

## McDonald's **Sustainability Report**

2022











## **Letter from the CEO**

#### Tamotsu Hiiro

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



I would like to thank all of our customers and shareholders for supporting McDonald's in 2022. This past year was marked by the ongoing COVID-19 pandemic, surging prices, and other major global developments.

Responding as swiftly and flexibly as possible to the ripple effect on our business has strongly reminded us of our roles and responsibilities of enhancing the value we provide to our customers as well as ensuring healthy growth of our business. We will continue to monitor the situation closely, listen to our customers' feedback, and implement strategies.

We can predict that there will continue to be major global changes, and at McDonald's, we will keep asking ourselves the question "What can we do through our business?" to leave a better world.

We are guided by our purpose to feed and foster our communities in all of our global communities and all situations. In order to realize our purpose, we have defined our mission as "what we should do" and our values as "how to make it happen." 190,000 crew members and employees working in more than 2,900 restaurants nationwide practice these while serving our customers everyday.

As we keep serving high quality meals, we will engage in activities that leverage our scale and further deepen ties with our customers and communities. The actions we take today are to help build a better business and more sustainable society.



### **Our Purpose**

## **Feed and Foster Communities**

### **Our Mission**

**Making Delicious Feel-Good Moments Easy for Everyone** 



We put our customers and people first



We open our doors to everyone



Integrity

**Our Values** 

We do the right thing



Community

We are good neighbors



We get better together

### **Letter from the CEO**

Our business is built on our relationships with stakeholders. This collaboration enables us to implement initiatives related to people's well-being and safety for a better future. That includes reporting on our environmental, social, and governance (ESG) management and sharing the collective impact of our business. 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 realize our purpose to "feed and foster communities," we are focused on four areas of impact: "Food Quality & Sourcing," "Our Planet," "Community Connection," and "Jobs, Inclusion, and Empowerment."



### **Food Quality & Sourcing**

McDonald's prioritizes food safety and sets a stringent quality assurance system from sourcing foods to restaurants.

This is to maintain and improve our system to ensure that all involved from sourcing to preparing food adopt this approach and act in an ethical manner. We are committed to procuring sustainable food ingredients and resources by working together with suppliers to solve environmental and social issues as well as to ensure a stable supply.

### **Our Planet**

Through recycling and energy conservation, we are working to reduce the impact of climate change on the environment. In 2022, we introduced paper straws and wooden cutlery nationwide and have been migrating our Happy Meal® toys to paper to achieve our goal of becoming plastic-free. We are also working to achieve our goal of "Net Zero Emissions by 2050," and are doing this by taking measures such as reducing CO<sub>2</sub> emissions by using electricity generated from renewable energy sources and introducing energy-saving equipment.

### **Community Connection**

As echoed in the words of Ray A. Kroc, the founder of McDonald's, we also believe that "we have a duty to give back to the community that has always supported us." As a community member, we support the Ronald McDonald House and also contribute to enhancing the lives of the members of the local communities.

### **Jobs, Inclusion and Empowerment**

We believe that McDonald's business is built on 'people.' With that in mind, we aim to realize a workplace where employees and crew feel rewarded, play an active role, and grow in their own way to elevate the engagement of each individual. Initiatives include our focus on diversity, equity & inclusion, day-to-day training, use of a professional training facility to provide growth opportunities, a comprehensive welfare program, and career-building opportunities.

We hope that this Report provides a better understanding of 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 and keep moving forward.

## **Food Quality & Sourcing**

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

### **Our Planet**

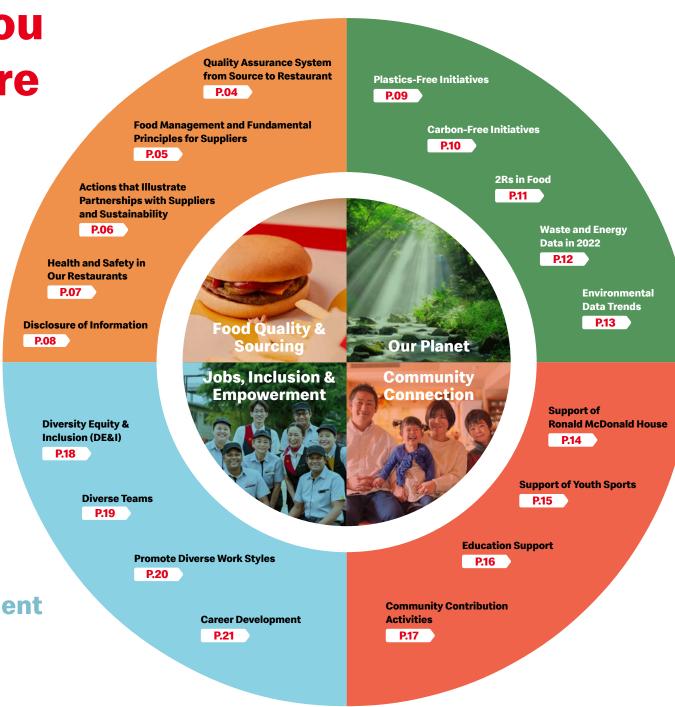
We will address climate change by engaging in energy-saving and recycling activities

## **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



Introduction

McDonald's prioritizes food safety above everything else and to ensure this, we work tirelessly to achieve the world's best food management system in terms of safety, quality, and hygiene. This guideline is shared among McDonald's, franchisees, and suppliers engaged in sourcing foods and materials and serving meals. We will continue to maintain and improve systems and behave in an ethical and sincere manner.



Our sourcing, processing plants, logistics, restaurants, and preparation at our restaurants adhere to McDonald's own quality and food safety management system, which is based on international standards.

















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.



