

**McDonald's
CSR Report 2018**





Company Overview

McDonald's Company (Japan), Ltd.

Street address	Shinjuku iLand Tower 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
TEL	03 - 6911 - 5000
Date of establishment	May 1, 1971
Capital	100 million yen
Business description	Management of hamburger restaurant chain and all other relating businesses
Number of restaurants	2,899
Revenue	524.2 billion yen (includes both company-operated and franchised restaurants)
Number of staff	full-time employees (2,213; exclude directors and contract employees) Part-timers: approx.150,000(includes both company-operated and franchised restaurants) (as of December 31, 2018)

Company information

For management philosophy, company profile and history of McDonald's Holdings Company (Japan), Ltd., please visit company information homepage of our official website: <http://www.mcd-holdings.co.jp/company/>
Corporate governance <http://www.mcd-holdings.co.jp/ir/governance/>

Corporate philosophy

Our approach on restaurant business = QSC&V

As quick service restaurant brand, our mission is to remain as "our customers' favorite place and way to eat" by running great restaurants and upholding our philosophy of QSC&V (Quality, Service, Cleanliness and Value).

<http://www.mcdonalds.co.jp/company/outline/rinen/>

Editorial policy

This report describes our actions on Corporate Social Responsibility. It is our wish to share McDonald's CSR and relevant initiatives with stakeholders and contribute to achieving a sustainable society.

CSR Reporting Scope

Target business	McDonald's Company (Japan), Ltd. (including McDonald's Holdings Company (Japan), Ltd.)
Target dates	January 1, 2018 to December 31, 2018
Target contents	corporate social responsibilities (business, social and environment)
Editor and contact	Communication & Corporate Relations Division Shinjuku iLand Tower 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo TEL: 03 - 6911 - 5000

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Top Message

Our business offers high-quality, delicious and safe foods that customers can enjoy with peace of mind in a comfortable dining environment. While this is common sense, it is our responsibility and provides the underpinning of our business. At the same time, we know that our business exists only because of the society in which we operate. McDonald's is a global brand with restaurants in more than 100 countries around the world. In Japan, we welcome more than 1.4 billion customers a year in our approximately 2,900 restaurants, served by over 150,000 crew members. We have a serious responsibility to the society in the way we operate our business.

In 2018, McDonald's Corporation announced a global initiative called "Scale for Good" to tackle worldwide challenges facing society. In March 2019, under this initiative, McDonald's Japan formulated three specific pillars of "commitment to families", "sustainable food sourcing" and "package & recycling". Based on commitments in these areas, we are developing and implementing specific measures to realize a sustainable society while continuing to ensure food safety, make social contributions, become more environmentally responsible and further develop our people. All these actions are linked closely to the United Nations Sustainable Development Goals (SDGs).

It is our strong belief that through a deeper understanding and pursuit of corporate social responsibility, now and for the future, we will be able to contribute to society and make the world a better place.

A hand holding a yellow marker, writing the signature "Sarah L. Casanova" in black ink. The signature is stylized and cursive.

Sarah L. Casanova

Representative Director and Chairman,
McDonald's Company (Japan), Ltd.
Sarah L. Casanova

Scale for Good

Together for a Better Future

McDonald's Responsibilities

McDonald's is well-known in over 100 countries around the world. About 150,000 crew members are working at 2900 restaurants in Japan and 1.4 billion guests are visiting us every year. Serving so many guests with our delicious meals comes with a serious responsibility of acting on social and environmental issues the world face today. We believe that we can play our role by leveraging McDonald's global strength and business scale. McDonald's Japan is committed to realize a sustainable society by focusing on three pillars that prioritize "Commitment to Families," "Sustainable Sourcing" and "Packaging & Recycling." However we cannot do these on our own; only by working together we can achieve these goals. "Scale for Good" - Together for a Better Future
http://www.mcdonalds.co.jp/company/scale_for_good/



