the US, McDonald's Deutschland Inc. is subject to the terms of the Sarbanes-Oxley Act. The Executive Board of McDonald's Deutschland Inc. has nine members: Holger Beeck (Managing Director and President), Marcus Almeling (Vice President), Pauline Coughlan, Gabriele Fanta, Michael A. Flores, Douglas M. Goare, Malcom W. Hicks, Karen A. Matusinec and Wilhelm Palm. McDonald's Deutschland Inc., Munich branch, has four Executive Board members based in Munich – the information in the following sections refers to these members.

Holger Beeck is Managing Director and President of McDonald's Germany. Marcus Almeling is Vice President and Chief Financial Officer. Gabriele Fanta took over the role of Executive Board member responsible for HR on April 1, 2016. She replaces Wolfgang Goebel, who stepped down from the position at the end of March 2016 at his own request. Wilhelm Palm is the member of the Executive Board responsible for regions and operations.

Different committees are responsible for communication and strategic collaboration between the management of McDonald's Germany and franchisees in Germany. Franchisees are represented by the Franchisee Leadership Council (FLC), comprising twelve members. Six new members (half of the council) are reappointed each year. One of the FLC members is appointed spokesperson for the FLC in line with the council statutes. This position is held for a period of one year. Six other franchisee representatives sit on the FLC, acting 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 actively represent the interests of franchisees in order to 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. During the period under review, Bernd Oude Hengel was speaker of the FLC until the end of October 2015. Dominik Neiss took over the position on November 1, 2015. The FLC was regularly kept up to date on sustainability issues. The leadership team (LST) supports the work of the Executive Board and the FLC. The LST includes the directors of all departments.

Composition of governance bodies of McDonald's Germany in 2015 ^{ASSURED}

	Executive Board ³	Franchisee Leadership Council (FLC)	Leadership Team (LST)
Men	100%	73%	85%
Women	0%	27%	15%
Under 30	0%	0%	0%
30-50	25%	47%	90%
Over 50	75%	53%	10%
German national	100%	87%	90%
EU national	0%	13%	5%
Outside EU	0%	0%	5%

For organizational purposes, sustainability at McDonald's Germany falls under the responsibility of the Corporate Responsibility & Environment department. This department reports directly to the Vice President and Chief Finance Officer of McDonald's Germany, Marcus Almeling.

³ These figures refer to the members of the Executive Board based at McDonald's Deutschland Inc., Munich branch.

McDonald's Corporation – Board of Directors, committees, bodies

GRI indicators: G4-14 & G4-34

The management team of McDonald's Corporation, headquartered in Oak Brook, Illinois (US), comprises a total of 15 members.⁴ The Board of Directors is also based in Oak Brook and comprises 13 members.⁵ All members of the management team and Board of Directors follow the Code of Conduct for the Board of Directors.⁶ The Board of Directors forms six committees: the Audit Committee, the Compensation Committee, the Governance Committee, the Executive Committee, the Finance Committee, and the Sustainability and Corporate Responsibility Committee. The Sustainability and Corporate Responsibility Committee is a standing committee of the Board of Directors. 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 and sustainability issues. The Sustainability and Corporate Responsibility Committee examines and monitors social, political, economic and environmental risks and trends that could significantly influence McDonald's business operations and performance.⁷

Investor relations

Shareholders have the opportunity to put questions to company management and the Board of Directors and to approve proposals at the Annual General Meeting (AGM). In 2015, the AGM for the McDonald's Corporation took place on May 21 at the company headquarters in Oak Brook, Illinois, US. For more information about investor relations, please visit the global website.⁸

Values and guidelines

GRI indicators: G4-56

McDonald's core values provide a solid framework for the entire company. They:

- place the customer experience at the core of all we do
- are committed to our people
- believe in the McDonald's System⁹
- operate our business ethically
- give back to our communities
- grow our business profitably
- strive continually to improve

These values form the basis for McDonald's global Standards of Business Conduct, which were introduced more than 40 years ago and are continually adapted and modified to reflect changing business dynamics. The last update was in September 2015. The Standards of Business Conduct apply to all McDonald's Corporation employees worldwide. They lay the foundation for all other codes of conduct and management guidelines and are available on the global website in over 40 languages¹⁰. All codes of conduct and guidelines issued by the McDonald's Corporation can be found on the global website in the Corporate Governance section under Governance Principles, Policies & Guidelines¹¹ and Codes of Conduct¹².

Our mission statement for sustainable development at McDonald's Germany can be found in the "Nachhaltigkeit" (Sustainability) section on our German website under "Mission & Werte" (Mission and values)¹³.

⁴ Go to: www.aboutmcdonalds.com/content/mcd/our_company/leadership.html

⁵ Go to: www.aboutmcdonalds.com/content/mcd/investors/corporate-governance/board-of-directors.html

⁶ Go to: www.aboutmcdonalds.com/content/dam/AboutMcDonalds/Investors/Investor%202014/CODE_OF_CONDUCT_FOR_DIRECTORS_SEPTEMBER_18_2014.pdf

⁷ Go to: www.aboutmcdonalds.com/content/mcd/investors/corporate-governance/board-committees-charters.html

⁸ Go to: www.aboutmcdonalds.com/content/mcd/investors.html

⁹ The McDonald's system is often described as a three-legged stool comprising franchisees, suppliers and the company.

¹⁰ Go to: www.aboutmcdonalds.com/mcd/investors/corporate-governance/codes-of-conduct/standards_of_business_conduct.html

¹¹ Go to: www.aboutmcdonalds.com/mcd/investors/corporate-governance/governance-principles-policies-and-guidelines.html

¹² Go to: www.aboutmcdonalds.com/mcd/investors/corporate-governance/codes-of-conduct.html

¹³ Go to: www.mcdonalds.de/uber-uns/mission-werte

Compliance

GRI indicators: DMA Anti-corruption, G4-56 & G4-S04

McDonald's Germany has expanded the global Standards of Business Conduct to include guidelines specifically for Germany. All office staff and restaurant managers employed by McDonald's Germany have to confirm compliance with both sets of guidelines when they begin working for McDonald's and once a year for the duration of their employment. The German guidelines on business practices outline a variety of clear and concise 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. Head of Compliance, Ulrich Bissinger, bore overall responsibility for compliance during the period under review. As of January 1, 2016, Mr. Marcus Lettschulte, General Counsel and Director Legal, is also responsible for compliance at McDonald's Germany.

The global anti-corruption guidelines are available to all office staff and restaurant managers in German on the intranet. In 2014, all office staff completed two mandatory anti-corruption training courses. In 2015, another mandatory course was held on the subject of data protection and another on working with agents and intermediaries. In addition to this, we provide a range of short online courses each year. Office staff are also required to confirm compliance with the basic anti-bribery guidelines once a year.

In signing the Supplier Code of Conduct, McDonald's business partners agree to uphold our compliance regulations and the Standards of Business Conduct.

Memberships and external obligations

GRI indicators: G4-15 & G4-16

Overview of key memberships McDonald's Germany

American Chamber of Commerce in Germany

Confederation of German Employer Organizations (BDA)

German Federal Association of the Foodservice Sector (BdS)

German Association for Food Law and Food Science (BLL)

German Franchising Association (DFV)

German Brands Association (Markenverband)

Global Reporting Initiative Gold Community

Pro-S-Pack (working group for service packaging)

German Advertising Association (ZAW)

Centre for Protection against Unfair Competition
(Wettbewerbszentrale)

Overview of key external obligations McDonald's Germany

Charta der Vielfalt (Diversity Charter)	Since March 2007
Clinton Global Initiative	Since September 2013
EU Pledge	Since January 2012
Soy Moratorium	Since July 2006
WWF Global Forest & Trade Network	Since October 2014

Strategy and Management

Our sustainability management activities focus on the key steps of our value chain and help ensure that our core business is positioned to meet future challenges. Our aim is to systematically and prominently anchor a sense of environmental and social responsibility at every step of our value chain.

McDonald's global sustainability strategy frames the sustainability agenda and efforts of our company. The CSR & Sustainability Framework was developed with the input of internal and external stakeholders and approved by the senior leadership team and the Sustainability and Corporate Responsibility Committee of the McDonald's Board of Directors. It defines five main pillars – Food, Sourcing, Planet, People and Community – on which McDonald's is building its mission to create shared value for our business and society all around the world. For each of these pillars, McDonald's has developed a vision. In addition, the company has defined concrete goals for the Food, Sourcing and Planet pillars for the year 2020.

This report is structured in line with the five pillars of the global sustainability strategy. The individual sections detail the ways in which McDonald's Germany is contributing to the global goals for each pillar.



We have drawn up a plan-to-win strategy for the German market, which outlines our overarching strategic goals together with the corresponding measures required to achieve them. These are defined for the five areas of price/profit, product, promotion, place and people by strategy groups comprising representatives from McDonald's Germany and our franchisees. The different groups convene in plan-to-win meetings, where their individual goals are aligned to create an overarching strategic framework.

In 2015, McDonald's Germany established the Trust and Innovation Bank (TIB) to complement the plan-to-win strategy. The TIB primarily focuses on the many facets of brand trust, looking in particular at how this will evolve moving forward. The top topics for TIB are thus innovation, ecology and social responsibility. The TIB brings together representatives from the departments driving these issues and implementing them in a responsible manner. TIB results are presented at the plan-to-win meetings.

McDonald's Germany uses a five-year planning horizon for its sustainability strategy. The individual goals used to benchmark environmental and social sustainability progress were thus summarized in a roadmap under "Agenda 2021" during the period under review.

¹⁴ Top 9 markets: Australia, Brazil, Canada, China, France, Germany, Japan, United Kingdom, United States

SOURCING

OUR SUPPLIERS

QUALITY, SUSTAINABILITY
AND BRAND TRUST
GO HAND IN HAND

QUALITY, SUSTAINABILITY AND BRAND TRUST GO HAND IN HAND

Material aspects and management approach

GRI indicators: DMA procurement, materials, animal welfare

→ Challenges accompanying the shift in eating habits

Each generation poses different questions to the society in which it lives. High per-capita meat consumption, for example, is an increasingly controversial topic in Germany in particular. Producing meat is a resource-intensive process. For example, it takes significantly more natural resources such as water and land to produce one kilo of meat than it does to produce one kilo of vegetables. At the same time, awareness of animal welfare has increased dramatically in recent years and people expect much more to be done to protect animals. Conventional livestock breeding methods are coming under increasing attack due to ethical concerns. In addition, more and more Germans want to know what impact new technologies – such as genetically modified organisms – will have on people and the environment.

→ Rising cost of raw materials

The world's growing population and rising levels of prosperity in Asia in particular are driving global demand for consumer goods, but also for agricultural raw materials. To add to the pressure, crop plants are now increasingly being used as an energy source (food or fuel) or as animal feed (food or feed). Greater competition for land use, in combination with the global rise in demand, has resulted in higher prices for agricultural raw materials.¹ Furthermore, the agricultural sector is increasingly being challenged by the effects of climate change, which include more frequent periods of drought and flooding.

→ Supply chain innovation and responsibility

Against the backdrop of these challenges, it is vital that McDonald's Germany proactively looks for, tests and promotes new forms of sustainable agriculture. At all times, we focus here on finding solutions that will work in the mass market. Every day, we set ourselves the challenge of making conventional structures in food production and processing more sustainable, while balancing both economic and social interests.

→ Close collaboration at every step of the McDonald's quality chain

Now more than ever, we need to forge close relationships with our suppliers, especially with a view to driving innovation. The McDonald's brand is built on a complex supply chain comprising local, national and international direct and indirect suppliers. We foster long-term business relationships with many of our partners, and every collaboration is inspired by a sense of partnership and a joint commitment to outstanding quality and continual improvement. We can only implement successful, forward-looking changes if we work closely with all partners involved in the value chain. To this end, we established a permanent working group with our largest food and non-food suppliers to address sustainability issues (see page 18).

¹ Results of the "Sustainable McDonald's Germany" research project by Wuppertal Institute for Climate, Environment and Energy. Report from 2013. Unpublished.

→ Supporting German agriculture

Measured as a percentage of purchased volume, we source around three quarters of all raw materials from Germany. Despite fluctuating raw material prices and declining numbers of agricultural holdings in Germany, it makes sense for us to maintain this ratio both in economic terms and with regards to securing product availability. Keeping our procurement structures as local as possible also contributes to a steady stream of fresh ingredients and reduces the distances goods are transported. It is also easier for us to drive changes towards more sustainable growing and breeding methods within these kinds of procurement structures. It goes without saying that the origin of our raw materials is also an important issue for many of our guests.

For the remaining materials that we cannot source from Germany or Europe, we rely on established quality labels to ensure they comply with key ecological and social standards (see page 24).

→ Implementing and evolving sustainability standards

McDonald's Agricultural Assurance Program (MAAP) anchors the three Es (ethics, environment and economics) into our agricultural supply chain in our European markets. This program allows McDonald's to systematically benchmark existing standards and programs that apply to agricultural products against reference standards. The aim is to secure the quality, safety and sustainable production of raw materials, and to continually improve in this area.

We work closely with scientific and research communities and our suppliers in order to continually develop these standards and meet changing social expectations and environmental challenges. Within the framework of our BEST Beef and Chicken programs, we are exploring the effectiveness and viability of more sustainable livestock breeding methods (see page 21 and 24).

→ Sustainability management with clear rules and controls

The Supplier Code of Conduct issued by McDonald's Corporation and the Supplier Workplace Accountability (SWA) program are the mandatory cornerstones of every relationship that McDonald's builds with direct suppliers. Both programs are valid worldwide and apply to all suppliers² of food and non-food products, including packaging, cutlery, toys or crew uniforms. Suppliers have to accept the Supplier Code of Conduct and join the SWA program in order to enter into and maintain a business relationship with McDonald's.

The 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. Suppliers are obliged to appoint a compliance officer responsible for continuously monitoring these standards within their own company and among subcontractors. Every year, suppliers must confirm their compliance with the Supplier Code of Conduct. Each supplier has to complete a self-disclosure form once a year as part of the SWA program. Regular on-site audits are also carried out at different intervals depending on the supplier. McDonald's reserves the right to run spot checks.

Serious violations of the Supplier Code of Conduct can lead to the immediate termination of the business relationship between McDonald's and the supplier in question. Direct suppliers are obliged under the terms of the Code and the SWA program to ensure that their subcontractors also comply with the applicable standards. McDonald's now also checks the contractors engaged by our suppliers as part of the SWA audits. We have been doing this since the start of 2014 to ensure that uniform labor standards, including fair pay and occupational safety, are hardwired throughout our supply chain.

² Participation in the SWA program is obligatory for all suppliers who transact more than USD 50,000 a year with McDonald's.

Sourcing: Facts and figures 2015

Our suppliers

GRI indicators: G4-EC9, G4-12

In 2015, we sourced a total of 971 different food and packaging products from 126 different suppliers. Around 75 percent of our entire procurement volume was manufactured in Germany in 2015. McDonald's fosters long-term business relationships inspired by a strong sense of partnership. We have been working with 37 suppliers for more than twenty years now, including many well-known brand manufacturers in Germany such as Develey, Bonduelle, Lieken and Hochland. In 2016, we launched a campaign aimed at making our strict supply chain quality standards more transparent for our guests. Under the banner of "Die McDonald's Qualitätskette" (The McDonald's Quality Chain), we are showcasing our key suppliers and the work they do for McDonald's. We kicked off the initiative with our cheese supplier Hochland, our coffee supplier Segafredo and our bun supplier Lieken. *More at: www.mcdonalds.de/produkte/unsere-zutaten*

For many of our suppliers, sustainability has been firmly anchored in their corporate strategies and day-to-day operations for years now. Click on the links in the following table to find out more.