**Farm** 



Farm assessment

Water quality control

Pesticide, fertilizer management

**Processing** 

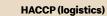
### SOMS\*2

HACCP (factories) \*5

**GMP** 

**Product inspection program** 

Logistics/Warehouse DOMP\*3



GWP-GDP

**QIP (Quality Inspection Program)** 



PACE\*4

**HACCP** (restaurants)

**GCP** 

**SSOP** 

### Confirm the effectiveness of the system through an audit program

\*1 Global G.A.P.Plus Add-on: Good Agriculture Practice \*2 SQMS: Supplier Quality Management System \*3 DQMP: Distributer Quality Management Program

\*4 PACE: Performance And Customer Excellence to improve operations and provide consulting platform \*5 HACCP: Hazard Analysis and Critical Control Point

## **Responsible Sourcing Food Management and Fundamental Principles** for Suppliers

It is important to secure high-quality ingredients and manage the food production process. We partner with suppliers to implement a variety of initiatives.



















co.jp/sustainability/ food/food safety/food

### **Fundamental principles for suppliers**

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** Work Environmental **Business Environment** Conservation Integrity

**Suppliers Workplace Accountability Program (SWA)** An audit program to ensure the promotion and execution of the code of conduct

### **Food Manufacturing Process Management**

We conduct various tests and evaluations including sensory evaluation, and microbiological and physiochemical test analysis to ensure quality assurance. 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.

For example, chickens that are raised and processed in consideration of their health and welfare are used across our entire chicken range. We will continue to make use of the global supply chain and partner with producers to drive this initiative.



Since 2010, we have worked to have our lettuce producers become McDonald's-GAP certified. GAP requires 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. In 2022, we introduced the Global G.A.P. Plus Add-on, a combination of Global G.A.P.\* and McDonald's GAP, both of which are benchmarked by GFSI, to further ensure food safety.

\*International Standards for Good Agricultural Practices \*Information as of December 31, 2022



#### Lettuce Producer

We supply lettuce to McDonald's Japan and acquired Global G.A.P. certification in 2021. During the process, we implemented measures to further enhance quality and sustainability, making us grow into a robust company selected in the global market as a result. Also, increased interaction with McDonald's Japan presented an opportunity to welcome crew to our lettuce fields. This experience helped them to change and foster a positive mindset. Together with our staff, we are determined to produce lettuce to put smiles on customers' faces.

## **Responsible Sourcing Actions that Illustrate Partnerships with Suppliers and Sustainability**



















## **Partnerships with Suppliers**

McDonald's has a philosophy called the "three-legged stool," where the franchisees, suppliers, and McDonald's work together to support the businesses. Partnerships with suppliers in activities addressing environment and social issues and the implementation of measures to address all risks related to a stable supply of food are essential to keep serving safe, delicious, and high-guality meals to our approximately 1.4 billion customers visiting McDonald's resraurants each year. By sharing our purpose with our suppliers and exchanging ideas, we can forge a trusting relationship to work together on a bigger scale to solve a variety of issues.



Sun Globe Food Co., Ltd. CFO Ryoji Anzai

We provide lettuce to McDonald's Japan. Our partnership began with round-shaped lettuce and then we proposed cut lettuce, the first in Japan, and was accepted. Today, cut vegetables are delivered to many restaurants. This illustrates how many of the criteria and technologies in compliance with McDonald's system have become the standard in Japan. Knowing that we are being part of this makes us happy and motivated.

Also, in recent years, initiatives are implemented across suppliers including the use of fertilizers at farms, which are made of leftover food from suppliers. That's McDonald's!



mcdonalds.co.ip. sustainability/



### **Sustainable Actions**

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 introducing sustainable label materials.



mcdonalds.co.jp/ sustainability/food,



https://www mcdonalds.co.ip/ sustainability/ environment/fsc

#### FSC® Certified (Forest Conservation)

All paper containers, packaging, straws, wooden cutlery, and tray liners provided to customers at our restaurants are made from FSC-certified paper and wood, which are produced in consideration of the forest environment and local community.



please visit the FSC Japan https://ip.fsc.org/ip-ip



#### MSC-certified (Fishery Resource Conservation)

Whitefish is used in our Filet-O-Fish®, a popular menu item for all generations. To protect our marine resources—which are the common property of humankind—McDonald's Japan obtained MSC certification from sustainable, environmentally friendly fisheries for the natural Alaskan pollock used in Filet-O-Fish.



For more information please visit the MSC Japan 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.



Palm oil is the most produced and consumed vegetable oil in the world, but unless its production takes the environment and local communitires into consideration, it 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 sustainable palm oil.



For more information please visit the Rainfores https://www. rainforest-alliance



## **Health and Safety in Our Restaurants**

McDonald's takes hygiene management seriously in all areas of our restaurants to ensure that our customers can visit McDonald's with a peace of mind.













### **Services that deliver** safety and security

To ensure that McDonald's restaurants offer safety and security to all customers, we implement hand washing, wellness checks, and washing and sterilization of cooking utensils daily. In addition, we conduct daily temperature checks of our staff and require wearing masks at work. Also, hand sanitizers are provided at the front counter and inside the restaurants for customers, social distancing measures are implemented, and the restaurants are ventilated. Additionally, we introduced Mobile Order & Pay to place orders from our official app and Park & Go to get the order delivered curbside at a parking spot to reduce restaurant stay time and human contact and enhance convenience

### **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 the 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 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 fingertips 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 in all frequently used areas such as doorknobs and seating areas.



Our restaurants measure temperature and implement hygiene management every day using digital tools. A proprietary deployment software called "Digital Food Safety System" enables anyone to check a wide range of items efficiently and accurately with the use of tablet and Bluetooth-ready thermometers. Checkpoints include temperature checks for foods, health, and safety control, maintaining a clean kitchen environment, cooking procedures, and behavior checks of our restaurant employees.

A centralized approach is taken to store and manage data entered by restaurants, which are accessible to relevant departments. Tools like these enable us to provide effective advice and set long-term improvement plans. Also, in the unlikely event of an accident, data can be quickly retrieved to determine the cause and measures to be taken.







