SOCIAL IMPACT
AND SUSTAINABLE
DEVELOPMENT
REPORT
2021







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# THANK YOU, LEDANIA!

The illustrations that bring magic and colors to this Report were made by the artist Diana Ordóñez, also known as Ledania. The images were originally created to be displayed on the drive-thru walls of the Parque de la 93 restaurant in Bogota, Colombia, for its inauguration. The renowned Bogota-born muralist took inspiration from the six pillars of our Recipe for the Future and the help of her followers to intervene the exteriors of our flagship store.

Ledania, born in 1987, currently lives in Bogota. She is a Colombian neo-muralist consolidated as a reference in Latin American graffiti. The name Ledania comes from the union of Leda, the famous woman seduced by Zeus in Greek mythology, and her first name. In addition to street art, she works in photography, graphic design, advertising and artistic makeup. In 2021, she took part in the design of promotional items for the Disney movie "Encanto", along with other Colombian artists and illustrators.

Thank you Ledania for bringing color, joy and a Latin spirit to our Report.

LEDANIA'S INSTAGRAM



# MESSAGE FROM OUR EXECUTIVE CHAIRMAN

Since I founded Arcos Dorados, we have been committed to positively impacting the communities we serve. As the business grew, so did our ability to play a key role in the sustainable development of Latin American and the Caribbean. Our track record shows an increasing commitment to generating opportunities for all stakeholders, protecting the environment and supporting local initiatives that motivate and inspire positive change. We leveraged the strength of our Brand and the reach of our operation to provide millions of first-time job opportunities for young people, help families in times of need, promote diversity and inclusion in the workplace and so much more. Several years ago, we coalesced these efforts into our Recipe for the Future ESG (Environmental, Social and Governance) platform.

This report contains an update of all we were able to accomplish in 2021 and all we have committed to for the future across six ESG pillars: youth opportunity, climate change, circular economy, sustainable sourcing, commitment to families and diversity and inclusion.

In addition to hiring thousands of young people, in 2021 we developed and introduced new programs to provide them with the skills and training they need to join the formal workforce. Last year alone, we impacted more than 398,000 young people across the region. Last year we measured our Scopes 1, 2 and 3 greenhouse gas emissions for the first time. In April 2022, we became the first quick service restaurant operator in our region to tie its financial strategy to climate change commitments by issuing a Sustainability-Linked Bond with clear targets to reduce greenhouse gas emissions over the next several years.

We serve four million guests every day, which presents us with a unique opportunity to raise awareness of the importance of sustainable habits. This includes promoting a circular economy with our packaging and waste recycling initiatives as well as sourcing our ingredients from suppliers who are aligned with our core values and long-term ESG goals.

Our commitment to families spans from nutritious menu offerings for our youngest guests to the continuing partnerships with NGOs throughout the region. We have a long history of proactively adding more nutritious alternatives while also reducing sodium, sugar, fat and calorie content in our Happy Meal combinations.

Finally, Arcos Dorados' meritocratic culture is based on mutual respect within a diverse and inclusive environment. Society's views and understanding of diversity and inclusion have evolved over time. To ensure we remain at the forefront of these issues, we have established working groups to address diversity related to gender, race, sexuality and generations.



I am immensely proud of the achievements and future commitments of our Recipe for the Future. Please enjoy learning more about what we are doing to support a brighter future for our planet in Arcos Dorados' 8th Social Impact and Sustainable Development Report for Latin America and the Caribbean.

#### **WOODS STATON**

Executive Chairman Arcos Dorados



## MESSAGE FROM OUR CEO

At Arcos Dorados we have always favored action over words. So, when we say "ESG is in our DNA", we are alluding to a long history of actions to protect the environment and support the communities we serve. Our Recipe for the Future ESG platform has guided us even before it had a name. Since joining the company as a restaurant crew member more than thirty years ago, I have experienced first-hand the culture of meritocracy within the company and our active involvement in seeking solutions to some of society's greatest challenges.

As a leading, multinational company in Latin America and the Caribbean, we must participate responsibly in local economic development for the benefit of current and future generations. Our policies and initiatives are therefore designed to ensure we offer formal job opportunities within a safe and inclusive workplace, source our high-quality ingredients sustainably, promote a circular economy and protect the environment.

