McDonald’s
CSR Report 2016
Corporate Overview

McDonald’s Company (Japan), Ltd.
Address: Shinjuku Island Tower, 6-5-1 Nishishinjuku, Shinjuku-ku, Tokyo 163-1339, Japan
Phone: +81-3-6911-5000 (Switchboard)
Established: May 1, 1971
Capital: 100 million yen
Line of business: Management of a hamburger restaurant chain and all associated businesses
Number of restaurants: 2,909
Sales: 438.488 million yen (Total sales by McDonald's-operated and franchised restaurants)
Number of employees: Permanent employees: 2,284 (excluding officers, part-time employees, etc.)
Part-time employees: 48,947 (total of McDonald's-operated and franchised restaurants)
(As of December 31, 2016)

Corporate Information
Please visit the McDonald’s Holdings Japan Co., Ltd. official website for information on corporate governance, compliance management, etc.
http://www.mcd-holdings.co.jp/

Editorial Policy
This CSR report covers CSR (corporate social responsibility) activities in five domains addressed by McDonald’s. By disclosing McDonald’s CSR concept including the company’s approach and the efforts it undertakes, we are hoping to share these information with many stakeholders that in turn leads to a sustainable society. The contents are focused on CSR and includes URL links to access corporate information found in McDonald’s Holdings Japan official website.

Scope of Report, etc.
Organization subject to report: McDonald’s Company (Japan), Ltd.
(partial inclusion of McDonald’s Holdings Company (Japan), Ltd.)
Time period covered by this Report: Jan. 1, 2016 to Dec. 31, 2016
Fields covered by this Report: General domain of social responsibility (management, society and environment)
Next publication issue schedule date: March 2018
Publisher and contact: Corporate Relations
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Address: Shinjuku Island Tower, 6-5-1 Nishishinjuku, Shinjuku-ku, Tokyo 163-1339, Japan
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McDonald’s Business Philosophy

As a quick service restaurant, McDonald’s mission is to improve “Q, S, C” and develop unique “V” through infinite challenge and constant improvement to provide customers with the best restaurant experience. This philosophy was introduced by Raymond Albert Kroc, the founder of McDonald’s and remained unchanged.

McDonald’s offers regular menu items with “same quality around the globe.” Uncompromised quality control is implemented to ensure quality and to sustain McDonald’s reliable quality.

We offer heartful service and provide a comfortable dining space to become a “FUN PLACE TO GO” for our customers.

The founder educated employees to “Clean as you go.” His philosophy to pursue cleanliness of restaurant and kitchen is applied and implemented to each task in the operation manual and kitchen equipment design.

Outstanding combination of Q, S, and C creates different types of Values. McDonald’s makes relentless efforts to execute a finished product of Q, S, and C.

CSR Report 2016

Our Social Responsibility

Enhancement of QSC&V means we must fulfill various corporate social responsibilities (CSR) as well. We divide CSR into five categories and listen to the voices of stakeholders and society in each of them, endeavoring to take the best and honest action.

Raw material procurement

Relationship with suppliers in obtaining product materials as well as procurement process are critical factors to secure food safety and the DNA of assuring product safety.

Product and quality control

As a food service company, quality control is the top priority in fulfilling our social responsibility to ensure product safety and enable our guests to enjoy meals with peace of mind at all times.

Social contribution

The idea of “We have an obligation to give back to the community that gives so much to us” is the basis of making contributions to our society.

Employees

McDonald’s business is a people business. Based on our philosophy of “Individual growth promotes corporate growth”, we are supporting the development of our people.

Environment

Based on the idea that environmental consideration is part of corporate social responsibility, we take environmental actions with a viewpoint of continuous optimization.
Improving quality control systems

Monitoring tests
Implements periodic inspections of imported raw materials by a third-party institution

Periodic factory audits by Quality Assurance department staff
Implements audits by Quality Assurance Department staff of McDonald’s Japan (including non-announced audit)

Use of smartphone app to evaluate McDonald’s restaurants from “customers’ standards”

KODO operation

Real-time feeding of customers’ voices for further improvements

Information disclosure — “Mieru McDonald’s Quality”

McDonald’s through mom’s eye
http://www.mcdonalds.co.jp/safety/momseye/

Information on allergies, nutritional issues and producing countries of raw materials
http://www.mcdonalds.co.jp/quality/allergy/Nutrition/index2.html

Food safety and security initiatives
http://www.mcdonalds.co.jp/safety/food-safety/

