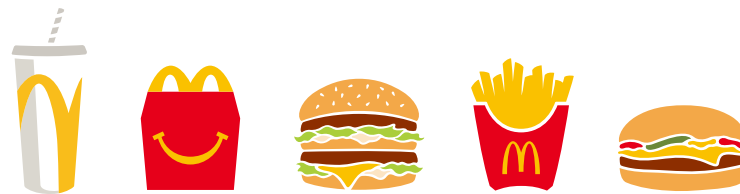




McDonald's
Sustainability Report
2023



What's Inside

Introduction

McDonald's welcomes and serves many customers every day, and as a member of the community, we have a responsibility to address global issues. In this report, we introduce our efforts to feed and foster communities while working toward the realization of a sustainable society.

- 03** A Message From Our CEO
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Our Planet

We take climate action seriously—for our planet and the future. To achieve our goal of net zero emissions by 2050, we proactively engage in initiatives against global climate change and environmental issues as a member of society to contribute to environmental conservation. We constantly consider ways to reduce environmental impact in our business activities and take action.

- 12** Climate Action
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Food Quality & Sourcing

We prioritize food safety above everything else and have implemented a stringent quality assurance system from sourcing to restaurants to ensure that all stakeholders maintain and improve the system in an ethical and sincere manner. We are advancing efforts together with our suppliers to source sustainable ingredients and resources to ensure a stable supply and address environmental and social issues.

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Jobs, Inclusion & Empowerment

We believe that people are the source of the strength of our business. We aim to create a workplace where all people from diverse backgrounds can take an active role, be true to themselves and grow, and feel positive at work. Guided by our values, we promote safe, respectful, and inclusive workplaces, and offer opportunities to grow through day-to-day training and professional educational institutions. We support the "Up to You" career building program where the sky is the limit based on employees' own choices and efforts.

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Community Connection

As echoed in the words of Ray A. Kroc, the founder of McDonald's, "We have an obligation to give something back to the community that gives so much to us." As a member of the community, putting a smile on the faces of children and their families, customers, the community, and society as a whole is important to us.

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A Message From Our CEO

Together with you for a better future Our role and responsibility to the environment and society

In 2023, the economy showed signs of gradual recovery, but the business environment remained unpredictable due to persistent inflation, soaring material prices, and exchange rate fluctuations. Despite this challenging situation, McDonald's Japan offered appealing menu items and implemented a variety of initiatives for our customers to enjoy a highly satisfying restaurant experience. The 2023 Sustainability Report covers our policy and goals on sustainability including our initiatives and progress for the past year. It is my hope that by disclosing this information, many stakeholders will share our intention of achieving a sustainable environment and society.

Our purpose of "feeding and fostering communities" is shared by McDonald's around the globe. 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." These are practiced by 200,000 crew members and employees working in approximately 3,000 restaurants nationwide as they serve our customers every day. We will continue to make delicious feel-good moments easy for everyone, providing top Quality, Service, Cleanliness, and Value (QSC&V) to customers. In addition, we will engage in activities that leverage our scale and further deepen ties with our customers and communities, and take actions to help

build a better business and a more sustainable society. Our business is built on our relationships with a variety of stakeholders, including many customers visiting McDonald's restaurants throughout the country, locally rooted owner operators engaged in restaurant operations, and suppliers. Together, we will work on initiatives relating to the happiness and safety of people and create a better future. Moving forward, we will continue to fulfill our roles and responsibilities in the area of Environment, Social, and Governance (ESG) and aim for long-term and stable growth.

Tamotsu Hiiro

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

Who We Are

Who We Are

McDonald's Company (Japan), Ltd.

Location	6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1339, Japan Shinjuku i-Land Tower
Established	May 1, 1971
Capital	100 million yen
Business Activities	The operation of a hamburger restaurant chain and all other relating businesses
Number of restaurants	2,982
Sales	777.7 billion yen (total sales of company-operated and franchised restaurants)
Number of employees	2,633 (excluding contract employees) Part-timers Approx. 200,000 (includes both company-operated and franchised restaurants)

*Figures are as of December 2023

CSR Reporting Scope

Reporting organization	McDonald's Company (Japan), Ltd. (including McDonald's Holdings Company (Japan), Ltd.)
Reporting period	January 1 to December 31, 2023
Reporting Areas	Social responsibility in general (Environmental, Social, and Governance)
Editor and Contact	Communication & Corporate Relations Division

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.

The McDonald's System

Our Suppliers

Complying with the Supplier Code of Conduct and responsible sourcing

Enhancing the efficiency of logistics in our supply chain

Protecting nature, biodiversity, and ecosystems

Tackling deforestation in our supply chain

Respecting human rights in our supply chain

Animal health & welfare

Our Operations, Employees and Franchisees

Food Safety

Managing food safety from farm to customer

Packaging, Happy Meal® Toys & Food Waste

Reducing plastic and waste

Reducing office greenhouse gas (GHG) emissions

Our Responsibility Toward Children's Health and Nutrition

Offering nutritionally balanced meals

Disclosing nutritional information

Within All Buildings/Sites (Company-operated restaurants and Franchised restaurants)

Reducing greenhouse gas emissions in our restaurant operations

Designing restaurants using domestic wood

Advancing plastic reduction and use of FSC®-certified and recycled materials

Company-operated restaurants

Franchised restaurants

McDonald's

McDonald's

Company Employees and Franchisee Employees

Diversity, Equity & Inclusion (DE&I)

Talent development & career

Fostering safe, respectful, and inclusive workplaces

Our Communities

Fostering a Charity Culture

Ronald McDonald House Charities

Providing Support for Children's Growth

Supporting youth sports, childcare, and education

Engaging in safety & security initiatives and community cleanup

Hiring locals



Sustainability Policy and Strategy

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 to address global issues.

That's what we believe, and that's why we will continue to offer safe, secure, and high-quality meals.

We take climate action seriously.

We support the daily lives of everyone in the community.

We increase opportunities for all people to work and grow.

We will continue to feed and foster our communities and keep moving forward.

Sustainability Strategy

To fulfill our responsibility on different issues surrounding Environmental, Social, and Governance (ESG), we focus on four areas of impact: Food Quality & Sourcing, Our Planet, Community Connection, and Jobs, Inclusion & Empowerment, and work on them by leveraging our strength and scale.

Sustainability-related issues are managed and advanced by Sustainability & ESG Department and supervised by VP & Officer of Communication & CR Division. The Sustainability & ESG Department compiles the progress and status of individual initiatives that are being implemented, and formulates company-wide strategies and plans relating to sustainability. Compiled information on ESG initiatives is reported to the CEO via the VP in charge and also to the Board of Directors periodically (once a year or more).

Governance

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 operations 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 the establishment of a timely, accurate, and efficient management and execution system, and work to achieve highly transparent management with the participation of external directors.



Our Planet

We take climate action seriously—for our planet and the future.



Food Quality & Sourcing

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



Jobs, Inclusion & Empowerment

We increase opportunities for all people to work and grow.



Community Connection

We support the daily lives of people in the community.



The Four Impact Areas

Business Resilience

The Enterprise Risk Management Committee identifies, evaluates, and manages all risks, including compliance risks. In principle, the Enterprise Risk Management Committee meets quarterly, with additional meetings held when it is deemed necessary to discuss significant risks on a case-by-case basis, and reports on its activities to the Board of Directors regularly (once a year in principle).

SDG-Focused Targets



Please visit our website for more information:

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

Please also refer to "Our Approach and Actions Toward Sustainability," which is also included in the Annual Securities Report for the fiscal year ended December 31, 2023 (disclosed on March 27, 2024):

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

2023 Highlights

Our Planet



Climate Action

→ P12

McDonald's global targets

- Achieve net zero emissions by 2050
- Reduce GHG emissions by 50.4% by the end of 2030 from a 2018 base year

GHG emissions* Office

291 t -33.1% vs. 2018

Company-operated and franchised restaurants

331,622 t -16.1% vs. 2018

*Emissions from electricity and gas

Number of restaurants using renewable energy

Approximately **350**



Packaging, Happy Meal® Toys & Food Waste

→ P14

McDonald's is aiming to replace all packaging for our customers with renewable, recycled, or certified materials and transition to sustainable materials for all Happy Meal toys with renewable, recycled, or certified materials by the end of 2025.

McDonald's global targets

- We aim to source 100% of our customer packaging from renewable, recycled, or certified materials by the end of 2025.
- We will reduce plastics and transition to more sustainable materials in our Happy Meal toys around the globe.

FSC®-certified paper containers and packaging for customers

100 %

Reduction of amount of plastics through transition to sustainable materials in packaging

Approximately **900 t**

Recycling rate of used cooking oil

Almost **100 %**

Food waste rate

2.3 %

Food recycling rate

68.6 %

Number of toys collected

Total of approximately **19** million units

Number of trays made from toy recycling

Total of approximately **512,500**

2023 Highlights

Food Quality & Sourcing

Food Safety

→ P17

From farm to customer, we work with suppliers and experts to ensure that our products meet a variety of standards.