Over the years we have made and met commitments related to our impact on environmental and social issues and 2021 was no exception. The scale of our operations and the reach of the brand we operate allow us to impact all our stakeholders. Our Hamburger University in São Paulo, Brazil, is among the most well-known and respected corporate universities in the world. Using their wealth of knowledge and experience, HU developed and implemented online programs to educate the public on topics ranging from personal finance to circular economy. Tens of thousands of people from more than 50 countries registered for these certificate-level courses last year.

HU also supports the training and education we offer the thousands of young people who join us every year for their first, formal job experience. The training we provide to these 16 to 24 year olds goes beyond the specific skills needed to operate a restaurant. They learn basic, soft skills that will serve them for the rest of their professional lives, including personal hygiene, teamwork, the importance of processes and standards, and so much more.

Perhaps the most important thing we teach them relates to our "Cooltura de Servicio", a culture of service that promotes individuality and collaboration at the same time. This enriches our workplace and ensures that our restaurants reflect the enormous diversity of race, gender, sexuality and generations of the societies we live in.

We take our Recipe for the Future ESG platform very seriously and are the only company in our industry to tie ESG metrics to executive compensation. To ensure the integrity and transparency of our reporting, this Social Impact and Sustainable Development Report for Latin America and the Caribbean has, once again, been prepared under GRI\* (Global Reporting Initiative) standards and on SASB\*\* (Sustainability Account Standards Board) indicators, both benchmarks for ESG reporting. And, for the second consecutive year, EY has audited key indicators of the Report, further validating our commitment to our Recipe for the Future



I am very pleased to present this latest report, which provides a snapshot of the cumulative, daily efforts of thousands of Arcos Dorados employees who strive to make this a better world today and in the future.

Chief Executive Officer

**MARCELO RABACH** 



### **ABOUT THIS REPORT**

This report has been prepared in line with the GRI Standards (Global Reporting Initiative) "Essential" option and considering the Sustainability Accounting Standards Board (SASB) standards for the Restaurant sector.

This document represents our eighth reporting exercise. It describes the activities related to the sustainability management of Arcos Dorados Holdings Inc. The report covers activities carried out from January 1 to December 31, 2021. The company established an annual reporting periodicity for its sustainability reports. The previous report released corresponds to the twelve months ended December 31, 2020.

To reaffirm our commitment to the transparency and accountability of the information we publish, in this Report, Ernst and Young (EY) performed a verification of the indicators that are marked with (tick) and are listed in its independent Limited Assurance report.

#### **Contact**

If you have any questions or comments about this Report, please contact our Social Impact and Sustainable Development team.









# MATERIALITY PROCESS

We maintain a constant and transparent relationship with all our stakeholders —from individuals to organizations— so we can understand their expectations and concerns and translate them into strategically valuable information to help manage our business. We follow an internal process for the identification and selection of said stakeholders based on the criteria of interaction and impact on the business. We have dialogue mechanisms in place with each stakeholder group.

#### Stakeholders -

Stakeholder

# Shareholders, franchisees, financial entities

Dialogue mechanisms

Annual Shareholders' Meeting, Annual Form 20-F, Annual Social Impact and Sustainable Development Report, Quarterly Financial Statements, Quarterly earnings reports, Periodic Investor Conferences and Roadshows, Periodic Press Releases, Continuous Sells-side Analyst interactions, Arcos Dorados website, Recipe for the Future website.

#### Stakeholder

#### Arcos Dorados personnel

Dialogue mechanisms

Work climate surveys, Arcos Dorados
Digital, AD Weekly, Corporate social
network, Yammer, AD Podcasts, AD
Meetings, Mailings, Open Doors –
Transparent Doors, Social Impact and
Sustainable Development Report, Arcos
Dorados and Recipe for the Future
websites, McSafe (Protocols, Posters,
Trainings).

#### Stakeholder

#### Guests

Dialogue mechanisms

Tell us how we did, Open Doors Social Impact and Sustainable Development Report, Customer Service Line, Arcos Dorados website, Recipe for the Future website McSafe (Posters).

#### Stakeholder

# Community (neighbor or NGO representative)

Dialogue mechanisms

Tell us how we did, Open Doors, Social Impact and Sustainable Development Report, Arcos Dorados website, Recipe for the Future website.