Our ten largest suppliers (according to revenue supplied) 2015

1. OSI Food Solutions Germany (Burger patties & chicken nuggets)	→ More on sustainability at: www.osigroup.com > Sustainability
2. Develey Senf & Feinkost (Sauces and pickles)	→ More on sustainability at: www.develey.de > Wir von Develey / Nachhaltigkeit
3. Coca-Cola Erfrischungsgetränke (Soft drinks)	→ More on sustainability at: www.coca-cola-deutschland.de > Unternehmen / Nachhaltigkeit
4. Agrarfrost (French Fries)	→ More on sustainability at: www.agrarfrost.de > Nachhaltigkeit
5. Aryzta (Buns)	→ More on sustainability at: www.aryzta.com > Our Responsibilities
6. Seda Germany (Product packaging)	→ More on sustainability at: www.seda-germany.de > Umwelt
7. Danpo (Chicken)	→ More on sustainability at: www.danpo.dk > Animal Welfare
8. Hochland (Cheese)	→ More on sustainability at: www.hochland-group.com > Verantwortung
9. Lieken Brot- und Backwaren (Buns)	→ More on sustainability at: www.lieken.de > Nachhaltigkeit
9. Walter Rau Lebensmittelwerke (Frying oil)	→ More on sustainability at: www.walterrauag.de > Unternehmen / Nachhaltigkeit

→ Sustainability working group established with key suppliers

The majority of the resources consumed during the course of our operations stems from the agricultural production of our raw materials. Back in 2013, we created a sustainability forum with our largest food and non-food suppliers. Our aim here was to start a continuous improvement process to make the production and processing of our raw materials more sustainable.

In September 2015, we turned this forum into a permanent sustainability working group. The group is affiliated with the McDonald's Germany Supplier Council, a successful platform comprising our most important suppliers, which was formed many years ago to work on optimizing selected processes. The sustainability working group has met twice to date. During this time, it has defined shared goals and – based on this information – outlined projects, which will now be implemented.

SOURCING - OUR SUPPLIERS

Origin of our raw materials

GRI indicators: G4-EN1, G4-FP9

Sixty-three percent of the raw foodstuffs we procured for our products in 2015 were sourced from Germany (based on volume). Most of the remaining materials originated from European countries. Only around five percent came from countries outside of Europe. We expect all products to meet the same strict quality standards regardless of origin.

Based on volume, potatoes are the largest raw materials group. In 2015, around 114,000 tons of potatoes were prepared for McDonald's Germany. 73 percent originated from Germany, primarily from Lower Saxony and Saxony-Anhalt. The remaining 27 percent were sourced from the Netherlands, Belgium and France. Our potatoes are grown under contract as we only use certain varieties for our French fries.

Origin of raw materials used in 2015 in percent ^{ASSURED}

Raw materials	From Germany	From the EU (excl. Germany)	From the rest of the world
Potatoes	73%	27%	0%
Beef	96%	4%	0%
Wheat flour (for making products)	86%	13%	1%
Milk (incl. milk for shakes and sundaes)	94%	6%	0%
Chicken	23%	67%	10%
Tomatoes (incl. tomatoes for ketchup and sauces)	0%	92%	8%
Rapeseed and sunflower oil (for fryers)	29%	54%	17%
Onions	3%	84%	13%
Lettuce	36%	64%	0%
Sugar	43%	56%	1%
Cheese (incl. processed cheese slices)	40%	48%	12%
Cucumbers	95%	5%	0%
Pork	85%	15%	0%
Apples	2%	83%	15%
Oranges	0%	0%	100%
Eggs	100%	0%	0%
Coffee	0%	0%	100%
Fish	0%	43%	57%
Bananas	0%	0%	100%
Cherries	0%	74%	26%
Strawberries	54%	19%	27%
Shrimps	0%	0%	100%
Bell peppers	0%	100%	0%
Quinoa	0%	0%	100%
Blackberries	0%	0%	100%
Total	63%	32%	5%

SOURCING - OUR SUPPLIERS

Volume of raw materials used in 2015 in tons ^{ASSURED} 

Potatoes	113,565
Beef	37,476
Wheat flour (for making products)	31,946
Milk (incl. milk for shakes and sundaes)	27,617
Chicken	21,521
Tomatoes (incl. tomatoes for ketchup and sauces)	17,816
Rapeseed and sunflower oil (for fryers)	17,183
Onions	10,910
Lettuce	10,386
Sugar	8,395
Cheese (incl. processed cheese slices)	6,014
Cucumbers	5,426
Pork	5,016
Apples	3,424
Oranges	2,885
Eggs	1,785
Coffee	1,359
Fish	1,014
Bananas	464
Cherries	376
Strawberries	317
Shrimps	165
Bell peppers	155
Quinoa	40
Blackberries	6
TOTAL	325,261

→ Seasonal procurement of lettuce and tomatoes

Raw foods such as lettuce and tomatoes cannot be stored for long periods of time and only grow in greenhouses in winter. We therefore have to source these products from different agricultural geographies depending on the time of year and weather conditions.

McDonald's Germany only uses lettuce that is grown outside in fields, which is why we buy from regions that have the best growing conditions in different seasons. In 2015, we purchased around 10,000 tons of lettuce. 36 percent was sourced from Germany and 64 percent from other European countries. All lettuce is grown for us under contract. In summer, it only takes up to two days to transport lettuce from field to restaurant. In winter, we source lettuce from Southern Europe. Due to the longer distance the goods are transported, it can take up to five days for lettuce to reach our restaurants.

92 percent of the tomatoes we process are sourced from Europe. The remaining 8 percent came from Morocco, Tunisia and the US. We use suppliers from outside of Europe in the winter months (from the beginning of November to the end of April).

SOURCING - OUR SUPPLIERS

Beef

GRI indicators: DMA Animal Welfare, G4-FP2, G4-FP5, G4-FP9, G4-FP10, G4-FP11, G4-FP12, G4-FP13, G4-EN1

In 2015, 96 percent of the beef we processed came from approximately 73,000 farms in Bavaria, Baden-Württemberg, Rhineland-Palatinate, Schleswig-Holstein and North Rhine-Westphalia. The remaining four percent came from the Netherlands, Denmark, Poland and Austria.

→ Meat from dairy cattle

In 2015, we sourced around 70 percent of our beef from dairy cattle, 25 percent from young bulls and five percent from heifers. Sourcing the majority of our beef from dairy cattle means that the environmental footprint is distributed between milk, calving and meat. Whereas beef cattle are reared exclusively for meat production and slaughtered after 18 to 24 months, dairy cattle produce milk for around four to five years before slaughter. In order to produce milk, a cow must give birth to a calf.

Dairy cattle are mainly fed grass, hay and silage. This diet is supplemented with nutrient and protein-rich plant-based fodder such as pelleted feed. As with humans, water is the most important nutrient for cattle. Loose housing is considered the best option for housing dairy cattle in Germany as they can move freely and have access to lying, feeding and drinking areas at all times.

→ BEST Beef program

McDonald's Germany has been running the Program for Excellence, Safety and Transparency in Cattle Breeding (BEST Beef) since 2010. The aim of the initiative is to help McDonald's maintain a high percentage of beef sourced from Germany and to promote a more sustainable approach to cattle farming in Germany. McDonald's Germany has been collaborating with partners from the agriculture and meat processing sectors and the scientific community to develop a practical bonus program that rewards sound agricultural practices and improvements in animal welfare and health. The program strengthens the agricultural sector in Germany by providing farmers with a guaranteed buyer. McDonald's benefits from a more secure supply of beef reared in Germany.

BEST Beef comprises three modules. Farmers that meet the criteria of all modules receive a bonus of EUR 0.09 per kilogram of slaughtered meat. The bonus prices are individually listed in invoices, providing farmers with a transparent breakdown. *More at: www.best-programm.de*

BEST Beef modules

Module	Requirement	Bonus per kilogram of slaughtered weight
Module 1: Husbandry (implementation since October 2012)	<ul style="list-style-type: none"> ▪ Loose housing or ▪ Stanchion barns with at least three months on pasture 	0.03 €
Module 2: Feed (implementation since August 2012)	<ul style="list-style-type: none"> ▪ The feed ration per cow comprises at least 60 percent dry roughage and at least 17 percent dry crude fiber ▪ Percentages must be documented 	0.03 €
Module 3: Management (implementation since April 2012)	<ul style="list-style-type: none"> ▪ Lifecycle: The lifecycle of individual animals is documented. The lifecycle must be at least 40 months. The lifecycle is the age at which the cow is slaughtered minus the age at which it has its first calf ▪ Hygiene: Protective clothing is available for visitors from outside the farm (e.g. vets) to ensure a hygienic environment. 	0.02 €
	<ul style="list-style-type: none"> ▪ If these two lifecycle and hygiene criteria are met, the farm can receive an additional bonus for having a separate calving box 	0.01 €

SOURCING - OUR SUPPLIERS

In order to join the program, farmers must first be certified to or recognized by the QS test and inspection system³. In 2016, we started to check compliance with BEST Beef modules within the framework of the QS audits regularly performed at farms. McDonald's Germany bears the costs for these tests.

The BEST Beef program is still in the pilot phase. Since the pilot phase started in October 2012, BEST Beef bonus payments have been made for approximately 39,685 cows.

Five farming cooperatives and four abattoirs are currently participating (see following table). In 2015, a total of 2,189 agricultural holdings were involved in the program. BEST Beef payments were made to the farmers for 17,692 cattle. In 2015, meat certified under the BEST Beef program accounted for around four percent of all beef processed for McDonald's Germany

BEST Beef pilot phase

Abattoir	Farming cooperative	Participating since
Alpenrind Traunstein	Schlachtvieh w.V. Traunstein (Traunstein) cooperative	October 2012
	Schlachtvieh w.V. Miesbach (Miesbach) cooperative	October 2012
Vion Buchlohe (Moksel)	Schlachtvieh Allgäu w.V. (Kaufbeuren) cooperative	June 2013
Bayreuther Fleisch (Müllerfleisch)	NVG Botex (Stuttgart)	August 2013
Jade Schlachthof Wilhelmshafen (Tönnies)	Masterrind	June 2014

We are currently looking at ways of expanding the BEST Beef program and are holding talks with dairies and the retail sector. We are also evaluating feedback from participating farmers to factor in their needs wherever possible.

³QS is a quality assurance system that covers all stages and companies involved in the production, processing and marketing of foodstuffs. The system was originally created for meat and meat products in 2001 but was expanded to include fruit, vegetables and potatoes in 2004. www.q-s.de

CHICKEN

GRI indicators: DMA Animal Welfare G4-FP2, G4-FP9, G4-FP10, G4-FP11, G4-FP12, G4-FP13

In 2015, around 22,000 tons of chicken meat was processed for McDonald's Germany. 23 percent of this was sourced from Germany, primarily from the state of Lower Saxony. 67 percent originated from other European countries and 10 percent from Brazil. Regardless of source, our chicken meat always complies with the same high quality standards.

→ Breeding and feed

Our suppliers source their chicken meat from farms that use conventional breeding methods. McDonald's has developed additional breeding standards that go above and beyond legal requirements:

- **Obligatory establishment and implementation of a recognized farming standard:** All breeding farms are checked by an external auditor to ensure compliance with at least one internationally recognized standard, for example Global GAP⁴, QS or IKB.⁵
- Heat treatment of feed to increase biosafety and 100-percent vegetarian feed.
- Maximum stocking density in intensive farms of 38 kg/m² (EU regulation: 42 kg/m², Germany: 39 kg/m²).
- Special requirements governing the collection, monitoring and ongoing improvement of key animal health and welfare indicators such as footpad lesions, heel dermatitis and hematomas.
- Special requirements regarding the collection, monitoring and ongoing reduction of antibiotic use. McDonald's has been monitoring the use of antibiotics in its poultry supply chain in Europe since 2001. Between 2012 and 2015, we were able to reduce the amounts of antibiotics given to all broilers by around 15 percent (based on mg/kg of live weight). In 2015, we also started to gradually reduce the use of antibiotics with "critically important antimicrobials" as defined by the World Health Organization (WHO) at our poultry suppliers across Europe. According to the WHO, "critically important antimicrobials" are antimicrobial agents in antibiotics that are used to treat specific, serious infections and diseases in humans.

The animals in certified intensive poultry farms usually have straw bedding and access to feed and water at all times. Wheat, corn, pelleted soy extract and protein-rich plants such as rapeseed are the main sources of feed for the chickens here. These mixtures are enriched with micronutrients such as minerals, vitamins and amino acids.

Feed from genetically modified organisms is no longer used by the suppliers we source our chicken from. In 2014, McDonald's permitted the use of genetically modified feed for chickens for a short period. At the time, our suppliers informed us that they could not guarantee sufficient amounts of non genetically modified feed at economically viable prices. Based on the emotionally charged reaction to permitting gene-modified soy as part of the feed for intensively reared chickens, we learnt that we have to listen more carefully here and react appropriately. As a result, we returned to the exclusive use of non gene-modified soy by the end of 2015.

→ Supporting the Soy Moratorium

McDonald's is a supporter of the Soy Moratorium together with other leading companies in the food and drinks industry as well as environmental organizations such as Greenpeace. The Soy Moratorium was introduced in 2006 to protect the Amazon rainforest in Brazil. Under the terms of the moratorium, supporters are prohibited from purchasing or trading any soy grown in the Amazon on land deforested after 2008. The successful collaboration between society, industry and the Brazilian government led to a significant drop in deforestation. The Soy Moratorium was extended indefinitely in May 2016. The agreement will remain in place until destruction of the Amazonian rainforest has been generally halted.

More (in German) at: www.greenpeace.de/themen/waelder/fristlos-geschuetzt

⁴GAP stands for Good Agricultural Practice. Global GAP is the global standard that ensures these practices are upheld. www.globalgap.org/de/

⁵IKB is the quality control system uniformly applied in the Dutch meat sector. It stands for Integrale Ketten Beheersing, or integrated chain control. IKB guarantees traceability and quality throughout the entire Dutch poultry value chain. Today, companies in the European and American poultry sector also adhere to these guidelines. www.gefluegel-info.de/ikb/ (in German)

→ BEST Chicken program

McDonald's Germany has been working with selected agricultural holdings on its BEST Chicken program since 2013. The initiative is geared towards improving conditions for rearing chickens. The program is also supported by scientists from the Department of Animal Welfare, Animal Behavior, Animal Hygiene and Animal Husbandry at Ludwig-Maximilians-Universität in Munich, Germany. During the first module from April 2014 to April 2015, we looked at the impact of a lower stocking density and a more varied stall environment (bales of straw, pick-stones and perches) on the welfare and behavior of the animals.

In March 2016, we started a second module encompassing feed trials. Our aim here is to test whether pelleted soy feed can be replaced with regional protein-rich feed such as peas, broad beans and rapeseed meal. This trial is supported by the Bavarian Ministry for Food, Agriculture and Forestry.

→ Eggs

McDonald's Germany exclusively uses free-range chicken eggs for its breakfast menu and has done so since 1999. In 2015, we sourced a total of 32,581,338 eggs from our exclusive supplier ovofit Eiprodukte GmbH. We have been working with this company since 1986.

The animals are reared in accordance with legal standards, with nine hens per square meter of stall surface. Each hen has four square meters of space in outside ranges. No genetically modified feed is used.

Quality labels

GRI indicators: G4-FP2, G4-EN1

→ Organic products

Germany's Bio-Siegel (organic label) identifies produce from certified organic agricultural holdings which produce, process and store and label products in accordance with EU legislation on organic farming. Our organic products (organic apple slices, organic fizzy apple juice drink and organic milk) are mainly sold as part of our Happy Meals.

In 2015, we also launched the first ever McDonald's burger with 100-percent organic beef in Germany for a limited period. The meat was sourced exclusively from organic farms in Germany and Austria. Sourcing sufficient amounts of meat that met organic criteria and our own quality standards proved to be a major challenge here. (See also page 29 in the Food section)

We purchased a total of 4,125 tons of organically certified raw materials in 2015.