Commitment to Families

http://www.mcdonalds.co.jp/company/scale_for_good/family/



Sustainable Sourcing

http://www.mcdonalds.co.jp/company/scale_for_good/sourcing/



Packaging & Recycling

http://www.mcdonalds.co.jp/company/scale_for_good/packaging/

Aiming for a Sustainable Society Food Safety and Security



Mieru; McDonald's Quality

Passion of our suppliers and staff

<http://www.mcdonalds.co.jp/safety/tsukurite/>

100% commitment

http://www.mcdonalds.co.jp/safety/good_quality

Food journey

<http://www.mcdonalds.co.jp/safety/factory>

Allergy information and country of origin information

http://www.mcdonalds.co.jp/safety/allergy_Nutrition/

Food actions

Quality improvement measures

<http://www.mcdonalds.co.jp/safety/taskforce/>

Actions to ensure safety and security

<http://www.mcdonalds.co.jp/safety/food-safety/>

Actions on trans-fatty acid

http://www.mcdonalds.co.jp/safety/trans_fat/



Food Safety / Quality Summit

On October 10, 2018, Food Safety/Quality Summit was held for the fourth time under the theme "Evolution of food safety culture and pursuit of best-in-class quality" to focus and discuss ways to further enhance food safety and offer best-in-class quality foods to our customers. Three commitments were made on this day by McDonald's and food suppliers.

<http://www.mcdonalds.co.jp/company/news/2018/1030a/>



Industry-Academia-Government collaboration

We are working with the Kagoshima University to develop the next-generation food experts with aim of securing sustainable food safety. This Industry-Academia-Government collaboration program is supported by the Ministry of Agriculture, Forestry and Fisheries, Kagoshima Prefecture and Food Safety Management Association.

<http://www.mcdonalds.co.jp/company/news/2018/0126b/>



Aiming for a Sustainable Society

Employment Information



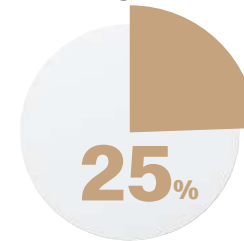
2018
Total number of full-time employees
(company-operated stores only)

2,213

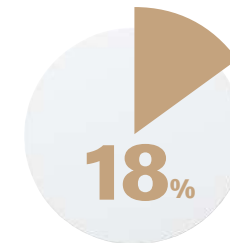
Female
30.2%
668

Male
69.8%
1,545

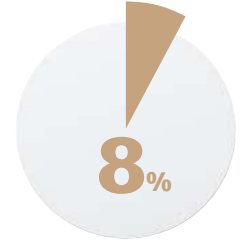
Female restaurant
manager ratio



Female ratio in
managerial position
(director and above)



Female
director ratio



2018
Total monthly overtime hours
(company-wide)

18.0 hrs

2018
Disabled staff ratio

2.2%

2018
Total number of crew members

approx. **150,000**

2018
Number of users for maternity
& nursing care leave program

50

2018
Number of users for flextime
program for childcare

19



Aiming for a Sustainable Society

Environment Information



2018 Company-Wide Food and Packages Waste Amount

135,600 tons
+6.8% YoY

Food waste amount

per 1 million yen sales
90.5 kg
+2.4% YoY

*Food-service industry's food waste target: 108kg

per customer
32.9 g
+4.8% YoY

Food recycle rate

53.4%

*includes outbreak control based on periodic report for food recycling

2018 Company-Wide Energy Use

crude oil equivalent **206,784 kl**
-2.3% YoY

Usage amount per 1,000 customers

electricity
463.9 kWh
-5.1% YoY

water
3.4 tons
-15.0% YoY

gas (city gas equivalent)

22.7 m³
-10.6% YoY



As of December 31, 2018, our paper cups and packaging for customer use are near 100% **FSC certified**. As of the end of 2018, wrapping papers for hamburgers, paper cups and other paper packaging are near 100% FSC certified. (FSC@ N002365)



Animal oil and palm oil for French Fries and McNuggets are **RSPO certified** (MB rank). In 2015, McDonald's Japan started to replace palm oil used in its restaurants with RSPO certified oil. By the end of 2018, 100% of palm oil used in our restaurants was replaced with RSPO certified oil.



Hot tea bags used in our restaurants are part of the **Rainforest Alliance Certified** Farm Products. Tea leaves from the Rainforest Alliance Certified Farms are used in hot tea bags served at our restaurants.



Phalaenopsis fish used in our Filet-O-Fish sandwich is from Alaska and supplied by certified fisheries with a fixed catch limit. While McDonald's Japan is already using sustainable whitefish source based on scientific evidence for our Filet-O-Fish sandwich, we are taking measures obtain **MSC certification**.

2018 Environment Certification

2018 Happy Ribbon Project

〈joint project with the Ministry of the Environment〉

The project collects Happy Meal toys that are no longer used to make recycled plastic serving trays.