#### Stakeholder

#### **Government entities**

Dialogue mechanisms

Financial Statements, Form 20-F, Social Impact and Sustainable Development Report, Arcos Dorados website.

#### Stakeholder

#### **Customers**

Dialogue mechanisms

Tell us how we did Open Doors Social Impact and Sustainable Development Report Customer Service Line Arcos Dorados website Recipe for the Future website McProtected (Posters).

#### Stakeholder

#### Media

Dialogue mechanisms

Press Releases, Interviews, Public Relations Events, Social Impact and Sustainable Development Report, Arcos Dorados website, Recipe for the Future website, Financial Statements, Form 20-F.

#### Stakeholder

#### Supplier or distributor

Dialogue mechanisms

Supplier meeting, Supplier Portal, Open Doors, Social Impact and Sustainable Development Report, Arcos Dorados and Recipe for the Future websites.



# How do we define the contents of the report?

Every year, we conduct a materiality exercise to ascertain stakeholders' views of the most relevant environmental, social and economic topics for sustainable management, as well as those about which they wish to learn more.

The exercise is conducted in accordance with the recommendations of the Global Reporting Initiative standards and based on the materiality defined by the SASB indicators for the restaurant sector.

#### **METHODOLOGY**

#### REVIEW

Industry benchmarking and analysis of material issues from the prior period.

We decided to include the topics "Packaging and recycling (Circular Economy)", and "Ethics and Integrity and fight against corruption". Other material topics were renamed in order to more precisely define the scope of their management.

#### PRIORITIZATION

Evaluation of material issues by company decision-makers.

11 management board members participated in the prioritization process.

#### VALIDATION

Consultation with the organization's stakeholders on material issues.

<b>974</b> Brazil	<b>547</b> Argentina	<b>1,466</b> Clients	<b>725</b> Employees
188 Colombia	181 Others	<b>80</b> Suppliers	<b>37</b> Others
158 Puerto Rico	143 Costa Rica	<b>36</b> Media	<b>34</b> Franchisee
133 Chile	<b>86</b> Mexico	<b>21</b> Community	3 Shareholders

#### **ANALYSIS**

Consideration of suggestions from stakeholders.

In the validation process, we asked about the key issues and concerns that our stakeholders felt should be included in addition to the Company's priorities. Most of the responses could be categorized under material issues already listed, such as recyclable packaging or elimination of plastic straws (Packaging and recycling), food safety (Food safety and security), and vegetable oil recycling (Responsible resource management).



### **Materiality Matrix**

This report was drafted based on the material issues prioritized by Arcos Dorados and validated with the Company's stakeholders. ✓



Importance of economic, environmental and social impacts

- Food safety and security

  EXTERNAL
- Human rights and fair labor practices

  EXTERNAL AND INTERNAL
- **Ethics and Integrity and the fight against corruption**EXTERNAL AND INTERNAL
- Youth Employment
  EXTERNAL AND INTERNAL
- Health and Safety of our people
  INTERNAL
- Packaging and recycling (Circular Economy)

  EXTERNAL
- Nutrition and Responsible marketing EXTERNAL
- Responsible resource management EXTERNAL AND INTERNAL
- 9 Diversity and inclusion EXTERNAL AND INTERNAL

Culture and work environment

- Responsible sourcing
  EXTERNAL
- Support to the local community EXTERNAL
- Sustainable and deforestation-free livestock raising EXTERNAL
- Climate change
  EXTERNAL

- Commitment to Families
- Youth Opportunity
- Governance
- Sustainable Sourcing
- Climate Change
- Diversity and Inclusion
- Circular Economy



# DELICIOUS AND ACCESSIBLE MOMENTS FOR EVERYONE

Arcos Dorados Holdings Inc. is an independent McDonald's franchisee operating the largest quick-service restaurant chain in Latin America and the Caribbean. We have the exclusive right to own, operate, and grant McDonald's restaurant franchises in 20 countries and territories in the region, with more than 2,200 restaurants that employ more than 80 thousand people. We are also a public company. In April 2011, we started trading on the New York Stock Exchange (NYSE) under the ticker symbol ARCO.