Percentage of lettuce producers with Global G.A.P. Plus Add-on certification

100%

Percentage of suppliers that meet SQMS requirements

100%

*SQMS: A more robust food safety management system that consists of McDonald's expectations, based on GFSI benchmark

DQMP Number and percentage of distribution centers audited by a third party and met our standards

15 locations 100%

*DQMP: Distributors Quality Management Program

Number and percentage of restaurants that met audit requirements conducted by external food quality auditors

Approximately 3,000 100%



Our Responsibility Toward Children's Health and Nutrition

→ P20

We serve Happy Meal® sets with an even higher level of safety and security.

Removal of synthetic flavors and colors in Happy Meal sets

100%

Responsible Sourcing

→ P21

We actively source sustainable ingredients, taking into consideration forests, water resources, and ecosystems.

Percentage of white fish caught for Filet-O-Fish® from MSC-certified fisheries

100%

RSPO-certified palm oil for frying oil

100%

Rainforest Alliance certified coffee beans

100%

FSC®-certified paper containers and packaging for customers, paper straws, wooden cutlery, tray liners

100%

Animal Health & Welfare

→ P22

2023 Highlights

Jobs, Inclusion & Empowerment

Diversity, Equity & Inclusion (DE&I)

→ P24

We aim to realize a workplace where people from diverse backgrounds can take an active role, be true to themselves and grow, and feel positive at work.

Number of crew members aged 24 or under

Approximately **130,000**

Senior Crew (60+)

Approximately **11,500**

Total number of crew members

Approximately **200,000**

Number of non-Japanese crew

Approximately **18,000**

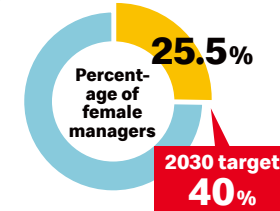
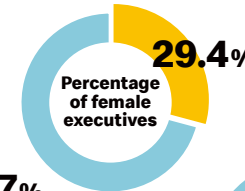
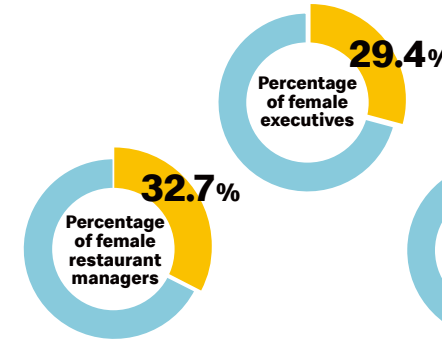
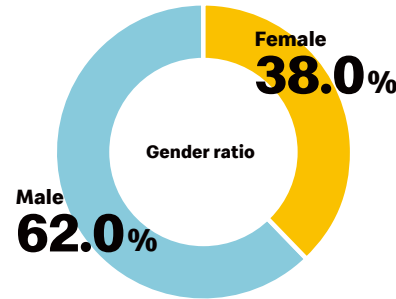
Employees with disabilities

2.3%

*Percentage of company-operated restaurants

Total number of employees (full-time employees)

2,633



Staff engagement

89%

*Company-operated staff (full-time employees and crew)

Return to work rate after parental leave

100%

Turnover rate

6.2%

Male childcare leave rate

29%

*Percentage of full-time & company-operated restaurant staff in 2023

Total monthly average overtime hours among full-time employees

18.4 hours

Number of staff that took maternity, childcare, and nursing care leave

105

Paid leave rate

57.1%



Talent Development & Career

→ P27

We offer opportunities to grow through day-to-day training and professional educational institutions and support the "Up to You" career building program where the sky is the limit based on employees' own choices and efforts.

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

Approximately **14,000**

Adults with crew experience

Approximately **3 million**

*Full-time employees of company-operated restaurants (McDonald's Company (Japan), Ltd.)

Fostering Safe, Respectful, and Inclusive Workplaces

→ P29

We've adopted Global Brand Standards to foster safe, respectful and inclusive workplaces based on Our Values.



2023 Highlights

Community Connection

Ronald McDonald House Charities

→ P31

As a member of the community, we aim for the happiness of children and the smiles of our customers, local communities, and society.

RMHC® Support Donations from Customers

(front counter donation box, coupons with donations, and donations from mobile ordering)

Total amount approximately

154 million yen

All the donations made at our restaurants are donated to Ronald McDonald House Charities Japan (RMHC) to operate and build House facilities and related programs.

Support of Youth Sports

→ P32

54th McDonald's National Mini-Basketball Tournament

Around **8,350** teams nationwide

Takamadonomiya Cup All-Japan Rubber Baseball McDonald's Tournament

Around **10,000** teams nationwide

Approximately **410,000** children

JFA Japan U-12 Football Championship

Around **8,200** teams nationwide

Approximately **360,000** children

Activities to Support Children's Growth & Safety

→ P33

Number of Happy Meal sets sold under Childcare Support Program

491,904

 sets

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

2,365

 restaurants

Number of Distributed Safety Whistles

789,850

 units

Turkey and Syria Earthquake Disaster Relief (donated by McDonald's Japan)

1,000,000

 yen

Education Support

→ P34

Food education support
Number of times classes or instruction held / number of students who attended the classes

597

 times **19,242** students



Our Planet

We take climate action seriously—for the planet and our future. To achieve our goal of “Net Zero Emissions by 2050,” we proactively engage in initiatives for global climate change and environmental issues as a member of society to contribute to environmental conservation, considering and taking actions to reduce the impact of our business activities on the environment.

We are taking climate action and working to change to more sustainable packaging and Happy Meal® toy materials. We have set a goal to reduce greenhouse gas emissions by 50.4% compared to 2018 in our restaurants and office and reduce greenhouse gas emissions by 50.4% (in facilities, logistics, and plastic packaging), and 16% (in beef <including dairy cattle> and poultry) in our supply chain by the end of 2030.

Our Planet

12 Climate Action

14 Packaging, Happy Meal Toys & Food Waste

Climate Action

We will constantly take climate action in all business activities related to McDonald's operations.

We are implementing a variety of actions to reduce greenhouse gas emissions in our business activities with the goal of achieving net zero emissions by 2050.



Greenhouse gas emissions

Greenhouse gas emissions* from our offices and restaurants in 2018 and 2023 were as follows:

*Emissions from electricity and gas

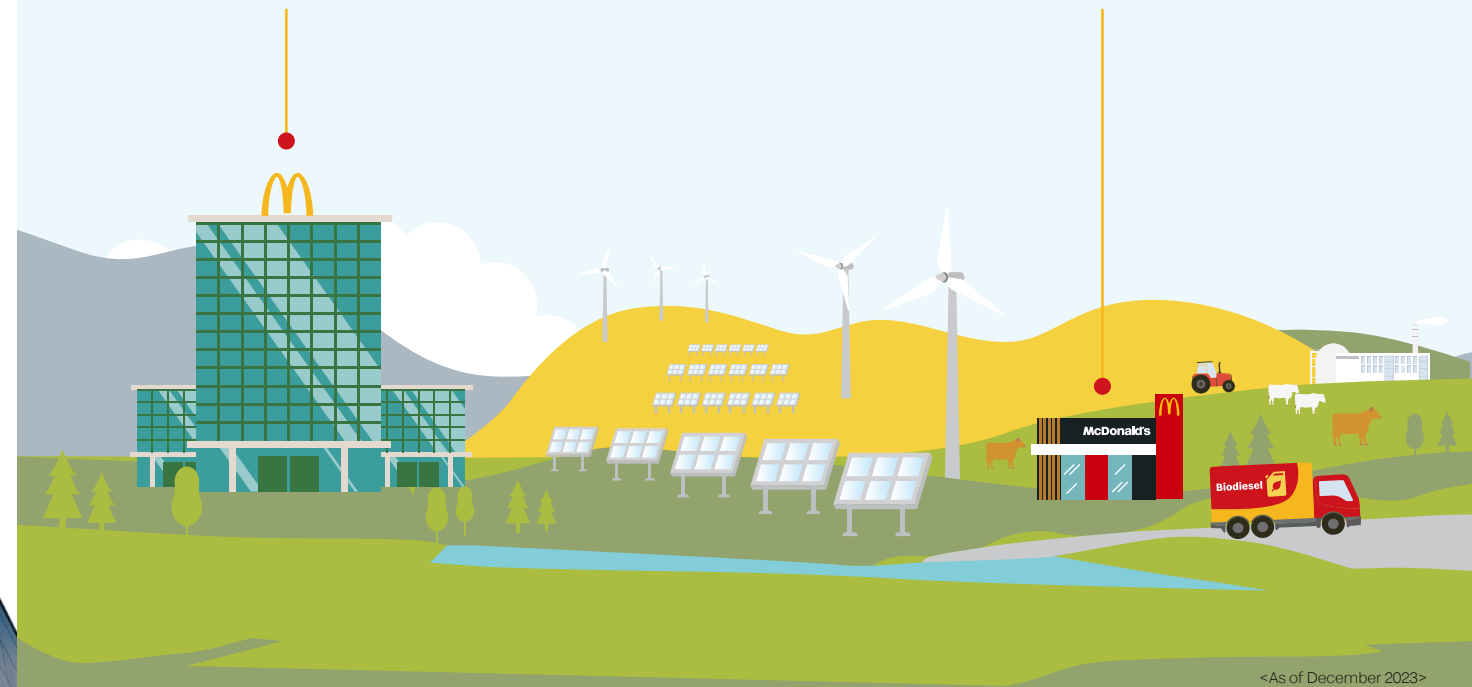
Offices

Greenhouse gas emissions from our offices



Company-operated and franchised restaurants

Greenhouse gas emissions from our company-operated and franchised restaurants



Carbon-Free Initiatives

Working toward net zero emissions by 2050, we have set a goal to reduce greenhouse gas emissions by 50.4% compared to 2018 in our restaurants and offices and reduce greenhouse gas emissions by 50.4% (in facilities, logistics, and plastic packaging), and 16% (in beef, including dairy cattle, and poultry) in our supply chain by the end of 2030. We are also striving to optimize our efforts to reduce our environmental impact, including energy management at our restaurants, the use of electricity generated from renewable energy sources, and the introduction of energy-saving equipment.