Volume of organically-certified raw materials used in 2015 in tons

Organically certified raw materials	McDonald's product	Volume	Organic raw material as a percentage of total raw materials
Apples	Organic apple slices, Organic fizzy apple drink	2,367 tons	 69%
Milk	Organic milk Organic yoghurt drink ⁶	1,240 tons	 4%
Beef	McB. burger	452 tons	 1%
Strawberries	Organic yoghurt drink ⁶	60 tons	 19%
Blackberries	Organic yoghurt drink ⁶	6 tons	 100%

⁶ No longer sold as of August 2015

→ Fish and seafood



As of October 2011, 100 percent of the fish used in Germany for our Filet-o-Fish offering is sourced from sustainable fisheries, certified in line with the Marine Stewardship Council (MSC) standard. The Marine Stewardship Council (MSC) is an independent, non-profit organization which awards an eco-label for fish sourced from sustainable fisheries. Its aim is to mitigate the global problem of overfishing. In 2015, we procured 1,014 tons in total of MSC-certified fish from Poland, Lithuania, the US and New Zealand.

More at: www.msc.org/de



All of the shrimps we offered as part of our Monopoly promotion were sourced from responsibly managed aquaculture farms certified in line with the Aquaculture Stewardship Council (ASC) standard. Endorsed by the WWF, the label identifies fish farms that act responsibly towards the environment, offer their employees good and secure working conditions and show respect towards local communities.

More at: www.asc-aqua.org

In May 2016, McDonald's and a number of other providers from the fish industry signed a voluntary agreement to limit their fishing activities in the Arctic. McDonald's also agreed to no longer source cod from areas in the north of the Barents Sea previously covered by ice. This move comes in response to a call-to-action from Greenpeace. According to Greenpeace, around 70 percent of Atlantic cod sold worldwide comes from the Barents Sea. As a result of climate change, fishing fleets have been able to expand into new areas that were previously covered by sea ice and, as a result, are not protected by legislation.



→ Coffee

Since 2008, 100 percent of our coffee is Rainforest Alliance certified (excluding decaffeinated coffee). The Rainforest Alliance Certified™ label is awarded to plantations that meet stringent standards for sustainable agricultural practices. We purchased a total of 1,359 tons of coffee from Rainforest Alliance certified plantations in South and Central America in 2015.

More at: www.rainforest-alliance.org/de

→ Palm oil

In Germany, no palm oil is used in the production of our fries, neither by our suppliers for processing nor in our restaurants for frying. We only use sunflower and rapeseed oil in our frying oil. Palm oil is only used in some McCafé products and breakfast products. We require that our suppliers only use certified palm oil.

FOOD:

**OUR
FOOD**

GOOD FOOD. FAST.

GOOD FOOD! FAST.

Material aspects and management approach

GRI indicators: DMA Customer health & safety, Product & service labeling

→ Industry challenged by high quality demands and price sensitivity

Many consumers view ecology and fair trade as essential elements in the overall quality of food. This means that – now more than ever – ecological and social sustainability considerations have to be placed at the heart of today's raw material sourcing policies. The key question, also for McDonald's Germany, is how many consumers are prepared to follow through on this wider perception of quality through greater brand loyalty or an acceptance of higher prices at the till? In fall 2015, we included our first-ever burger with 100-percent certified organic beef in our offering for a limited period. Although this move aligned with the wishes of some of our guests, many were not willing to pay a higher price for the higher-quality organic beef (see page 29). This high level of price sensitivity with regards to food is one of the biggest challenges facing the food sector as a whole.

→ Changing eating habits

Consumers are becoming more discerning about quality in food. This is fueling a shift in eating habits, with people focusing increasingly on a more health-conscious diet with less industrially processed foods. On our interactive online platform www.frag.mcdonalds.de, for example, users frequently post questions about vegetarian, vegan and gluten-free choices. At same time, illnesses such as obesity, high blood pressure and diabetes are also on the rise in Germany, and these are partly caused by poor nutrition.¹ The Sustainable Development Goals released by the United Nations in 2015 underscore the high importance of a balanced, healthy diet and sustainable food production.²

→ More choice and information for a balanced diet

As a leading player in the foodservice sector, we influence how people eat every day. Our product offering can help contribute to a varied and diverse diet. Concrete measures include for example offering more nutritionally balanced product options and variations. In August 2015, for example, we launched the Veggie Clubhouse, our first premium vegetarian burger.

As part of the Clinton Global Initiative (CGI) in cooperation with the Alliance for a Healthier Generation, the McDonald's Corporation has made a voluntary commitment to increase guests' access to fresh fruit and vegetables and to help families and children in particular to select balanced food and beverage options by providing specific information and greater choice.

For our guests to make informed, considered decisions, we have to provide transparent, easily accessible information on the ingredients, content and nutritional value of our products. Our guests can therefore find details about all products at various points in our restaurants and also online (see page 33).

¹ Global Nutrition Report 2016: 'From Promise to Impact: Ending Malnutrition by 2030'

² United Nations (UN): 'Transforming our world: The 2030 agenda for sustainable development'

→ Always evolving and innovating

We are modernizing our kitchen technology. This will enable us to respond even more effectively to individual requests from guests in our restaurants and provide a more flexible selection of products and product combinations. Every year, our product development team tests numerous new product ideas that reflect the latest nutrition trends. We then organize consumer tests to decide which new products make it into our restaurants.

In 2015, McDonald's Germany became an industry partner in "enable", a nutrition research cluster funded by Germany's Federal Ministry of Education and Research (BMBF). enable develops new strategies aimed at promoting healthier food choices for people at all stages of life, from birth through to old age. Modern convenience foods such as ready meals and fast food do not necessarily have to be at odds with healthier lifestyles. enable aims to help bridge the gap here. The initiative is also utilizing modern information and communication technology to explore ways of promoting healthy food choices among consumers (see page 30).

→ The plan, train, do and review approach to quality, freshness and safety

Food quality and food safety are top priorities for us. Our customers expect safe, high-quality products from McDonald's – each and every day. In addition to adhering to all legal regulations, our suppliers must also comply with our own Quality Assurance Requirements. We regularly check compliance with these standards through scheduled and unannounced audits carried out by employees of McDonald's Germany or accredited auditors, as well as through our annual supplier evaluation process.

The ability to quickly trace produce right back to the first steps in the supply chain also plays a crucial role in ensuring food safety and quality. We regularly simulate "worst case" scenarios, known as withdrawal exercises. Within a few hours, we can seamlessly trace every product or its constituent parts back to the source.

Freshness is not just a priority for our guests. It is also extremely important to us. The methods used to guarantee freshness vary from product to product. The meat for our burgers, for example, is immediately shock frozen once it has been processed into patties. The frozen patties are then delivered to our restaurants without any interruption in the cooling chain. In the restaurants, the burgers are not defrosted before use – they are placed directly on the grill without any additional fat. This flash freezing process is the best way to retain the nutritional value, taste and juiciness of the meat. In contrast, the only way to guarantee the freshness of lettuce is to make sure it is delivered as quickly as possible from the field to our restaurants. All of the lettuce that McDonald's uses is grown outdoors. Our procurement process therefore reflects seasonal fluctuations in growing conditions. In summer, it takes just two days or less to transport lettuce from field to restaurant. In winter, we source our produce from Southern Europe, which results in longer transport routes. In this case, it can take up to five days for lettuce to reach our restaurants.

→ Quality control from field to fork

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

Facts and figures 2015

Balanced product offering

GRI indicators: G4-PR1, G4-FP2, G4-FP7

→ First burger with 100 % organic beef

On October 1, 2015, we launched the world's first McDonald's burger made with organic beef. The McB. and Long McB. were introduced in two phases for a limited period of six weeks in total. The meat was sourced exclusively from organic farms in Germany and Austria.

The preparation and sale of organic beef is a particular logistical and organizational challenge for McDonald's. Suppliers, McDonald's Germany and all of our franchisees and their operators had to undergo a complex certification procedure carried out by state-approved organic control bodies. The launch of the McB. was accompanied by a multimedia marketing and interactive campaign under the banner of "Darf McDonald's das?" (Can McDonald's do that?). This included an online survey, where around half of the participants were in favor of a new burger made of organic beef. We received around 700 questions and comments about the McB. burger via the "Our Food – Your Questions" platform.

We launched the McB. to see if organic meat could be a viable option for our restaurants in the mid-term. We learnt that the McB. generated a lot of interest amongst our guests and other stakeholders. Sales of the burger, however, developed below expectations.

→ Fruit in Happy Meals

As one of the largest family restaurants in Germany, we feel it is important to provide an opportunity for children to include a portion of fruit in their daily diet. Which is why we started including a fruit product in every Happy Meal back in February 2014. In addition to the main course, side and drink, our young guests were able to choose between the following child-sized fruit options in 2015: Organic apple slices, Fruchtquatsch (fruit puree without additional sugar, aromas, colorings or preservatives) and an organic yoghurt drink (only through August 2015). In 2015, we sold a total of 4,031 tons of fruit in our Happy Meals. All fruit products can also be bought individually.

→ New vegetarian quinoa patty

In August 2015, we added a vegetarian product to our Clubhouse Premium Burger offering. The Veggie Clubhouse is the first McDonald's burger in the world to feature quinoa. In addition to quinoa, which is a grain from South America, the patty also includes grilled bell pepper, onions, leek and herbs. We developed the Veggie Clubhouse in collaboration with vegetarians and flexitarians.

The vegetarian quinoa patty is also available in our honey-mustard Quinoa McWrap and our Big Salad.

Evolving our products

GRI indicators: G4-PR1, G4-FP6

→ More choice and personalization

In March 2015, we opened our new flagship restaurant in Frankfurt airport. This new site provides an insight into what the McDonald's restaurant of the future could look like. The new concept focuses on two key trends in society: digitalization and personalization. In summer 2016, we started to convert all of our restaurants to this flagship design. This includes the installation of Easy Order Terminals known as kiosks. In future, our guests will be able to personalize their burgers at these terminals. This is all backed by our new kitchen system, which ensures that a product is only made once it has been ordered.

We also launched new options for our McMenü meals in February 2016 in response to our guests' desire for more individual food choices. In addition to soft drinks, fries and the Snack Salad Classic, guests can select from a range of additional sides in any combination. A classic like the Big Mac, for example, can now be combined with a Snack Salad Classic and an Iced Fruit Smoothie.

Within the framework of the McDonald's Basics program, a total of ten products priced from one euro upwards (RRP) are on offer in all participating restaurants across Germany.

→ Ongoing reduction of salt, fat and sugar

We continue our efforts to reduce the salt, fat and sugar content in our products wherever possible without sacrificing the taste that our guests know and love. Furthermore, we collaborate with our suppliers on an ongoing basis to optimize recipes in a bid to reduce additives as much as possible, for example, or to ensure we only use natural colorings and aromas. We also continually look at ways of reducing allergenic ingredients.

Global core products are regularly checked worldwide to determine whether fat, salt and sugar content can be reduced. This includes our Big Macs, cheeseburgers and fries. In recent years, McDonald's has analyzed and optimized all key ingredients that make up its global core products.

A similar process is also deployed at European level for optimizing products that are only sold in Europe. In 2015, the saturated fat content in our chicken value patty (used for example in our Chickenburger) was reduced by almost 15 percent for the German market.

→ Current research partnerships

enable is one of four nutrition research clusters funded by Germany's Federal Ministry of Education and Research (BMBF). An interdisciplinary team of researchers from four universities and renowned research institutes in Bavaria is developing new strategies to promote healthier food choices for people at different stages in life. The scientists aim to make it easier for people to eat healthily at every age. They also want to develop new foods, in particular convenience products, that meet the needs of different age groups.

McDonald's Germany is one of several industry partners in the research project. We are taking part in two out of a total of twenty-two sub-projects. At the start of 2016, students at the Technical University of Munich programmed a McDonald's terminal to display a virtual figure that provides nutritional information on screen in a number of different ways. This prototype will be used as a basis for testing an interactive process for ordering terminals in fast food restaurants that will help young people make improved meal choices. The aim of the second sub-project is to develop a product that has fewer calories than conventional options yet appeals primarily to young people.

*Find out more at: www.enable-cluster.de and on our sustainability blog *Change M* at www.change-m.de*

Product quality and safety

GRI indicators: G4-PR1, G4-PR2, G4-FP5

All participants in the McDonald's System are committed to doing their utmost to help us keep our promise of quality to our guests. This commitment extends from the individuals involved at each stage of our supply chain to the employees in our restaurants.

→ Quality and safety checks in our supply chain

When producing food for McDonald's, our direct suppliers must comply with the standards set down in the McDonald's Supplier Quality Management System (SQMS). SQMS is our own guideline outlining standards for quality assurance and food safety among direct suppliers. It builds on conventional GFSI standards³ (IFS, BRC, FSSC 22000), complementing these with a number of requirements specific to McDonald's.

All suppliers of standard products are audited in line with SQMS. Only suppliers that successfully pass these audits can become standard suppliers for McDonald's. Promotional product suppliers have to be audited either to the International Food Standard (IFS) and/or the British Retail Consortium (BRC) standard, or according to the ten core requirements of the SQMS. In individual cases, we also accept a supplier's own standards, provided they correspond with McDonald's own requirements.

Regular audits and spot checks as well as annual supplier assessments ensure that our suppliers comply with these standards. The audits are carried out by external auditors and McDonald's employees. The frequency of audits depends on the risk level assigned to individual suppliers as well as the frequency with which they supply goods and the volume of the products in question. SQMS, IFS and BRC audits are generally carried out once a year. A total of 103 SQMS audits were carried out in 2015.

→ Quality and safety checks in our restaurants

McDonald's QSC standards

We control the quality and safety of the products in our restaurants in a number of ways. We have developed quality, service and cleanliness (QSC) standards outlining numerous critical control points in our restaurants. Food safety is always the top priority here. Our field & operations consultants regularly check and rate compliance with our QSC standards under the umbrella of our Restaurant Operations Improvement Process (ROIP). Over a period of one year, they visit every restaurant at least six times. Some of these visits are announced in advance, while others are spot checks.

Product quality

Our across-the-counter quality (ATCQ) consultants regularly assess the quality of our core products in restaurants. These include bread, meat, fries and salad, starting with the raw produce in storage and finishing with the end product that we serve to our customers. A total of 1,044 ATCQ checks were carried out in 2015. The ATCQ consultants also act as advisors to restaurants and offer training on technical issues relating to equipment and workflows in kitchens. We also channel the feedback from these visits back to our suppliers, who then channel it into the ongoing optimization of their raw products.

Food safety

Within the framework of our own company audits, all of our restaurants are checked four times a year by external laboratories. Samples of milkshakes and McSundaes are taken for each of these four audits. Syrup samples and samples from BIC machines (used to make Iced Fruit Smoothies and Iced Frappés) are taken twice a year and all other relevant samples are taken once a year. We work with three accredited laboratories in Germany. In total, just under 37,000 samples were taken and analyzed in 2015. Our system of internal checks complies with Germany's Food Hygiene Act, which requires that all food companies carry out their own company checks.

³ GFSI: Global Food Safety Initiative Standard

Samples taken within the framework of McDonald's own company checks annually per restaurant

4x	Shakes and sundaes
2x	Syrup (for shakes)
2x	BIC machines: Ice cubes, outlet valve, mixing chambers, frappés and smoothies
1x	Ice cubes in kitchens
1x	Ice cubes at serving counters and / or lobby areas
1x	Carbonated water
1x	Drinking water (from sink faucets)
1x	Lettuce
1x	Hands of kitchen staff
2x	Different surfaces in the kitchen
1x	Test for Legionnaires' disease

In addition to our own company checks, we commission food safety audits at around ten percent of our restaurants each year. These audits are unannounced and carried out by independent accredited labs. During these audits, lab employees use an extensive questionnaire to check food safety levels and take additional samples. 145 food safety audits were performed in 2015 and almost 500 samples taken and investigated.

Mystery shoppers

In 2015, each of our restaurants was visited twice a month by undercover restaurant testers, known as mystery shoppers. Using a catalog of predefined questions, the mystery shoppers check and rate product quality, speed of service, friendliness, communication, cleanliness and a range of other factors at each restaurant. The restaurants then receive a detailed feedback report which they use to monitor trends in customer satisfaction over recent months, compare their performance with other restaurants and draw up an action plan.

Visits from authorities

Our internal checks are flanked by regular inspections from local authorities. During the period under review, the authorities made around 195 visits to restaurants run directly by McDonald's Germany. Seventy-six percent of these were routine visits, 13 percent were based on a suspicion of non-compliance and 11 percent were follow-up inspections.