We consolidated our position in the region in 2007 and since then remained focused on the commitments that guided our path: food quality and transparency, formal employment for young people, community support, sustainable sourcing and environmental practices, diversity and inclusion, and innovative experiences for the whole family.

#### **VISION**

To be recognized for offering the best experience in each of our restaurants on a daily basis, generating value for our people and shareholders.

#### **MISSION**

To serve quality food while generating delicious and accessible moments for everyone.

#### **OUR VALUES**

- We deliver quality, service and cleanliness to our guests.
- We are a results-oriented company with an entrepreneurial spirit.
- We promote meritocracy and teamwork.
- We value differences and foster inclusion.
- We operate responsibly and ethically.
- We contribute to the development of the communities in which we operate.

We know how important delicious food is in bringing families together, to share moments and create lasting memories.

### **New divisions**

In 2021, we reorganized our operating areas and went from four geographic divisions to three, a change that allowed us to gain operational agility.

- Brazil
- South Latin American Division (SLAD):
  Argentina, Uruguay, Chile, Peru, Ecuador,
  Colombia, Venezuela, Trinidad & Tobago,
  Aruba, and Curação.
- North Latin American Division (NOLAD):
  Panama, Costa Rica, Mexico, French
  Guiana, Puerto Rico, Martinique,
  Guadeloupe, St. Croix, and St. Thomas.



#### **OUR MENU**

We greet our guests with quality, safe, and sustainable food to create delicious moments for more and more people. Therefore, we strive to offer a menu that includes innovative products while remaining committed to food safety and nutritional balance.

Our main menu includes well-known items loved by guests worldwide in restaurants all over Latin America.



Beverages

Fries and side dishes

Hamburgers

Chicken Line



Signature Line

Happy Meal

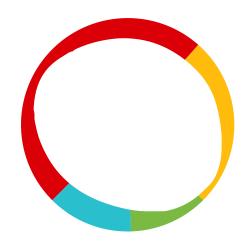
Desserts

McCafé

#### **OUR RESTAURANTS**

Our restaurants are the place where the magic happens. We connect with each guest by caring for their well—being, protecting their family, and multiplying smiles and unique moments.

We operate four different restaurant formats<sup>1</sup>:



#### 49.1% | Free-standing restaurants

These are the largest and most complete restaurants, typically showcasing all of our sales segments and menu offerings, including drive-thru service and on-site parking.

#### 12.1% | In-store restaurants

These are typically street-facing as part of a larger building, but they do not include drive-thru service or on-site parking.

#### 25.7% | Food court

Restaurants located in malls consist primarily of a front counter and kitchen and share seating with other restaurants.

#### 13.1% | Mall store restaurants

Also located in malls but, unlike Food courts, Mall stores offer their own seating areas.