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



Energy Conservation

Restaurant staff implements inspection and cleaning of equipment according to a set schedule. "Planned Maintenance System," a calendar-based system that allows any of the restaurant staff to perform maintenance, contributes to the maintenance of equipment efficiency and reduction of energy waste.

Initiatives in logistics

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 and adopting modal transportation of materials.



Introduction of Green Electricity

The use of electricity derived from renewable energy, such as solar, hydroelectric, and geothermal power, is making progress. In 2023, this was introduced to 134 restaurants in the Kansai area, bringing the total to approximately 350 restaurants nationwide. Through this initiative, we aim to achieve zero CO₂ emissions from the use of lighting, air conditioning, and other electrical equipment in our restaurants. We are also in the process of testing solar panel installations to make effective use of restaurant roofs. More focus will be placed on energy-saving measures and the use of energy sources with a lower environmental impact.



Signed Agreement to Promote the Use of Wood in Buildings with Ministry of Agriculture, Forestry and Fisheries

In February 2023, we signed the Agreement to Promote the Use of Wood in Buildings with the Forestry Agency of the Ministry of Agriculture, Forestry and Fisheries to collaborate on the promotion of using domestic wood.



Detail of Initiatives to Achieve the Plan

- Use a total of 5,550m³ of locally sourced wood over a three-year period, based on a plan of using at least a certain amount of locally sourced wood per restaurant.
- Use legally harvested wood confirmed by the registered wood-related business entities based on the Clean Wood Act.
- Actively communicate the significance and benefits of using wood.

Packaging, Happy Meal® Toys & Food Waste

We are advancing plastic reduction, the use of certified materials, and recycling.

We have set a goal to replace all guest packaging with renewable, recycled, or certified materials and move toward the use of sustainable materials including renewable, recycled, or certified materials for all Happy Meal toys by the end of 2025.



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

Plastic Reduction Initiatives

We are reducing the amount of plastic used in guest packaging.

All paper containers and packaging for customer use are made of FSC®-certified paper and wood, which are produced in consideration of forest conservation and the local communities.

With support from our customers, we are working on simplified packaging according to the situation and needs of our customers.



Transition to Paper Containers for Side Salads

Starting in November 2023, side salads are served in paper containers. The transition to sustainable material packaging is expected to reduce the use of plastics by approximately 1,350 tons.

*Based on 2020 shipments

Introduction of Paper Straws and Wooden Cutlery

Starting in October 2022, paper straws and wooden cutlery are offered in our restaurants nationwide.

*Straws for children and selected products including McShake® are served with plastic straws



Plastic Reduction and Recycling of Happy Meal® Toys

We are transitioning to Happy Meal toys made of sustainable materials, including renewable materials, and implementing “Happy Meal Toy Recycling” for plastic toys, which is one of the largest programs of its kind in Japan.

Toys Made of Sustainable Materials

We introduced illustrated books and picture books to Happy Meal toys in 2018, switched to FSC-certified paper packaging for toys in 2022, and introduced toys made of bioplastic materials in 2023.



Toy Recycling

Since 2018, Japan has been implementing an initiative for 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 toys collected

Total of approximately **19 million units**

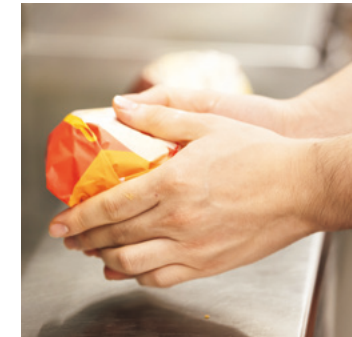
Number of trays made from toy recycling

Total of approximately **512,500**

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

Food Waste

We are working on the reduction of food waste and food recycling to convert inedible food into energy, reduce food waste, and cut down greenhouse gas emissions from food waste.z

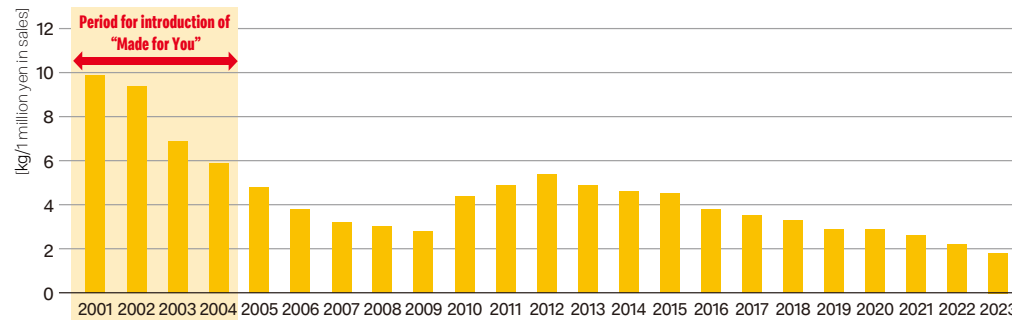


Food Waste Reduction

“Made for You (MFY)” System

The “Made for You” system, where products are made to order, was introduced in 2001. The system enables restaurants to serve freshly made products quickly and also greatly reduces the amount of finished product waste compared to the time when products were prepared in advance.

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 a variety of menu items and sizes, allowing customers to choose the amount they can eat. Also, sugar, milk, and other condiments for drinks are served after asking customers the amount they need.

Food waste rate **2.3%**

*discarded edible food (kg) ÷ food purchases (kg)

Food Recycling

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

Kitchen waste is converted to feed, fertilizer, and methane gas at some restaurants in Tokyo.

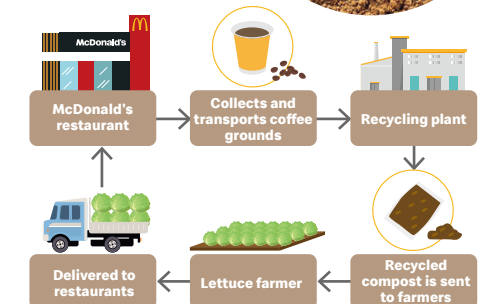
Almost all the used cooking oil (frying oil) from our nationwide restaurants is mainly recycled into chicken feed. In addition, french-fry scraps from some restaurants in Osaka Prefecture are converted into animal feed.

Some restaurants in Himeji City, Hyogo Prefecture are participating in a circular recycling initiative. They convert used coffee grounds into compost that is used by farmers in Kagawa Prefecture to grow lettuce, which is in turn served to customers.

Food recycling rate*

68.6%

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





Food Quality & Sourcing

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. These guidelines are shared among McDonald's, franchisees, and suppliers engaged in sourcing foods and materials and serving meals. We will continue to build systems and behave ethically and responsibly.

We are committed to serving safe, secure, and high-quality meals and offer nutritionally balanced menu items through our global supply chain. In addition, we will work on animal health & welfare responsibly.

Food Quality & Sourcing

- 17** Food Safety
- 20** Our Responsibility Toward Children's Health and Nutrition
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- 22** Animal Health and Welfare

Food Safety

We will continue to serve safe, secure, and high-quality meals. There is no end to food safety.

We are continuing our efforts to achieve the best food management system in the world.



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

Food Safety Strategy

From farm to customer, we work with suppliers and experts to serve products that meet a variety of standards.

Food Safety Risk Management

The Supplier Quality Management System (SQMS) and our Distributors Quality Management Program (DQMP) are embedded from farm to customer to meet a variety of rigorous protocols and reduce a variety of food safety risks.

Building a Food Safety Culture

As a business that provides safe and secure food products, we provide training on the approach and values toward food safety to all of our staff. We are also working with individual suppliers to foster a food safety culture and build a more robust system.

