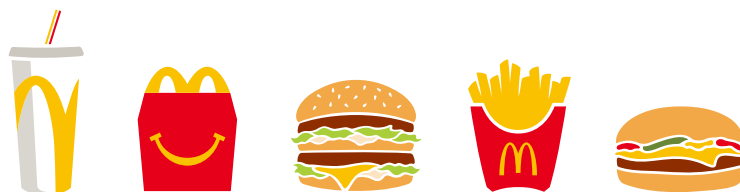




McDonald's Sustainability Report

2021



Letter from CEO

Tamotsu Hiiro

McDonald's Company (Japan), Ltd.
Representative Director,
President and Chief Executive Officer



I would like to express my sincere gratitude to all our customers and stakeholders for supporting McDonald's. At McDonald's, protecting the wellbeing of our customers and employees was our top priority in 2021 as we continued to implement daily measures to prevent the spread of COVID-19, while serving meals to our customers.

2021 also marked the 50th anniversary of McDonald's Japan. This milestone was a good opportunity for us to reflect on our history as we continue to evolve and meet the needs of our customers and the changing social climate. We are also determined to fulfill our social responsibility through our business.

Across the McDonald's System our purpose is to "feed and foster communities." We are committed to serving safe and high-quality meals and giving back to the communities we are a part of. To fulfill our purpose, we strive every day to live our mission and our values.

Together with the 190,000 crew and employees that work nationwide at our 2,900 restaurants, we will continue to offer FUN through a variety of initiatives.

Our Purpose

Feed and Foster Communities

Our Mission

Making Delicious Feel-Good Moments Easy for Everyone

Our Values



Serve

We put our customers and people first



Inclusion

We open our doors to everyone



Integrity

We do the right thing



Community

We are good neighbors



Family

We get better together

Letter from CEO

Our business is built on our relationships with stakeholders. That includes reporting on our environmental, social, and governance (ESG) management and sharing the collective impact of our business and partners. We will also build an even better future by offering best-in-class QSC&V to our customers with the aim of achieving long-term and stable business growth.

To achieve this, we established a system that ensures quality assurance throughout the system from supply to restaurants. In addition, we will continue to partner with the people who support McDonald's, conduct fair and ethical business with our suppliers, and strive to source sustainable foods and resources.



We are taking on the challenge of addressing climate change by engaging in energy-saving and recycling activities for the earth and the environment. For example, we are participating in the initiative to reach net zero emissions by 2050, which was announced in 2021 by McDonald's Corporation in the United States. In collaboration with local suppliers, franchisees, industries, the Japanese government, and NGOs, McDonald's Japan will engage in a variety of activities to reach this goal.

The spirit that has been passed down to us and the activities we implement are symbolized by 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." We are committed to supporting the Ronald McDonald House, as well as giving back to our communities.

We believe that it is the people who support our business, and with that in mind, we strive to provide a satisfying workplace to our employees and crew, offer extensive benefits, and put focus on Diversity, Equity & Inclusion.

To realize our purpose, we are focused on four areas of impact: "Food Quality & Sourcing," "Our Planet," "Community Connection," and "Jobs, Inclusion, Empowerment." We believe that we can contribute to the achievement of the SDGs not only by providing value to all our customers and stakeholders, but also by working together with you to resolve issues in this area. We hope that this Report provides a better understanding on our approach and activities toward a sustainable society.



Together with you for a better future

McDonald's welcomes many customers every day and serves meals, which means that as a community member, we have a responsibility of addressing global issues. We will continue to feed and foster our communities.

Food Quality & Sourcing

We will continue to offer safe, secure, and high-quality meals

Our Planet

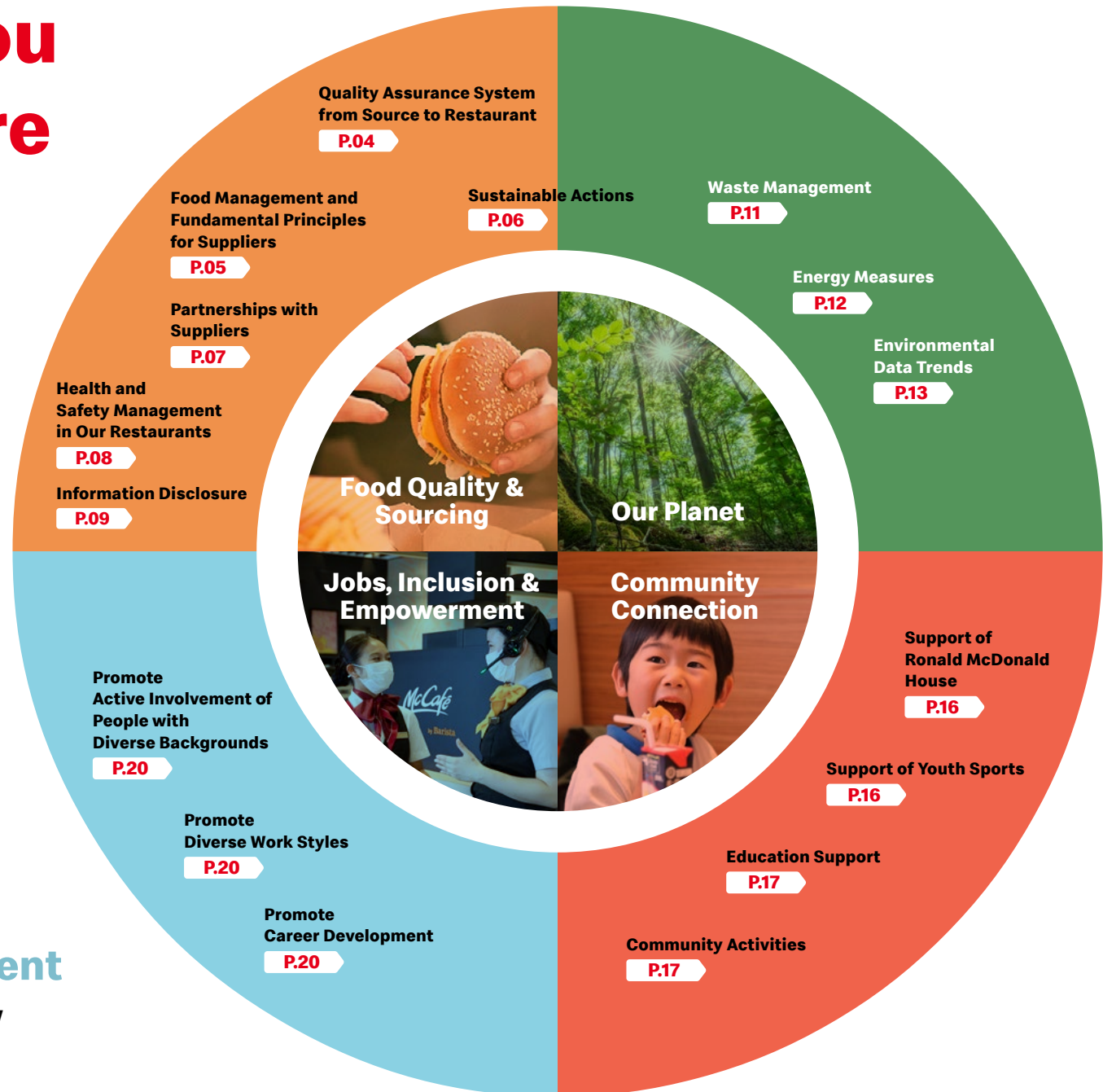
We will address climate change by engaging in energy-saving and recycling activities