1 As of the end of 2021

#### **NEW FLAGSHIP STORES**

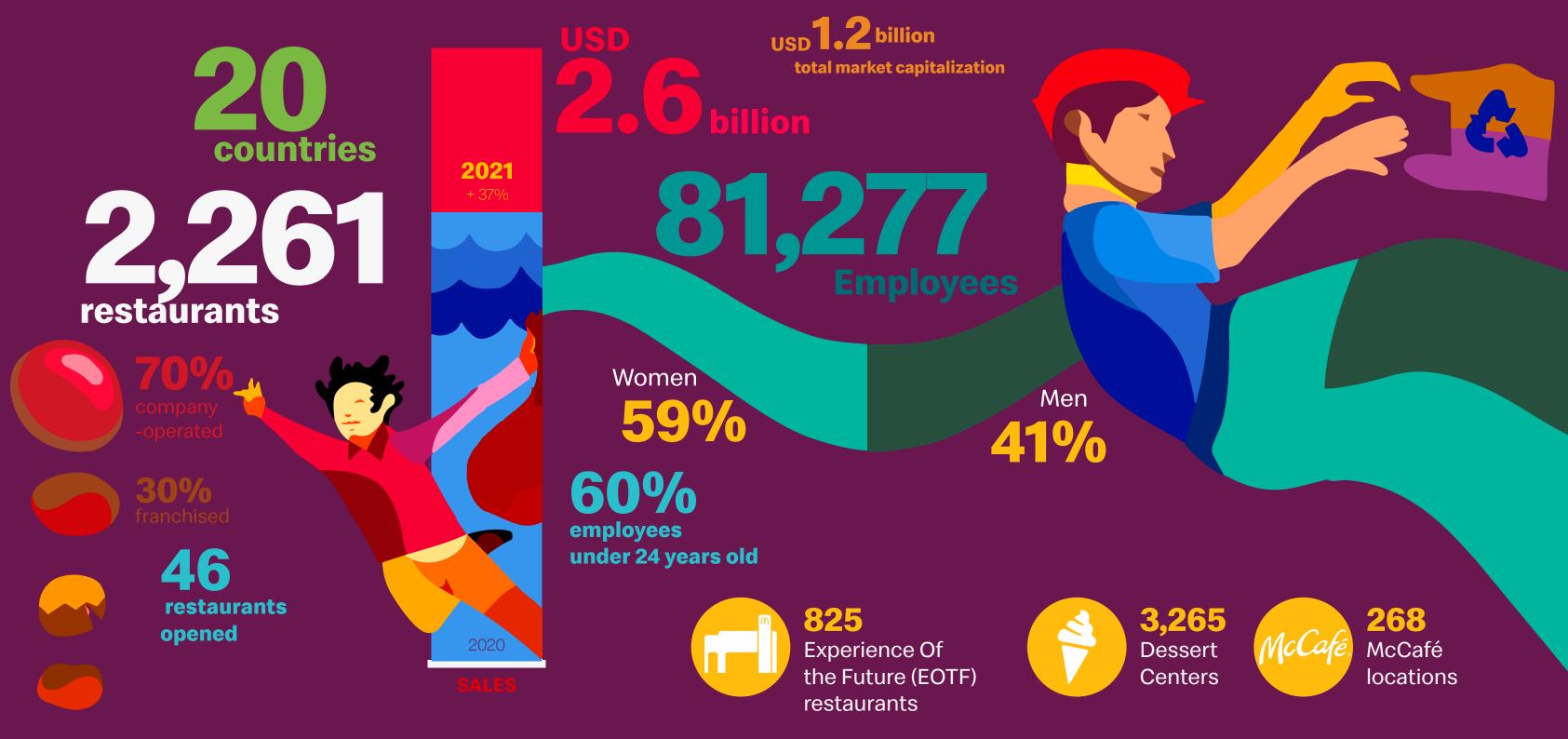
In 2021, we opened two flagship stores in Colombia and Mexico. Our restaurant in Parque de la 93 in Bogota is the Brand's first restaurant to incorporate the 25 sustainable initiatives announced in 2020 for all new restaurants and remodeling. It has features that include high-efficiency air conditioners with non-polluting refrigerants, water flow reducers and sustainable building materials, among others. Parque de la 93's drive-thru has a mural dedicated to Recipe for the Future, made by Colombian artist Ledania, that depicts the pillars of our ESG platform.

Our Polanco restaurant, in Mexico City, also reopened in 2021 after three years of investments with a local developer, aimed at reactivating the economy in that section of the city. With 16 sustainability initiatives and 80 new jobs for people under the age of 25, Polanco is an example of sustainable development to be followed in other markets.





# **IN FIGURES**





# LEADING INDUSTRY PLAYERS

As one of the region's largest restaurant companies, we have the responsibility to address some of the most pressing challenges of our time.

We embrace this opportunity to lead by example and make a meaningful change. With that in mind, we are signatories and active members of several initiatives, including:

- Carbon Disclosure Project (CDP)
- Business Council for Sustainable Development Argentina (CEADS)
- Companies for Sustainable
   Development (DERES Uruguay)
- Business Commitment for Recycling (CEMPRE Chile)
- Business Commitment for Recycling (CEMPRE Uruguay)
- Brazilian Roundtable on Sustainable Livestock (GTPS Brazil)
- Argentine Roundtable for Sustainable Beef (MACS Argentina)
- Extended Producer Responsibility (EPR)
- "Vision 30/30" Colombia (ANDI)

#### SUSTAINALYTICS ESG RISK RATING REPORT

In 2021, we celebrated the improvement of our qualification in the annual Sustainalytics ESG Risk Rating Report from an average of 26.1 to 24.8 points and maintaining our BB rating. The rating offers clear insights into company-level ESG risk by measuring the size of an organization's unmanaged ESG risk.