Providing information and talking to guests

GRI indicators: G4-PR3, G4-PR5, G4-PR6

Our guests can access a number of different channels to find out more about McDonald's. They can also contact us directly.

→ **Information on nutritional value and content**

Consumers need access to transparent information on nutritional values, ingredients and contents to make well-informed food choices. We provide our guests with all important information – in our restaurants, online and via our McDonald's app.

Overview of information on nutritional values, contents, ingredients and allergens

In restaurants	
Product packaging	Graphic showing nutrition information on the packaging of all standard products
Tray liners	Nutritional values of all standard products on the reverse side of each tray liner
Posters in till areas	Overview of allergens
Info boards	Flyer with nutritional values of all standard products (incl. McCafé)
Internet	
www.mcdonalds.de/produkte/unsere-zutaten	Up-to-date lists of all ingredients, contents and allergens in our standard products and promotional products (incl. McCafé)
www.mcdonalds.de/produkte/alle-produkte	Nutritional values and allergens are listed on the individual product pages
McDonald's app	
Section: All products	Nutritional values and allergens are listed on the individual product pages

→ Interactive online platform

We maintain open dialog with our guests and answer all questions about our food at www.frag.mcdonalds.de. A dedicated team, supported by our different departments, responds to each query. The answers are displayed publically on the platform for everyone to see. Since starting the online dialog platform in mid-2013, we have received around 23,000 questions.

This interactive platform helps us find out what issues are important to our guests, fans and critics and gives us better insights into their needs, wishes and suggestions. We received around 3,600 questions in 2015. The most important issues for our guests were:

- Product suggestions and requests (e.g. When will the Big Tasty Bacon be back? Why don't you make a burger with...?)
- Preparation (e.g. What is in the products? How are they prepared?)
- Nutrition/diet (e.g. What products are vegetarian / gluten-free? I have an allergy. What can I eat at McDonald's?)
- Origin (e.g. Where do the ingredients come from?)

→ McDonald's guest service

McDonald's guest service is a central contact point for customer questions and complaints. Our customer service team was contacted 62,702 times by phone, letter and e-mail in 2015. Around half of these were guest complaints. The other half were specific queries or praise.

Contacts with McDonald's guest service

	2011	2012	2013	2014	2015
Total contacts	73,034	74,946	71,015	69,978	62,702
Contacts per 100,000 guest	12,2	12,8	12,9	13,6	12,7

→ "Burger Battle" promotion

We held our crowd sourcing initiative "Burger Battle" (previously "Mein Burger") for the fourth time in 2015. This campaign gives our guests the chance to play an active role in product development. Our guests and fans used the online configurator to create approximately 190,000 different burgers between March 15 and April 15, 2015. Unlike other years, all sixteen states in Germany competed against each other for the first time in 2015. A total of 17 million votes were submitted to choose the winners in each state. A jury then selected four burgers that went on sale across Germany in summer 2015 in two phases, each lasting two weeks.

Advertising to children

GRI indicators: DMA Marketing, G4-PR7, G4-S01

→ Voluntary commitment

In Europe, McDonald's has been a member of the EU Pledge, a voluntary initiative for self-regulation in children's advertising, since January 2012. This agreement also applies to McDonald's Germany. You can read the Pledge's rules and annual monitoring report at www.eu-pledge.eu. An external organization regularly checks whether member companies comply with the rules. In 2015, McDonald's Germany met all requirements.

→ Books in Happy Meals

In 2015, we continued to implement our Happy Meal book promotion, which we started back in 2012. For two four-week periods in March and August, children and adolescents were able to choose from eight different books with every Happy Meal order. For four weeks in November 2015, our young guests could choose one of seven different Ravensburger games to go with their Happy Meals. 6.1 million books and 2.9 million Ravensburger games were distributed during the period under review.

The temporary book promotions are very popular among our guests. A total of 27.8 million books have been distributed since the initiative started in 2012. According to a recent study, 71 percent of all children in Germany between the ages of 4 and 13 have at least one book from a Happy Meal. 78 percent of all children are aware of the McDonald's Happy Meal book promotion.⁵ The German Reading Foundation (Stiftung Lesen) rates McDonald's book campaign as an ideal, everyday vehicle to incentive children to read more.⁶

In light of this, we have continued to develop our Happy Meals. As of April 2016, our young guests always have the option to choose a book as part of their Happy Meal instead of the toy promotions. McDonald's Germany donates 10 cents to the Rainforest Alliance for each book chosen. This environmental organization is committed to preserving biodiversity, protecting sensitive ecosystems and improving conditions for people who live in the tropics and subtropics.

→ Family Days

McDonald's Germany launched its Family Days in 2015. On these days, participating restaurants offer a range of different activities such as bouncy castles, soccer goal shooting walls and events with local clubs. Over 900 Family Days were held in our restaurants in Germany in 2015. In 2016, we have fine-tuned and continued this initiative.

→ McDonald's birthday parties

596 restaurants across Germany have a separate children's party room. Our trained employees on site organize children's parties on request. These include age-appropriate games and also restaurant tours that give our young guests a look behind the scenes.

→ McDonald's Soccer Badge and Player Escorts

McDonald's Germany is an official partner of the German Football Association (DFB). Together, the two organizations offer two successful sport programs. McDonald's Germany has been collaborating with DFB since 2007 to help clubs organize the DFB Soccer Badge. This sports activity program is designed to foster a love of soccer and fitness among children, young people and also adults. Clubs are given the opportunity to incorporate this event into their own sports programs free of charge. To date, almost 24,000 events have been held and around 1.8 million participants have taken advantage of the program.

The McDonald's Player Escort Program gives children between the ages of six and ten the opportunity to run into a soccer stadium holding the hand of a German national player. This dream has come true for almost 1,500 children to date.

⁵ Kids Track 2015, Icon kids & youth international research GmbH

⁶ www.stiftunglesen.de/initiativen-und-aktionen/aktionen/buchaktion/buchaktion

PLANET:

OUR ENVIRONMENT

RESOURCE EFFICIENCY AND
A CIRCULAR ECONOMY

RESOURCE EFFICIENCY AND A CIRCULAR ECONOMY

Material aspects and management approach

GRI indicators: DMA materials, energy, emissions, waste water and waste

→ Using resources efficiently benefits everyone

McDonald's Germany, our franchisees and our suppliers source the majority of all raw materials and other goods directly and indirectly from the agricultural and forestry industries. Furthermore, the production, processing, storage, transport and preparation of our products consume large amounts of other natural resources such as energy. As a result, perceptions of our company and our partners by society at large and the future development of our business will hinge on factors such as the extent to which we manage to efficiently use and conserve natural resources and energy, reduce harmful emissions and close the materials cycle along the entire value chain.

→ Working together to develop and optimize resource-efficient processes

A significant share of the resources consumed and emissions released in connection with our business is attributable to steps in our value chain that are upstream of our core business, in other words in the agriculture and processing stages. Although we only have an indirect impact on the development and optimization of resource-efficient processes here, we step up to our responsibilities by providing innovative impetus to a large number of players in our supply chain. One of the ways in which we coordinate the development, organization and management of these activities is via the sustainability working group, which we created in 2015 under the auspices of the McDonald's Germany Supplier Council (see page 18).

→ Continuous improvements to our energy, packaging and waste balance

We have direct influence over energy consumption, emissions and waste at our restaurants and are working on ways to further improve our energy and waste balance. In 2014, we massively reduced our greenhouse gas emissions by switching our restaurants to green energy. Going forward, we aim to continually reduce energy consumption at our restaurants by deploying efficient technologies and energy management systems (see page 38).

We are taking a two-pronged approach to reducing levels of waste. On the input side, we regularly investigate new ways of reducing and optimizing packaging, for example, by using more recycled materials and fresh fiber from certified sustainable sources (see page 41).

On the output side, we are focusing on increasing the quantity and quality of all recycled waste from restaurants and on optimizing the recycling value chain. Increasingly, we are regarding material input and recovery processes as two sides of the same coin. This holistic approach is crucial for ensuring we develop an effective materials cycle and make improvements that are also economically viable.


→ Reducing food waste through training and new kitchen processes

Reducing food waste is another goal for us. Here too, we are tackling this issue from two sides. Internal analyses show that the amount of food prepared but not sold in the time defined by our quality standards is significantly lower under highly qualified, experienced shift managers. We can make improvements here through education initiatives and continuous training for our restaurant employees.

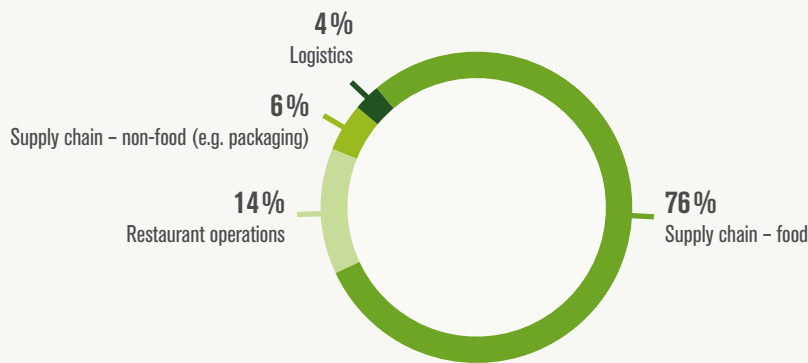
At the same time, our kitchen technology and ordering system also impacts the amount of food waste we produce. In spring 2015, we showcased our first “restaurant of the future” in Frankfurt. All food in this new restaurant is prepared exclusively to order. Around 75 restaurants in Germany have already transitioned to this new preparation and ordering system and we will gradually be expanding it to all restaurants.

Planet: Facts and figures 2015

CO₂-footprint

GRI indicators: G4-EN15, G4-EN16, G4-EN17, G4-EN18 

McDonald’s Germany carbon footprint Percentage distribution across our value chain for 2015



→ CO₂ emissions in our supply chain

Looking at the McDonald’s Germany value chain as a whole, this chart shows that food production (i.e. agriculture and subsequent raw materials processing) accounts for the lion’s share of the CO₂ emissions resulting from our business activities (76 percent). Six percent of our CO₂ emissions are attributable to the production of non-food items such as packaging and four percent to the transport of our products from suppliers to our restaurants (see page 40). We are working with our suppliers to continually reduce CO₂ emissions across our supply chain.

→ CO₂ emissions from our restaurant operations

The CO₂ emissions directly generated by McDonald’s Germany and our franchisees make up 14 percent of our carbon footprint overall. These emissions result from the operation of our restaurants and our administration activities. We have a direct influence over our performance in this area, for example through measures to make our restaurants more energy-efficient or increase our share of renewable energies.

In 2014, we completed the gradual process of switching our restaurants over to green energy. This initiative has enabled us to significantly lower our CO₂ emissions from restaurant operations in recent years. Compared with 2011, our emissions in this area have fallen by 67 percent. The slight 2-percent increase between 2014 and 2015 is primarily due to improved data quality for waste figures and the rise in natural gas consumption relative to 2014 (see page 39 and 42).

CO₂ emissions from our restaurant operations (scope 1 and 2) in tons ^{ASSURED}

	2011	2012	2013	2014	2015
Electricity consumption	294,807	203,237	99,896	17,379	15,925
Heating	64,581	64,611	71,795	58,297	62,933
Coolant	11,793	10,922	11,157	11,032	10,741
Restaurant buildings, water consumption and waste	10,050	11,175	10,262	10,408	10,737
Fleet, air kilometers and office buildings	7,122	6,589	5,197	4,565	3,926
Staff travel	33,905	34,731	35,371	35,929	35,745
Total	422,257	331,265	233,679	137,609	140,006

The average CO₂ emissions of 0.28 kilograms per guest from our restaurants remained at the same level as 2014.

CO₂ emissions (scope 1 and 2) per restaurant visit in guest count/kilogram ^{ASSURED}

2011	2012	2013	2014	2015
0.71	0.57	0.43	0.27	0.28

→ Calculation method

We use a carbon footprint calculator that McDonald’s European markets have been using to analyze their carbon footprints since 2009. Figures for restaurant operations are primarily based on country-specific emissions factors. Figures for logistics and the supply chain are based on average European emissions factors. Our carbon footprint calculation for this report was audited by KPMG for the first time (see page 64 for details on calculation).

Energy consumption from restaurant operations

GRI indicators: G4-EN3

→ Electricity consumption

During the period under review, our 1,478 restaurants consumed 534,986 megawatt hours of electricity. This corresponds to an average annual consumption of 362 megawatt hours of electricity for a comparable restaurant.¹ Energy consumption for a comparable restaurant was around three percent lower than the prior year and 12 percent lower than 2011.

100-percent green energy

As of 2014, we obtain 100 percent of the power for our restaurants in Germany from renewable sources. The green energy we source complies with the German Renewable Energy Act (EEG). In 2015, it was sourced entirely from Scandinavian hydroelectric power. A mere 37 restaurants are not included in this figure (around 2.5 percent of all restaurants in Germany) as these are located for example in shopping malls where the power supply is organized by the respective operator.

Optimizing energy consumption

We work continuously to improve the energy efficiency of our restaurants. Almost all restaurants record their electricity consumption using an automatic metering system that records values at 15-minute intervals. The restaurants receive regular appraisals of their electricity consumption. We use the latest building technologies and kitchen equipment in our new restaurants. Furthermore, all new restaurants have an energy consumption control system to check and manage their energy consumption. The average annual energy consumption for new restaurants is around 34 percent lower than the average figure for a comparable restaurant.

¹ A comparable restaurant refers to a restaurant open all year round during the period under review with valid consumption data available.

→ Natural gas consumption

1,192 of our restaurants use natural gas, with 232,167 megawatt hours consumed in 2015. On average, this equates to annual natural gas consumption per restaurant of 196 megawatt hours for a comparable restaurant.² Natural gas is primarily used to heat the restaurants, but in some cases it is also used for gas-powered kitchen equipment like grills or fryers.

A few restaurants also obtain their heating from other sources in addition to natural gas, the main ones being district heating, liquefied natural gas, heating oil and heat pumps. Consumption data is not collected centrally for these forms of heating.

The natural gas consumption of a comparable restaurant increased 6.5 percent relative to the previous year. This rise is due to the comparatively mild winter of 2014. The majority of restaurants use gas for heating. As a result, in 2014, natural gas consumption fell significantly compared with 2013 only to increase again in 2015.

Total energy consumption of our restaurants in megawatt hours (MWh) ^{ASSURED}

	2011	2012	2013	2014	2015
Electricity ³	574,620	576,224	558,157	546,540	534,986
Natural gas ⁴	246,379	249,240	248,252	200,673	232,167
Total	820,999	825,464	806,409	747,213	767,153

Average energy consumption of a comparable restaurant in megawatt hours (MWh) ^{ASSURED}

	2011	2012	2013	2014	2015
Electricity ³	412	406	386	372	362
Natural gas ⁴	236	233	228	184	196
Total	648	638	614	556	558

→ Fleet

At the close of 2015, the fleet for restaurants operated directly by McDonald’s Germany and our administration offices comprised a total of 400 vehicles for employees who undertake a large number of business trips, for example restaurant managers, consultants and managers in administration. The total amount of diesel consumed in the period under review was 923,000 liters.

Our internal car policy introduced at the start of 2012 sets out CO₂ thresholds for the vehicles in our fleet and also includes a CO₂ compensation scheme. Against the backdrop of continued improvements in engine efficiency, the CO₂ thresholds are reviewed annually and adjusted if necessary. This is part of our long-term aim to gradually bring average CO₂ emissions down to less than 100 grams per kilometer by 2020.

Between 2014 and 2015, we were able to reduce the average CO₂ emissions per kilometer by three percent across our entire fleet. Since the introduction of our car policy in 2012, this figure has fallen by 11 percent.

² A comparable restaurant refers to a restaurant open all year round during the period under review with valid consumption data available.

³ Electricity consumption of all restaurants open in Germany; projection based on all restaurants open all year round with valid electricity consumption data available (2011: 1,322 restaurants; 2012: 1,365 restaurants; 2013: 1,384 restaurants; 2014: 1,394 restaurants; 2015: 1,416 restaurants).