Community Connection

We support the daily lives of everyone in the community

Jobs, Inclusion & Empowerment

We increase opportunities for all people to work and grow



Food Quality & Sourcing

McDonald's prioritizes food safety above everything else and sets standards for "safety, quality, and hygiene." In addition, we will continue to maintain and improve systems to ensure that everyone involved from sourcing to preparing foods is going to adopt this approach and behave in an ethical manner. Also, we will ensure fair and ethical business partnerships with suppliers to grow together and strive for sustainable sourcing of foods for people, animals, environment, and business.



Quality Assurance System from Source to Restaurant

The products we serve to our customers are made of ingredients which are sourced from farms, processed at plants, and cooked at our restaurants. Our sourcing, processing plants, logistics, and restaurants adhere to McDonald's own quality and food safety management system, which is based on international standards.



https://www.mcdonalds.co.jp/sustainability/food/food_safety/quality_management/



Traceability

We have 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 causes as well as implement countermeasures in case of an incident.



Confirm the effectiveness of the system through audit program

^{*1} MGG: McDonald's Global GAP ^{*2} Supplier Quality Management System ^{*3} DQMP: Distributor Quality Management System ^{*4} ROIP: Restaurant Operation Improvement Process
^{*5} HACCP: Hazard Analysis and Critical Control Point

Food Quality & Sourcing

Food Management and Fundamental Principles for Suppliers



https://www.mcdonalds.co.jp/sustainability/food/food_safety/food_management/

Responsible Sourcing

To ensure responsible sourcing, it is essential to identify suppliers who have the right technology, management, and social responsibility to produce high-quality food. To that end, we require our suppliers to comply with the Supplier Code of Conduct. This code of conduct contains fundamental principles for partnering with McDonald's and stipulates relevant laws and regulations, human rights, work environment, environmental conservation, and business integrity. Details on the code of conduct are specified in "SWA: Suppliers Workplace Accountability Program," and suppliers are expected to implement and maintain this Program.

Supplier Code of Conduct

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 ensure the promotion and execution of the code of conduct

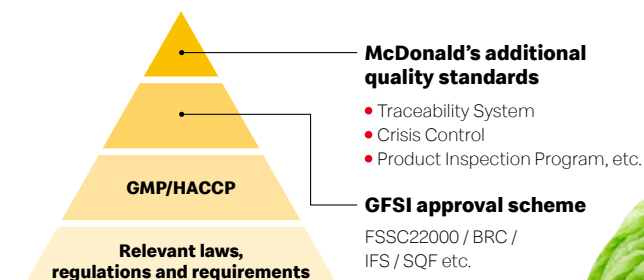
Food Management

Food safety and quality is our top priority. To realize this, it is important to secure high-quality ingredients and manage the food production process. We partner with suppliers to implement strict management of food production process and ensure sustainable sourcing that has less impact on the environment and animals.



Food Manufacturing Process Management

Food safety and quality is our top priority. To ensure this, we conduct various tests and evaluations including sensory evaluation, and microbiological and physiochemical test analysis. The food production process is managed by McDonald's Supplier Quality Management System (SQMS), a food safety management system in line with the Global Food Safety Initiatives (GFSI) founded by relevant laws and regulations including McDonald's additional quality standards.



Animal Health and Welfare

We take into consideration the health and welfare of animals and implement certain measures. We take seriously our responsibility to provide transparent information on how to improve animal health and welfare. To achieve this, we are partnering with suppliers and producers across the global system to promote animal health and welfare of beef, poultry, pork and other produce.



<https://www.mcdonalds.co.jp/sustainability/food/beef/>



GAP Good Agricultural Practice

Since 2010, we have worked to have our lettuce producers become McDonald's-GAP certified. In 2019, we introduced the Global G.A.P. Plus, a combination of GFSI benchmarked Global G.A.P.* and McDonald's GAP. These standards require meeting more than 100 items for production process management, such as the investigation of soil and water used for production, proper field management, and handling of agricultural chemicals. Taking this meticulous approach further ensures food safety.

*International Standards for Good Agricultural Practices



<https://www.mcdonalds.co.jp/sustainability/food/factory/lettuce/>

Sustainable Actions

McDonald's Sustainable Sourcing

We believe that working on environmental conservation and using raw materials in consideration of workers' rights will lead to the realization of a sustainable society. That is why we are working with suppliers and taking a proactive approach to introduce sustainable label materials.



Sustainable sourcing
(MSC Certified, Rainforest Alliance Certified, RSPO Certified)
<https://www.mcdonalds.co.jp/sustainability/food/>



FSC Certified
https://www.mcdonalds.co.jp/sustainability/environment/fsc_paper/



FSC® Certified (Forest Conservation)

To protect the natural environment of forests, in 2021, we completed the transition of paper containers, packaging, and tray liners used at our restaurants for customers to forest friendly "FSC® certified" paper.



For more information, please visit the FSC® Japan website.
<https://jp.fsc.org/jp-jp>

MSC Certified (Fishery Resource Conservation)

Fisheries are the common property of humankind, and to protect this, our Filet-O-Fish sandwich comes with natural U.S. and Russian pollock collected from sustainable, environmentally friendly fisheries that have acquired MSC certification.



For more information, please visit the MSC Japan website.
<https://www.msc.org/jp>

Rainforest Alliance Certified (Sustainable Agriculture)

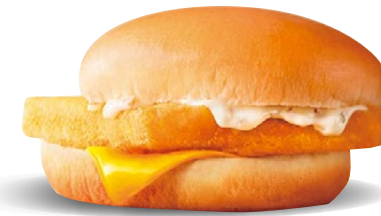
Coffee cultivation is susceptible to climate change, and there is a concern that climate change may shift the growing areas suitable for cultivation. With this in mind, we are only using coffee beans grown by farms that obtained "Rainforest Alliance Certification" to protect forests and ecosystems and provide workers with appropriate working conditions.