<http://www.mcdonalds.co.jp/company/news/2018/1107b/>

<http://plastics-smart.env.go.jp/cases/?id=44>

2018
Received "Food Industry Mottainai (wastefulness reduction) Committee Chairman Awards" in recognition of **Penergy optimization measures through use of McDonald's PDCA cycle**.

<http://www.mcdonalds.co.jp/company/news/2018/0129a/>



Aiming for a Sustainable Society

Social Contribution



ドナルド・マクドナルド・ハウス募金

病氣と闘う子どもたちが、家族と一緒にいられるための滞在施設「ドナルド・マクドナルド・ハウス」は、皆様からの寄付金で運営されています。

病氣と闘う子どもと家族に笑顔を。

2018 Sport Support



**Takamadonomiya Cup
All-Japan Rubber Baseball
McDonald's Tournament**

Number of participant teams

about **12,000** teams

<http://www.mcdonalds.co.jp/company/community/sport/>

**JFA Japan U-12
Football Championship**

Number of participant teams

about **9,000** teams

2018 Education Support



Number of classes using
“food education hour” tool

6,574

Number of attendants

187,517

http://www.mcdonalds.co.jp/company/community/ne_mc_support/

2018 Charity

**Ronald McDonald House Sup-
port total donation amount from
front-counter donation boxes**

104.22 million yen

Disaster relief donation

15.8 million yen

<http://www.mcdonalds.co.jp/company/community/donald/>

2018 Community Contribution



Number of
distributed safety whistles

876,218

http://www.mcdonalds.co.jp/company/community/community_relations/



Number of
Hello Ronald appearance

785

Food

Food
Safety

Food
Quality



Foods management and fundamental principles for suppliers

McDonald's foods are made by domestic and overseas suppliers and delivered to our restaurants. We established a program to manage suppliers' manufacturing process and food quality control to secure and deliver safe and high-quality foods to our restaurants.

Fundamental principles for suppliers

Partnership with our suppliers is built on fundamental principles set forth in "Code of Conduct for Suppliers" developed by McDonald's. This code of conduct includes compliance with relevant laws and regulations, work environment, environmental conservation and business integrity, and suppliers are required to agree and comply with these guidelines. Details on code of conduct are specified in "SWA: Suppliers Workplace Accountability Program", and an audit is conducted once a year to evaluate how these are implemented.

<http://www.mcdonalds.co.jp/safety/food-safety/>

Code of Conduct for Suppliers

Compliance with relevant laws and regulations	human rights	work environment	environmental conservation	business integrity
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Suppliers Workplace Accountability Program (SWA)

An audit program to that code of conduct is executed and maintained

Food manufacturing process management

Food manufacturing process of our suppliers must comply with all relevant laws and regulations. In addition, the above process is managed by food safety management system in line with Global Food Safety Initiatives (GFSI) based on GMP & HACCP programs as well as McDonald's Supplier Quality management System (SQMS) including McDonald's quality standards.

McDonald's additional quality standards

(Traceability system / crisis control / product inspection program, etc.)

GFSI approval scheme

(FSSC2200/BRC/IFS/SQF/JFS/ASIA GAP, etc.)

GMP / HACCP

Relevant laws, regulations and requirements

Food quality management

To ensure food quality, finished goods are subject to test analysis and sensory evaluation to ensure food at suppliers factories and shipped only after passing these tests. In addition, we conduct periodic sampling tests as well microbiological and physicochemical test analysis to confirm the effectiveness of suppliers management. McDonald's strives to ensure product quality by implementing these steps.

Food

Quality assurance program from farm to restaurant

McDonald's has developed its own global management system based on international standards. This system covers from farm to restaurant and includes a third-party audit program to verify the effectiveness of each process.