The 1.3 points improvement is the result of our efforts in 2021 to further improve our impact on people and the planet. The score determines our risk exposure levels and response capacity in the 20 countries we operate.

# ONE OF THE COMPANIES MOST COMMITTED TO YOUTH IN 2021

The International Youth Organization for Ibero-America (OIJ) and the International Organization of Human Capital Managers (DCH) included Arcos Dorados in its Top 10 ranking of Companies Committed to Youth.

The ranking, which recognizes private sector companies that promote solutions that support young people in their transition to working life and in building their independence, highlighted our efforts to combat youth unemployment in the markets where we operate.



# PURSUING OUR RECIPE FOR THE FUTURE

At Arcos Dorados, we take on the challenges facing society and the planet today by developing innovative approaches to resolve these issues actively. Recipe for the Future is our Environmental, Social and Governance platform designed to address the issues we believe we have the best opportunities to achieve significant positive change.

The Recipe for the Future is at the heart of our values; it is the opportunity we have to leave a collective mark together with millions of guests, employees, suppliers, and other restaurant companies worldwide.

As leaders in the region, we seek to generate a change that balances the needs of people, animals, and the planet. We assume the responsibility of ensuring the well-being of our community by offering highly-nutritious food to families, supporting youth opportunities, guaranteeing a sustainable supply chain, and minimizing our environmental impact.

Recipe for the Future is a company-wide platform that seeks to inspire change in the communities we serve. On the platform's website, we share updated information about our Social, Environmental and Sustainable Development programs, including a "Learn More" section that features inspiring content about sustainability topics, such as circular economy, Sustainable Development Goals (SDG) and climate change.

RECIPE FOR THE FUTURE WEBSITE



# **RECIPE FOR** THE FUTURE'S **PILLARS**

#### YOUTH OPPORTUNITY

We offer thousands of young people an opportunity to gain their first formal job experience.

#### Commitments

Increasing access to the formal labor force for more than 2 million young people by 2025.









### **COMMITMENT TO FAMILIES**

We keep our commitment to families with menu options for all needs improving their quality of life.

#### Commitments

Removing all artificial flavors, colors, and preservatives, wherever possible.



Maintaining transparency by ensuring nutritional information is easily available to our guests.



Following responsible marketing practices.





## DIVERSITY AND INCLUSION

We promote a diverse workplace that encourages respect and welcomes the participation of all people.

#### Commitments

Training all company employees on sexual diversity, especially focusing on our restaurant teams by 2021.



Certifying all our restaurants as "Free from Discrimination" by 2021.









#### **RECIPE FOR THE FUTURE'S PILLARS**

#### **SUSTAINABLE SOURCING**

We promote animal welfare and procure ingredients produced while respecting the environment.

Commitments

Transition to source cage free eggs by 2025.

#### IN PROGRESS<sup>3</sup>

Eliminate the use of antibiotics classified as critical to human health (HPCIA) by the WHO from all chicken served in our restaurants by 2027.



Brazil commitment date 2018



Eliminate deforestation from our supply chain by 2030.

#### IN PROGRESS<sup>5</sup>









#### **CLIMATE CHANGE**

We implement initiatives to reduce the impact of our operations on the environment.

Commitments

Implementing the Sustainable Development Program in 100% of our restaurants by 2025.



Reducing greenhouse gas emissions (GHG) by 36% in all restaurants and offices by 2030.

Reducing supply chain GHG emissions by 31% in collaboration and partnership with our suppliers by 2030.

✓ IN 2021 WE ESTABLISHED OUR **BASELINE. FROM NOW ON, WE'LL** REPORT OUR EVOLUTION











#### **CIRCULAR ECONOMY**

#### We accelerate the transition to renewable materials and changes in habits in restaurants.

Commitments

Guaranteeing by 2020 that 100% of fiberbased packaging comes from recycled or certified sources where no deforestation occurs.



of our primary fiber-based guest packaging, was sourced from recycled or certified1 sources and supported deforestation-free supply chains in 2021.

Recycling customer packaging in 100% of our McDonald's restaurants by 2025.



By the end of 2025, all of our guest packaging will come from renewable, recycled or certified sources.