Food Safety Summit

• 2nd Food Safety Summit was held in Tokyo on June 13, 2016
• Total attendance of 250 people from farms to restaurants and customer representatives
• With the theme of “Connecting food safety and delivering food security,” knowledge and experience were shared with a determination to make stronger engagement
### Environmental Performance

#### 2016

**Food waste recycling rate**

- **System-wide waste amount:** 115,600 tons
- **Food waste amount:** 95.4 kg / 1 million yen in sales
- 32.8 kg / 1,000 people

Food-service industry average: **25%** FY2013

#### 2016

**Energy consumption**

- **Electricity:** 516.6 kWh / 1,000 people
- **Gas:** 23.5 m³ / 1,000 people
- **Water:** 4.0 tons / 1,000 people

#### 2016

**Packages and containers with FSC® forest certification**

- **Usage ratio of packages and containers with FSC® forest certification:** 45%
- Aim to reach 100% by 2020
- FSC license number: FSC®N002365

#### Enhanced dining environment

- **Non-smoking restaurants:** All restaurants with non-smoking environment from August 2014
  - 100% non-smoking
Charitable activities (in support of Ronald McDonald House)

Donation amount collected at restaurants in 2016: 71,544,122 yen
Number of family users in 2016: 6,615 families
Ronald McDonald Houses: 12 locations

Sports support
- Junior baseball: Takamadonomiya Cup All-Japan Rubber Baseball McDonald's Tournament
  - Number of participating teams in 2016: 12,000 teams across Japan
- U-12 football: Japan U-12 Football Championship
  - Number of participating teams in 2016: Approximately 9,000 teams across Japan

Educational support (Food educational support)
- Number of classes using "Food Education Time" from 2007 to 2016: 5,573 times
- Number of participating children and students: Approximately 160,061 participants

Community contribution activities
- Number of "Security whistles" distributed in 2016: 859,223 whistles
- Number of "Hello Ronald" session in 2016: 813 times

Disaster support activities (Kumamoto Earthquakes relief contribution)
- Relief donation collected at restaurants: 17,018,207 yen
- Relief donations by McDonald's: 1,000,000 yen
  - Both were sent to the Japan Red Cross

CSR Report 2016
As a food service company, McDonald’s is expected to serve safe products that can be enjoyed with peace of mind. Assuring “safety and security” right from the raw materials procurement stage is important, and quality control from production to processing as well as forming partnerships with suppliers who provide raw materials is the foundation of serving safe products.

**Suppliers Code of Conduct**

McDonald’s must always act with all sincerity. The same principle applies equally to our suppliers, who are our partners. Suppliers Code of Conduct are established for our suppliers for the above, and they are expected to act in full compliance.

**Overview of Suppliers Code of Conduct**

- Compliance with all applicable laws and standards
- Employment practices
  - Prohibition of child labor, forced labor, discrimination and/or abuse
  - Requirements for remuneration, social service and working environments
- Inspections/Audits
  - Implementation of suppliers’ voluntary inspections
  - McDonald’s rights to conduct audits

**Suppliers Quality Management System**

Suppliers Quality Management System (SQMS) is established for the purpose of implementing high level of quality management and sanitary control by our suppliers. McDonald’s developed this own quality management program, including thorough management of manufacturing temperature, contamination inspections and bacteriological examinations across all process stages. Suppliers are expected to act in full compliance.
Four features to ensure safe and high-quality products

1. Global standards in terms of product quality, safety and sanitation
   McDonald's establishes global standards of quality, safety and sanitation. In addition, McDonald's Japan adopts local standards based on domestic laws and regulations, as well as scientific expertise and social environments.

2. Stable global-scale procurement of all raw materials, including domestic sources
   Journey of food materials
   http://www.mcdonalds.co.jp/safety/food-safety/factory/

3. Continuous quality and sanitary controls from farms to restaurants
   Flow of traceability, taking beef as an example

4. Social responsibility and sustainable corporate actions including Code of Conduct

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GMP: Good Manufacturing Practice
HACCP: Hazard Analysis and Critical Control Point
BSE: Bovine Spongiform Encephalopathy
SSOP: Sanitation Standard Operating Procedures
“Food safety takes priority over everything else” is the core of McDonald’s philosophy. Operation of McDonald’s restaurants is based on this philosophy, placing top priority on food safety. Sanitary control system is based on HACCP, GMP and SSOP, and a Food Safety Checklist is used to check and record sanitary control. Planned Maintenance Calendar (PMC) is used to maintain equipment and facilities to always keep them at optimal conditions. Also, sanitary tests are conducted by a third party institution to check and evaluate the level of sanitary control at individual restaurants. Our responsibility is to always provide products of assured quality to our customers and offer the best-in-class restaurant experience with peace of mind.