<http://www.mcdonalds.co.jp/safety/food-safety/>

Traceability

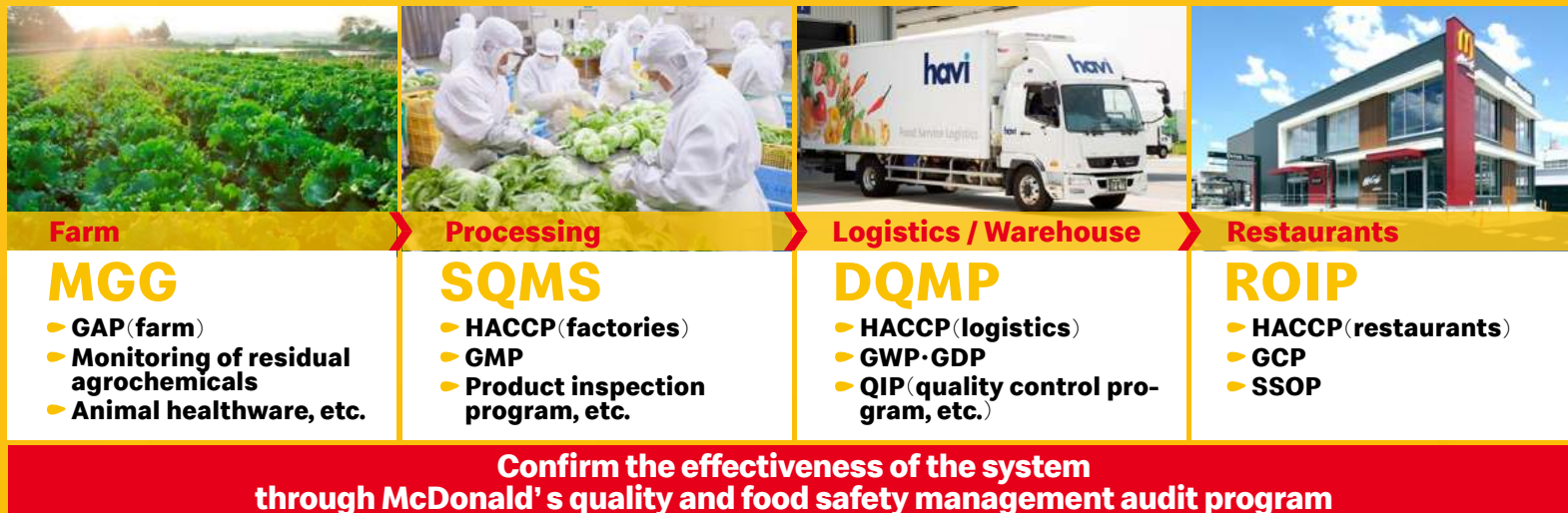
We built a 'traceability system' with the ability to trace back the production history from raw materials to finished goods. This will enable us to quickly identify root cause and implement countermeasures in case of an incident.

<http://www.mcdonalds.co.jp/safety/food-safety/trace/>

<http://www.mcdonalds.co.jp/safety/food-safety/trace/trace1/>



McDonald's quality as well as food safety & security management system



Food

Food Information disclosure

Product information are available in “Mieru McDonald's Quality” homepage to enjoy our delicious foods with peace of mind.

http://www.mcdonalds.co.jp/safety/allergy_Nutrition/

Country of origin information

Country of origin information includes the country of origin of main ingredients used in the product as well as the country of finished goods.

http://www.mcdonalds.co.jp/safety/allergy_Nutrition/

Allergen information

McDonald's allergen information is based on close examination of all raw materials and lists all allergic substances regardless of their content. Information is regularly updated to provide change in raw materials specifications and cross-contamination during manufacturing and cooking process.

http://www.mcdonalds.co.jp/safety/allergy_Nutrition/

Nutritional information

McDonald's nutritional information is based on standard product specifications and numerical values of nutritional analysis based on “food labeling standards” (Food Labeling Act). Also, information on some foods are based on quotations from “Japanese food standard component 2015 edition (7th edition)” (Ministry of Education, Culture, Sports, Science and Technology).

http://www.mcdonalds.co.jp/safety/allergy_Nutrition/



Nutritional balance check

Visit this web page to learn how McDonald's menu items can compensate (in percentage) for your recommended daily nutrition intake. The above information includes helpful advice per age and nutrient descriptions from managerial dieticians.

http://www.mcdonalds.co.jp/quality/basic_information/check.php

Employee Value Proposition

McDonald's suggests various work styles in our own way and based on the three perspectives of "flexibility", "future" and "family & friends". Also, we are committed to value that one can enjoy by working as a crew.

<http://www.mcdonalds.co.jp/recruit/fresh/mcdonalds/index.php5>

Career Advancement

There are no predetermined career path system at McDonald's. Instead, we provide opportunities to develop individual growth and career and offer full support for each individuals as they take up challenging work tasks and make career advancement.