For more information, please visit the Rainforest Alliance website.
<https://www.rainforest-alliance.org/lang/ja>

RSPO Certified (Sustainable Palm Oil Procurement)

Palm oil is the most widely produced and consumed vegetable oil in the world, but its production can lead to the large-scale loss of tropical rainforests and a variety of species. We use "Roundtable on Sustainable Palm Oil (RSPO)," which is a certificate for palm oil that was produced to minimize the negative impact of palm oil cultivation on the rainforest, biodiversity and communities in palm oil-producing regions.



Partnerships with External Stakeholders

We believe that it is important to collaborate with external experts, NGOs, and other stakeholders to improve sustainability.

To promote the certification programs, we partnered with WWF Japan and other international environmental conservation groups and conducted campaigns to raise awareness about the background of individual certification programs including environmental and social issues. These were communicated in simple terms through our tray liners and SNS.



Tray liners

Food Quality & Sourcing

Partnerships with Suppliers Our Approach and Initiatives

Partnerships with suppliers are essential to keep serving safe, delicious, and high-quality meals to our approximately 1.4 billion customers visiting McDonald's restaurants each year, implement measures to address all risks related to stable supply of foods, and to engage in activities to address environmental and social issues.

By sharing our purpose with our suppliers, we can forge a trusting relationship to work together on a bigger scale to solve a variety of issues.



<https://www.mcdonalds.co.jp/sustainability/food/factory/>



2021 Topics

Strengthen Quality Control Points

Together with suppliers, we are working on a 3-year plan to further enhance our quality. In 2021, the first year of the plan, we identified and reinforced key points to maintain food quality.

Revisiting Food Safety with CODEX* HACCP

We are taking a zero-based approach toward our own standards to further ensure food safety.

*CODEX : Collection of internationally recognized standards

Enhance Governance and Transparency

We ensure open communication with stakeholders related to suppliers to ensure full compliance with a variety of standards set by McDonald's with the aim of enhancing governance and transparency.

Partnerships with Suppliers

Supplier Summit

At this summit, we share McDonald's growth plan and goals as well as reaffirm our food safety and quality, and sustainability goals.

Plan to Win

Each supplier is expected to set action plans to achieve McDonald's growth plan and targets, which are shared at the Supplier Summit. By developing and growing together, we are able to build an even healthier and stronger supply chain.

All Suppliers Gathering

An online meeting with all suppliers is held once a month to build collaboration towards the achievement of targets, share current issues, and align on future actions.



Food Quality & Sourcing

Health and Safety in Our Restaurants

McDonald's takes hygiene management seriously, including ingredient control, cooking, and selling food. To ensure that our customers can visit McDonald's restaurants with peace of mind, we remain committed to following and implementing health and safety measures including wellness checks, hygiene standards such as appearance and hand-washing, and restaurant cleanliness in frequently used areas.



<https://www.mcdonalds.co.jp/sustainability/food/sanitation/>

Completion of "Digital Food Safety" in Our Restaurants

We completed the switch from 'paper' to 'digital' with the use of a tablet that enables us to complete daily temperature checks as well as health and safety control at the restaurant level accurately and efficiently, with the aim of providing customers with safe and secure food products.

The introduction of a proprietary deployment software called "Digital Food Safety System" enabled us to implement a centralized approach of data storage and management efficiently and accurately with the use of tablet and Bluetooth ready thermometers. This initiative checks a wide range of items, such as temperature checks for foods, health and safety control, maintaining a clean kitchen environment, cooking procedures, and behavior checks of our restaurant employees.

In the unlikely event of an accident, data can be quickly retrieved to determine the cause, and inform us on the best next step.



Stronger infectious disease countermeasures

The spread of the COVID-19 pandemic in 2020 reiterated the importance of implementing infectious disease countermeasures. Even before the pandemic, McDonald's has been implementing hand-washing, wellness checks, and washing and sterilization of cooking utensils. In addition, we conduct daily temperature checks of our staff and require wearing face coverings at work. In our restaurants, we provide hand sanitizers for customers, maintain social distance, and keep the restaurant ventilated. Also, as part of stronger infectious disease countermeasures, we introduced new ordering channels such as Mobile Order & Pay with the use of a smartphone, Park & Go to get the order delivered curbside at a parking spot, and mobile ordering to reduce restaurant stay time and human contact.



Our response to COVID-19:
<https://www.mcdonalds.co.jp/company/news/200304a/>



Initiatives to support restaurant safety and security

In addition to temperature control of food materials and cooked foods, we complete a variety of daily safety tasks from monitoring temperature of food materials as well as cooked foods to water quality checks and the degradation of fry oil. Also, to help our restaurant employees have the correct understanding of food safety and act upon it, training is being provided to ensure that the corporate philosophy of "putting food safety before everything else" is upheld by each individual so that they can think and act on their own. In addition, audits are conducted periodically by a third-party professional institution to ensure that health and safety management is properly implemented at our restaurants.



Crew Temperature Check

All crew members are required to self-check their temperature prior to reporting to work and stay home if they have a fever.



Hand Washing

Our crew members implement thorough hand washing from finger tips to elbows.



Cleaning and Disinfection of Cooking Utensils

Cooking utensils are cleaned and sanitized regularly to ensure that they are always clean before use.



Full Use of Alcohol Disinfectants

Alcohol disinfectants are used at all frequently used areas such as door knobs and seating areas.

Our Planet

As a member of society, we promise to contribute to environmental conservation by taking proactive measures against the global issues of climate change and environmental pollution, always keeping in mind and take actions to reduce the environmental impact of our business activities.



2021 Topics

Commitment to Achieving “Net Zero Emissions”

McDonald's Corporation has announced its commitment to achieve “Net Zero Emissions by 2050,” and Japan has joined this global commitment to continue our efforts to protect our planet.



<https://www.mcdonalds.co.jp/company/news/2021/1006a/>



Focus on 2R (reduce and recycle) of plastic toys

Since 2018 and ahead of McDonald's in other countries, Japan has been implementing a project of collecting and recycling Happy Meal toys from its nationwide restaurants. This initiative is well received and it is now being implemented throughout the year. Also, starting from 2018, we introduced illustrated books and picture books, which are useful in providing intellectual and moral education. This is also contributing to the reduced use of plastic materials.