GAP (Good Agricultural Practice)

Percentage of lettuce producers with Global G.A.P. Plus Add-on certification

100%



DQMP (Distributors Quality Management Program)

Number and percentage of distribution centers that have been audited by a third party and met our standards

15 locations 100%



SQMS*

Percentage of suppliers that meet SQMS requirements

100%



Food Safety Visits to Restaurants

Number and percentage of restaurants that met audit requirements conducted by external inspection companies

Approximately 3,000 100%



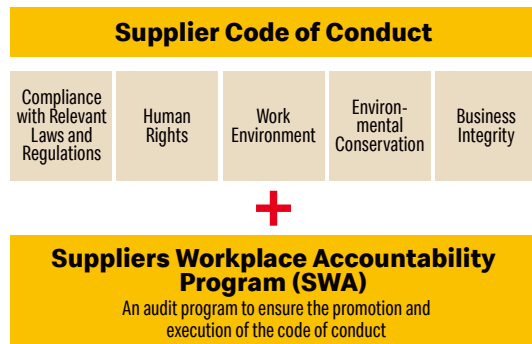
*A more robust food safety management system that consists of McDonald's expectations, based on GFSI benchmark

Quality Assurance System—From Farm to Customer

The products we serve to customers are managed by our own quality and food safety management system based on international standards, such as the GFSI certification level, which are embedded from farm to processing plants, logistics, and food preparation at our restaurants. PACE, HACCP, and other sanitation management methods are adopted by our restaurants to manage product safety.

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 regarding the code of conduct are specified in the "Suppliers Workplace Accountability Program (SWA)," and suppliers are expected to implement and maintain this program.



GAP Good Agriculture Practice

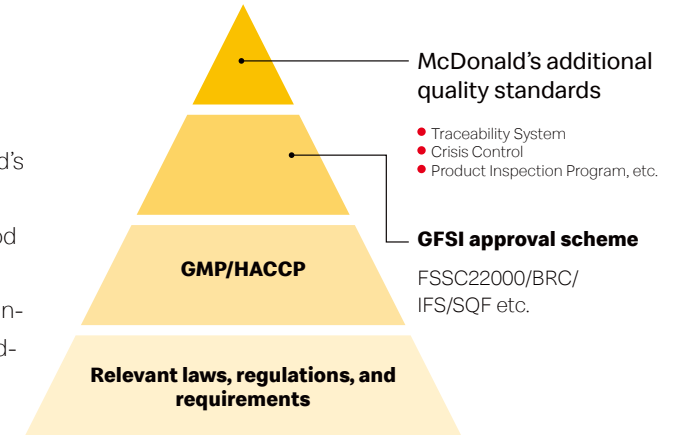
In 2010, we introduced the McDonald's-GAP certification, and as of 2023, all lettuce producers are McDonald's-GAP certified. GAP requires meeting more than 100 items for production process management, such as the investigation of soil and water used for production, proper field management, and handling 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



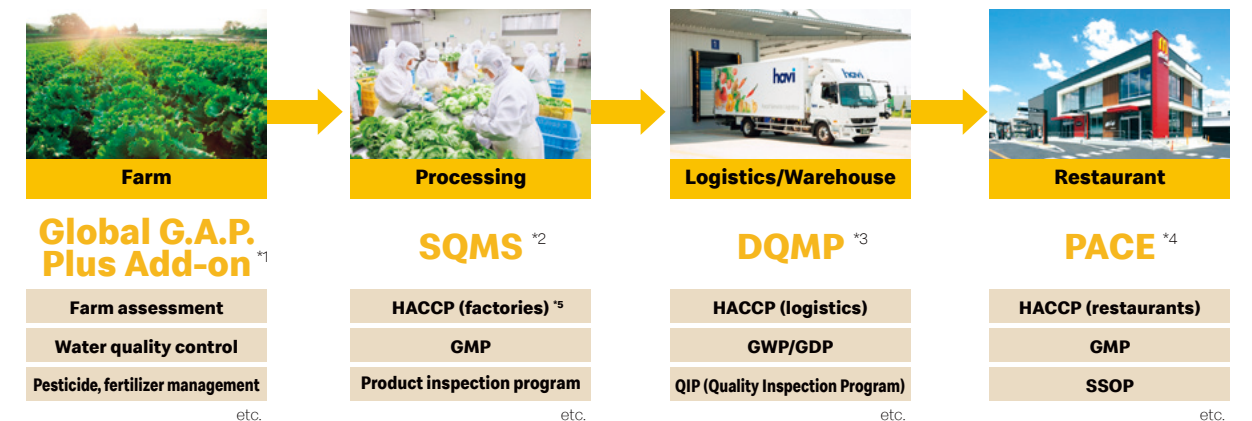
Food Manufacturing Process Management

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



Traceability

We have a traceability system with the ability to trace back the production history from finished goods to raw materials. 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 an audit program

^{*1} Global G.A.P. Plus Add-on: Good Agriculture Practice ^{*2} SQMS: Supplier Quality Management System ^{*3} DQMP: Distributor Quality Management Program ^{*4} PACE: Performance And Customer Excellence to improve operations and provide consulting platform ^{*5} HACCP: Hazard Analysis and Critical Control Point

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 peace of mind.

Actions that Support Safety and Security

We take seriously the responsibility to ensure health and safety in our restaurants from management to preparation and selling of food. 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 frying oil.

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



Hand Washing

Our crew members implement thorough hand washing every hour at minimum, 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.

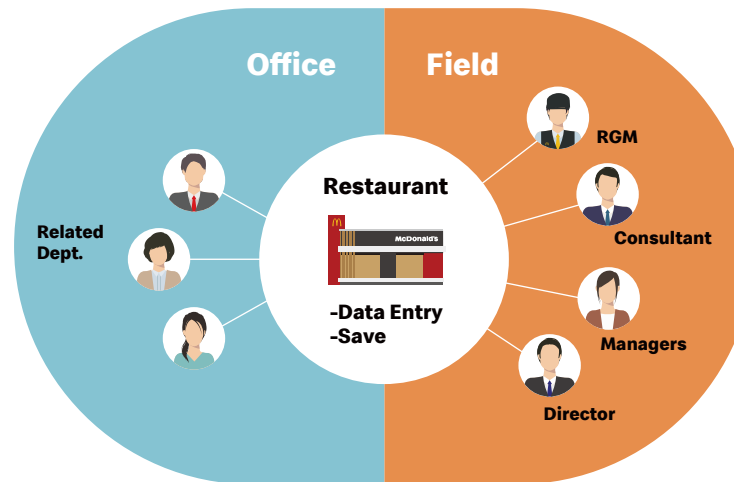


We also provide learning opportunities through various manuals and e-learning programs to ensure that our staff understand and practice food safety correctly. In addition, audits are conducted periodically by a third-party professional institution to ensure that health and safety management is properly implemented at our restaurants.

Use of Digital Food Safety for Centralized Management and Data Storage

As part of our focused approach to food safety and security, each of our nationwide restaurants is equipped with a tablet installed with the "Digital Food Safety System" to conduct food safety checks daily.

More than 30 items are checked efficiently and accurately through the use of the tablet device and Bluetooth-ready thermometers. This includes food temperature measurement, health and safety management, maintenance of a clean kitchen environment, cooking procedures, and verification of staff performance. An alert message appears if there is a problem, prompts staff to pursue the cause, and suggests remeasurement or other solutions on the spot to ensure quick action.



Our Responsibility Toward Children's Health and Nutrition



To support the healthy growth of children, we offer an extensive line-up of menu items to choose from.

We listen to our customers and constantly change in step with the times, evaluating our menu to identify ways to evolve our offerings while maintaining the great taste people know and love. We provide a variety of choices to customers and bring families together to share moments and create lasting memories.



Serving an Even Safer and More Secure Happy Meal® Set

We serve around 100 million Happy Meal sets a year. This comes with responsibility, and we are working to serve an even safer and more secure Happy Meal set.



Happy Meal Set Guidelines

- 1 Offer nutritionally balanced meals.
- 2 Limit the use of food additives.
- 3 Be transparent with Happy Meal nutrition information.
- 4 Market responsibly.
- 5 Consider nutritional balance in marketing

Consideration for Nutritional Balance

In addition to McFry®, the Happy Meal set side menu also includes a choice of Edamame Corn or a side salad. Nutritionally balanced choices are available according to child's growth and dietary needs.

Removal of Artificial Flavors and Added Colors

Happy Meal sets do not contain artificial flavors or colors. We are also working on reducing artificial preservatives.

Disclosing Nutritional Information

Allergy, nutrition, and country of origin information for all products including Happy Meal sets are available on our official website and official app.



https://www.mcdonalds.co.jp/sustainability/food/allergy_Nutrition/



Responsible Sourcing

We are considering the global environment, biodiversity, and the people who work in our supply chain.

Our supply chain spans various countries and industries. Together with our suppliers and producers, we conduct responsible sourcing.



Sustainable Sourcing of Food and Materials

We are advancing sustainable sourcing of food materials in consideration of forests, water resources, and ecosystems.



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

FSC® Certified (Forest Conservation)

All paper containers, packaging, tray liners, and wooden cutlery provided to customers at our restaurants are made from FSC-certified paper and wood.



For more information, please visit the [FSC Japan website](#)

Rainforest Alliance Certified (Sustainable Agriculture)

The coffee we serve to our customers is 100% grown by farms that have obtained Rainforest Alliance Certification to conserve forests and ecosystems and provide workers with appropriate working conditions.



For more information, please visit the [Rainforest Alliance website](#)

Beef

We are aiming toward the goal of sourcing beef from deforestation-free supply chains. Globally, McDonald's achieved 98.5% of this goal.