<http://www.mcdonalds.co.jp/recruit/fresh/career/index.php5>

Performance Development System

Based on our philosophy of "when people grow, company grows as well", we developed a system called PDS (Performance Development System) to evaluate people and achieve the growth of both people and business. PDS sets targets and action plans that are linked with business performance and individual growth, and evaluates individuals based on the levels of target achievement and behavior.

http://www.mcdonalds.co.jp/recruit/fresh/our_voice/voice06.php5

Education institution (Hamburger University)

Focused on education, Hamburger University offers programs that help people to acquire life-long leadership skills and business skills with the aim of 'taking initiatives' and not just 'obtaining knowledge.'

<http://www.mcdonalds.co.jp/company/university/>

People

People business

People are the very source of corporate growth, and in that sense, it can be said that McDonald's is a people business. This is why we do all we can to support the development and career opportunities of our staff in their day-to-day work routine.



— Diversity & Inclusion

We aim to create a workplace where a diverse team of people with different genders, ages, different personalities and backgrounds can make the most of their strengths and contribute to business growth as a team.

http://www.mcdonalds.co.jp/recruit/fresh/our_voice/voice15.php5

— Employment of Disabled Persons

Crew members with various disabilities are working at many of our restaurants. McDonald's is striving to develop an organization and environment where diversified personalities and abilities are encouraged and respected.

<http://www.mcdonalds.co.jp/company/community/employee/>



— AJCC (All Japan Crew Contest)

AJCC is a program that encourages crew members to be proud and set targets to develop leadership skills. Each year, about 140,000 crew members join this contest to compete their skills and hospitality in different positions. Starting from local restaurants and regions, selected winners go to the national final round.

<http://www.mcdonalds.co.jp/company/university/ajcc/>

— Work-Life Balance

At McDonald's, we provide a work environment to achieve work-life balance through "childcare and care-giving program", "flextime program" and "reinstatement support program" to support flextime work, telework, promotion of using annual pay leaves, maternity, childcare and care-giving leaves.

http://www.mcdonalds.co.jp/recruit/fresh/our_voice/voice01.php5





Charity activities

Support to the Ronald McDonald House is our main focus. Ronald McDonald House is facility built adjacent to hospitals for seriously ill children and families who live far away from the hospital. All the donations made at our restaurants are sent to Ronald McDonald House Charities Japan. Also, McHappy Day and other events are implemented to promote charity support.

<http://www.mcdonalds.co.jp/company/community/donald/>

Ronald McDonald House Japan HP

<http://www.dmhcj.or.jp>

Education support

Various education support programs are provided by making good use of our hamburger restaurant business, designed for children's growth stage from primary school, junior high school and high school.



Food education support

Food education support program is implemented for children to learn the fun of eating and acquire correct knowledge and habits on foods.

http://www.mcdonalds.co.jp/company/community/ne_mc_support/



Career education support

McDonald's is a people business, which mean we have the means to develop people. At our nationwide restaurants, we provide learning grounds that take advantage of our approach and at the same time, support the education and growth of children in the community.

http://www.mcdonalds.co.jp/company/community/mc_discovery/

Community

Social contribution activities

McDonald's is engaging in social contribution activities for healthy growth of children.

<http://www.mcdonalds.co.jp/company/community/>

Community

Sports support

In sport, we focus on little league and youth football. In addition to sponsoring tournaments, we engage in team build-up events at local McDonald's restaurants, give-away original baseball and football notebooks to promote healthy growth of children's heart and body.

Takamadonmiya Cup All-Japan Rubber Baseball McDonald's Tournament

Known as the "Koshien of elementary school", this is the biggest tournament for schoolchildren who are part of the 12,000 baseball teams in Japan. McDonald's Japan, the special sponsorship for this event, has been playing this role for over 30 years.

http://www.mcdonalds.co.jp/company/community/sport/mcd_tournament/



JFA Japan U-12 Football Championship

JFA Japan U-12 Football Championship is the largest competition event for primary school students that target the Japan Football Association Class-4 Team, which consists of players under 12 years of age. McDonald's Japan has been sponsoring this event from 2011.

<http://www.mcdonalds.co.jp/company/community/sport/football/>

Community contribution

"Close to communities", McDonald's proactively engages in programs that contributes to local residents such as cleaning and crime-prevention programs to create a safe place with peace of mind. http://www.mcdonalds.co.jp/company/community/community_relations/

Safety Whistles

We work with local education board and police to distribute safety whistles to new graders, contributing to the local crime prevention and traffic safety measures. In 2018, we revamped this whistle by adding a reflector feature to support traffic safety.