We have been participating in “reducing plastics in Happy Meal toys”, which was announced by McDonald's Corporation to reduce fossil fuel-based plastics in stages by 2025 and complete the transition to more sustainable materials.



<https://www.mcdonalds.co.jp/company/news/2021/0922b/>



Transitioned to 100% FSC® certified paper packaging for customers

We are adopting environmentally certified materials to reduce the impact when sourcing materials. In 2021, all customer paper packaging and tray liners were transitioned to FSC certified materials.



https://www.mcdonalds.co.jp/sustainability/environment/fsc_paper/

Efforts to comply with the Act on Promotion of Resource Circulation for Plastics

Our goal is to switch to 100% renewable, recycled or certified packaging for customer use by the end of 2025.

In February 2022, we switched from plastic to paper straws and cutlery at 30 McDonald's restaurants

located in the Yokohama area. This initiative is in line with the Act on Promotion of Resource Circulation for Plastics.



https://www.mcdonalds.co.jp/sustainability/environment/paper_cup/

Waste Management

To reduce the environmental impact of our business activities, we identify details of waste generated by McDonald's and implement measures to reduce, reuse, and recycle waste. We are constantly looking for ways to improve our restaurant operation system and review container and packaging materials to address environmental issues.



<https://www.mcdonalds.co.jp/sustainability/environment/made4you/>



Comments

In 2021, company-wide waste increased (+10.0% YoY) due to the increase in sales (+10.7% YoY). Food waste was 82.1kg per 1-million-yen sales, a moderate improvement from last year's result of 82.3kg. Also, initiatives by our restaurants contributed to improving food recycle rate to 60.2%.

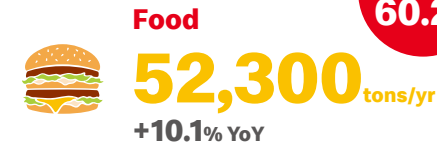
Plastic waste volume has increased over the previous year, but we are planning to reduce the amount of single-use plastics. In 2022, paper straws and cutlery were introduced at 30 McDonald's restaurants in the Yokohama area with the view to going nationwide.



Waste in 2021

*as of December 2021

Company-wide food and packages waste amount:



*includes outbreak control based on periodic report for food recycling



Food and Packing waste amount per 1-million-yen sales:



*Target for fast food restaurants to contain food waste based on the Food Recycling Law = 83.3kg per 1-million-yen sales



Energy Measures

Global warming and climate change are issues that affect all of us and there is a need to find ways to address them. At McDonald's, we are focusing on reducing the amount of energy used by our business activities and continuing to implement energy reduction initiatives such as energy management at the restaurant level and the introduction of energy-saving equipment.



https://www.mcdonalds.co.jp/sustainability/environment/power_efficiency/

Comments

Energy consumption increased in 2021 (+2.0% YoY) but was kept low compared to the sales growth rate of +10.7% YoY due to energy conservation and the introduction of high-efficiency equipment.

Energy use per thousand customers decreased - 4.0% for electricity and - 0.4% for gas, both lower than the previous year.

Greenhouse gas (CO₂) emissions increased over the previous year. We will strive to reduce CO₂ emissions by putting more focus on saving energy and introducing renewable energy.

Initiatives in Logistics

We are taking initiatives to reduce energy consumption in transporting materials, such as load leveling and streamlining of delivery service in our supply chain, collaborate with other businesses in transportation, and modal transportation of materials.

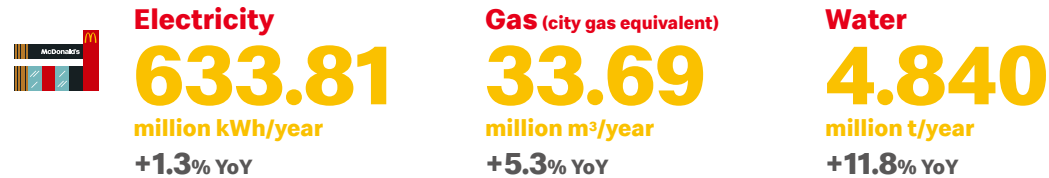
Restaurant Initiatives

"Planned Maintenance System," a calendar-based system that allows any of the restaurant staff to perform maintenance and cleaning of equipment according to a set schedule, contributes to keep equipment efficiency and reduce energy waste. Also, we are introducing water-saving toilets and automatic faucets to reduce water consumption.

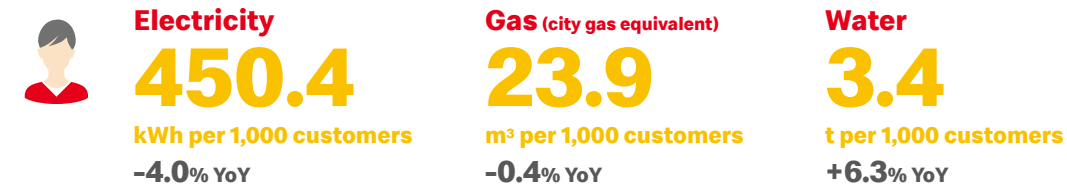
Energy usage and CO₂ Emissions in 2021

*as of December 2021

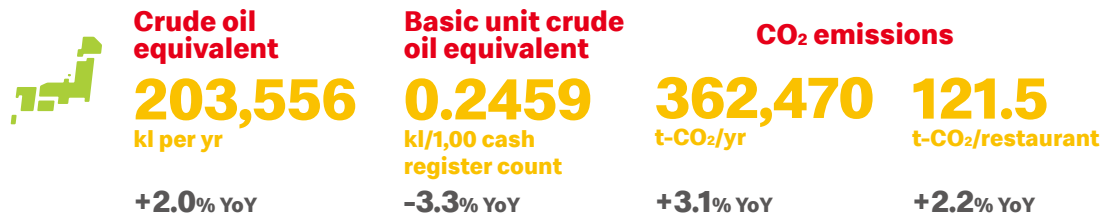
Nationwide energy usage per type:



Energy usage per 1,000 customers per type:



Overall energy usage and CO₂ emissions:



*unit denominator:
thousand cash register count



Our Planet

Environmental Data Trends

The 6 graphs show the data trends over the past 5 years related to the environment. Also, changes in amount of waste of finished products are shown since the company adopted the Made-For-You System.