MSC Certified (Fishery Resource Conservation)

Whitefish used in our Filet-O-Fish® is MSC certified and comes from sustainable, environmentally friendly fisheries for the natural Alaskan pollock.



For more information, please visit the [MSC Japan website](#)

RSPO Certified (Sustainable Palm Oil Procurement)

The production of palm oil without taking into consideration the environment and local communities can lead to a large-scale loss of tropical rainforests and a variety of species. We use palm oil certified sustainable by the Roundtable on Sustainable Palm Oil (RSPO).



Soy

With regard to soy, a standard ingredient in chicken feed, we purchase credits from the Roundtable on Responsible Soy (RTRS) certification.



Animal Health & Welfare



We are committed to sourcing with more focus on animal health and welfare across the globe.

Animals raised properly throughout their lives are essential for providing safe and high-quality food and this cannot be achieved without the understanding and support of our suppliers and producers.

[Click here to learn more about Global McDonald's Animal Health & Welfare initiatives.](#)

Animal Health & Welfare

McDonald's requires its meat processing plants of food material origin to comply with Animal Health & Welfare (AHW), HACCP/GMP, BSE Firewall, Supplier Workplace Environmental Management Program (SWA), and other requirements. McDonald's, suppliers, and auditing companies work together to conduct audits to ensure that these requirements are met. AHW audits ensure that cattle/chicken/pig are slaughtered (meat processing) in a humane manner according to their nature and slaughter process. McDonald's suppliers can only source meat from meat processing plants that meet the criteria of these audits and are placed on the Approved Supplier List (ASL) as an approved supplier. The beef, chicken, and pork used by McDonald's Japan are sourced from a supply chain that meets McDonald's sourcing standards.



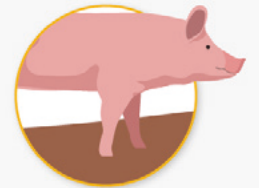
Beef

From cattle raising to meat processing, we make the health and welfare of animals a priority. The use of antibiotics for growth-promoting purposes has been banned in products for McDonald's Japan.



Chicken

We are committed to sourcing chicken raised in a better environment. The use of antibiotics for growth-promoting purposes has been banned in products for McDonald's Japan.



Pork

We are committed to sourcing pigs raised in a better environment.





Jobs, Inclusion & Empowerment

We believe that **People are the key to a sustainable future.**

We are giving full focus on a safe and inclusive workplace where everyone can grow and play an active role.

People Vision

Striving to become the employer of choice in every town around the world

People Promise

We value you, your growth, and your contributions

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

Jobs, Inclusion & Empowerment

24 Diversity, Equity & Inclusion (DE&I)

27 Talent Development and Career

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Diversity Equity & Inclusion (DE&I)



Under Our Values, we foster an inclusive environment where the power of diversity can be unleashed. Inclusion is the DNA of McDonald's and we are committed to furthering our efforts.

McDonald's welcomes a diverse customer base, and our teams also need to be diverse to meet the needs of diverse customers and adapt to rapidly changing times. 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.



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



The realization of DE&I goals

A diverse workforce has different workstyles and support is needed for them to work and grow. At McDonald's, we listen to our staff, organize and review the system, and strive to make the system more staff friendly. Seminars and in-house workshops are held to facilitate the understanding of staff who use the system, their colleagues, and supervisors. Through these efforts, we provide an opportunity for all staff to think about "what I can do to build an inclusive workplace."



Diverse Teams

● Open Door! Team to drive Diversity, Equity & Inclusion

The Open Door! Team was organized to support the project of creating a workplace where a diverse workforce can work and grow. Sponsored by top leaders, the team made up of volunteers from different depart-

ments at McDonald's partners with in-house departments, universities, other businesses, and relevant organizations to drive DE&I. McDonald's supports the building of an 'open door' workplace to respect individuality, shun isolation, and provide two-way support to advance DE&I.

Diverse Teams

A diverse crew of different genders, ages, and nationalities work in our restaurants nationwide. We promote a friendly workplace where everyone feels rewarded and provide work opportunities to many people.

● Youth

We are proactively providing work and growth opportunities to youth. Approximately 130,000 crew members or more than 60% under the age of 24 are working at our restaurants. Work experience with people from diverse backgrounds presents a highly valuable experience for youth soon entering the workforce. Work at McDonald's restaurants and the curriculum offered by Hamburger University enable them to develop on-the-job skills such as teamwork and leadership. These portable skills serve them well in the future and prove to be the driving force for youth to play an active role in society. Assessments and classes are arranged for student crew members to improve their fundamental skills as responsible adults. A total of approximately 3 million former part-timers at McDonald's are now playing an active role in society. In addition, we have partnered with NPOs, boards of education, and other organizations to launch an internship program to drive youth employment. We will continue to support youth, who are the hope of our future.



Number of crew member aged 24 or under

Approximately 130,000

Total number of crew members

Approximately 200,000

*Figures include company-operated and franchised restaurants

● 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. Our crew members of different ages and backgrounds, including youth and seniors, are helping one another and working in their own way and style.

Senior Crew (60+)

Approximately 11,500

● Homemakers (male & female)

At McDonald's, 1 out of every 5 crew are homemakers and we provide a friendly workplace for them. For example, they can work as little as 2 hours a week, and shifts are adjusted on a weekly basis, allowing them the flexibility to work according to their family's needs including housework and childcare. Anyone, regardless of age, can work at McDonald's and this allows people to work over many years, including those who quit work and return to the workforce after raising children.



● Foreign Nationals

Crew members from more than 100 countries work at McDonald's restaurants and we are developing a workplace where they can put their strengths to work by including support items such as multi-language tablets. We will continue to implement various initiatives to offer working opportunities to everyone living in Japan.

Number of non-Japanese crew

Approximately 18,000

● Hire Crew with Disabilities

People with disabilities also work as crew members. Everyone working at McDonald's are "buddies" and team members, sharing the joy of working together and creating a workplace where they can shine. 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

2.3%

*Percentage of company-operated restaurants

Promoting Women

The Open Doors! Team takes the lead in promoting women to play an active role through activities such as career support, networking, and leadership development for female employees.

● OPEN DOOR! Woman's Café

We provide an opportunity to hold free and open communication for networking among female staff, address career concerns, and enhance health literacy for women.



Mechanisms and programs to support flexible work styles

We are enhancing programs that support various ways of work to realize a work-life balance that suits each employee and their life events, encouraging them to make use of such programs.

● Work Arrangement

Flextime and telecommuting work arrangements are provided for our office staff and a variable working hour system is available for restaurant staff, enabling them to adjust working hours and holidays during busy work periods and for personal activities to maintain work-life balance. In addition, flextime work arrangements are available for Restaurant General Managers to add more flexibility to their work schedule.

● Local Salaried Employee Program (company-operated restaurants)

In 2021, a local salaried employee program was introduced to promote a flexible way of work. This enables our people to advance their careers within areas that are an easy commute and according to their lifestyles.

● Support RGM Program (company-operated restaurants)

When a Restaurant General Manager takes maternity leave, childcare leave, or nursing care, the support RGM assists in restaurant operations. This arrangement allows Restaurant General Managers to maintain a proper work-life balance.

● Support childbirth, childcare, and nursing care

We are developing a workplace that includes 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, childcare, and nursing care. For example, they can apply for the Reduced Work Hours Program to work shorter hours for childcare and nursing care, depending on their individual needs.

Turnover rate

6.2%

Total monthly average overtime hours among full-time employees

18.4 hours

Paid leave rate

57.1%

Return to work rate after parental leave

100%

*All figures are employees of company-operated restaurants (employees of McDonald's Company (Japan), Ltd.)

Promoting male involvement in childcare

We believe that male involvement in childcare is essential. To that end, we are developing a workplace where eligible staff can apply for childcare leave support programs. This includes the setup of a contact for inquiries and the distribution of the Childcare Leave Support Booklet to introduce the program, and hear from staff who took childcare leave and their supervisors. We are also expanding our support system for work colleagues and supervisors of staff who are using the program.



Male childcare leave rate

29%

*Percentage of full-time & company-operated restaurant staff in 2023



Talent Development & Career



We strive to be a “Feel Good Place to Work,” a rewarding workplace where everyone working at McDonald’s enjoys many “Feel-Good” moments.

To realize this, we believe it is important for each individual to harness their potential, work with pride, and recognize self-growth. When our staff recognize that working at McDonald’s provides an invaluable experience, this will lead to higher customer satisfaction and serve as a foundation for business growth.



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

People at McDonald’s

Diverse people of different generations, nationalities, and backgrounds are working at McDonald’s in a wide variety of workplaces.

Crew members who are the strength of restaurant operations, local salaried employees, new graduates, and employees working in the support office departments have different roles, but they all share Our Purpose, Our Mission, and Our Values, and have a high level of commitment to putting them into practice and realizing them.

Talent Management

To ensure continuous people development, we implement a strategic positioning of our people, job rotation, and others to develop successors.

ALL JAPAN CREW CONTEST(AJCC)



Since 1977, McDonald’s has been holding AJCC every year with the hope of instilling pride among crew members. AJCC is truly the pinnacle for restaurants and crew members, which is held every year starting in May, followed by national competitions in December. AJCC contributes to enhanced skills and service, stronger motivation and teamwork, and spurs the growth of individual crew members.