## **Information Disclosure**

We want our customers to enjoy our delicious food with reassurance, therefore, we provide information about product allergens, nutrition, and country of origin on our website and official app.

These are easily accessible by using the QR code printed on our product packaging.

Also, allergy and nutritional information are available in English to meet the needs of English-speaking customers. "Nutritional balance check" and "Allergen search" are useful for selecting menu items.







https://www.mcdonalds. co.ip/sustainability/food/ allergy\_Nutrition/





### **Allergen Information, Nutrition, and Country of Origin**

### **Allergen Information**

Allergen information includes 7 mandatory items and 21 recommended items for labeling required by Japan's Food Labeling Standards (Food Labeling Act.). Information is regularly updated to provide changes in raw materials specifications and cross-contamination during manufacturing and cooking processes.

#### **Nutrition**

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 is based on quotations from "Japanese food standard component 2015 edition (7th edition)" (Ministry of Education, Culture, Sports, Science, and Technology).

### **Country of Origin**

Information includes the country of origin of the main ingredients used in the product as well as the country of finished goods. The "country of origin of the main ingredients" is prepared in line with the "Guidelines for Labeling of Country of Origin in Food Service" (Ministry of Agriculture, Forestry and Fisheries).



#### **Nutritional Balance Check**

You can find information on McDonald's menu items and can calculate (in percentage) your recommended daily nutrition intake. The information includes helpful advice by age and nutrients from managerial dieticians to support your healthy lifestyle.





Selected Product; Big Mac McFries (M) / Female / Age 30-49 / Physical activity level: Normal

### **Allergen Search**

Allergen search offers information on the use of 28 allergens in foods, based on the disclosed allergen information. Customers may refer to this information when selecting menu items to enjoy our foods with peace of mind.



\*Information as of December 31, 2022 \*QR code is a registered trademark of Denso Wave



<sup>\*</sup> The photo is a sample image. Please check the latest information when ordering a product

Our fundamental approach to the environment can be expressed in the line, "we think and act with our planet in mind." 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 taking action to reduce the environmental impact of our business activities.



**Our Planet** 

### **Plastics-Free Initiatives**

Eyeing a plastic-free society, McDonald's has made a global commitment to "replace all packaging for our customers with renewable, recycled or certified materials by the end of 2025," and "drastically reduce plastics in Happy Meal® toys."

















### **Rollout of Paper Straws and Wooden Cutlery**

McDonald's has been developing straws made of alternative materials to plastic in consideration of nature as well as deliciousness, safety, and ease of use. From October 2022, paper straws and wooden cutlery made from environmentally friendly FSC® certified wood are used at our restaurants nationwide. This initiative is expected to reduce the use of plastics by approximately 900 tons per year.

\*Plastic straws are used for children, McShake®, and several other





**HAVI Global Solutions** Limited Liability Company (tms) Packaging Development Manager

Introduction

**Food Quality & Sourcing** 

Akiko Kanda

We considered the environment and other aspects of the development and a stress-free use experience for customers and restaurants. For example, with paper straws, we went through dozens of raw materials to select the best one and improved its structure to ensure ease of drinking and durability. With wooden cutlery, we aimed to develop a shape that fits easily into the mouth and is safe for both children and adults. Considering that our brand is well known by many people, we believe that engaging in plastic-free initiatives and making contributions have a significant impact on society and are very meaningful. We will continue to leverage our business scale to create a positive influence and provide full support.

## **Made of Sustainable Materials**

SUGOROKUYA

**Community Connection** 

Kotoba no Puzzle Mojipittan™& @Bandai Namco Entertainment Inc.

Jobs, Inclusion & Empowerment

By the end of 2025, we will replace the materials used for our Happy Meal toys with more sustainable ones that are renewable, recycled, or certified and also reduce the use of new plastic made from fossil-based materials by approximately 90% compared to 2018.

In line with these reduction goals, we introduced illustrated books and picture books to Happy Meal toys in 2018 and switched to FSC-certified paper packaging for toys in 2022.

### **Toy Recycling**

Since 2018, Japan has been implementing a project of collecting and recycling Happy Meal toys from nationwide restaurants. Participation in recycling and seeing the green color trays used in our restaurants provides an opportunity to think about the environment from a young age.



Number of trays made from toy recycling:

Total of approximately 391,540



### **Our Planet**

## **Carbon-Free Initiatives**

Energy reduction in business is a top priority for McDonald's as we aim for the "Achievement of Net Zero Emissions by 2050." As part of our actions, we set a global goal to "reduce greenhouse gas emissions related to McDonald's restaurants and offices" and commit to a "31% reduction in emissions intensity (per metric ton of food and packaging) across its supply chain" by 2030 with 2015 as a base year. We will work on optimizing the environmental impact of our processes such as energy management at our restaurants, use electricity generated from renewable energy sources, and introduce energy-saving equipment.











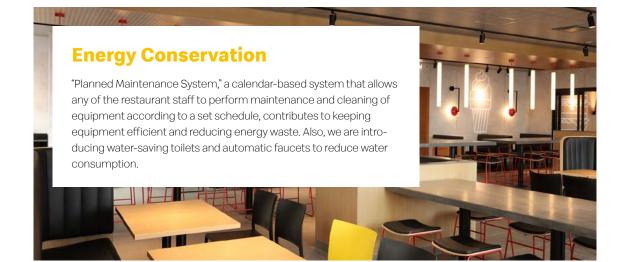






As initiatives to reduce energy consumption during the transportation of ingredients and materials, we are leveling and improving the efficiency of delivery operations in the supply chain, collaborating transportation, and adopting modal transportation of materials.