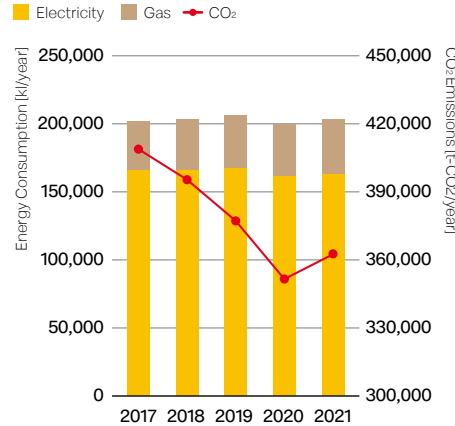
- **Energy Consumption & CO₂ Emissions** (system-wide restaurants / restaurant average / 1000 GC unit)
- **Trends in Waste** (system-wide restaurants)
- **Food Waste & Food Recycling Rate per 1-million-yen sales**
- **Food Waste & Food Waste per 1-million-yen sales**
- **Product Waste Trends per 1-million-yen sales**

*as of December 2021



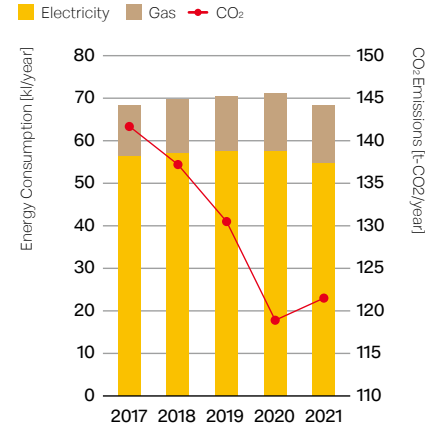
Energy Consumption & CO₂ Emissions

system-wide restaurant



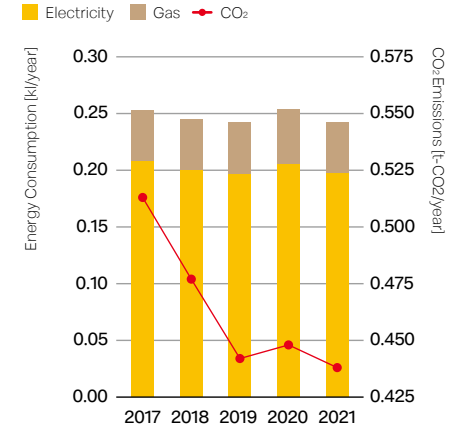
Energy Consumption & CO₂ Emissions

restaurant average



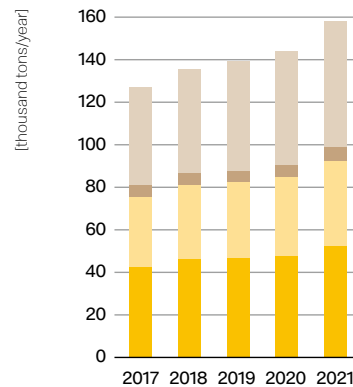
Energy Consumption & CO₂ Emissions

1000 GC unit



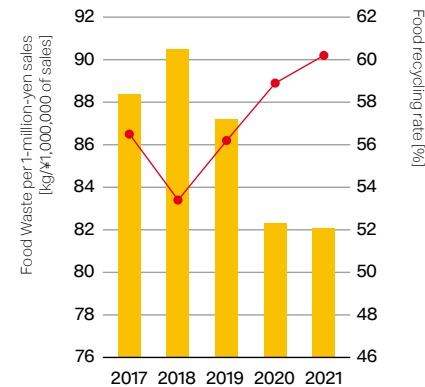
Trends in Waste (system-wide restaurants)

Foods Papers Plastics Wrapping and others



Food Waste & Food Recycling Rate per 1-million-yen sales

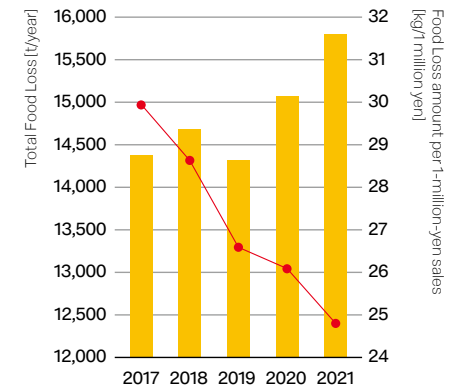
Food Waste per 1-million-yen sales Food Recycling Rate



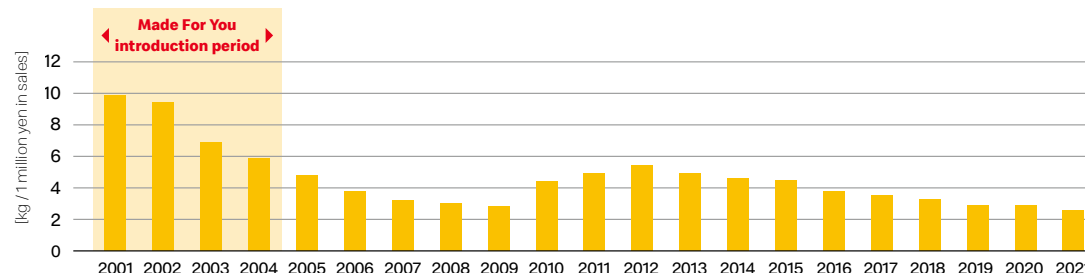
*Target for fast food restaurants to contain food waste based on the Food Recycling Law = 83.3kg per 1-million-yen sales

Food Waste & Food Waste per 1-million-yen sales

Total Food Loss per million yen sales



Product Waste Trends per 1-million-yen sales



Made For You system, where products are made to order, has led to a significant reduction in product waste (waste of finished products).

Community Connection

“We have an obligation to give back to the community that has always supported us” Everything we do originates in these words of Ray A. Kroc, founder of McDonald’s. Children’s happy future and the smiles of our customers, community, and the society are important to us, and as a member of the community, we are actively engaging in a wide range of support initiatives and local contribution activities that enable us to grow together with the community and develop the ‘food’, ‘body’, and ‘mind’ of children.



Education

Support to food education classes through use of “Shokuiku no Jikan + (Plus)”



https://www.mcdonalds.co.jp/sustainability/local/food_education_support/

Number of classes and coaching

Total **8,650** times

Attended by

Total **269,633** students

*Cumulative total of the number of findings from January 2007 to December 2021

2021 Topics

*As of December 31, 2021

Charities

In-restaurant donation boxes to support Ronald McDonald House and meal coupons with donations

Total amount donated:

approx. **93.25** million yen



<https://www.mcdonalds.co.jp/sustainability/local/dmhcj/>



Youth Sports

Takamadonomiya Cup All-Japan Rubber Baseball McDonald's Tournament



approx. **11,000** teams

approx. **440,000** players



<https://www.mcdonalds.co.jp/sustainability/local/baseball/>

JFA Japan U-12 Football Championship



approx. **8,200** teams

approx. **330,000** players



<https://www.mcdonalds.co.jp/sustainability/local/soccer/>

Community Contribution

Number of Distributed Safety Whistles

Approx. **830,000** pieces



<https://www.mcdonalds.co.jp/sustainability/local/whistle/>

Support for Health Care Workers

Total **125,329** sets

Continuing from last year, special free coupons to enjoy warm meals at McDonald's restaurants were presented to municipalities, associations, and hospitals as per their request to cheer and thank our hard-working health care workers who are at the frontline every day fighting COVID-19.