**Sanitary Control System**

- **HACCP**
  - Sanitary control system to minimize risks that affect food safety.

- **GMP**
  - Control standard for equipment and facilities to maintain clean environments.

- **SSOP**
  - Procedures for hand-washing, handling of raw materials and execution of sanitary and correct operations.

**Sanitary inspections by third parties**
McDonald’s official website includes disclosure of allergy and nutritional information of products offered to our customers, including country of final processing and country of origin of all major raw materials. The above information can also be viewed by accessing the QR Code printed on product packages. “McDonald’s Marugoto Q&A” (McDonald’s one-stop Q&A site) is also provided to answer customer questions in relation to raw materials and our products.

**Country of origin information**
Disclosure of information about the production countries of raw materials and the final processing countries.

**Allergy information**
Detailed inspection results of all raw materials are disclosed, regardless of the amounts of allergens.

**Nutritional information**
This information is disclosed in the form of numerical values of nutritional analysis based on Nutrition Labeling Standards using standard product specifications and cooking.

**QR code information**
Use the QR code printed on product packages for quick access of product information.

http://www.mcdonalds.co.jp/quality/basic_information/menu_info.php?mid=1020

“McDonald’s Marugoto Q&A”
(McDonald’s one-stop Q&A site)
http://qna.mcdonalds.co.jp
We answer questions from customers about raw materials and tastes of our products, including restaurants and services.
McDonald’s social contribution activities

It is our firm belief that social contribution can be made by addressing social issues while taking advantage of the strength of our business activities. We focus on four areas of charity, sports support, educational support and community contribution to ensure healthy growth of our children, the future generation, in a secure environment aiming for a full development of their “diet, body and mind.”

Charitable activities

We support sick children and their family members through our support to Ronald McDonald House.

A donation box setup at front counter of McDonald’s nationwide restaurants is used to support “Ronald McDonald House.” Individual donations from each and every customers are source of strong support for sick children and their family members.

Ronald McDonald House provides accommodation to support hospitalized children and their families far-away from their homes. These Houses are typically located in areas close to hospitals that offer advanced medical treatment for children. Two more Houses were built in 2016, making a total 12 Ronald McDonald Houses in Japan as of the end of December 2016. The entire construction and operation costs of these Houses are supported by public contributions and donations, and local volunteers provide help in the day-to-day operation.

Charitable activities

McDonald’s support “Ronald McDonald House” to assist sick children and their family, and also engages in charity activities to further cultivate a culture of charity in Japan.

Connections with the society

http://www.mcdonalds.co.jp/social/
Community contribution activities

Sports support

Junior baseball and U-12 football activities are our main focus of support. In addition to multiple prefectural and national tournaments, McDonald’s assists the hopes and dreams of children who enjoy playing sports.

Educational support

(Food educational support)

McDonald’s supports food education class conducted in schools. This includes class preparation support for teachers, such as “Food Education Time” teaching materials developed in 2005 for elementary and junior high schools, distribution of teaching models with DVD and lending of teaching tools.

- **McDonald’s**
  - Planning and operation of “Food Education Time”
  - Production of teaching model with DVD
  - Setup of food education class support office

- **Food education class support office**
  - Class consulting and class implementation support
  - Free of charge distribution of teaching model with DVD
  - Free lending of teaching tools, etc.

- **Schools**
  - Decision on class contents
  - Conducting classes
  - Opinions

“Food Education Time” educational materials for elementary and junior high schools

Educational tools and Food Education Time website can be used to learn the importance of a balanced diet with the use of fun animation and games (http://www.chantotaberu.jp/).

Teaching model with DVD

A 45-minute teaching model includes teaching material contents and a DVD to show an actual class footage.

Community contribution activities

McDonald’s is committed to “being a good neighbor in local communities” and implements various initiatives, including town beautification and crime prevention activities to create safe and secure communities.

- **Hello Ronald**
  - We host “Hello Ronald,” a fun children program at nationwide kindergartens, nurseries and elementary schools to learn rules and manners in everyday life.