Educational Institution (Hamburger University)

Hamburger University is a professional educational institution that provides learning for all staff to ensure the sustainable growth of McDonald’s. This facility is located in only 9 countries and one of them is in Tokyo. Hamburger University in Japan was established in June 1971, one month before the opening of the 1st McDonald’s restaurant in Japan at Mitsukoshi in Ginza. This indicates the company’s focus on people development as a top priority. Each year, many employees and crew members utilize training tools and attend classes to study leadership, team building, and management. These lifelong skills are useful in a variety of positions and jobs.

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

Approximately **14,000** *As of December 2023

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



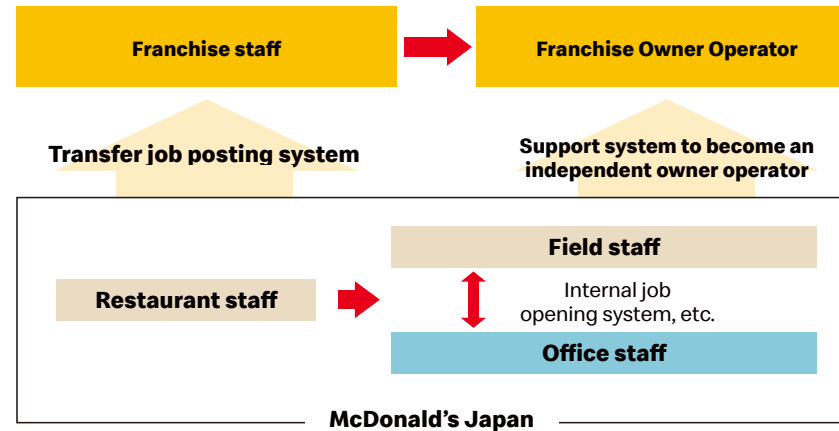
Career Development

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 “Up to You”^{**} career building program where our people can freely choose their dreams and act on their own to ensure satisfying work with a rewarding and fulfilling life.

*McDonald's policy describing the diversity of career choices and growth based on individual efforts

Diverse Career Choices

McDonald's offers a wide variety of career programs so that people can build a career that suits their lifestyle. Systems and programs include an internal job posting system, a job posting system for transfer to a franchisee company, and a support system to become an independent owner operator. Each staff receives a Career Book to provide a wider viewpoint and information on these job opportunities. The number of employees taking on new challenges is increasing every year.



Compensation System

Our compensation system complies with McDonald's global policies. Compensation levels are set based on individual duties, roles and responsibilities, and market comparisons, so there are no differences in wages based on gender, age, or other factors within the same job. As part of our focus on expanding the continuous growth and contribution of individual staff, persons delivering strong performance are rewarded with increased pay. Opportunities for pay increases are provided at least once a year for all employment categories. In addition, we research social conditions and compensation of competitors, maintain competitive pay, and continue with active hiring to ensure sustainable business growth.

A Workplace that Enables Growth

Working in a restaurant as a crew with work colleagues offers everyone an opportunity to develop skills such as communication, cooperation, leadership, and other skills that help individuals flourish at different life stages. Also, our proprietary training program enables our staff to add knowledge to the experience they gained. Working as a crew offers a unique opportunity to develop these skills and is a key for assisting former crew members to play an active role in a wide range of stages throughout their careers. Office staff can also enhance their abilities through work and attend Hamburger University classes or take elective training to develop portable skills that are useful throughout life.



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 provide opportunities for our staff to take up the challenge of aiming for and achieving their career goals and working on supporting individuals' career advancement to ensure having the right people in the right place. In addition, in 2022, we introduced a Career Challenge Job Posting program for company-operated restaurant employees who joined the company as new graduates within the past three years. This program, which is designed to broaden their horizons and help them grow as they work in the office, is used as a new career path for young employees in their career development.

● Career Challenge Job Posting Program

Designed as one of the initiatives to support young employees to proactively develop their own careers, the job posting program began in 2022 for company-operated restaurant employees who joined the company as new graduates within the past three years. The program enables the selected employees to broaden their career outlook and grow as they work at the restaurant support office for 2 years.



Fostering Safe, Respectful, and Inclusive Workplaces



McDonald's has introduced Global Brand Standards to foster an inclusive culture where our staff and customers feel safe, and harassment or discrimination of any kind is not tolerated.

All McDonald's restaurants - more than 40,000 locations - around the globe are expected to implement these standards for restaurant operation.



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

Global Brand Standards

Global Brand Standards focus on four key areas: "Preventing harassment, discrimination, and retaliation," "Preventing workplace violence," "Listening through restaurant employee feedback," and "Protecting employee health and safety."

We are committed to providing safe, respectful, and inclusive workplaces for our staff.

It is important to implement these standards anytime and anywhere by each and every staff.

The Brand Standards Playbook has been published to describe details of these standards and is distributed to all staff.

Orientation and training to prevent harassment, discrimination, and retaliation are implemented, and processes and programs, such as the Compliance Hotline, are in place to report harassment and discrimination. We are interested in the issues and opinions of our staff, which is why we conduct a staff survey and stress check annually for all staff to always provide a safe and secure workplace for everyone. In addition, a workplace safety check is conducted periodically and issues that cannot be addressed by the restaurant or department alone are shared with relevant departments. Then, the Safety and Health Committee considers and implements specific measures.



Respecting Human Rights

We respect human rights and give careful attention to avoid any negative impact on the human rights of others, and act with integrity to address any human rights violations that may occur. We strive to become an example of a good corporate citizen through respect for human rights and a broader commitment to sustainability.

Please visit our website for more information:

<https://www.mcd-holdings.co.jp/en/humanrights/>



Community Connection

“We have an obligation to give back to the community that has always supported us.” Everything we do originates from these words of Ray A. Kroc, the founder of McDonald’s. As a member of the community, we aim for the happiness of children and the smiles of our customers, local communities, and society.

We engage in initiatives including the fostering of a charity culture with the aim of providing mutual aid across society, activities to nurture children’s “nutrition,” “bodies,” and “minds,” creating a safe and secure neighborhood, and other community contribution activities.



Community Connection

- 31 Ronald McDonald House
- 32 Support of Youth Sports
- 33 Activities to Support Children’s Growth & Safety
- 34 Education Support

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 the faces of the children and their families who stay at the house.



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

Ronald McDonald House (RMH)

RMH 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 12 locations in Japan as of December 2023. 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 setting up donation boxes at nationwide restaurants, offering coupons with donations, and donations from our app when ordering to provide easy access for customers to engage in charity activities.

**RMHC Support Donations from Customers (2023)
(front counter donation box, coupons with donations,
and donations from app while ordering)**

Total amount Approximately
154.07 million yen

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



"Blue Mac Day" (McHappy Day)

McDonald's Japan donates 50 yen to the Ronald McDonald House Charities Japan for every Happy Meal® that is sold.

In Japan, "Blue Mac Day" (McHappy Day) was held on Sunday, November 19, 2023. Using blue drink cups and blue paper bags, each restaurant was decorated differently with a blue theme, as we asked for RMHC charity support, and many people responded as a result.



Tokyo Marathon 2023

Approximately 1,200 "Team RMHC" runners participated in the Tokyo Marathon 2023 in March 2023 to benefit RMHC and the runners were supported by a cheering group made of 400 McDonald's staff and business partners.



RMHC is a donor recipient organization for the Tokyo Marathon 2023 Charity.



©TOKYO MARATHON FOUNDATION

Professional Baseball RMHC Cheering Game

Four professional baseball "RMHC Support Games" were arranged in 2023 for RMHC fundraising. We worked with the baseball teams located near the House for the first-pitch ceremony and fundraising at the ballpark.



Smile Socks Donation

In honor of children of the same age who are fighting serious illnesses, youth baseball players, youth football players, their parents, and team supporters showed their support by wearing red and white striped "Smile Socks" at the national tournament. "Smile Socks Donations" are also held at prefectural youth baseball tournaments and events throughout Japan.

One Million Classical Live

Music can move hearts, and to share this with people of all ages from infants to the elderly, we arranged a series of concerts called "One Million Classical Live" and conducted RMHC fundraising at AEON Malls across Japan.



Ronald McDonald Family Room

In December 2023, the Ronald McDonald Family Room opened to offer a place of rest for body and mind for families accompanying children hospitalized at Sakakibara Heart Institute (Tokyo). This facility allows parents to take a moment away from the medical area to have a light meal and rest while staying close to their children.

Support of Youth Sports

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



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



Basketball

Mini-basketball is familiar to elementary school children of both genders. The 54th McDonald's National Mini Basketball Tournament for elementary school-age children was held in 2023, the year when we became a sponsor. We will support children who enjoy playing basketball.

54th McDonald's National Mini Basketball Tournament

Around 8,350 teams nationwide



Baseball



Takamadonomiya Cup All Japan Rubber Baseball McDonald's Tournament

Known as the elementary school equivalent of "Koshien", McDonald's Japan has been supporting this tournament since 1986. The 2023 national tournament was held in the Meiji Jingu baseball stadium, with all teams marching in. Koji Uehara, a former Major League Baseball player also appeared at the first-pitch ceremony and sent a cheer of encouragement to the players. In 2023, we continued our support, including the distribution of the Baseball Player booklet to 410,000 registered team players.