Blood Donation

In cooperation with the local Japanese Red Cross Blood Center, we arranged to have blood donation buses at selected McDonald's restaurants and presented “Thank You Card (with free drink or McFries® coupon)” for blood donors to promote blood donation activities.



<https://www.mcdonalds.co.jp/sustainability/local/report/>

Community Connection

2021 Topics

Donating Used Coffee Grounds Compost and Special SDGs Class at Elementary School

From 2016, used coffee grounds are recycled as compost at 8 McDonald's restaurants in Himeji City, Hyogo Prefecture, and in promotion of a recycling-oriented society, in 2020 we partnered with farmers in the Kagawa Prefecture to use this compost to grow and sell the harvested lettuce to customers. We wanted to use these initiatives as an opportunity for children to look ahead to the future and think "what I can do" to address environmental issues. With these in mind, in 2021, "Recycling Ceremony of Presenting Used Coffee Grounds for Compost" and "Special Class on SDGs" were held at Toyotomi Elementary and Junior High School in Himeji City, selected as SDGs Future City*.

*In May 2021, Himeji City, Hyogo Prefecture, was selected as the "SDGs Future City" recruited by the Cabinet Office to proactively work toward solving "economic," "social," and "environmental" issues and creating new values.



<https://www.mcdonalds.co.jp/sustainability/smilestory/003/>



Revamped Happy Meal Set®

Happy Meal was revamped to make our brand more relevant to families. Being mindful of the nutritional balance, we expanded^{*1} the number of side menu lineups from 2 to 4 items to choose from a wider range of options according to children's growth and meal occasions. Also, we revisited the toy development guidelines and changed them to support the healthy growth and development of children through "play" and "experience."

*1 The following items were added: "Edamame & Corn," a new item to take nutrition in a delicious way, "Yogurt" with a slightly sweet and refreshing flavor contained with bifidobacteria (BB-12) that reach the intestines, and "Side Salad"

*2 Development guideline focuses on letters, figures, numbers, logical thinking, fostering interests in physical ability, nature, and science, supporting the development of imagination, creativity, expressiveness, the ability to engage with people and society, self-care skills for everyday tasks



<https://www.mcdonalds.co.jp/family/happymeat/>

"All Together! How Would You Solve It?"

In January 2021, we collaborated with Poplar Publishing Co., Ltd. and the publisher of "Moral Issues with No Correct Answers - How Would You Solve It?" and started a project "All Together! How Would You Solve It?" to foster children's thinking ability and think outside the box. The special website offers a variety of contents including exclusive teaching materials and free research kits that can be used in elementary school classes with the aim of providing fun factors in their study for growth. As of December 2021, the teaching materials "All together! How do you solve it?" have been adopted at the classrooms of more than 200 elementary schools nationwide.



<https://www.mcdonalds.co.jp/company/news/2021/0126a/>

Community Connection

Listed on this page are some of the social contribution activities we are engaging in as a member of the community.



Ronald McDonald House Charities

We are committed to fostering a charity culture and supporting the “Ronald McDonald House (DMH)” with the aim of creating a society where people support one another. DMH facilities are built adjacent to hospitals to provide a ‘home away from home’ and help families with sick or injured children stay together. There are 11 locations in Japan as of December 2021, and the first location, “Setagaya House” celebrated its 20th anniversary in 2021. Since the establishment of Ronald McDonald House Charities Japan, the operator of DMH, McDonald’s Japan continued to provide support to this day, including the setup of donation boxes at its nationwide restaurants. Also, we are implementing a variety of programs to bring the charity culture closer to many more people. All the donations made at our restaurants are donated to “Ronald McDonald House Charities Japan” to operate and build House facilities.



<https://www.mcdonalds.co.jp/sustainability/local/dmhcj/>



The Ronald McDonald House Charities Japan
<https://www.dmhcj.or.jp/>

McHappy Day and First Ever Joint Event of DMH Support Charity Run & Walk

“McHappy Day,” a long-time global charity event to support the children’s welfare, was held on Sunday, November 21, 2021. On this day, McDonald’s Japan donates 50 yen to the Ronald McDonald House Charities Japan for every Happy Meal that is sold. In 2021, “DMH Support Charity Run & Walk” was also held on the same day at our nationwide restaurants and many people attended these events to expand the circle of smiles.

Youth Sports

We focus on promoting the healthy growth of children’s minds and bodies through our support of youths engaging in sports.



<https://www.mcdonalds.co.jp/sustainability/local/baseball/>

Youth Baseball

Takamadonomiya Cup All-Japan Rubber Baseball McDonald’s Tournament



Known as the “Koshien of elementary school,” McDonald’s Japan has been a sponsor since 1986. The 2021 tournament was held in Niigata Prefecture for the first time in two years. To support the games with no spectators, we setup a giant cheer message in the seating area and invited Koji Uehara, a former Major League Baseball player to excite the players. “Diamond,” the first official theme song of the tournament, was created by soliciting messages of support and passionate episodes for those who want to pursue their dreams in sports. In 2021, we continued our support, including the distribution of the booklet “Baseball Player Book 2021” to 440,000 registered team players.

Youth Football

JFA Japan U-12 Football Championship



Since 2011, McDonald’s has been supporting one of the largest youth football tournaments in Japan, where players aged 12 or younger from around the country compete and produced many J-League players and Japan National Team players. In 2021, we continued our support, including the distribution of the booklet “Football Player Book 2021” to 330,000 registered team players.



<https://www.mcdonalds.co.jp/sustainability/local/soccer/>



Community Connection



<https://www.mcdonalds.co.jp/sustainability/local/>



Education

We want to enrich the learning opportunities of children.