"#110 House for Children" - a place of safe haven -

To protect our children in local communities, we promote "#110 House for Children", where they can freely run into McDonald's restaurants for safety in case of danger or problems. Also, we've prepared "#110 Child instruction book" to learn the program at home with parents.

Cleaning patrol

Our nationwide restaurants are engaged in cleaning patrol to clean-up local communities. Also, they proactively participate in other cleaning events promoted by local municipals and groups, working together with the community in making appealing towns.

Child rearing support

McDonald's support the "Child Rearing Support Passport program", promoted by both the Japanese government and local municipals. Cheese Burger Happy Meal Set is offered at a special price whenever the "Child Rearing Support Passport", issued by individual prefectures, is presented upon ordering.

Hello Ronald' Program

McDonald's implements 'Hello Ronald!' program throughout Japan to share rules and manners that children need to learn in their daily life.



Planet

Waste measures and environmental conservation

Knowing that the basics for waste measures is to “contain waste”, we are working on improving the restaurant operation system and review our foods to reduce impact to the environment.

Waste amount in 2018

Company-wide food and packages waste amount

Company-wide	Foods	Papers	Plastics	Wrappings and others
135,600 tons +6.8% YoY	46,400 tons +10.0% YoY	34,600 tons +4.8% YoY	5,400 tons +1.9% YoY	49,200 tons +6.3% YoY

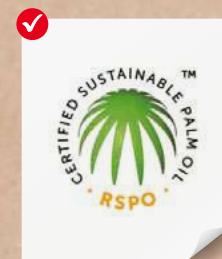
Foods and packaging wastes per customer

Company-wide	Foods	Papers	Plastics	Wrappings and others
96.2g per person +2.4% YoY	32.9g per person +4.8% YoY	24.5g per person +0.4% YoY	3.8g per person ▲2.6% YoY	34.9g per person +2.0% YoY

Environmental Conservation

Environment certification update

As of the end of 2018, paper packagings for customer use are near 100% FSC certified. As of the end of 2018, palm oil for fry use are RSPO certified and tea bags are Rain Forest Alliance certified.



Energy measures and restaurant environment

Considering global warming and climate change, energy management is a serious issue. Based on the environment philosophy of "act with the earth in mind", McDonald's promotes facilities and investment that ensures energy management and efficiency to avoid wasteful use of energy.

Planet

Restaurant environment

In order to provide customers with a comfortable and relaxing store environment, McDonald's is implementing fine-tuned air conditioning management in line with seating arrangement. In addition, from the viewpoint of health considerations, we banned smoking on a system-wide scale from August 2014. Our restaurants care for the health of both our customers and our staff.

<http://www.mcd-holdings.co.jp/news/2014/release-140815a.html>



Energy usage in 2018



Nationwide energy usage per type

Electricity	Gas	Water
654.2 million kWh/yr -1.1% YoY	32.0 million m ³ /yr -7.0% YoY	4.734 million tons/yr -13.5% YoY

Energy usage per 1,000 customers per type

Electricity	Gas	Water
463.9 kWh per 1,000 customers -5.1% YoY	22.7 m ³ per 1,000 customers -10.6% YoY	34,000 tons per 1,000 customers -15.0% YoY

Overall energy usage

Crude oil equivalent	Crude oil equivalent	Greenhouse gas emissions
206,784 kl per year -2.3% YoY	0.2493 liter / 1,000 cash register count -6.2% YoY	48,569 t-CO ₂ / 100 million cash register -13.3% YoY

McDonald's & SDGs



Third party testimonials

On March 2019, McDonald's setup the three focused pillars to continue to engage in achieving a sustainable society backed by SDGs, in addition to actions that the company has been implementing. The report is easy to follow and I do recognize the behind-the-scene efforts to reach this stage, which would've been enormous indeed.

FSC® Japan is aiming for a sustainable forest management. In this regard, paper packaging at McDonald's restaurants are near 100% FSC certified as of the end of 2018. This alone is an outstanding achievement.

In the light of "relationship between McDonald's and SDGs in Japan", this would contribute to the "12. Responsible making and use" and "15. Protecting the richness of the land" as well as achieving targets relating to poverty, hunger, gender equality, safe water, clean energy, work environment, climate change as well as peace and fairness.

As a restaurant company, I look forward to seeing more people becoming aware of this particular restaurant company using certified papers in consideration of the future of the forest. In addition, I expect that they visit the restaurants to raise awareness towards global environment.



Eishi Maezawa
Executive Director,
FSC® Japan

<https://jp.fsc.org/jp-jp>