### **Introduction of Green Electricity**

Since 2022, we have introduced electricity derived from renewable energies such as solar, hydroelectric, and geothermal power to 126 restaurants. This reduces CO2 emissions associated with the use of electrical equipment such as store lighting and air conditioning. We will take further energy-saving measures and use energy sources with even lower environmental impact.

### **Building Restaurants with Domestic Wood**



Protecting Japan's forests will help preserve ecosystems, secure water supplies, and protect residents from landslides and other natural disasters. To prevent global warming, it is important to reduce CO2 emissions and secure sources that absorb CO<sub>2</sub>.

McDonald's supports the aims of the "Wood Change Network" promoted by the Forestry Agency and builds restaurants with the use of domestic wood. A total of 145 restaurants used domestic wood for either exterior or interior decorations and 47 of them used domestic wood in their structures.



Forestry Policy Department, Forestry Agency Chief, Wood Utilization Division

Hiroaki Kojima

Wood Change Network aims to contribute to carbon neutral and revitalize local towns, leveraging public-private partnerships to facilitate the use of wood in private-sector buildings, etc. McDonald's Japan is actively involved in using wood in its restaurant buildings and interior decorations, sharing case studies and knowledge with the council, and contributing to the expansion of the Wood Change Network and its activities. We hope that through the use of domestic wood in restaurant buildings, McDonald's will continue to proactively communicate the significance of using wood to the public.

### **Our Planet**

## **2Rs in Food**

Reduce and recycle food waste



M















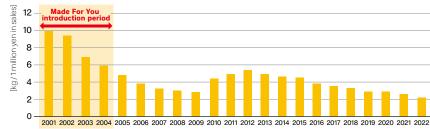
### **Food Waste Reduction**

### "Made for You (MFY)" System

The "Made For You" system, where products are made to order, was introduced in 2001. The system enables the restaurants to serve freshly made products guickly and also greatly reduced the amount of finish product waste compared to the time when products were prepared in advance.

Food waste rate: 2-4% \*discarded edible food (kg) ÷ food purchases (kg)

### **Product Waste per 1-million-yen sales**



### Initiatives to Reduce Leftover Food

We are working with our customers to reduce food waste due to 'leftovers'. For example, McDonald's offers burgers, drinks, fries, and other items in a variety of sizes, allowing customers to choose the amount they can eat themselves. Also, sugar, milk, and other condiments for drinks are served after asking customers the amount they need. In addition, upon customer request, we offer paper bags to take leftovers home.

### **Food Recycling**

Food waste is converted to feed, fertilizer, and biomass fuel according to the priority order stipulated in the Food Recycling

Almost all the used cooking oil (fry oil) from our nationwide restaurants is mainly recycled into chicken feed. In addition, french-fry scraps from some restaurants in the Osaka Prefecture are converted into animal feed. Since 2016, some restaurants in Himeji city, Hyogo Prefecture are participating in an initiative of converting used coffee grounds into compost, and in 2020, they partnered with farmers in Kagawa Prefecture to use the compost to grow lettuce, which is in turn served to customers and initiated circular recycling as a result. In addition, this compost is presented as a gift and used by elementary schools in Himeji City.

Food recycle rate\*

\*includes outbreak control based on a periodic report for



### **Industry-Government-Academia-Society Initiatives**

We believe that each individual should consider and take action for the earth. Beginning in 2021, McDonald's has been partnering with local governments and universities to provide lectures. The university students who took the class participated in a contest to design tray liners highlighting environmental issues and the work awarded with the best design, chosen by online voting, was used for tray liners at local McDonald's restaurants. We will continue to partner with various stakeholders to implement initiatives.



### **Our Planet**

## **Waste and Energy Data in 2022**

#### **Waste Trends**

### Company-wide food and packages waste amount:

Company-wide

thousand tons/year

+2.4% YoY



**Food** 

thousand tons/year

-2.9% YoY

Food recycle rate\*

\*includes outbreak control based on periodic report for food recycling



**Paper** 

thousand tons/year

+4.3% yoy



**Plastic** 

thousand tons/year +3.7% yoy



Wrapping and others

thousand tons/year

+5.6% YoY

#### Comments

In 2022, company-wide waste increased (+2.4% YoY) due to the increase in sales (+110% YoY). Food waste per 1 million yen reduced 12.0%. Food recycle rate improved from 60.2% last year to 65.0%. Also, paper straws and wooden cutlery were introduced nationwide with the aim to reduce plastic.

### **Food and Packing waste** amount per 1 million yen sales:

kg/million yen

-7.2% YoY

Food

Company-wide



ka/million ven

-12.0% YoY

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



Paper

ka/million ven

-5.5% YoY



**Plastic** 

kg/million yen

-6.0% YoY



Wrapping and others kg/million yen

-4.3% YoY

### Energy usage and CO<sub>2</sub> Emissions in 2022



### Nationwide energy usage per type:

**Electricity** 

million kWh/year

+3.0% YoY

Gas (city gas equivalent)

million m<sup>3</sup>/year

+3.0% YoY

-2.2% YoY



### Energy usage per 1,000 customers per type:

**Electricity** 

kWh per 1.000 customers

- 1.4% YoY

**Gas** (city gas equivalent)

m<sup>3</sup> per 1.000 customers

- 1.3% YoY

Water

t per 1,000 customers

- 6.3% YoY



### Overall energy usage and CO<sub>2</sub> emissions:

Crude oil equivalent

+3.0% YoY

**Basic unit crude** oil equivalent

kl/1,000 cash register count

- 1.4% YoY

\*unit denominator: thousand cash register count

CO<sub>2</sub> emissions

t-CO<sub>2</sub>/vr t-CO<sub>2</sub>/restaurant - 0.7% YoY - 1.8% YoY

#### Comments

Energy consumption increased in 2022 (+103%) mainly due to the increased number of restaurants. Continuing from the previous year, energy per thousand customers decreased -1.4% for electricity and -1.3% for gas. Starting in spring 2022, restaurants that adopted electricity generated from renewable energy sources recorded zero greenhouse gas (CO<sub>2</sub>) emissions, and this in turn reduced nationwide CO<sub>2</sub> emissions compared to last year's level as a result.