Food Education

We want children to enjoy eating, obtain proper knowledge, and develop good eating habits. Since 2005, McDonald's has been providing support to elementary schools' food education classes with the use of a digital teaching tool called "Shokuiku no Jikan" developed by McDonald's. "Shokuiku no Jikan + (Plus)" teaching tool (revamped in 2019) contains seven basics about foods such as correct hand washing, hygiene control, and food waste including information about SDGs, which are also available on our official website. In addition to providing a teaching tool, we set up a food class support office to distribute and lend DVD guidebooks and teaching kits without charge to support teachers in developing food classes. Further, to provide an opportunity for families to learn about food, a special summer vacation website was set up for a limited time and offered a template exclusive to McDonald's to do a summer research project with the use of "Shokuiku no Jikan + (Plus)." In 2021, we implemented an online event for families for the first time to further provide support to children during summer vacation.

Hello Ronald!

We offer education support programs at nursery schools and elementary schools to teach children about food education, traffic safety, crime prevention, and the environment. Due to the COVID-19 pandemic, instead of in-person lessons, a video featuring Ronald McDonald was produced and released in 2020, which is available now on our official website and YouTube.

Career Education

From food education to on-the-job training at our restaurants, we use McDonald's knowledge and know-how on people development to provide various educational support programs, which are available for kindergarten, elementary school, junior high school, and high school students.



Community Support

Being part of the community means supporting and engaging in local community programs and creating a safe and secure neighborhood.

Childcare

McDonald's supports the "Childcare Support Passport Program," promoted by both the Japanese government and local municipalities. Our "Cheeseburger Happy Meal Set" is offered at a special price whenever the "Childcare Support Passport," issued by individual prefectures, is presented upon ordering.

* Happy Meal "Chicken McNugget Set" is offered at a special price during breakfast hours (until 10:30 am)

Community Cleanup

Our nationwide restaurants implement local community cleanup activities and proactively participate in other cleaning events promoted by local municipalities and community groups with the aim of beautifying the neighborhood.

*In 2021, "Clean Patrol" was changed to "Cleanup Activities"

Safety and Security Initiatives

● "#110 House for Children"

To protect our children in local communities, we partnered with local police departments to promote the "#110 House for Children," where they can freely run into McDonald's restaurants for safety in case of danger. As of December 2021, a sign has been posted at 2,260 McDonald's restaurants.



● Delivery Bike Watchdog

To strengthen community watchdog activities, in July 2021 delivery bikes of all the 143 McDonald's restaurants in the Hyogo Prefecture began operating as "#110 Bike for Children."

● Safety Lessons (delivery bikes and bicycles)

We are working with local police departments to ensure traffic safety. McDelivery riders participate in traffic safety workshops to learn driving rules and review accident case studies to help them stay safe.



Jobs, Inclusion & Empowerment

“Striving to become the employer of choice in every town around the world” To achieve this goal shared by McDonald’s around the globe, we promise all employees: “We value you, your growth, and your contributions.” McDonald’s restaurants welcome around 1.4 billion people each year and we have always responded to their diverse needs. That is who we are, and that is why we will continue to develop a workplace where employees and crew members from different backgrounds can help each other to grow and advance and implement actions where everyone at McDonald’s can grow and play an active role.

Employment in 2021

*as of December 2021

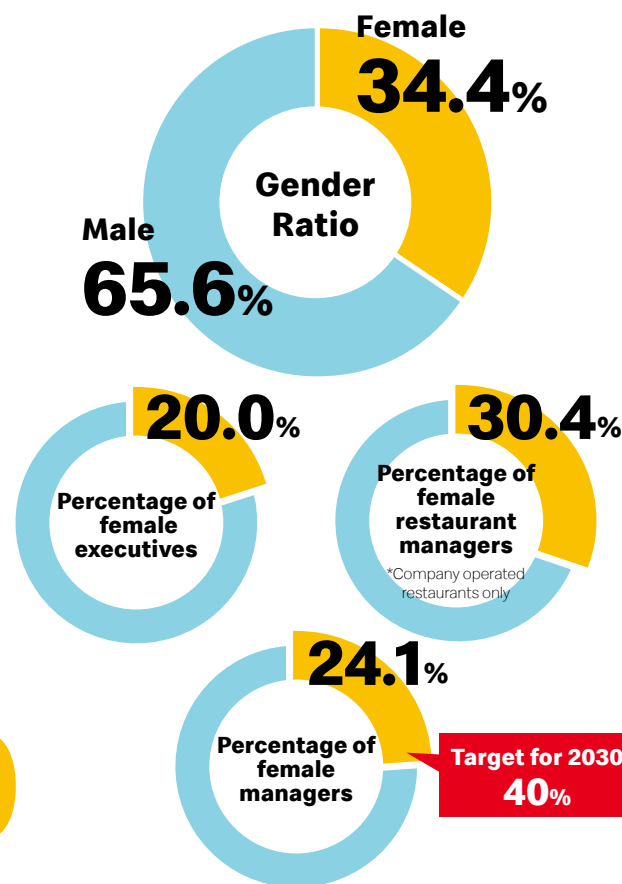
*employed by McDonald’s Japan, except the crew members

Total number of employees
(full-time employees)

2,349

Total number of crew members

Approx. 190,000



Turnover rate **7.7%**

Total monthly average overtime hours among full-time employees **14.5 hours**

Paid leave rate **48.6%**

Number of employees using maternity & nursing care leave **96**

Return to work rate after parental leave **93.6%**

Number of employees using flextime program for childcare **69**

Employees with disabilities **2.3%**

*includes both full-time employees and crew members

Our People Approach

“We are not a hamburger business serving people, but we are a people business serving hamburgers.” As reflected in these words of Ray A. Kroc, founder of McDonald’s, people are the core of any business growth, and at McDonald’s, the growth and contribution of each person are vital to offer best-in-class restaurant experience to customers. With that in mind, we offer growth opportunities in our day-to-day training and at our specialized training facility to promote a way of work and workplace where anyone can play an active role. In addition, we develop leaders, reward for achieving goals, respect individuals, and implement other activities to further brighten the future of our people and contribute to the overall society.



<https://www.mcdonalds.co.jp/sustainability/people/>

Diverse Teams

- Support the development and employment of youth
- Promote women
- Promote seniors
- Hire crew with disabilities

Flexible Working

- **Local salaried employee program**
(company-operated restaurants only)
- **Work/Life balance**
Flextime & telecommuting
Promote the use of annual paid leave
- **Support childbirth, childcare, and nursing care**
Childcare and nursing care leave program
Reduced work hours program

Career Development

- **Assessment program linked with business results and personal development**
- **Educational facility** (Hamburger University)
Development of people and system
- **Career development support**
- **Incentive program to earn qualifications**
- **Self-development support program**



Diverse Teams

Our teams need to be diverse to always meet the needs of customers, and to that end, we will continue to provide a wide range of employment opportunities regardless of gender, age, or nationality, while striving to further enhance individual engagement and create a rewarding workplace.