⁴ Natural gas consumption of all restaurants open in Germany using natural gas (2011: 1,046 restaurants; 2012 and 2013: 1,107 restaurants; 2014: 1,104 restaurants; 2015: 1,192 restaurants), projection based on all restaurants open all year round with valid natural gas consumption data available (2011: 979 restaurants; 2012: 1,001 restaurants; 2013: 988 restaurants; 2014: 957 restaurants; 2015: 999 restaurants).

McDonald's Germany fleet Company-owned restaurants and administration

		2012	2013	2014	2015
Number of vehicles	ASSURED ✓	443	467	468	400
Kilometers driven	ASSURED ✓	13,019,533	15,158,047	16,655,036	14,839,922
Fuel consumption (in liters of diesel)	ASSURED ✓	919,999	990,636	1,001,412	922,899
Total company fleet: Average CO ₂ emissions (in grams/kilometer)		136	130	125	121
New vehicles purchased during period under review: Average CO ₂ emissions (in grams/kilometer)		130	117	119	117

→ **New energy management system**

We are currently working on having all company-owned restaurants and our administration offices certified in line with the energy management system ISO 50001. As part of this process, we created a cross-departmental energy team at the start of 2016. This team meets on a regular basis and supports the roll-out of ISO 50001. Certification will be concluded by the end of 2016. We will then have met all requirements of Germany's Law on Energy Services and other Energy Efficiency Measures (EDL-G), which came into force in April 2015.

Energy and emissions from logistics

GRI indicators: DMA transport, G4-EN4, G4-EN17, G4-EN30

Since 1981, HAVI Logistics GmbH has been responsible for the multi-supplier sourcing, storage and delivery of practically all the food and non-food items required by all of our restaurants across Germany. Thanks to its committed approach to systematic environmental protection and resource conservation, HAVI Logistics plays a major role in minimizing the environmental impact across our value chain. In annual environmental statements, HAVI Logistics publishes the concrete goals and measures it has defined under its environmental program along with movements in its environmental key performance indicators. *More at: www.havi-logistics.com*

In 2015, HAVI Logistics delivered 431,551 tons of freight in total to our restaurants throughout Germany. Around 13.6 million kilometers overall were driven during the course of these distribution activities. In 2015, the total energy consumption of HAVI Logistics GmbH for transport and storage activities on behalf of McDonald's Germany amounted to 113,157 megawatt hours. In total, the goods transport and storage activities carried out by HAVI Logistics on behalf of McDonald's Germany produced 37,864 tons of CO₂ emissions.

The total energy consumption per ton of goods delivered amounted to 262 kilowatt hours in 2015 and was thus unchanged relative to the previous year. The resulting CO₂ emissions per ton of goods delivered increased by 10 percent relative to 2014. This rise is due to the fact that HAVI Logistics stopped using biodiesel in its fleet of trucks in the second quarter of 2014. The situation was further compounded by a rise in material CO₂ emissions as a result of increased losses of cooling agents, in particular from out-of-date units in two distribution centers. These units will be replaced with more efficient cooling units by 2018.

HAVI Logistics energy consumption on behalf of McDonald's Germany

	2011	2012	2013	2014	2015
Total energy consumption (in megawatt hours)	127,848	130,726	122,489	116,761	113,157
Energy consumption per ton of goods delivered (in kilowatt hours)	255	259	263	264	-262
Total CO ₂ emissions (in tons)	36,036	37,903	34,968	35,585	37,864
CO ₂ emissions per ton of goods delivered (in kilograms)	72	75	75	80	88

Packaging

GRI indicators: DMA materials, G4-EN1, G4-EN2

In our McCafés, food and drinks consumed in house are served on or in porcelain plates and cups. 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. On the one hand, we use packaging to present our products and provide our guests with important information. On the other hand, packaging also plays an important role in the preparation of products in our kitchens.

Going forward, we want to continue keeping the amount of material used for packaging as low as possible. McDonald’s has set itself the goal of using only recycled material or material from certified sustainable sources by 2020. The report “McDonald’s Journey Towards Sustainable Fiber-Based Packaging”, which was published in May 2016, provides an overview of McDonald’s global strategy on sustainable packaging.

More at: www.aboutmcdonalds.com/mcd/sustainability.html

→ **Packaging breakdown**

McDonald’s Germany used a total of 45,990 tons of packaging in 2015. This is 3.5 percent less than in the previous year. At 93 grams per guest count⁶, the volume of total packaging per restaurant visit rose slightly relative to the previous year.

The total volume of packaging includes packaging for the products we sell to our guests as well as packaging arising from the transport of products to restaurants or kitchens, and similar, non-packaging items such as serviettes, straws and advertising leaflets. Paper, cardboard and carton account for 70 percent of our packaging. Compound material accounts for 17 percent and plastics for 12 percent. A very small amount of our packaging comprises foil (one percent), aluminum (0.1 percent) and tinfoil (0.002 percent).

Volume of packaging by material in tons ASSURED

	2011	2012	2013	2014	2015
Paper, cardboard, carton	34,893	37,575	35,060	33,511	32,218
Compound material	9,121	9,129	7,950	7,553	7,670
Plastics	6,492	6,380	6,540	6,047	5,597
Foil	534	105	403	462	444
Tinfoil					1
Aluminum	104	41	38	63	60
Total	51,144	53,230	49,991	47,636	45,990

Volume of packaging per restaurant visit in grams /guest count ASSURED

	2011	2012	2013	2014	2015
	86	91	91	92	93

⁶ The guest count measures the number of cashier-processed customer transactions in our restaurants

PLANET – OUR ENVIRONMENT

The average weight of our service packaging was 5.45 grams in 2015. Service packaging covers all packaging for the products that we prepare in our restaurants and sell to guests such as burger boxes and drinks cups. It does not include prepackaged products such as organic milk and orange juice or packaging arising from the transport of products to restaurants and the preparation of products in restaurant kitchens. Our service packaging accounts for around 65 percent of total packaging material.

Average weight of service packaging in grams

2011	2012	2013	2014	2015
5.5	5.6	5.5	5.3	5.5

→ Optimizing napkins

In 2015, we installed new napkin dispensers in all restaurants. The new dispensers only issue one napkin at a time, making it easier for guests to select the exact number of napkins they need. We also reduced the size of our napkins. These two steps will help us save paper in future.

→ Composition of our service packaging

The proportion of renewable raw materials in our service packaging amounted to 90 percent in 2015 and thus remained on a par with the previous year's level. Our service packaging comprises around 50 percent recycled material. The bags used for take-away products are made entirely of recycled paper.

As of the start of 2015, 100 percent of the virgin fiber we use for our service packaging in Germany is sourced from forests certified by the Forest Stewardship Council (FSC) or the Program for the Endorsement of Forest Certification (PEFC). Within the framework of McDonald's global sustainable packaging strategy, we are committed to increasing the proportion of FSC-certified virgin fiber. *More at:*

www.aboutmcdonalds.com/mcd/sustainability/sourcing/priority-products.html#sustainable-packaging

Waste and recycling

GRI indicators: G4-EN23

In 2015, the total waste generated by all of our restaurants amounted to 81,290 tons. This corresponds to 55 tons annually per restaurant – approximately one percent less than in 2014. At around 40 percent, paper, cardboard and carton represented the largest category of waste. Based on weight, used cooking oil was the second biggest contributor to waste at 21 percent. Organic waste accounted for around 19 percent of waste and lightweight packaging for around 17 percent. Other waste destined for recovery and other waste destined for disposal accounted for 4 percent.

Volume of waste by material category in tons

	2011	2012	2013	2014	2015
Paper, card, carton incl. to-go products	34,893	37,575	35,060	33,511	32,218
Used oil	16,143	16,428	16,747	16,850	16,861
Organic waste	14,528	14,784	15,072	15,164	15,174
Lightweight packaging incl. to-go products	16,251	15,655	14,931	14,125	13,772
Other waste (for recovery or disposal)	1,538	2,558	2,608	2,624	3,264
Total	83,352	87,000	84,417	82,274	81,290

PLANET – OUR ENVIRONMENT

According to Germany’s Avoidance and Recovery of Packaging Waste legislation (VerpackV), we are responsible for the collection and proper disposal of all the packaging we bring into circulation. In 2015, 9,950 tons of paper, cardboard and carton (30 percent of total) and 5,296 tons of lightweight packaging (38 percent of total) left our restaurants with to-go products. McDonald’s Germany pays license fees to a dual system for these to-go packaging items.

Our employees sort all the in-house packaging used for our products in restaurants as well as all other waste into different material categories:

- Paper, cardboard and carton – including burger boxes and Happy Meal boxes
- Lightweight packaging – including beverage and ice cups
- Organic waste – including leftover food from the kitchen and coffee grounds from McCafés
- Used cooking oil – waste frying oil
- Other waste – waste destined for recovery, including heavily soiled product packaging, and waste destined for disposal, including garbage and cigarette butts

Our waste disposal partners collect the recyclables from our restaurants and dispose of them in a proper manner. The volumes are recorded by our partners and the legally prescribed recycling rates are examined and verified by an independent expert once a year in line with the requirements of VerpackV. In 2015, McDonald’s Germany adhered to all of the prescribed recycling rates.

Recycling for each material category Recycling rates refer to 2015

Paper, cardboard, carton	Rate of material recycling: 79%
Lightweight packaging	Rate of material recycling of plastics: 69%; composite materials: 66%; aluminum 76% and tinplate 81%
Organic waste	Largely used for electricity and heat generation in biogas plants
Used cooking oil	Largely converted to biodiesel
Waste destined for recovery	Largely used to generate energy
Waste destined for disposal	Largely used to generate heat

In 2015, we put a total of 331 tons of electronic Happy Meal toys into circulation. 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 that we distributed under the German Battery Act.

Our logistics service provider HAVI Logistics collects old plastic menu and advertising posters (translites) from our restaurants for proper disposal. HAVI Logistics stows the translites in the empty cargo space of their trucks on the way back to the distribution center. We are also working with HAVI Logistics to assess the viability of collecting cardboard boxes from our restaurants.

Anti-littering

GRI indicators: DMA local communities, G4-S01

Litter is an important issue for our stakeholders, especially those who live in close proximity to our restaurants. It is a challenge that we are meeting head-on, in particular with local campaigns.

Our guests can complain about discarded McDonald's packaging via the McDonald's guest service. If we receive any complaints about littering in the vicinity of specific restaurants, we forward these to the restaurants in question and check what measures have been taken on the ground to tackle the problem and how the situation can be improved. Our employees collect carelessly discarded waste around restaurants, as well as from neighboring areas such as parking lots, bus stops and public parks. They do this on a regular basis, stepping up their efforts if and as the need arises. These anti-littering patrols are set down in our internal standards. Each restaurant has special waste collection equipment to do this. We use several clearly marked waste containers outside our restaurants to remind customers to dispose of their waste responsibly.

Our franchisees and restaurant employees are also committed to working with local communities to combat littering. They collaborate with city and town councils as well as associations and other companies to organize waste collection campaigns tailored to each location's individual needs. Our Main and Regional Service Centers are on hand to give practical support by providing concrete advice, tips and suitable resources.

In March 2014, the Federal Association of the Foodservice Sector (BdS), the Association of German Cities, the German District Council and the German Association of Towns and Cities launched the "Charta für eine saubere Nachbarschaft" (Charter for Clean Neighborhoods). The initiative aims to intensify dialog between restaurants and city councils and underscores the responsibility that all parties bear in ensuring that our towns and cities remain clean and attractive.

PEOPLE:

OUR PEOPLE

OPEN, INCLUSIVE EMPLOYER

OPEN, INCLUSIVE EMPLOYER

Material aspects and management approach

GRI indicators: DMA market presence, labor/management relations, training and skills development, diversity and equal opportunities, equal pay for men and women, grievances about labor practices

→ Flexibility and fairness

Together with its franchisees, McDonald's Germany is the largest employer in the German restaurant business, employing around 58,000 people. As a result of demographic change, the number of qualified workers is expected to fall in future. This poses a crucial challenge for us too. In an increasingly competitive market, we have to set ourselves apart from other companies by cementing our position as an attractive trainer and employer. The key to success here lies in offering flexible work models, respectful and fair treatment of employees, appropriate remuneration for work and many opportunities to advance through the company. We also believe that the extensive training and development opportunities in our restaurants and administration offices are equally important. Our long-term, forward-looking HR strategy forms the basis of our business success.

→ Happy employees – happy guests

The McDonald's Core Values (see page 11) guide the behavior, actions and decisions of McDonald's employees around the globe. The management promise that McDonald's Germany formulated in 2010 also builds on these values. It highlights our commitment to outstanding customer service as well as our duty to treat employees with fairness and respect, acknowledge exceptional performance and offer regular employee training opportunities. We believe that competent, motivated and happy employees provide the best customer service. By the same token, our guests can immediately tell when they are being served by a team that is friendly, professional and committed to providing outstanding service. As a result, we launched a new initiative across Germany at the start of 2016 aimed at strengthening our service culture (see page 52).

→ Building an inclusive culture through opportunity

McDonald's Germany offers young people three different training paths. The minimum qualification for starting a career at McDonald's is a German Hauptschule (basic secondary schooling). We give all school-leavers the opportunity to build a promising career and prove themselves in the working world. Our training paths can also be completed on a part-time basis, enabling young parents, for example, to balance professional development with childcare responsibilities. We want our training opportunities to be accessible to young people from as many different backgrounds as possible and we strive to meet the needs and expectations of every individual as effectively as possible. This commitment is also reflected in the results of the McDonald's Germany apprenticeship study, which was carried out in 2015 for the second time (see page 51).

Once our apprentices have completed their training they – like all other employees – can choose from a broad range of offers and initiatives in our portfolio for lifelong learning at work.

Our inclusive approach is also reflected at another level. People from 127 countries work together in our company in a positive, productive atmosphere. Over many years in our restaurants, we have seen that work and a common language are the keys to successful integration. They lay the foundation for people from different cultures to live peacefully together. This is why we provide language courses for our employees from migrant backgrounds and proactively support the integration of refugees (see page 48).

→ Fair pay through compliance with wage agreements

McDonald’s Germany and all of its franchisees are members of the Federal Association of the Foodservice Sector (BdS). As such, we pay our employees in line with a collective agreement negotiated by the BdS and the Food, Beverages and Catering Union (NGG). Men and women are, of course, eligible for the same pay scale within the framework of our collective wage agreement (see page 53).

→ Confidential Contact Center and HR audits

The McDonald’s System also includes the Confidential Contact Center. If problems arise in the workplace that cannot be resolved by mutual agreement at local level, the center provides support in finding solutions and reaching compromises – usually through dialog with everyone involved. In addition to this, regular HR audits are carried out at each restaurant – every three years on average – to check compliance with applicable labor and collective bargaining laws and other legal regulations.

Facts and figures 2015

Employment

GRI indicators: G4-9, G4-10

→ Number of employees

McDonald’s is the largest employer in the German restaurant business. Together with our franchisees, we employed a total of 58,011 people in 2015. 48,700 of these people worked in the 1,289 restaurants run by our franchisees and 8,777 in the 189 restaurants run directly by McDonald’s Germany (company-owned restaurants). McDonald’s Germany employed a further 534 administrative staff in total in 2015.

Number of employees Company-owned and franchise restaurants and administration ^{ASSURED}

	2011	2012	2013	2014	2015
Crew	53,420	53,488	50,896	47,790	48,493
Restaurant management	7,580	7,695	7,575	7,484	7,528
Apprentices	2,279	2,147	1,892	1,601	1,456
Administration	545	556	583	563	534
Total employees	63,824	63,886	60,946	57,438	58,011

→ Employment status and period of employment

At the close of 2015, 31 percent of people employed in company-owned restaurants were full-time staff, 43 percent were part-time staff, 15 percent were on short-term contracts and 11 percent had “mini-jobs”. 88 percent of the 534 administrative employees were working in full-time positions and 12 percent in part-time positions. The distribution was thus consistent with the previous year.