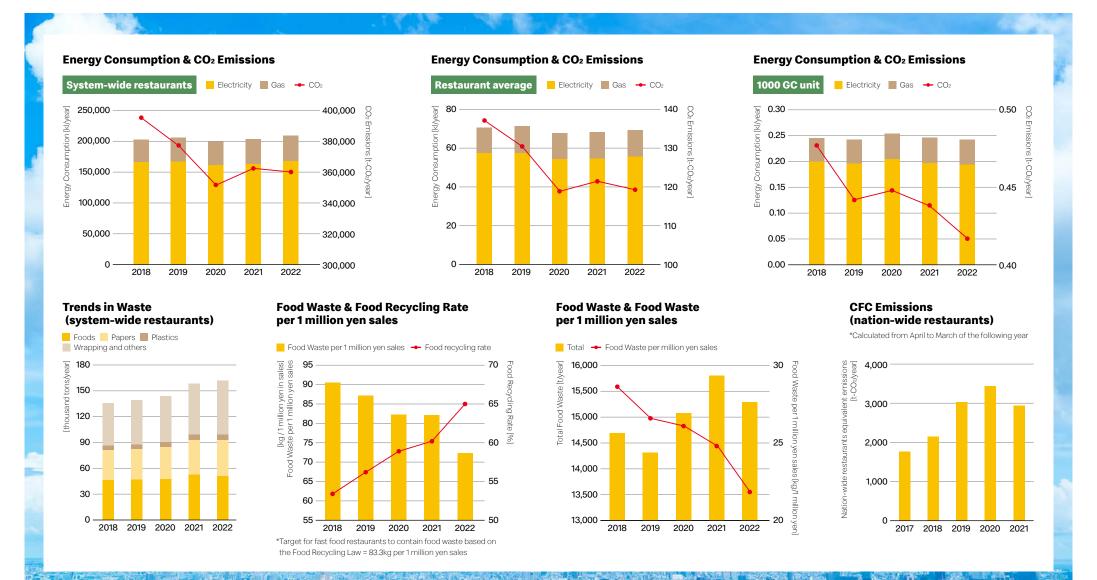
## **Environmental Data Trends**

The 7 graphs show the data trends over the past 5 years related to the environment.

- Energy Consumption & CO2 Emissions (system-wide restaurants / restaurant average, 1000 GC unit)
- Trends in Waste (system-wide restaurants)

Introduction

- Food Waste & Food Recycling Rate per 1 million yen sales
- Food Waste & Food Waste per 1 million yen sales
- CFC emissions (system-wide restaurants)





"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. As a member of the community, we put the happiness of children and the smiles of our customers, local communities, and society first. We are actively engaged in a wide range of initiatives, including support activities to nurture children's "nutrition," "body," and "mind" and other community contribution activities.



### **Ronald McDonald House**

We are committed to fostering a charity culture and supporting the "Ronald McDonald House (RMH)" with the aim of engaging in activities that put smiles on "children and their families" who stay at the house.

RMH facilities are built adjacent to hospitals to provide a 'home away from home' and DMHC help families with sick or injured children stay together. There are 12 locations in Japan as of December 2022 including the "Niigata House" which opened in October 2022. Since the establishment of Ronald McDonald House Charities Japan, the operator of RMH, McDonald's Japan has continued to provide support to this day, including the setup of donation boxes at nationwide restaurants to provide easy access for customers to engage in charity activities. Also, we are implementing a variety of programs to bring charity culture closer to more people and have been airing television commercials in 2021.







The Ronald McDonald House Charities Japan https://www.dmhci.or.ip/



co.jp/sustainability/local/



**Donations from the Front Counter Donation Box and Coupons with Donations** 

All the donations made at our restaurants are donated to "Ronald McDonald House Charities Japan" to operate and build House facilities.



Fuchu House User **Natsu Sato** 

Since his birth, my son has been in and out of the hospital many times and has had many surgeries. The House is located within the hospital property, and I can spend a lot of time with my hospitalized son, which makes me feel at ease. House volunteers offered warm support that could not be provided by hospital care. The House is truly my 'home away from home' and I can't thank you enough for this. I wanted to do something to give back and decided to participate as a charity runner in the Tokyo Marathon, and I noticed that the number of House supporters is increasing each year.

### "Blue Mac Day (McHappy Day)" 2022

McHappy Day is a long-time global charity event held by McDonald's in different countries to support children's welfare. McDonald's Japan donates 50 yen to the Ronald McDonald House Charities Japan for every Happy Meal that is sold.

In 2022, "Blue Mac Day (McHappy Day)" was held on Sunday, November 6 and our restaurants were decorated with blue. the 2022 theme color for RMHC support. From in-store decorations to paper bags as well as masks and T-shirts of crew persons were changed to a 'blue color' to call out for DMHC charity support, and many people responded as a result.

#### **Mobile Order Donations**

In addition to the front counter, customers can now also donate to RMHC through "Mobile Order & Pay" in McDonald's official app.

\*credit cards only

### **Fundraising Through Sports**

We partner with locally rooted sports teams and athletes who are willing to support DMHC and implement joint fundraising activities.

In honor of the children of the same age who are fighting serious

illnesses, many players wore "Smile Socks," designed with red and white

### **Community Connection**

### **Support of Youth Sports**

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





**Smile Socks Donation** 

#### **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 2022 tournament was held in the Meiji Jingu baseball stadium for the first time in 3 years, with all teams marching in. Koji Uehara, a former Major League Baseball player also appeared at the first-pitch ceremony and gave a shout-out to the players. In 2022, we continued our support, including the distribution of the booklet "Baseball Player Book 2022" to 430,000 registered team players.