Takamadonomiya Cup All Japan Rubber Baseball McDonald's Tournament

Around 10,000 teams nationwide

Approximately 410,000 children supported

*FY2023

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 2023 we continued our support, including the distribution of the Football Player booklet to 360,000 registered team players.

JFA All Japan U-12 Football Championship

Around 8,200 teams nationwide

Approximately 360,000 children supported

*FY2023

McDonald's Friendly Cup

The "McDonald's Friendly Cup" is a tournament for the 40 teams that lost the chance to become one of the last eight in the JFA All Japan U-12 Soccer Championships. Starting in 2019, this event is being held in hopes of creating opportunities for players who, regrettably, did not have the chance to compete in the national tournament and forge deeper ties with more friends. The JFA (Japan Football Association) has given special permission for the players to wear Smile Socks in the Friendly Cup as a sign of support for sick children.



Activities to Support Children's Growth & Safety

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



<https://www.mcdonalds.co.jp/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.



Number of Happy Meal sets sold under the Childcare Support Passport Program (2023)

491,904 sets



Safety and Security Initiatives

To protect our children in local communities, we partner 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 or trouble. During the National Traffic Safety Campaign period and other times, we collaborate with local police headquarters to hold crime prevention classes and traffic safety classes in addition to producing videos about traffic safety, community safety, and security, and calling out to the community through digital signage in our restaurants. As part of our community watchdog activities, delivery bikes of McDonald's restaurants in the Hyogo Prefecture are operating as "#110 Bike for Children." Also, as we do every year, safety whistles were distributed in 2023 to new first-year elementary school students through local education boards and police headquarters.



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

2,365 restaurants

*As of December 2023



Number of Distributed Safety Whistles (2023)

789,850 pieces



Children's Canteen

As a member of the community, in certain areas, we provide Children's Canteen support upon request and offer other assistance in collaboration with support groups.

Disaster Relief Donation

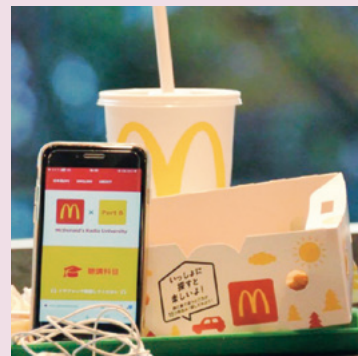
In the event of a major disaster, we provide relief and support to those affected by the disaster through fundraising at our restaurants and contributions.

Turkey-Syria Earthquake (2023)
Donation from McDonald's Japan

1,000,000 yen

McDonald's Radio University®

"McDonald's Radio University," in which immigrants and refugees are invited to speak as "professors," was organized and played "on air" at McDonald's restaurants. In 2023, this radio program was played at some restaurants in Tokyo and all restaurants in the Tottori Prefecture. Led by PortB and centered on director & artist Akira Takayama and art galleries/museums, this initiative offers learning and discovery along with meal enjoyment.



Education Support

We offer a wide range of learning opportunities to bring bigger smiles on the faces of children.



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

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 the SDGs (Sustainable Development Goals), which are also available on our official website and utilized at elementary schools throughout Japan.

In 2023, McDonald's received the Judges' Special Award at the 7th Nutrition Education Activity Awards conducted by the Ministry of Agriculture, Forestry and Fisheries of Japan for supporting food education using our original "Shokuiku no Jikan + (Plus)" digital teaching tool. Further, to provide an opportunity for families to learn about food, a special website is set up during the summer vacation period to offer a template for a summer research project, a lifestyle picture diary, and it offers videos of crafts using packaging.



Supporting food education using our original "Shokuiku no Jikan + (Plus)" teaching materials (2023)

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

Number of students who attended the classes

Total of **597** times

Total of **19,242** students *Number of findings as of December 2023

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.



Visitation Classes on SDGs

We want children to have an opportunity to think "What can I do?" for the planet and society, and with that in mind, we set up visitation classes on the SDGs in selected locations for upper elementary school students. Our staff working at nearby restaurants introduce McDonald's initiatives in environmental conservation, followed by a class presentation by students on "What we can do for the planet."



2023 DATA

Our Planet

Environmental Data Trends

Energy Consumption & CO₂ Emissions

Nationwide energy usage per type

Electricity

64,664 million kWh/year
-0.9% YoY

Gas(city gas equivalent)

29.26 m³/year
-15.7% YoY

Water

4.847 million tons/year
+2.4% YoY

Energy usage per 1,000 customers per type

Electricity

441.3 kWh per 1,000 customers
-0.6% YoY

Gas (city gas equivalent)

19.9 m³ per 1,000 customers
-15.4% YoY

Water

3.3 t per 1,000 customers
+2.7% YoY

Overall energy usage and CO₂ emissions

Percentage of renewable energy

8.1%

Crude oil equivalent

201,453 kl/year
-3.9% YoY

Basic unit crude oil equivalent

0.2337 kl/1,000 cash register count
-3.6% YoY
*unit denominator: thousand cash register count