Employees by employment status Company-owned restaurants 2015 ^{ASSURED}

	Full time	Part time	Short-term	Mini-jobs
Crew	22%	49%	17%	12%
Restaurant management & apprentices	91%	7%	1%	1%
Total	31%	43%	15%	11%

At December 31, 2015, the average period of employment for crew members and restaurant managers at our company-owned restaurants was five and ten years respectively. The average for administrative staff was 14 years.

Diversity and equal opportunity

GRI indicators: G4-LA10, G4-LA12, G4-S01

→ Language courses for employees with migrant backgrounds

At the close of 2015, people from 127 different countries were working at the 189 restaurants run directly by McDonald's Germany. Due to developments on the labor market, the percentage of employees from countries outside of Germany will continue to rise in future. Being able to speak German makes it easier for new employees to integrate into the team. It also helps them quickly understand and master day-to-day restaurant workflows. Language also builds a bridge to our guests.

For this reason, we provide language courses for employees with migrant backgrounds. McDeutsch is an online language course suitable for all language levels. Because it is online, it can be flexibly incorporated into daily working life. The McDeutsch program has been used over 500 times since its launch in 2014.

→ Refugee integration

Within the framework of the initiative "Wir zusammen – Integrations-Initiative der deutschen Wirtschaft" (Pulling together – integration initiative organized by German business), McDonald's Germany has committed to making a concrete, long-term contribution to the integration of refugees in Germany. We are stepping up to this undertaking in a number of different ways, for example, by offering application days, jobs and language courses, and also by actively embracing a multi-ethnic, anti-racist, inclusive company culture.

More at: www.wir-zusammen.de/patenschaften/mcdonalds

In September 2015, we donated 20,000 German language courses to Germany's Federal Employment Agency. The three-month licenses for online language courses were offered in collaboration with LinguaTV. The Federal Employment Agency is responsible for fairly distributing these general German courses within two years among refugees across Germany who are looking for work. Our franchisees are also providing support at local level. One of our franchisees, for example, donated a further 50 language courses for refugees to the regional branch of the Federal Employment Agency in the towns of Bielefeld and Paderborn.

At the end of 2015, we also organized job application days in our restaurants specifically for refugees as part of a pilot project with the Federal Employment Agency. This initiative resulted in a set of guidelines that will make it easier for refugees to be employed in our restaurants across Germany and for restaurants to coordinate this with the German authorities. We shared these guidelines with our franchisees and all restaurant managers at the start of 2016. It is now being tested in day-to-day operations.

In response to the nationwide discussion about the refugee situation in Germany, McDonald's Germany made a clear statement rejecting all forms of xenophobia in September 2015. We released a video entitled "Welcome to Germany" on the company profile pages of our McDonald's Germany Facebook, Twitter and YouTube sites. In this video, employees and the CEO of McDonald's Germany, Holger Beeck, clearly state that the company sees diversity as a great opportunity. *More at: http://youtu.be/rd_Yd3SQzXU*

→ Employees by gender, age and nationality

The ratio of men to women in our company-owned restaurants and administration is roughly balanced. Almost half of the 8,777 employees who work in company-owned restaurants are younger than 30. Around 10 percent of employees in our restaurants are over 50 years old. Administrative employees are older on average (only nine percent are under 30). A total of 51 percent of restaurant employees are German nationals, 20 percent are nationals of other EU countries and 29 percent are nationals of non-EU countries.

The distribution of employees by nationality and gender remained consistent with the previous year. In terms of age structure, the average age of employees in restaurant management and administration increased slightly.

Employees by gender, age and nationality company-owned restaurants and administration 2015 ASSURED

	Crew	Restaurant management & apprentices	Administration
Men	47 %	54 %	50 %
Women	53 %	46 %	50 %
Under 30	48 %	35 %	9 %
30-50	42 %	55 %	68 %
Over 50	10 %	10 %	23 %
German national	47 %	76 %	93 %
EU national	22 %	9 %	5 %
Outside EU	31 %	15 %	2 %

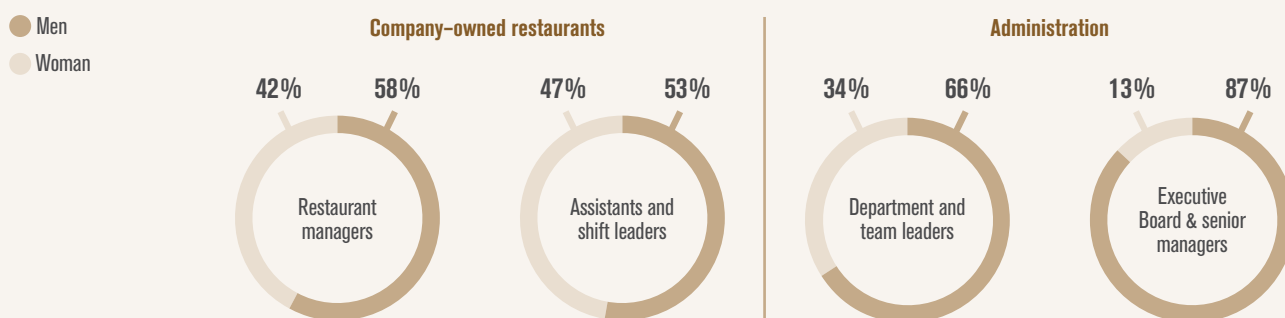
If you would like to know more about the gender, age and nationality breakdown of our governance bodies [Executive Board and Leadership Team (comprising all department heads)] and the Franchisee Leadership Council, please refer to page 10 of this report.

→ **Women in management positions**

42 percent of managers in company-owned restaurants (senior restaurant managers and restaurant managers) were women during the period under review. 47 percent of assistants and shift leaders who take on important management tasks in restaurants were female in 2015. In administration, the percentage of women in management positions was lower than in our restaurants. Here, 34 percent of all department heads and team leaders were female. At top management level (Executive Board and senior managers), the percentage of women was 13 percent.

The percentage of women in management positions was thus largely consistent with 2014, with the exception of women in top management positions, their share fell by six percent.

Women in management positions Percentage of women at different hierarchical levels 2015 ASSURED



→ **Employees with disabilities**

The number of people with disabilities employed in administration and in all of the 1,478 restaurants run by McDonald’s Germany and its franchisees remained almost unchanged in 2015 at 844.

Number of employees with disabilities Company-owned and franchisee restaurants and administration ASSURED

	2011	2012	2013	2014	2015
	740	828	863	838	833

Vocational training and university education

GRI indicators: G4-LA9, G4-LA10

McDonald’s Germany offers suitable training for all school-leavers. All training paths can also be completed on a part-time basis. Together with our franchisees, we employed a total of 1,456 apprentices in 2015. The number of apprentices was thus nine percent lower than the previous year as we were unable to fill many trainee positions. 457 apprentices and students successfully completed their training with McDonald’s Germany in 2015. 339 of these young women and men were subsequently hired. This corresponds to a take-up rate of 74 percent.

→ **Specialist in the hospitality services industry (Fachkraft im Gastgewerbe, FKGS)**

Apprentices can undertake two years of training to become a specialist in the hospitality services industry (Fachkraft im Gastgewerbe, FKGS). This qualification is recognized by the German Chamber of Industry and Commerce (IHK). Participants must have completed German Hauptschule (basic secondary schooling) to qualify. During the period under review, 338 young men and women participated in this program, 106 of whom successfully graduated in 2015. Those who successfully complete the FKGS course with good grades have the option of training for an additional year to become experts in the foodservice sector (Fachmann/Fachfrau für Systemgastronomie, FASY). In 2015, 31 percent of the FKGS graduates that we hired availed of this opportunity. The rest started their careers in different crew roles.

→ **Expert in the foodservice sector (Fachmann/Fachfrau für Systemgastronomie, FASY)**

Training to become an expert in the foodservice sector (Fachmann/Fachfrau für Systemgastronomie, FASY) usually takes three years and is primarily aimed at graduates from middle-ranked secondary schools (Realschule). During the period under review, McDonald’s Germany and its franchisees employed a total of 995 FASY apprentices. 331 successfully completed the program in 2015. The majority of FASY graduates hired (65 percent) were employed as shift leaders.

→ **Combined work/study program**

We also offer school-leavers who have taken the university entrance examination and graduates from technical colleges (Fachoberschüler) a combined work/study program that gives them the chance to graduate with a Bachelor of Arts (BA) or Bachelor of Science (BSc) degree. McDonald’s Germany pays these students an allowance and covers any course fees. In 2015, we employed 123 students within this program, 20 of whom successfully completed it. We hired 12 Bachelor graduates, the majority of whom are starting their careers in restaurant management as assistant managers.

Apprentices and students Company-owned and franchisee restaurants

	2011	2012	2013	2014	2015
FKGS apprentices	447	513	449	360	338
FASY apprentices	1,684	1,480	1,296	1,095	995
Students	148	154	147	146	123
Apprentices & students (total)	2,279	2,147	1,892	1,601	1,456
Qualifications ¹	557	641	635	581	457
Take-up rate	80 %	76 %	78 %	75 %	74 %

¹ The figures for 2011 refer to FASY training only. From 2012, all three training paths – FKGS, FASY and BA course – are included.

→ Second McDonald's apprenticeship study

To position ourselves as an attractive employer for apprentices, we have to understand what young people today expect from apprenticeship and training opportunities. The second McDonald's apprenticeship study again explored the desires, expectations and experiences of young people before, during and after vocational training.

One of the key findings was the importance of career prospects for young migrants in Germany. 59 percent rated their career prospects as very good or good. 60 percent of young people with a migrant background stated that it was important for them to achieve more in life than their parents. The study also revealed that competition for apprentices is increasing every year in Germany. Despite this, every second high school student felt that they did not receive sufficient information about study and career opportunities.

The study was carried out by the Allensbach Institute for Opinion Polling (IFD) and published in November 2015. The first McDonald's apprenticeship study was released in fall 2013. We have incorporated the findings into the restructuring of our vocational training courses. In fall 2016, we will be launching our new McCompetence training concept. *More at: www.ausbildungsstudie2015.de*

→ New employer branding campaign

In May 2016, McDonald's Germany launched its new employer branding campaign under the banner "Was geht? Arbeiten wie du bist" (So where are you headed? Your work, your style). The campaign focuses on people and their individual needs, desires and circumstances. We chose this approach to underscore the values at the heart of McDonald's Germany: We are an inclusive brand that gives people from all backgrounds the opportunity to forge their own path in life. *More at: www.karriere.mcdonalds.de*

Training and skills building

GRI indicators: G4-LA9, G4-LA10

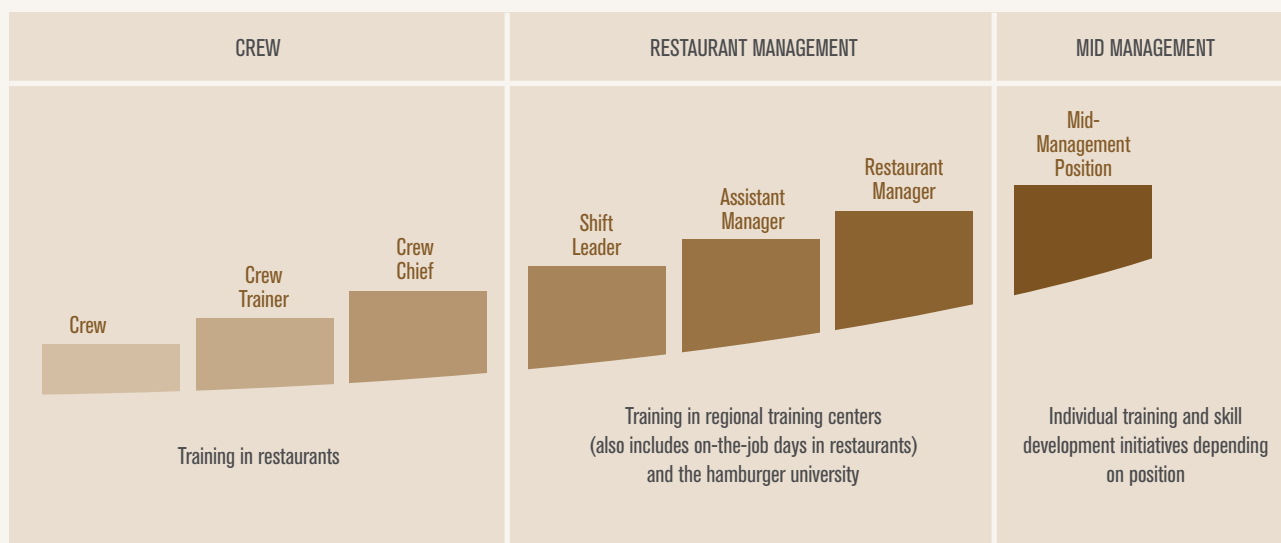
→ Internal training for restaurant employees

Crew members receive training in the restaurants in which they work. We use tailored training documentation and courses for every stage of skill development. New employees are given a starter kit to help ease them into their new positions at the company. The kit also contains valuable tips for the first ninety days at McDonald's. All restaurant employees can access training videos, e-learning modules and a wide range of training documentation via the www.ourlounge.de McDonald's Germany employee portal.

We train management-level restaurant staff within the framework of our Management Development Program (MDP). The MDP comprises the following three stages: shift leader qualification (MDP 1), assistant manager qualification (MDP 2) and restaurant manager qualification (MDP 3). We have developed dedicated sustainability content and learning formats tailored to the different goals and learning levels of each stage. These are a fixed part of the MDP training concept. MDP 1 starts with a general introduction to sustainability at McDonald's. MDP 2 deals with business aspects and also focuses specifically on the issue of waste management. The correct sorting of waste produced in our restaurants is crucial to optimizing the ecological impact of our operations. Students have access to an e-learning module and also work on a case study as part of their class-room based learning. MDP 3 focuses on practical experience, whereby trainee managers assess the energy-saving potential of their restaurants.

We have been using the blended learning approach for some time now to train our restaurant managers and shift leaders in the increasingly challenging and complex tasks they have to perform. This approach uses a mix of e-learning, classroom-based study and printed material to address the different needs of students. It also involves line managers in the development of employees. A learning management system tracks the training units participants complete and their performance, giving students a clear overview of what they have achieved thus far. Participants also receive individual support before, during and after courses.

Levels of training at McDonald's Germany



We trained 13,268 employees at our regional training centers in Berlin, Hamburg, Offenbach and Munich in 2015. McDonald's also has a Hamburger University in Munich, which is one of seven corporate universities worldwide. In 2015, a total of 165 courses were held at the Hamburger University in Munich. This includes the many different courses for our administrative employees and franchisees.

Restaurant management training Courses offered and participants

	2011	2012	2013	2014	2015
Courses offered at the Hamburger University	92	100	81	136	165
Courses offered at regional training centers	1,642	1,299	1,266	1,201	1,857
Total courses	1,734	1,399	1,347	1,337	2,022
Participants at the Hamburger University	1,579	1,844	1,564	1,796	1,894
Participants at regional training centers	10,866	8,928	8,353	9,236	13,268
Total participants	12,445	10,772	9,917	11,032	15,162

→ "Wait a minute" service initiative

Good service has always been a top priority for McDonald's. Our commitment here is firmly anchored in our Quality, Service and Cleanliness (QSC) standards. At the start of 2016, we launched "Augenblick Mal" (Wait a minute), an initiative aimed at strengthening our service culture across Germany. Through this campaign, we want to improve our service and breathe new life into our friendly, welcoming culture. The program is built around six core values that define our shared commitment to service. These values were drawn up in close collaboration with employees, shift leaders and franchisees. Our restaurants have access to an extensive package of measures and training initiatives that they have been using since April 2016 to implement the "Augenblick Mal" campaign.

Remuneration

GRI indicators: G4-11, G4-EC5, G4-LA2

→ **Payment in line with collective bargaining agreements**

McDonald’s Germany and all of its franchisees are members of the Federal Association of the Foodservice Sector (BdS). As such, we have undertaken to pay our employees in line with a collective agreement negotiated by the BdS and the Food, Beverages and Catering Union (NGG). The current collective agreement came into force on January 1, 2015. All McDonald’s Germany and franchisee employees are covered by this collective wage agreement and the framework collective wage agreement for the foodservice sector. McDonald’s Germany and its franchisees also pay all apprentices an agreed rate. Regardless of the employment relationship (full-time/part-time), all employees of McDonald’s Germany entitled to social insurance contributions are accorded the same benefits in line with the nature of their work or function.