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



ncdonalds.co.ip/ sustainability/local/

Around 10,000 teams nationwide

**Participated by approximately** 430,000 children

#### **Youth Football**

JFA All 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 many J-League and Japan National Team players have been produced. In 2022 we continued our support, including the distribution of the booklet "Football Player Book 2022" to 360,000 registered team players.

JFA Japan U-12 Football Championship



mcdonalds.co.jp

JFA U-12

Around **8,200** teams nationwide

**Participated by approximately** 360,000 children



former representative of Japan's national soccer team

Tsuyoshi Kitazawa

"I want to win the game," "I want to achieve my dream of going to the national championship." Children who have these goals and work hard in their day-to-day practice will grow bigger as a person and a player.

At times winning or losing becomes the sole factor, but sports are more than that. They require teamwork and believing in your team with friendly rivalry, and they teach players to be kind and respectful. They also learn the importance of communication. It's all about seeing children's smiles and growth. McDonald's shares the same view and that's why I am partnering with them for many years in football and DMHC support.

### **Community Connection**

### **Education Support**

We offer a wide range of learning opportunities to widen the smiles of children.









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#### **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 contains seven basics about foods such as correct hand washing, hygiene control, and food waste including information about SDGs (Sustainable Development Goals), 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 guidebooks and teaching kits and hold demonstration classes to support teachers in developing food classes.

Further, to provide an opportunity for families to learn about food, a special website is set up during the summer vacation period and offer a template to do a summer research project, a lifestyle picture diary, and it offers a package including craft videos.

**Supporting food** education using our original "Shokuiku no Jikan + (Plus)" teaching materials

Number of times classes and instruction were conducted using our teaching materials:

\*as of December 2022



President, NPO Corporate Education Research Association Professor, Faculty of Education, Chiba University

#### Daisuke Fujikawa

Since the enactment of the Basic Act on Nutrition Education in 2005, we have participated in McDonald's Food Education Time Project, and have been working together to support food education in educational settings for 17 years. Food education is especially important for children during their growth period when their bodies are being formed, and we believe that adults in different capacities, including schools, families, communities, and businesses, need to work together and get involved. We hope that through "Shokuiku no Jikan + (Plus)," a fun way to learn about scientific knowledge and concepts, children will develop an interest in food and the ability to make their own food choices and adjust their lifestyle habits.

Number of students who attended the classes:

\*Cumulative total of the number of findings from January 2007 to December 2022

### **SDGs Education Support**

We want children to have an opportunity to think "What can I do?" with environmental and social issues, and with that in mind, we set up SDGs classes in selected locations for upper elementary school students, taught by crewworking at nearby restaurants. Class contents include the introduction of "McDonald's initiatives in environmental conservation" and a class presentation by students on "What we can do for the planet."





#### **Hello Ronald!**

We offer programs at nursery schools and elementary schools to teach children about rules and manners necessary for daily life. In addition to traffic safety and crime prevention, SDGs were added in 2022. The programs can be enjoyed either in person or online together with Ronald McDonald in a fun and easy way.

### **Community Connection**

### **Community Contribution Activities**

Community involvement means supporting and engaging in local community programs and creating a safe and secure neighborhood.











https://www.mcdonalds. co in/sustainability/local/

#### **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.

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

**Number of Happy Meal sets sold** for Childcare Support

737,869<sub>sets</sub>





#### **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.

### **Safety and Security Initiatives**

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. During the National Traffic Safety Campaign period and other times, we collaborate with local police headquarters to

produce videos about traffic safety and community safety and security and call out to the community through digital signages in our restaurants. As part of community watchdog activities, delivery bikes of McDonald's restaurants in the Hyogo Prefecture are operating as "#110 Bike for Children."

Also, safety whistles were distributed to new first-year elementary school students through local education boards and police headquarters. In addition, we partner with local police to hold "crime prevention classes" and "traffic safety classes" for children to learn how to protect themselves from danger.





Number of restaurants participating in "#110 House for Children"

2,450 restaurants



**Number of Distributed Safety Whistles** 

815,450 pieces





We stand behind the words of Ray Kroc, founder of McDonald's, who said: "We are not a hamburger business serving people, but we are a people business serving hamburgers."

"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."

At McDonald's, we provide daily training at restaurants and professional educational institutions for growth opportunities and continue to develop a workplace where employees and crew members from different backgrounds can help each other to grow and advance and promote a work style and environment in which anyone can play an active role.

We will continue to engage in actions that further brighten the future of our crew and contribute to the overall society.



### **People Promise**

We value you, your growth, and your contributions



**Total number of** crew members

Approx. 190,000



### **Diversity Equity & Inclusion** (DE&I)

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

#### **Open Door! Team**

This team supports the realization of DE&I's goal of creating a diverse and inclusive workplace environment where all employees can feel safe, respected, and valued. Sponsored by top leaders, the team made of volunteers from different departments at McDonald's partners with in-house departments, universities, other businesses, and relevant organizations to drive DE&I.

**Diverse Teams** 

**Promote Diverse Work Styles** 

Career **Development** 

### **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.











**Crew Satisfaction Survey** (People Survey)

\*A survey is conducted once a year to develop a friendly workplace for our people and make improvements



### **Support the Development and Employment of Youth** (Youth Opportunity)

We are proactively providing work opportunities to youth throughout Japan. Approximately 120,000 crew members under the age of 24 are working at our restaurants. Work experience for high school students and working with people from diverse backgrounds including age and nationality presents a highly valuable experience for youth soon entering the workforce. In addition, the curriculum offered by Hamburger University and the teamwork and leadership skills gained through their work is helping many youths in their future.

Assessments and classes are arranged for student crew members to improve their fundamental skills as responsible adults. Approximately 3 million former part-timers at McDonald's are playing an active role in society. In addition, recently we partnered with NPO and other organizations to launch an internship program to drive youth employment as part of our commitment to support their future.