- **Security whistles**
  - Responding to a request by local communities, McDonald’s restaurants in Okinawa Prefecture gave away security whistles back in 2003. Since then, we are working with local educational committees and police departments to give away security whistles to first graders in elementary schools across Japan every year. A total of about eight million security whistles have been distributed.

- **Child-rearing support**
  - We participate in the “Child-rearing support passport project”, promoted by the Japanese government and local municipalities. Holders of the “Child-rearing support passport project” issued by individual prefectures are, by presenting the passport, entitled to purchase a Cheese Burger Happy Meal at a special price.

- **Clean Patrols**
  - McDonald’s periodically conducts Clean Patrols for the beautification of communities. Also, we proactively participate in clean-up activities led by local munici- pals and citizen groups, working with local citizens to create a clean environment.
Based on our philosophy of “Individual growth promotes corporate growth,” we believe that McDonald’s business is a people business. This approach includes not only our full-time employees, but also our part-time crew working at more than 2,900 restaurants throughout Japan. To support their growth, we provide opportunities that present a wide range of possibilities.

Common system around the world

McDonald’s is a global company, and therefore has a common global system to execute business in a consistent manner including for our “people.” This enables us to deploy our business with a principle of people development, based on a set of values shared by the entire McDonald’s staff around the world, a unified system based on global standards and people development tools.

People development

To develop people, a system and mechanism based on the future and growth of individual staff including personnel evaluation and development of work environment are required. At McDonald’s, an exclusive people evaluation system (PDS), promotion of diversity and building of systems and mechanisms for career development are being implemented.

Educational institution (Hamburger University)

McDonald’s operates Hamburger University, a unique people development institution. Various programs to support the growth of all people, from part-time staff to top management class and according to their development stage, are incorporated in the system.

People development at restaurants

It can be said that restaurant is a forefront of people development. Here, our staff continue to learn and apply through day-to-day operation and training that spur growth and acquire many skills to ensure self-realization. A total of approximately 3 million people experienced part-time work at McDonald’s and acquired various skills and leadership mindset.

A place of self-realization

At its 2,900 restaurants, McDonald’s offers self-realization programs for each and every crew member to help them take pride in their work and establish goals. One of them is called AJCC (All Japan Crew Contest), a program that any crew can participate. Those who win at restaurant and region levels are sent to the final national competition to receive the Japan’s top crew award.

Number of crew members working in Japan

Approximately 125,000 people

Number of people who worked at McDonald’s as a crew

Approximately 3,000,000 people

(As of December 2016)
People development

Diversity

In promoting diversity, we are working on employment and organization building without discrimination based on age, educational background, gender or nationality. Under the vision of “Becoming a company where everyone, regardless of gender, can work in a lively and fun manner and play an active role”, we are employing more female employees and providing opportunities for women to take more active roles to energize the company and working on changing the mindset at the same time. We also take a proactive approach in hiring crew with disabilities, and welcoming people to work as part of the team regardless of having disabilities is becoming a familiar scene.

Employee performance evaluation system

McDonald’s believes that people development is essential for McDonald’s business to grow, which is why the company uses an employee performance evaluation system that reflects the above philosophy. This system sets targets and action plans linked with business achievement and personal growth, and evaluates what and how these are achieved. This mechanism spurs people development through work and achieves the growth of both individuals and business in the long run.

Career development

McDonald’s offers various career opportunities by proactively supporting employees to take up challenging jobs and providing development opportunities, which will in turn stimulate people growth. We are also looking for and hiring permanent employees from among the crew. In addition, an “internal job posting system”, becoming a franchisee owner or working at overseas are open to company employee to further develop their personal career opportunities.

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Ratio of male and female employees (Company-wide)

Male employees: 70.4%
Female employees: 29.6%

Ratio of female restaurant managers: 23.9%
Employment ratio of people with a disability: 2.25%

(As of December 2016)

Work-life balance

Flexible working hours & work from home program

Achieving work-life balance is important, and to ensure this we are taking actions to improve productivity of individual staff without depending on long-hour work. Flexible time and work from home program are also part of our initiatives to promote work-life balance.

Childbirth and child-rearing support program

McDonald’s provides an environment for employees to have and raise a child with peace of mind through various programs including maternity leave, child-rearing leave, return to work after maternity leave and shorter working hours for child-rearing.

Welfare program

A welfare program is provided to support diverse needs of each and every employee.
Reducing the amount of waste is the basis for waste countermeasures; Made-For-You system (made to order) in menu production and yield control in raw material management are being implemented to ensure the above basis. Also, with waste materials, nearly all the used cooking oil are recycled and review is being undertaken with distributed recycling in various ways.