The agreed entry-level wage in 2015 was EUR 8.51 per hour. On June 1, 2016, this was increased to EUR 8.60 in line with the new collective wage agreement. We also rapidly aligned wages in eastern and western Germany and increased pay for apprentices. The wage agreements are available on the BdS website at www.bundesverband-systemgastronomie.de/tarifvertraege.html

→ **Equal pay for men and women**

Men and women are, of course, eligible for the same pay scale within the framework of our collective wage agreement.

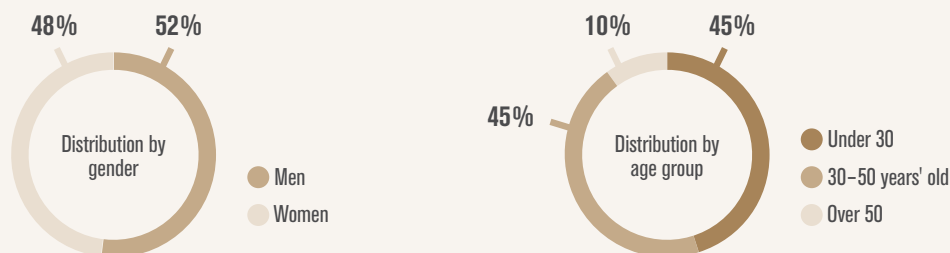
Occupational health and safety

GRI indicators: DMA occupational health and safety, G4-LA6, G4-LA7

McDonald’s Germany is insured against accidents through its membership of the accident insurance association for the food and hospitality sector (Berufsgenossenschaft Nahrungsmittel und Gastgewerbe, BGN). If an employee is injured at work or on their way to or from work, the BGN bears the cost of treatment and provides a financial safety net. BGN supervisors are legally obliged to monitor occupational health and safety measures at McDonald’s restaurants. Regular scheduled visits and spot checks at the restaurants support efforts here.

In 2015, there were 24.2 work-related injuries per 1,000 full-time employees² that required reporting in company-owned restaurants. This is significantly lower than the BGN average, which is 36 work-related injuries per 1,000 full-time employees.³

Work-related accidents that require reporting 2015 per 1,000 full-time employees for company-owned restaurants and administration



According to the BGN⁴, skin diseases are the most common work-related diseases in the services sector. All McDonald’s restaurants comply with an extensive skin protection and cleaning plan to prevent these kinds of diseases from occurring. Employees are provided with special skin protection and skincare products to regenerate the skin’s protective function.

² We express accident figures in terms of work-related accidents that require reporting per 1,000 full-time employees. The BGN defines a full-time employee as an employee who works 1,600 hours a year.

³ BGN: "Starker Partner der Betriebe - Jahrbuch Prävention 2014 / 2015" (BGN: Strong partner to businesses - Prevention report 2014/2015). The average BGN value refers to 2013. This was the most up-to-date figure available at the deadline for submissions for this report.

⁴ BGN: "Starker Partner der Betriebe - Jahrbuch Prävention 2014 / 2015" (BGN: Strong partner to businesses - Prevention report 2014/2015)

COMMUNITY:

OUR
SOCIETY

RONALD MCDONALD
HOUSE CHARITIES SUPPORTING
FAMILIES

RONALD McDONALD HOUSE CHARITIES SUPPORTING FAMILIES

Material aspects and management approach

GRI indicators: DMA local society

→ Win-win for companies and communities

Working with our employees, franchisees and suppliers, our aim is to successfully create lasting value for our business and for society while reducing negative impacts and unnecessary costs. Earlier chapters in this report outlined how we achieve this balance in our core business, the targets we have set, the actions we have already taken and the challenges that lie ahead.

→ Shared responsibility

“We have an obligation to give something back to the community that gives so much to us.” This sentence was coined by McDonald’s founder Ray Kroc over 50 years ago. It perfectly sums up his approach to doing business and is still something we believe in today. Our 238 franchisees carry out the majority of our activities at regional level, supporting local clubs and community projects. They are often the first port of call for local institutions looking for assistance.

→ The Ronald McDonald House Charities

Our corporate citizenship activities are shaped at global level by the work of the Ronald McDonald House Charities. This non-profit organization provides a useful addition to state-run health systems and focuses in particular on supporting families with seriously ill children. The Ronald McDonald House Charities foundation in Germany was founded in 1987 as a branch of the international organization, which is committed to supporting the health and wellbeing of children in 42 countries around the world. McDonald’s Germany, our franchisees and suppliers have supported the foundation through donations since day one.

Facts and figures 2015

Ronald McDonald House Charities

GRI indicators: G4-S01

→ Ronald McDonald Houses and family rooms

Ronald McDonald House Charities (McDonald’s Kinderhilfe Stiftung) helps families with critically ill children in Germany, primarily by building and running Ronald McDonald Houses near to specialist hospitals, and Ronald McDonald family rooms (Ronald McDonald Oases) in the actual hospitals. In July 2015, the organization opened a Ronald McDonald House and family room directly in the Dritter Orden pediatric hospital in Passau.

There are 22 Ronald McDonald Houses and five Ronald McDonald family rooms in Germany. In 2015, 6,488 families found a temporary home-from-home in houses located throughout Germany while their children were being treated in neighboring hospitals. The average stay in these houses for families was 18 days and the average distance to their own homes was around 97 kilometers. In addition, the five family rooms provided a place of rest within the hospitals for 7,098 families.

The houses and family rooms are run by staff employed by the organization and dedicated volunteers. In 2015, 830 volunteers gave over 100,000 hours of their time to the organization. Many McDonald’s employees also support the foundation. Within the framework of our Corporate Volunteering days, they carry out different jobs at Ronald McDonald Houses in their regions or cook for the families staying there.

→ Kindergesundheitsmobil (Kid's health truck)

Since September 2012, Germany's first "Kindergesundheitsmobil" (kid's health truck) has been on the road in Essen, providing a valuable addition to the healthcare and support services provided by the city of Essen. The service is funded by the City of Essen, the Essen branch of the German Association for the Protection of Children and the Ronald McDonald House Charities in Germany. The truck helps to improve children's health by raising awareness of health issues among parents and their children on the ground. In 2015, the service was expanded to include vaccinations for refugees. 6,358 visitors used the services offered by the kid's health truck in the period under review.

Donations made by McDonald's Germany

GRI indicators: G4-S01

McDonald's Germany, together with its franchisees and suppliers, is the German Ronald McDonald House Charities' largest donor. In 2015, they collectively donated a total of EUR 3.2 million.

Donations to the Ronald McDonald House Charities in EUR thousand

	2011	2012	2013	2014	2015
McDonald's Germany, franchisees and suppliers	3,284	3,405	3,449	3,241	3,201
Collection boxes in restaurants	2,580	2,825	2,810	2,996	3,041
Charity gala	1,362	1,352	921	911	923
Charity events (Helping Hands, Trostpflaster)	740	751	921	974	1,296
Total amount donated by McDonald's Germany	7,966	8,333	8,101	8,122	8,460

Our guests donated EUR 3 million for Ronald McDonald House Charities via the collection boxes in every McDonald's restaurant in Germany. In November 2015, McDonald's Germany held its twelfth charity gala in aid of the Ronald McDonald House Charities. Thanks to the generous support of the many guests and celebrities who attended the event, a total of EUR 923,000 was collected. Our restaurants put in an outstanding effort during the Trostpflaster (feel-good plaster) campaign, selling over 1.5 million plasters in aid of the Ronald McDonald House Charities from October 26 to November 18, 2015.

GRI-G4-CONTENT- INDEX 2015

 Corporate Responsibility Report 2015

 Corporate Responsibility Report 2015 At a Glance





















This report was prepared in accordance with the core option of the G4 guidelines of the Global Reporting Initiative (GRI).

General standard disclosures







General standard disclosures	Page	External assurance*	Description
Strategy and analysis			
G4-1	 p. 3	-	Introduction from the Managing Director
Organizational profile			
G4-3	 p. 9	-	Name of the organization
G4-4	 p. 9	-	Primary brands, products, and services
G4-5	 p. 9	-	Location of organization's headquarters
G4-6	 p. 9	-	Countries where the organization operates
G4-7	 p. 9	-	Nature of ownership and legal form
G4-8	 p. 9	-	Markets served
G4-9	 p. 9 & 47;  p. 3-4	-	Scale of the organization
G4-10	 S. p. 47, 61;  p. 15-16		Total number of employees
G4-11	 p. 53;  p. 15-16	-	Employees covered by collective bargaining agreements
G4-12	 p. 18;  p. 5-6, 7-8	-	Organization's supply chain
G4-13	 p. 9	-	Changes regarding size, structure, ownership, or supply chain
G4-14	 p. 11	-	Precautionary approach or principle
G4-15	 p. 12	-	Externally developed economic, environmental and social charters, principles, or other initiatives
G4-16	 p. 12	-	Memberships of associations and national or international advocacy organizations
Identified material aspects and boundaries			
G4-17	 p. 9	-	Entities included in consolidated financial statement
G4-18	 p. 6	-	Process for defining the report content and the Aspect Boundaries
G4-19	 p. 6	-	List of material aspects
G4-20	 p. 6	-	Material aspects within the organization
G4-21	 p. 6	-	Material aspects outside the organization
G4-22	 p. 5	-	Effects of restatements of information
G4-23	 p. 6	-	Significant changes from previous reporting periods
Stakeholder engagement			
G4-24	 p. 8	-	Stakeholder groups engaged
G4-25	 p. 8	-	Basis for identification and selection of stakeholders
G4-26	 p. 8	-	Organization's approach to stakeholder engagement
G4-27	 p. 8	-	Key topics and concerns raised through stakeholder engagement
Report profile			
G4-28	 p. 5	-	Reporting period
G4-29	 p. 5	-	Date of most recent previous report
G4-30	 p. 5	-	Reporting cycle
G4-31	 p. 5	-	Contact point
G4-32	 p. 5	-	"In accordance" option
G4-33	 p. 5	-	External assurance
Governance			
G4-34	 p. 10-11	-	Governance structure of the organization
Ethics and integrity			
G4-56	 p. 11-12	-	Organization's values, principles, standards and norms of behaviour








*Indicators marked with » « have not been audited.

Specific standard disclosures

Disclosure on Management Approach (DMA) and indicators	Page	Reason for omission	External assurance*	Description
Category: Economic				
Material aspect: Economic performance				
G4-DMA	PDF p. 9		-	
G4-EC1	PDF p. 9		-	Direct economic value generated and distributed
Material aspect: Market presence				
G4-DMA	PDF p. 46		-	
G4-EC5	PDF p. 53;  p. 15-16		-	Ratios of standard entry-level wage by gender compared with local minimum wage at significant locations of operation
Material aspect: Procurement practices				
G4-DMA	PDF p. 16		-	
G4-EC9	PDF p. 18;  p. 5-6, 7-8		-	Proportion of spending on local suppliers
G4-FP2	PDF p. 21, 23, 24, 29;  p. 5-6		-	Purchased volume in accordance with internationally recognized production standards
Category: Environmental				
Material aspect: Materials				
G4-DMA	PDF p. 16, 36, 41		-	
G4-EN1	PDF p. 19, 21, 24, 41, 62;  p. 5-6, 9-10, 11-12			Materials used by weight or volume
G4-EN2	PDF p. 41;  p. 11-12		-	Percentage of materials used that are recycled input materials
Material aspect: Energy				
G4-DMA	PDF p. 36		-	
G4-EN3	PDF p. 38, 63;  p. 13-14			Energy consumption within the organization
G4-EN4	PDF p. 40		-	Energy consumption outside of the organization
Material aspect: Emissions				
G4-DMA	PDF p. 36		-	
G4-EN15	PDF p. 37, 64;  p. 13-14			Direct greenhouse gas (GHG) emissions (scope 1)
G4-EN16	PDF p. 37, 64;  p. 13-14			Energy indirect greenhouse gas (GHG) emissions (scope 2)
G4-EN17	PDF p. 37, 40, 64;  p. 13-14			Other indirect greenhouse gas (GHG) emissions (scope 3)
G4-EN18	PDF p. 37, 64			Intensity of greenhouse gas (GHG) emissions
Material aspect: Effluents and waste				
G4-DMA	PDF p. 36		-	
G4-EN23	PDF p. 42, 65;  p. 11-12			Total weight of waste by type and disposal method
Material aspect: Transport				
G4-DMA	PDF p. 40		-	
G4-EN30	PDF p. 40;  p. 13-14		-	Environmental impact of transporting products and other goods and materials

GRI-G4 CONTENT INDEX 2015

Category: Social				
Category: Social – Subcategory: Labor practices and decent work				
Material aspect: Employment				
G4-DMA	PDF p. 46		-	
G4-LA2	PDF p. 53;  p. 15-16		-	Benefits provided to full-time employees that are not provided to temporary or part-time employees
Material aspect: Labor/management relations				
G4-DMA	PDF p. 46		-	
G4-LA4	The minimum notice period for operational changes is four weeks (regulated by law, not set down in the existing collective wage agreement).		-	Minimum notice periods regarding operational changes
Material aspect: Occupational health and safety				
G4-DMA	PDF p. 53		-	
G4-LA6	PDF p. 53		-	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities
G4-LA7	PDF p. 53		-	Workers with high incidence or high risk of diseases related to their occupation
Material aspect: Training and education				
G4-DMA	PDF p. 46		-	
G4-LA9	Courses for restaurant management last between one and five days. Crew staff are trained on the job. PDF p. 50, 51;  p. 15-16	This information is not available at present. We are currently assessing whether it is possible to develop a system capable of accurately recording the annual number of hours spent in training and skills development measures.	-	Average hours of training per year per employee by gender, and by employee category
G4-LA10	PDF p. 48, 50, 51;  p. 15-16		-	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
Material aspect: Diversity and equal opportunity				
G4-DMA	PDF p. 46		-	
G4-LA12	PDF p. 10, 48, 61;  p. 15-16			Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.
Category: Social – Subcategory: Society				
Material aspect: Local communities				
G4-DMA	PDF p. 44 & 55		-	
G4-SO1	PDF p. 34, 44, 48, 55;  p. 9-10, 17-18		-	Percentage of operations with implemented local community engagement, impact assessments, and development programs
Material aspect: Anti-corruption				
G4-DMA	PDF p. 12		-	
G4-SO4	PDF p. 12		-	Communication and training on anti-corruption policies and procedures

Category: Social – Subcategory: Product responsibility				
Material aspect: Customer health and safety				
G4-DMA	PDF p. 27		-	
G4-PR1	PDF p. 29, 30, 31;  p. 9-10		-	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement
G4-PR2	PDF p. 31		-	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes
G4-FP5	PDF p. 21, 31;  p. 9-10		-	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards
G4-FP6	PDF p. 30		-	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars
G4-FP7	PDF p. 29		-	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives
Material aspect: Product and service labelling				
G4-DMA	PDF p. 27		-	
G4-PR3	PDF p. 32		-	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements
G4-PR5	PDF p. 32;  p. 3-4, 9-10		-	Results of survey measuring customer satisfaction
Material aspect: Marketing communications				
G4-DMA	PDF p. 34		-	
G4-PR6	PDF p. 32;  p. 3-4, 5-6, 7-8, 9-10		-	Sale of banned or disputed products
G4-PR7	PDF p. 34		-	Non-compliance with regulations and voluntary codes concerning marketing communications
Material aspect (sector disclosures): Animal welfare				
G4-DMA	PDF p. 16, 21, 23		-	
G4-FP9	PDF p. 19, 21, 23;  p. 5-6	This information is not available at present. The exact number of animals by species and breed type cannot be determined at present. We are assessing whether it is possible to record this data accurately.	-	Animals raised and/or processed
G4-FP10	PDF p. 21, 23;  p. 7-8		-	Physical alterations and use of anesthetic
G4-FP11	PDF p. 21, 23		-	Animals raised and/or processed by species and breed type
G4-FP12	PDF p. 21, 23		-	Antibiotic, anti-inflammatory, hormone and/or growth promotion treatments
G4-FP13	PDF p. 21, 23;  p. 7-8		-	Non-compliance related to transportation, handling and slaughter practices

EXPLANATORY NOTES

G4-10 & G4-LA12

→ General information on employment numbers

- Figures relating to workers employed by franchisees are based on the data supplied by our franchisees. This information is provided on a voluntary basis. As such, some data in this report only refers to restaurants run by McDonald's Germany (company-owned restaurants) and to the administration offices of McDonald's Germany. This is clearly stated in each case.
- The standard definitions used internally throughout McDonald's Germany were used as a general basis for employment numbers reported by McDonald's Germany.
 - To ensure that figures can be compared globally across the Group, only data for active employees was reported. As such, the figures do not include those employees who were on non-paid sick leave on the reporting date, those on maternity leave or parental leave, taking unpaid leave or in any other kind of dormant employment relationship.
 - The number of administration employees reported here does not include apprentices, student trainees or interns working in administration on the reporting date.
- Due to the internal sale of restaurants from franchisees to McDonald's Germany or vice versa, the number of employees of company-owned/franchisee restaurants as reported in relation to the number of company-owned/franchisee restaurants may not be entirely accurate (with a variance of less than one percent).
- All employee figures relate to head counts.