**Number of crew members** aged 24 or under

Approx. 120,000

### **Employment of Foreign Nationals**

Crew members from more than 50 countries are working at McDonald's restaurants and we are developing a workplace, including a tablet with multilanguage support, where they can put their strengths to work. We will continue to implement various initiatives to offer working opportunities to everyone living in Japan.

**Number of** 

### **Active Involvement of Seniors**

Seniors have gained a variety of knowledge and skills in society and we believe that they are a source of great strength at our workplace. Currently, more than 9,000 senior crew members are working in different positions at our 2,900 restaurants nationwide. Our crew members of different ages and backgrounds are helping one another and working in their own way and style.

**Number of crew members** aged 60 and above:



Tokyu Kamata Eki-Mae restaurant Crew

Yoshiko Yoshino

I started working at McDonald's when I was 75 years old and I am currently assigned to serving customers and cleaning the restaurant. I had this idea that McDonald's was for young people and initially I wasn't sure if I would fit in, but everyone on the team, including younger crew members, cares about me. Now I really enjoy working here. Having conversations with customers who are looking forward to visiting McDonald's gives me strength and my daughter said, "You are more active since you started working." I am in my 6th year working here and I know why I've been able to work with peace of mind; it's because of my friendly team members. Hove this restaurant and I wish to continue to bring smiles to our customers' faces.

### **Hire Crew with Disabilities**

Everyone working at McDonald's are 'buddies' and team members, sharing the joy of working together and creating a workplace where they can shine regardless of disabilities. We are developing a friendly workplace for everyone through the use of a training system that enables each person to steadily make progress and adopting a universal design for orientations and people development kits.

**Employees with** disabilities

## Flexible Working

We want all of our staff 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 on society.





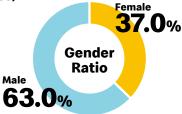


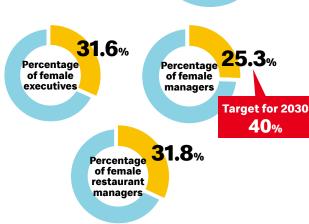


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**Total number of employees** (full-time employees)

2,543





**Turnover rate** 

Total monthly average overtime hours among full-time employees

Paid leave rate

Return to work rate after parental leave

### **Local Salaried Employee Program** (company-operated restaurants only)

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



AEON Shinonome restaurant Manager

Itsuka Iwata

I readily agreed to the offer to become a local salaried employee, believing that this would provide a stable income and offer a new growth opportunity. I was transferred soon after becoming a local salaried employee and this worried me because I worked in the same restaurant for years. So, at the new location, I took the initiative in proactively making communication with crew members to build relationships. It was challenging for me to get used to the new environment, but I feel it made me grow. Also, I am able to balance work and family thanks to the listening ear of the restaurant manager and support from my family. I still have many things to aspire for at McDonald's and achieving them and making progress through the day-to-day work is fun and satisfying.

### **Promoting Women**

We are focusing on a gender-specific approach, which is a pressing issue in achieving sustainable business growth. We are working on increasing the number of female restaurant managers and female managers so that even more people can make full use of their strengths and play an active role.

### **Work-Life Balance**

We are enhancing programs that support various ways of work to realize work-life balance that suits each employee.

### **Work Arrangement**

Flextime and telecommuting work arrangements are provided for our office staff. Also, a variable working hour system is available for restaurant staff. A flexible work program and telecommuting pilot tests were introduced at some restaurants

### Support childbirth, childcare, and nursing care

We are developing a workplace including a variety of supportive programs so that our people can make full use of their strengths and play an active role without giving up career advancement in the event of changes in life, such as childbirth, parenting, and nursing care.

#### **Reduced Work Hours Program**

Our staff can choose to work shorter work hours for parenting and nursing care, depending on each individual's needs.

### **Childcare Leave Program**

We are developing programs where male and female full-time employees working for 12 or months at McDonald's can apply for childcare leave.

**Number of male employees** that took parental leave (%)



Nanyo-Dori restaurant Restaurant General Manager Masato Aoki

lapplied for parental leave because I wanted to reduce my wife's workload. I was concerned whether others around me would understand this and how this was going to affect my career, but my supervisor gladly gave consent and I also received positive words from crew members. In preparation for parental leave, I did all I could in advance including handing over my job to a nearby restaurant manager and my team members.

In addition to spending more time with my children, parental leave afforded me the opportunity to talk more with my wife, and now we are making more heart-to-heart talks. Also, this program gave me the opportunity to think again about "the purpose of work." I gained and learned a lot from parental leave and I am grateful to my team members for their support.

## **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.







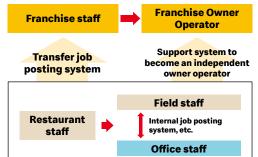




co.ip/sustainability/

### **Diverse Career Choices**

McDonald's offers a wide variety of career programs so that people can build a career that suits their lifestyle, future goals, and work style needs. Systems and programs for the above include an internal job posting system, a job posting system for permanent transfer to a franchisee company, and a support system to become an independent owner operator.



McDonald's Japan

### **Internal Job Posting System**

A variety of open departments and positions are shared with the employees and suitable candidates are selected from among the applicants. Anyone who meets the eligibility and terms for the position can apply. We are providing opportunities for our staff to take up the challenge of aiming for and achieving their careers and working on supporting individuals' career advancement to ensure having the right people at the right place.

### **Assessment and Development System**

Based on the concept of "personal development enables business growth," this system provides opportunities to hold regular communication and give frequent feedback to highly motivate individuals, draw out their best potential, and make growth. Regular communication includes career conversations where the supervisor and staff meet once a year to jointly develop future careers and a plan to achieve this. This allows each staff member to think about the career he or she wants to achieve and take the necessary steps to realize it with support from the supervisor.