**Waste amount in 2016**

<table>
<thead>
<tr>
<th>Waste Type</th>
<th>System-wide Waste Amount</th>
<th>Amount of Waste per 1,000 Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>kt/year</td>
<td>kg/1,000 people</td>
</tr>
<tr>
<td>Food waste</td>
<td>40.9 (+2.8% compared to previous year)</td>
<td>32.8 (-2.1% compared to previous year)</td>
</tr>
<tr>
<td>Paper waste</td>
<td>29.5 (+10.5% compared to previous year)</td>
<td>23.7 (+5.8% compared to previous year)</td>
</tr>
<tr>
<td>Plastic waste</td>
<td>4.7 (+11.9% compared to previous year)</td>
<td>3.7 (+5.7% compared to previous year)</td>
</tr>
<tr>
<td>Others</td>
<td>40.5 (+13.8% compared to previous year)</td>
<td>32.5 (+8.7% compared to previous year)</td>
</tr>
</tbody>
</table>

Food waste recycling rate 49.0% (-0.3 points compared to previous year, food industry target is 50%)
In 2016, proactive approach was taken with capital investments in the areas of highly efficiency equipment, demand control equipment and inverter controllers with the condition of appropriate execution of energy management program including daily planned maintenance (PMC), power switch ON/OFF control and A/C temperature control. As a result, significant reduction was made in company-wide energy usage in comparison with the previous year; -6.0% in crude oil equivalent, -10.3% in unit energy consumption and -12.0% in greenhouse gas emissions.

Reasons for the reduction in unit energy consumption would include a business turnaround with increased production efficiency and overall reduction in energy usage amount against production volume.

**Energy usage in 2016**

**System-wide energy usage per category**

<table>
<thead>
<tr>
<th>Category</th>
<th>Usage</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>644.8 million kWh/year</td>
<td>-5.8% compared to previous year</td>
</tr>
<tr>
<td>Gas</td>
<td>29.4 million m³/year</td>
<td>-3.6% compared to previous year</td>
</tr>
<tr>
<td>Water</td>
<td>494.2 km³/year</td>
<td>+0.3% compared to previous year</td>
</tr>
</tbody>
</table>

**Energy usage per 1,000 customers across different categories**

<table>
<thead>
<tr>
<th>Category</th>
<th>Usage</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>516.6 kWh/1,000 people</td>
<td>-10.2% compared to previous year</td>
</tr>
<tr>
<td>Gas</td>
<td>23.5 m³/1,000 people</td>
<td>-8.2% compared to previous year</td>
</tr>
<tr>
<td>Water</td>
<td>4.0 m³/1,000 people</td>
<td>-2.4% compared to previous year</td>
</tr>
</tbody>
</table>

**Entire energy consumption**

<table>
<thead>
<tr>
<th>Category</th>
<th>Usage</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude oil equivalent</td>
<td>199,979 kl/year</td>
<td>-6.0% compared to previous year</td>
</tr>
<tr>
<td>Greenhouse gas emissions equivalent</td>
<td>56,796 t-CO₂/100 million register counts</td>
<td>-12.0% compared to previous year</td>
</tr>
</tbody>
</table>

**Action and situation in 2016**

In 2016, proactive approach was taken with capital investments in the areas of highly efficient equipment, demand control equipment and inverter controllers with the condition of appropriate execution of energy management program including daily planned maintenance (PMC), power switch ON/OFF control and A/C temperature control. As a result, significant reduction was made in company-wide energy usage in comparison with the previous year; -6.0% in crude oil equivalent, -10.3% in unit energy consumption and -12.0% in greenhouse gas emissions.

**Restaurant environment**

When it comes to environment, McDonald’s follows the philosophy of “Think and act for our planet.” Basically, it means to keep an eye on what’s happening and take best possible actions to minimize unnecessary impact to our environment.

We are taking two different initiatives to ensure the above; energy management at restaurant level and capital investments in introducing energy-saving and latest high-efficiency equipment.

McDonald’s is implementing a unique program to ensure power switch ON/OFF control, air conditioner management, equipment maintenance and cleaning, and at the same time taking actions to drive investing in equipment and facilities to fit the given situation.