CO₂ emissions

331,622 t-CO₂/year
-7.9% YoY

108.7 t-CO₂/restaurant
-8.9% YoY

Waste Trends

Company-wide food and packages waste amount

Company-wide

160.1 thousand tons/year
-0.7%YoY



49.9 thousand tons/year
-1.8%YoY

Percentage of food waste
31.1%

Food recycle rate*

68.6%
+3.6%YoY

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



41.4 thousand tons/year
-1.0%YoY



6.0 thousand tons/year
-10.4%YoY



62.8 thousand tons/year
+0.3%YoY

Food and Packing waste amount per 1 million yen sales

Company-wide

210.0 kg/million yen
-8.8%YoY



65.4 kg/million yen
-9.5%YoY

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



54.4 kg/million yen
-8.6%YoY



7.8 kg/million yen
-18.5%YoY

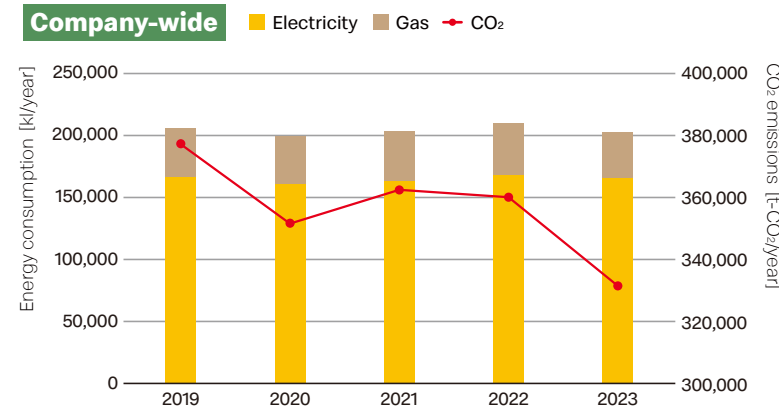


82.4 kg/million yen
-7.3%YoY

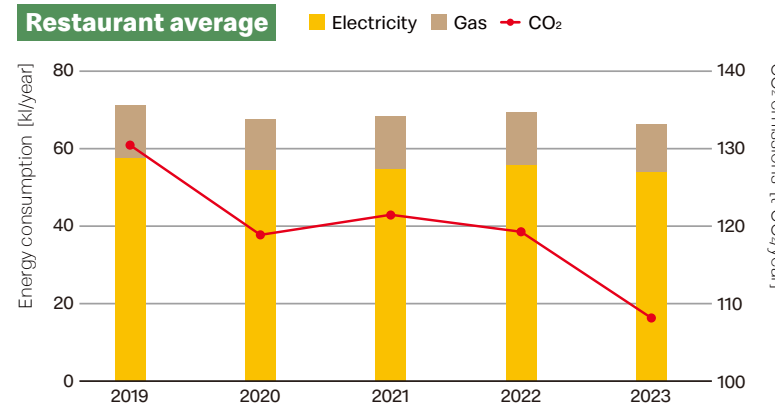
Our Planet

Environmental Data Trends

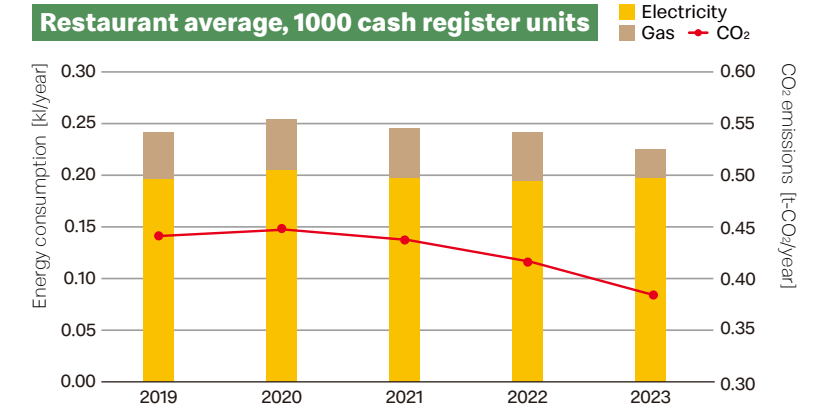
Energy Consumption & CO₂ Emissions



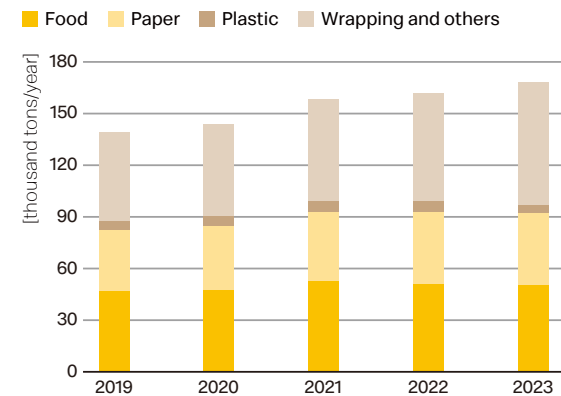
Energy Consumption & CO₂ Emissions



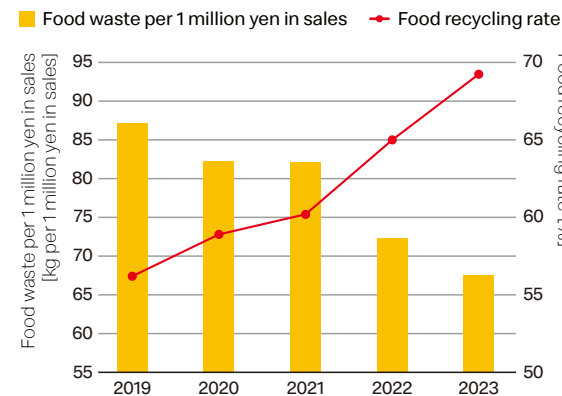
Energy Consumption & CO₂ Emissions



Trends in Waste (all restaurants)

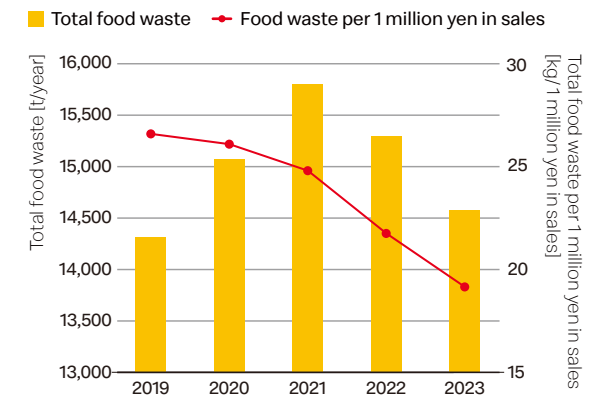


Food waste per 1 million yen in sales & food recycling rate



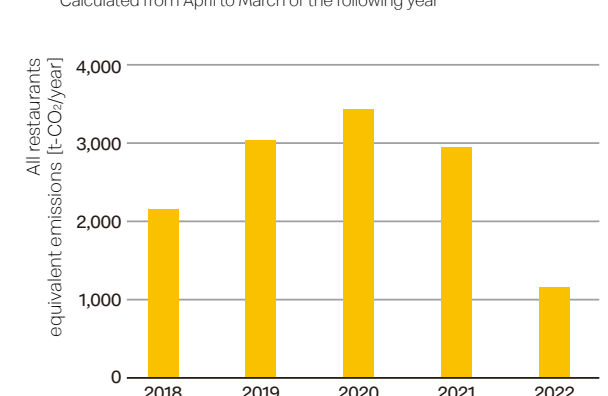
*Target for fast food restaurants to contain food waste based on the Food Recycling Law = Below 83.3kg per 1 million yen in sales

Food Waste & Food Waste per 1 million yen in sales



CFC Emissions (all restaurants)

*Calculated from April to March of the following year



Food Quality & Sourcing

Food Safety



GAP (Good Agricultural Practice)
Percentage of lettuce producers with Global G.A.P. Plus Add-on certification

100%



SQMS (Supplier Quality Management System)
Percentage of suppliers who met a more robust food safety management system that consists of McDonald's expectations, based on GFSI benchmark

100%



DQMP (Distributors Quality Management Program)
Number and percentage of distribution centers audited by a third party and met our standards

15 locations 100%



Food Safety Visit to Restaurants
Number and percentage of restaurants that met audit requirements conducted by external inspection companies

Approximately 3,000 100%



Number/percentage of restaurants that received serious violations from food safety audit institutions

0 restaurants 0%



Number of food poisoning outbreaks

0 cases

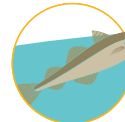
Responsible Sourcing



FSC® Certified (Forest Conservation)
Percentage of FSC-certified paper containers and packaging for customers, tray liners and wooden cutlery



100%



MSC certified (Fishery Resource Conservation)
Percentage of caught whitefish for Filet-O-Fish® from MSC-certified fisheries



100%



Rainforest Alliance Certification (Sustainable Agriculture)
Percentage of coffee beans certified by Rainforest Alliance



100%



RSPO certified (Sustainable Palm Oil Procurement)
Percentage of RSPO-certified fry oil



100%



Beef
Percentage of sourcing from deforestation-free supply chains

98.5%

*Figures from McDonald's Global



Soy
Percentage of purchased credits for RTRS* certification for soy in chicken feed

100%

*Roundtable on Responsible Soy

Jobs, Inclusion & Empowerment

Number of company-operated restaurants

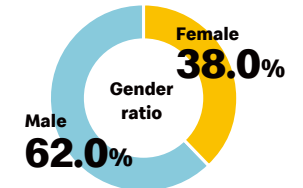
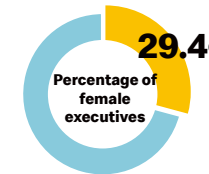
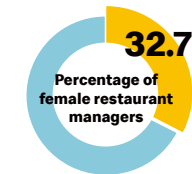
878

Number of franchised restaurants

2,104

Total number of employees (full-time employees)

2,633



Turnover rate

2.3%

Paid leave acquisition rate

57.1%

Turnover rate

6.2%

Return to work rate after parental leave

100%

Total monthly overtime hours (company-wide)

18.4 hours

Male childcare leave acquisition rate

29%

*Percentage of full-time & company-operated restaurant staff in 2023

Average hourly wage by region

The minimum wage is set by each prefecture. In 2023, the national average was 1,004 yen. We guarantee a 100% minimum wage in all regions and set competitive pay levels based on the level of roles and responsibilities under McDonald's global compensation policy.

Compliance with labor-related laws and regulations

McDonald's is a people business, and as such, we place importance on strict compliance with laws and regulations in our training and systems.

*Figures are company-operated restaurant staff

Third Party Testimonial

It is not well known in Japan that the food industry has major impacts on the environment, and discussions have been taking place globally on ways to make it more sustainable in recent years. Needless to say, restaurant chains hold one of the keys in this regard and McDonald's Japan, the leading chain in Japan operating close to 3,000 restaurants, not only has significant impacts, but also has a serious responsibility. It was with this in mind that I read through this report and it was clear to me that as a food industry leader, McDonald's is actively and responsibly working to lead the industry in the area of sustainability.

For example, sourcing food materials creates the biggest impacts on the environment and McDonald's is reducing the use of plastic and replacing it with 100% certified wood paper materials. The white fish used in Filet-O-Fish® and coffee beans, which are the signature menu items of McDonald's, are 100% certified sustainable. Considering that companies like McDonald's source an enormous amount of food materials, delivering 100% is a great achievement and I respect what they've done. Sustainability in sourcing palm oil, soy, and beef has room to be improved, but the report clearly indicates that McDonald's is working on it. I expect to see progress in the future for beef, potatoes, and shrimp, which are sourced in large quantities and create big impacts.

According to the report, McDonald's employs 200,000 people including restaurant staff who come from diverse backgrounds of gender, age, and nationality, and developing a friendly workplace for all these people is indeed a great challenge. Nowadays many businesses claim to have DE&I, but McDonald's has been at the forefront of practicing this. This experience should be useful to other companies and perhaps it can be leveraged to the increasing number of third-party delivery drivers in recent months. Regarding the employees in managerial positions, it seems the percentage of female managers is still lower than the male/female ratio of company-wide employees, but I am sure the company will achieve the target by 2030 and become an even better team.

The company's approach to the community, particularly youth support also stood out in the report. Currently, having a nutritionally balanced meal is becoming increasingly important for children. In fact, other countries have started to introduce regulations on food and advertisements that target children. I hope that McDonald's will also support children in the aspects of nutrition and health.

Some of the remaining issues will be difficult to tackle, but environmental and social sustainability has now become a prerequisite for the food sector as well. I expect that in Japan, McDonald's will pioneer the introduction of a new practice for restaurant operation.

*Diversity, Equity & Inclusion



C.E.O., Response Ability, Inc.
Executive Director, Japan Business Initiative for Biodiversity(JBIB)
Vice-President and Director, Japan Ethical Initiative(JEI)

Naoki Adachi, Ph.D.