→ Employees by employment contract (temporary/permanent)

- The system used to collect information on employee figures generally document contractual terms based on the position and not the person. It is therefore not possible to provide any meaningful figures in this context.

→ Supervised workers

- McDonald's Germany does not employ any supervised workers that are obliged to comply with instructions in the restaurants that it runs directly. Less than one percent of employees working in administration are obliged to comply with instructions.

→ Employees by region

- As McDonald's Germany only operates in Germany, there is no need to break down figures by region.

→ Self-employed workers or individuals who are not employees or supervised workers

- 238 franchisees (200 men and 38 women) operated a total of 1,289 McDonald's restaurants in Germany in 2015. The franchisees operate locally under the common McDonald's brand umbrella as legally recognized independent contractors. Our franchisees employed a total of 48,700 people. Figures relating to workers employed by franchisees are based on the data supplied voluntarily by our franchisees. This includes information on the total number of restaurant employees (broken down into restaurant management and crew) as well as data on trainees.
- In the restaurants operated directly by McDonald's Germany and in the administration offices of McDonald's Germany, no substantial share of the work is carried out by workers who fall under the above definition.

→ Significant variations in employment numbers

- There are no significant variations in the number of employees who work in the restaurants operated directly by McDonald's Germany or in the administration offices of McDonald's Germany.

G4-EN1

→ Packaging material by weight or volume

- The volumes of packaging material reported for our restaurants do not include the ten restaurants in Luxembourg which are also managed by McDonald's Germany
- The volumes of packaging material reported here are based on an internal database provided by our logistics service provider HAVI Logistics GmbH. The database contains the packaging specifications (in particular weight and material) for all articles delivered to our restaurants. When collecting information on the amount of packaging used to serve our products, McDonald's Germany uses a cashier-based system to differentiate exactly between packaging for products consumed on site and 'to-go' packaging.

→ Origin of raw materials used and volume of raw materials used

- To calculate the annual volume of raw materials used for the production of our food products, we carried out a survey of all food suppliers to McDonald's Germany that supply us with at least EUR 100,000 worth of products during the period under review (corresponds to around 84 percent of our suppliers). The survey gathers information on key raw materials. Key raw materials are defined as the ingredients that make up at least 80 percent of total contents in a food product.
- The overview in this report covers the largest raw material groups by volume as well as raw materials that are particularly relevant to sustainability (e.g. raw materials certified in line with specific labels).
- Butter, milk, eggs, sugar, salt and oil are used in many of our food products. However, they are often not regarded as key raw materials as per the definition above. As a result, only some of the data on these raw materials is included in our analysis. Furthermore, in some cases, we do not have any data – or only inaccurate data – on certain raw materials that would otherwise be deemed relevant according to the above criteria. As a result, these raw materials may have been omitted entirely or only included to a limited extent.

- The following raw materials are not included or only partially included in the analysis:
 - o Apples: Volumes for the fizzy apple juice drink manufactured by Lift are not given as no data is available here.
 - o Butter: Not included in the analysis as a representative amount of data was not collected (not a key ingredient).
 - o Eggs: The figures only refer to eggs in our breakfast menu products.
 - o Coffee: Volumes for decaffeinated coffee are very low and therefore not included.
 - o Cocoa: Not included in the analysis as no representative data is available.
 - o Milk: The volumes used in baked goods (e.g. for McCafé products) are not recorded (not a key ingredient).
 - o Salt: Not included in the analysis as a representative amount of data is not collected (not a key ingredient).
 - o Sunflower and rapeseed oil: The figures refer exclusively to the frying oil used in all restaurants and the oil used to make sauces and buns.
 - o Wheat flour: The figures refer exclusively to flour used in the production of burger buns, breakfast products and apple pies.
 - o Sugar: The figures refer exclusively to sugar used to make sauces and burger buns and also to portioned packets in restaurants.

- Other comments on individual raw materials:
 - o Cucumbers: In addition to reporting volumes for cucumbers in salads and gherkins, since 2015 we report figures for cucumbers used in our burger sauces as well as the cucumbers used in the pickling agent for gherkins.
 - o Cheese: We regard cheese as a raw material. As such, the information on origin refers to the country in which the cheese was made. We do not report on the milk used to make the cheese.
 - o Tomatoes: The volume of tomatoes includes tomatoes used in burgers and salads. As of 2015, we also report on tomatoes used in our sauces (e.g. in the form of tomato puree).

G4-EN3

→ Energy consumption

- The ten restaurants in Luxembourg, which are also managed by McDonald's Germany, are not included in energy consumption figures for our restaurants.

- When comparing restaurant groups, we include and evaluate all restaurant types equally (McDrive, Instore, Satellites). The consumption patterns of the individual types vary (satellites generally consume less than Instore restaurants and McDrives).

- We only have partial information on electricity and heating consumption for our administration buildings for the year under review. This data is not sufficient for us to perform a meaningful evaluation. In 2016 and beyond, we will be working to improve data availability in this area.

→ Percentage of energy from renewable sources

- 1,441 (of 1,478) restaurants were powered by green energy in 2015. In total, we purchased approximately 522,000 megawatt hours of renewable energy in 2015. This corresponds to 98 percent of our total electricity consumption (534,986 MWh). A mere 37 restaurants are not included in this figure (around 2.5 percent of all restaurants in Germany) as these are located for example in shopping malls where the power supply is organized by the respective mall operator. Based on the number of stores over which we have direct influence, we have achieved a quota of 100 percent green energy.

G4-EN15, G4-EN16, G4-EN17, G4-EN18**→ Direct greenhouse gas emissions (scope 1), energy indirect greenhouse gas emissions (scope 2) and other indirect greenhouse gas emissions (scope 3)**

- Due to their complexity, there is always a certain level of uncertainty involved in reporting climate-related figures. We continually strive to refine and improve our methods for determining our CO₂ footprint.
- Since 2009, we have been internally calculating our annual carbon footprint along our entire value chain as part of a wider McDonald's Europe initiative. The methods we use align with ISO 14040, ISO 14064 and the Greenhouse Gas Protocol.
- As part of this process, all the participating McDonald's markets in Europe, including Germany, set out their own annual targets for reducing CO₂ emissions from the restaurant operations over which they have direct influence. The goals are currently set for the period 2013 through 2016. To ensure there is a uniform baseline for benchmarking success in achieving these goals, the emissions factors used are not changed during this period.
- Wherever possible, we use emissions factors from ecoinvent. Where adequate factors were not available, we used Adème. For emissions from cooling agents, we used the global warming potentials (GWPs) from the IPCC's Fourth Assessment Report.
- The majority of figures for restaurant operations are based on country-specific emissions factors. The input values largely align with the values listed in this report (e.g. for energy consumption or waste). In cases where specific values for McDonald's Germany are not available, we used European averages for McDonald's.
- Figures for logistics and the supply chain are based on average European emissions factors. To ensure figures can be compared with different McDonald's markets across Europe, we used figures for finished products as input values not the volumes of raw material shown in this report.
- The emissions factors used for our food products are based on Adème and supplemented with supplier-specific information that McDonald's Europe has collated on selected suppliers over several years. The aim here was to capture emissions produced along the entire value chain right up to the creation of the finished product. The emissions factors we use therefore generally refer to the respective finished product as delivered to and used in our restaurants. Some product groups may vary here.
- Our CO₂ footprint is calculated using CO₂ equivalents.
- The figures for restaurant operations align with the scope of the report and include the administration buildings of McDonald's Germany, the restaurants operated directly by McDonald's Germany and all restaurants in Germany run by franchisees. The ten restaurants in Luxembourg, which are also managed by McDonald's Germany, are not included.

→ CO₂ emissions generated by HAVI Logistics on behalf of McDonald's Germany

- We only report cooling agents for distribution centers here. Cooling agents used by fleet vehicles (to cool trucks) are not reported. This is because they are not part of the Environmental Key Figures report that was agreed on at European level by HAVI Logistics and McDonald's and that forms the basis of the data reported here.

G4-EN23

→ Total weight of waste by type

- The ten restaurants in Luxembourg which are also managed by McDonald's Germany are not included in the volumes of waste shown in the report.
- Paper, cardboard, carton and lightweight packaging: The volumes of waste reported here correspond to the amounts of paper, cardboard, carton and lightweight packaging reported under EN1.
- Used cooking oil and organic waste: The volumes of waste reported here are based on a survey carried out at our restaurants in 2012. The survey revealed that around 75 percent of all restaurants have concrete data on waste disposal, in particular relating to the number and size of the containers and the frequency with which they are emptied. This data is used to extrapolate volumes of waste.
- Other waste: Previously, the volumes of waste destined for recovery and volumes of waste destined for disposal were based on values estimated using the average amounts of waste by category disposed of by our restaurants. Due to ongoing improvements in our internal data collection techniques, we have now adapted this database. As of 2015, the volumes of waste reported here are extrapolated using data from our internal control system. The approximately 25-percent rise in volumes of waste destined for recovery and waste destined for disposal from 2014 to 2015 is a result of this change.
- The waste reported does not include special waste generated outside of day-to-day operations at our restaurants, for example used electrical equipment removed during restaurant refurbishments or construction waste. The company does not collect data for this in a central database.

→ Retrospective adjustments

- We continually develop our internal corporate responsibility controlling system. This also entails constantly improving our internal data collection processes and key performance indicator (KPI) definitions.
- If we identify a way of improving data quality or availability of key indicators, or if we change our calculation methods, we also adjust the respective KPIs retrospectively for past years.
- We adjust indicators retrospectively if the new method or input causes an indicator's value to differ by at least three percent from the previous figure.
- We have explicitly referenced any retrospective changes to indicators in the footnotes.

INDEPENDENT ASSURANCE REPORT

To the Board of McDonald's Deutschland Inc., Munich

We were engaged to perform an independent limited assurance engagement on selected indicators of the sustainability performance published in the 'McDonald's Germany Corporate Responsibility Report 2015' (further 'the Report') of McDonald's Deutschland Inc., Munich (further 'McDonald's') for the business year 2015.

The following selected indicators, including the explanatory notes, are in the scope of our assurance engagement and marked with the following symbol:

ASSURED



- Indicators 'Volume of raw materials used' and 'Origin of raw materials used'
- Indicators 'Volume of packaging by material' and 'Volume of packaging per restaurant visit'
- Indicators 'Total energy consumption of our restaurants', 'Average energy consumption of a comparable restaurant', 'McDonald's Germany fleet'
- Indicator 'Volume of waste by material category'
- Indicator 'CO₂-footprint', 'CO₂ emissions from our restaurant operations (scope 1 and 2)' and 'CO₂ emissions (scope 1 and 2) per restaurant visit'
- Indicators 'Number of employees', 'Employees by employment status', 'Employees by gender, age and nationality', 'Women in management positions', 'Number of employees with disabilities' and 'Composition of governance bodies'

→ Management's Responsibility for the Report

The legal representatives of McDonald's are responsible for the preparation of the Report in accordance with the principles and standard disclosures of the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative, supported by internal guidelines, as described in the section "About this report" as well as in the explanatory notes (hereafter: 'Reporting Criteria').

The responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates for individual qualitative and quantitative sustainability disclosures which are reasonable under the circumstances. Furthermore, this responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Report in a way that is free of – intended or unintended – material misstatements.

→ Independence and quality assurance on the part of the auditing firm

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA-Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The quality assurance system of the KPMG AG Wirtschaftsprüfungsgesellschaft is based on the International Standard on Quality Control 1 "Quality Control for Audit, Assurance and Related Service Practices" (ISQC 1) and, in addition on national statutory requirements and professional standards, especially the Professional Code for Certified Accountants as well as the joint statement of WPK (Chamber of Public Accountants) and IDW (Institute of Public Auditors in Germany): Requirements for quality assurance in the auditing practice (VO 1/2006).

→ Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed and the evidences obtained on the selected indicators on sustainability performance.

→ Nature and extent of the assurance engagement

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the International Standard on Assurance Engagements (ISAE) 3410: "Assurance Engagements on Greenhouse Gas Statements" of the International Auditing and Assurance Standards Board (IAASB). These standards require that we comply with our professional duties and plan and perform the assurance engagement to obtain a limited level of assurance to preclude that the above mentioned selected sustainability information is not prepared, in all material respects, in accordance with the aforementioned Reporting Criteria. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement. This includes the assessment of the risk of material misstatement in the Report under consideration of the Reporting Criteria.

INDEPENDENT ASSURANCE REPORT

Within the scope of our engagement, we performed amongst others the following procedures when conducting the limited assurance engagement:

- A risk analysis, including a media search, with regard to the selected indicators on sustainability performance in scope in the reporting period.
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of selected indicators on sustainability performance, including the consolidation of the data.
- Interviews with relevant staff of McDonald's responsible for determining, analysing and consolidating data as well as carrying out internal control procedures.
- Evaluating internal and external documentation to determine whether selected indicators on sustainability performance are supported by sufficient evidence.
- An analytical review of the data and trends.
- Interviews with selected raw material suppliers and requesting information to assess local data collection and reporting processes and the reliability of the reported data.
- An evaluation of the overall presentation of the selected indicators on sustainability performance, published in the report.

→ Conclusion

Based on the procedures performed and evidence received to obtain limited assurance, nothing has come to our attention that causes us to believe that the selected indicators on sustainability performance in the McDonald's Germany Corporate Responsibility Report for the business year 2015 are, in all material respects, not prepared in accordance with the Reporting Criteria.

→ Recommendations

Without affecting the conclusion above, we recommend McDonald's to further develop the methodology for the calculation of the CO₂-Footprint, in particular the applied emission factors along the value chain as well as the internal documentation.

This assurance report is issued based on an assurance engagement agreed upon with McDonald's. The assurance engagement to obtain limited assurance is conducted on purpose of McDonald's and the assurance report is solely for information purposes of McDonald's on the results of the assurance engagement. This assurance report must not be used as a basis for (financial) decision-making by third parties of any kind. We have responsibility only towards McDonald's. We do not assume any responsibility for third parties.

Frankfurt am Main, 10. August 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Simone Fischer
Certified Public Accountant
(Wirtschaftsprüferin)

ppa. Carmen Auer

PUBLISHING DETAILS

PUBLISHER AND CONTENT OWNER

McDonald's Deutschland Inc.
Zweigniederlassung München
Drygalski-Allee 51
81477 Munich, Germany

EDITED BY

McDonald's Deutschland Inc.
Zweigniederlassung München

DESIGNED BY

vingervlug
Weidenallee 10B
20357 Hamburg

CONTACT

McDonald's Deutschland Inc.
Zweigniederlassung München
Corporate Responsibility
Diana Wicht
Drygalski-Allee 51
81477 Munich, Germany
www.mcdonalds.de/verantwortung
T: +49 89 78594 413
F: +49 89 78594 479
E-Mail: verantwortung@mcdonalds.de
Blog: *www.change-m.de*

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