In line with our commitment to “put customers at the center of everything we do,” we are working on making improvements with dining environment at our restaurants. One of them is the implementation of no smoking policy at McDonald’s restaurants nationwide that came into effect in August 2014. This would provide cleaner air and better dining environment to our health for all customers including family with children. The company will continue to facilitate the improvement of restaurant environment.
### Environmental Data

**Shift in system-wide waste amount [kt/year]**

<table>
<thead>
<tr>
<th>Year</th>
<th>Food waste</th>
<th>Paper waste</th>
<th>Plastic waste</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>55.4</td>
<td>43.8</td>
<td>10.0</td>
<td>4.7</td>
</tr>
<tr>
<td>2013</td>
<td>61.8</td>
<td>40.6</td>
<td>6.0</td>
<td>5.6</td>
</tr>
<tr>
<td>2014</td>
<td>47.0</td>
<td>32.6</td>
<td>5.4</td>
<td>4.2</td>
</tr>
<tr>
<td>2015</td>
<td>39.8</td>
<td>26.7</td>
<td>4.2</td>
<td>4.7</td>
</tr>
<tr>
<td>2016</td>
<td>40.9</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Shift in system-wide energy consumption (crude oil equivalent) [kl/year]**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>247,316</td>
<td>244,952</td>
<td>220,155</td>
<td>212,631</td>
<td>199,976</td>
</tr>
<tr>
<td>2013</td>
<td>244,952</td>
<td>220,155</td>
<td>212,631</td>
<td>199,976</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>220,155</td>
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<td>2016</td>
<td>199,976</td>
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**Shift in system-wide electricity usage [million kWh/year]**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>2012</td>
<td>793.0</td>
<td>785.6</td>
<td></td>
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<td></td>
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<tr>
<td>2013</td>
<td>785.6</td>
<td>738.0</td>
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<td></td>
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<tr>
<td>2014</td>
<td>738.0</td>
<td>684.2</td>
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<tr>
<td>2015</td>
<td>684.2</td>
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<td>2016</td>
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**Shift in food waste recycling rate [%]**

<table>
<thead>
<tr>
<th>Year</th>
<th>46.9</th>
<th>48.6</th>
<th>50.1</th>
<th>49.3</th>
<th>49.0</th>
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<tbody>
<tr>
<td>2012</td>
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<td>2016</td>
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**Shift in system-wide gas usage (city gas equivalent) [million m3/year]**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>40.0</td>
<td>36.4</td>
<td>32.2</td>
<td>30.5</td>
<td>29.4</td>
</tr>
<tr>
<td>2013</td>
<td></td>
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<tr>
<td>2014</td>
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<td></td>
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<tr>
<td>2015</td>
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<tr>
<td>2016</td>
<td></td>
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</tr>
</tbody>
</table>

**Change in system-wide water consumption [10,000 m3/year]**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>630.5</td>
<td>607.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>607.4</td>
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<tr>
<td>2014</td>
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<tr>
<td>2015</td>
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<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
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</tr>
</tbody>
</table>

*Food industry-wide average is 25% (FY2013)*
To McDonald’s, corporate social responsibility means, above all, to provide safe products that can be enjoyed with peace of mind. To ensure this, consistent and stringent quality management is established and implemented from sourcing food ingredients to offering menu products at McDonald’s restaurants to our customers. This is upheld by crew and managers working at approximately 2,900 restaurants nationwide as well as office staff who support the restaurants. Based on the philosophy of how people development can drive business growth, we believe that encouraging the development of our staff is also an important part of our corporate responsibility.

We are aware of the environmental impact that business activities can make. Following the environmental philosophy of “think and act for our planet”, we are continuing with our efforts to be mindful of and mitigate environmental impact and destruction.

In addition to direct business activities, making contributions to our society by harnessing McDonald’s strength and its scale that reaches nationwide is another social responsibility that we need to take. This approach is based on the words of Ray A. Kroc, the founder of McDonald’s who said “We have an obligation to give something back to the community that gives so much to us.” Especially, we focus on activities that benefit our children who lead the future which are highlighted by charity program for Donald McDonald House, an accommodation facility for sick children and support activities for sport events such as All Japan Rubber Baseball Tournament and All Japan Football Tournament.

McDonald’s is well aware of its corporate social responsibilities and also believe that delivering these responsibilities will lead to the development of many stakeholders and society. It is my hope that this Report provides better understanding on what we do.

Sarah L. Casanova
President and Chief Executive Officer (CEO), Representative Director
McDonald’s Company (Japan), Ltd.