Diversity Equity & Inclusion (DE&I)

"Proactively embrace diversity" is our basic approach to employment and people. We are taking actions to help our people grow and demonstrate strengths, welcome individuals with different abilities, needs, and characteristics.

Support the Development and Employment of Youth

In addition to providing education and training opportunities at our workplace, we are supporting the development and employment of youth through our teams with diverse individuals.

Promoting Women

We are focusing on gender-specific approach, which is a pressing issue in achieving sustainable business growth. For example, we are working to enhance our workplace environment and programs where employees can continue to work without giving up on their careers due to changes in life events such as childbirth and child rearing.



https://www.mcdonalds.co.jp/sustainability/people/womens_success/

Hire Crew with Disabilities

Everyone working at McDonald's are 'buddies' and a team member, share the joy of working together and create a workplace where they can shine regardless of disabilities.



<https://www.mcdonalds.co.jp/sustainability/people/challenge/>

Flexible Working

We want all of our people to work with a smile, and to that end we are focusing on enhancing our program to support different work styles. We are taking meaningful actions for our people to remain a company that keeps making a positive impact to the society.

Local Salaried Employee Program (company-operated restaurants only)

In 2021, local salaried employee program was introduced to promote flexible ways of work and hire crew as full-time employees. This enabled our people to advance their careers in areas where they can commute and according to their lifestyle.



Career Development

We believe that providing support to take on challenges and grow at the workplace is important to develop competent leaders, encourage individual growth, and foster people to support our future business. Instead of providing a predetermined career path, we offer options where our people can freely choose their dreams and act on their own to ensure satisfying work with a rewarding and fulfilling life.



https://www.mcdonalds.co.jp/sustainability/people/career_enhancement/



Assessment Program

Assessment program is linked with business results and personal development to stimulate the growth of both the individual and business. Assessment is based on the target achievement level and behavior level based on the day-to-day performance.

Education Facility (Hamburger University)

Hamburger University provides learning for all staff to ensure sustainable growth of McDonald's. It is a specialized educational institution where the latest educational theories and methods are employed for the development of people and the system. The skills acquired at Hamburger University will accelerate the growth of each individual and expand possibilities.

McDonald's and SDGs



<https://www.mcdonalds.co.jp/sustainability/sdgs/>

SUSTAINABLE DEVELOPMENT GOALS



Food Quality & Sourcing

Sustainable Sourcing		●				●						●	●	●	●	●
Welfare of Cattle		●				●							●		●	●
Food Disclosure			●													●
Quality Management			●													●

Our Planet

Recycling Measures						●		●		●	●	●	●			●
Food Loss Reduction								●			●					●
Select Materials with Our Planet in Mind										●	●	●	●	●		●
Energy and Global Warming Measures						●	●					●				●

Community Connection

Ronald McDonald House Charities			●							●						●
Food Education and School Education		●		●												●
Community Support	●			●						●						●
Youth Sports			●													●
Local Cleanup Activities												●		●		●

Jobs, Inclusion & Empowerment

People Vision				●			●								●	●
Friendly Workplace							●		●							●
Support the Employment of Youth							●									●
Flexible Working				●			●		●							●
Career Support			●	●			●									●

Corporate Governance

															●	●
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Third Party Testimonial

What is our purpose in life? Going forward, all people on earth regardless of individuals, business, or society must ask themselves this question and keep communicating to realize a borderless society.

The newly launched Purpose of “Feed and Foster Communities” illustrates the journey that McDonald’s Japan has been taking with the entire concerned stakeholders and stipulates the company’s desire to walk together with the community into the future.

The four focused areas of “Food Quality & Sourcing,” “Our Planet,” “Support People in the Community,” and “Job Satisfaction for All” to realize the Purpose reflects the company’s fair and transparent approach to its business.

“Safe and secure” meals are important to our health, especially when faced with the COVID-19 pandemics, and the company has been providing just that which fits with the times. One example is the nationwide rollout of “Digital Food Safety,” which was piloted at the selected restaurants in 2020. Every single resource on earth is valuable, which is all the more reason why we need to think about “environment.” Customer paper containers, packaging, and tray liners transitioned to 100% FSC® certified materials. In this way, I expect the company to greatly reduce the amount of single-use plastics by introducing paper straws and cutlery as well. We treasure our children because they are the future, and McDonald’s Japan stands out in providing education activities for children through a wide range of industry partnerships. When served with a smile, we smile too; it’s contagious. McDonald’s Japan is committed to the SDGs promise of “Leave No One Behind,” which is evident in the company’s approach towards hiring people from diverse backgrounds, offering diverse work styles, and promoting career development.

As a leading company in ESG (Environmental, Social and Governance) activities that stems from the Purpose, I expect McDonald’s Japan to become the bridge between each and every ‘smile.’



Ibun Hirahara

One Young World Japan Representative
WORLD ROAD Corporation Co-Chair Youth Edition Davos Meeting

Company Overview

McDonald's Company (Japan), Ltd.

Location	Shinjuku iLand Tower 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Established	May 1, 1971
Capital	100 million yen
Business Activities	The operation of hamburger restaurant chain and all other relating businesses
Number of restaurants	2,942
Sales	652.0 billion yen (total sales of company-operated franchised restaurants)
Number of employees	2,349 (excluding contract employees) Part-timers: approx. 190,000 (includes both company-operated and franchised restaurants) (as of December 31, 2021)

Company information

Please visit the Company Profile and Corporate Governance of McDonald's Holdings Company (Japan), Ltd. homepage to learn more about our corporate philosophy, company profile, history, etc.



Company Information
<https://www.mcd-holdings.co.jp/company/>



Corporate Governance
<https://www.mcd-holdings.co.jp/ir/governance/>

Corporate Philosophy

Our approach towards restaurant business

Feed and foster communities. Our purpose is to bring a smile to the faces of our customers as well as our staff and communities in which we do business. Founded on QSC&V, McDonald's value is shared, sympathized, and embodied by each staff with the goal of "making delicious feel-good moments easy for everyone."



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

Editorial Policy

This report describes McDonald's Japan's approach to sustainability and its initiatives. It is our wish to share McDonald's CSR and relevant initiatives with stakeholders and contribute to achieving a sustainable society.

CSR Reporting Scope

Reporting Organization	McDonald's Company (Japan), Ltd. (including McDonald's Holdings Company (Japan), Ltd.)
Reporting Period	January 1 to December 31, 2021
Reporting Areas	Social responsibility in general (environmental and social)
Editor and Contact	Corporate Relations Division Shinjuku iLand Tower 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