### **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. This facility is located in only 9 countries and one of them is in Tokyo.



Hamburger University Principal **Tomoko Kanno** 

Hamburger University in Japan was established in June 1971, one month before the opening of the 1st McDonald's restaurant in Japan at Ginza, Mitsukoshi. This indicates the company's mindset of "people development is our top priority." Today, many employees and crew members attend classes to learn lifelong

Number of employees and crew members taking classes at Hamburger University a year

#### **ALL JAPAN CREW CONTEST (AJCC)**

skills such as leadership, team building, and management.

Since 1977, McDonald's has been holding AJCC every year with the hope of instilling pride among crew members. AJCC contributes to enhanced skills and service, stronger motivation and teamwork, and spurs the growth of individual crew members.



# **Transparent and Efficient Business Operation**







McDonald's endeavors to maximize the interests of all stakeholders including shareholders, customers, staff, franchisees, and suppliers. We believe that it is important to enhance the transparency and efficiency of our business operation and realize sustainable enhancement of the McDonald's Group's corporate value. To this end, we separate the management decision-making and supervisory functions from the business execution functions, ensure to establish a timely, accurate, and efficient management and execution system, and are working to achieve highly transparent management with the participation of external directors.

### **Corporate Governance Code (CGC)**

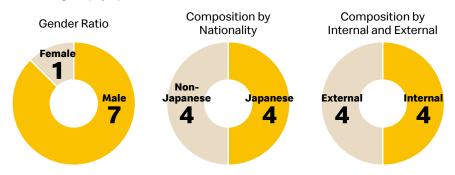
McDonald's Holdings Company (Japan), Ltd. is listed on the Tokyo Stock Exchange Standard Market and complies with all CGC requirements of that market.

### **Board of Directors and Board of Statutory Auditors**

The Board of Directors of McDonald's Holdings Company (Japan), Ltd. consists of eight members, including three independent external directors. The Board of Auditors consists of four members, including two independent external auditors.

#### **Diversity on the Board of Directors**

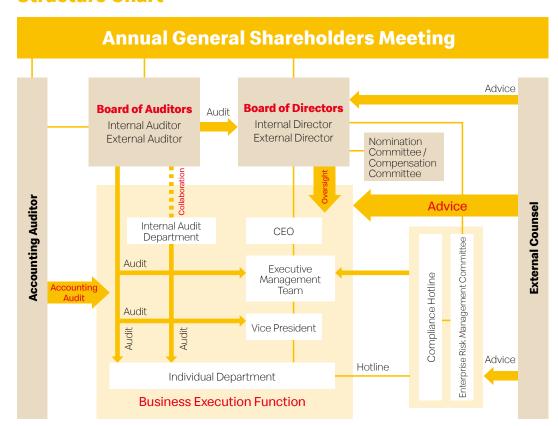
\*McDonald's Holdings Company (Japan), Ltd. as of December 2022



### **Department to Promote Sustainability**

In February 2022, we established a dedicated department called "Sustainability & ESG Department." This department takes lead in the development and execution of sustainability strategies and drives system-wide initiatives that have a broader impact, such as our Net Zero Plan, plastic reduction and recycling program, and Community Relations program. The Sustainability & ESG Department reports regularly to the Board of Directors on the progress of sustainability initiatives.

### **McDonald's Group Corporate Governance Structure Chart**



\*Executive Management Team: A team consisting of the CEO and members appointed by the CEO. The team receives reports from executive officers as appropriate and collaborates with them to facilitate business execution and speed up decision-making

# **Third party Testimonial**

Climate change is worsening due to global warming and in 2022, the crisis in Ukraine has shaken international peace, the foundation of society, and caused a significant impact on the economy including soaring energy prices and supply chain disruptions.

A shift to a circular economy to realize a carbon neutral society is urgent and I believe that the circulation of on-the-ground resources is the key to the coexistence of "economy," "environment," and "peace."

Taking a new approach of recycling existing waste materials as on-the-ground resources instead of relying on petroleum and other underground resources as raw materials would reduce both CO2 emissions and underground war. Strengthening ties across regions and national borders is a must for societies to realize circulation, which would lead to the formation of a peaceful society as a result.

After reading McDonald's Sustainability Report I was deeply touched by the company's stance in the areas of "food," "environment," "community," and "people" and their actions taken with a sense of mission of "what we can do through our business."

The company prioritizes energy reduction in its business operations and newly added "plastic-free initiatives" and "carbon-free initiatives" in "Our Planet" under the environment category. The company is steadily making progress in these areas, which is evident in the "Waste and Energy Data" section.

First launched in 2018, Toy Recycling initiated by McDonald's Japan is a "resource circulation where children play a key role," and we are pleased to partner in this initiative. Linking children's growth to establishing a recycling culture is one of the initiatives that society should aim for.

Businesses are faced with a rising demand for a green economy; we sincerely hope that Mc-Donald's Japan will continue to take on the challenge of making further advancements in its initiatives.



Michihiko Iwamoto **JEPLAN Corporation** Director, Vice President

#### **Company Overview**

#### McDonald's Company (Japan), Ltd.

Shinjuku iLand Tower 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo Location

Established May 1, 1971 Capital 100 million yen

The operation of a hamburger restaurant chain and all other relating businesses **Business Activities** 

Number of restaurants

717.5 billion yen (total sales of company-operated and franchised restaurants) Sales

Number of employees 2,543 (excluding contract employees)

Part-timers: approx. 190,000 (includes both company-operated and franchised

restaurants)

#### **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.



#### ■ பூய் Company information

https://www.mcd-holdings.co.jp/



https://www.mcd-holdings.co.jp/ir/

#### **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 and every staff member 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, 2022

Reporting Areas Social responsibility in general (environmental, social, and governance)

**Editor and Contact** Communication & Corporate Relations Division

Shinjuku iLand Tower 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

\*Figures are as of December 31, 2022.