BY THE END OF 2021, WE WERE **APPROXIMATELY 90% OF THE WAY TOWARD OUR GOAL<sup>2</sup>** 







1 Fiber. Scope: Primary fiber-based packaging refers to packaging items that are used to package guest food on premises at McDonald's restaurants. Certification schemes FSC, PEFC. McDonald's requires all wood fiber sourced from Argentina to be Forest Stewardship Council® (FSC®) Certified or FSC Controlled Wood sources with full chain of custody certification

2 Our packaging base consists of plastic and fiber. Considering certified fiber to be 90% of our packaging base, we are at 90% progress to achieve this goal. 3 Due to efficiency measures as a consequence of COVID-19, our egg consumption in Latin America decreased and egg was temporarily eliminated from some countries. (see page 29)

4 Reference to Mc Donald's 2017 Vision for Antibiotic

5 We are proud to have substantially achieved the goals on the priority raw materials, which we buy in the greatest volume and/or where we can have the biggest impact: beef, soy for chicken feed, palm oil, coffee, and fiber-based guest packaging. (see page 26)





# CORPORATE GOVERNANCE STRUCTURE

Good corporate governance practices are deeply connected to our values. Arcos Dorados' corporate governance consists of a Board of Directors and a Senior Leadership Team. Our Board of Directors and Senior Leadership Team exercise the authority delegated by vote at the Company's Annual Shareholders' Meeting. The Board of Directors and Senior Leadership Team are charged with managing the company and establishing its strategic direction. The Company complies with all US Securities and Exchange Commission regulations as a Foreign Private Issuer listed on the New York Stock Exchange (NYSE).

The Board of Directors is in charge of overseeing the Company's strategic direction and Management. The Board of Directors is composed of ten members, four of whom are independent. It is directly responsible for decision-making on economic, environmental, and social issues and receives guidance and assistance from different Company committees. In case of a tie vote on any corporate matter, the Executive Chairman of the Board shall have the deciding voice.

Our Senior Leadership Team is responsible for managing and representing the Company. We have a strong team of sixteen members with extensive experience in product development, real estate development, supply chain management, operations, finance, environmental, social and governance ("ESG"), marketing, legal affairs, human resources, communications, information technology and training. Most have worked in the food industry for several years, and many have a long history with McDonald's operations in Latin America and the Caribbean.

We lead our business with integrity, honesty, and fairness for our guests, employees, and suppliers. These values help our business and company responsibly grow while contributing to our development as professionals and fulfilling our mission.



# **Board of Directors Composition**



#### **DISTRIBUTION BY GENDER**

80% | Male 20% | Female



#### **DISTRIBUTION BY AGE**

10% | Between 31 and 50 years old 90% | More than 51 years old



#### **DISTRIBUTION BY NATIONALITY**

80% | Latin American

20% | Other

# **Leadership Team Composition**



#### **DISTRIBUTION BY GENDER**

81% | Male 19% | Female



#### **DISTRIBUTION BY AGE**

44% | Between 31 and 50 years old 56% | More than 51 years old



#### **DISTRIBUTION BY NATIONALITY**

94% | Latin American

6% | Other

FIND MORE INFORMATION
IN THE 20-F



# **Committees from the Board of Directors**

#### **AUDIT COMMITTEE**

The Audit Committee is made up of three independent directors, and its purpose is to assist the Board of Directors in matters of external auditing, internal control, financial information, and communications to third parties.

#### **COMPENSATION AND NOMINATION COMMITTEE**

Composed of three directors, this committee evaluates compensation and benefits policies and approves corporate goals and objectives for compensation, among others.

#### **FINANCE COMMITTEE**

Made up of three directors, this committee assists the Board of Directors in the fulfillment of its responsibility to shareholders with respect to best practices, policies and strategies related to the Company's financial affairs, among others.

#### **ETHICS COMMITTEE**

Responsible for supervising the implementation of and compliance with the Standards of Business Conduct, this committee consists of corporate leaders from the Human Resources, Legal, and Internal Audit teams.



# **Our Standards of Business Conduct**

We guide our conduct as corporate citizens by ensuring the ethics and integrity of every action, and the fight against corruption.

The Standards of Business Conduct were approved and adopted by the Board of Directors of Arcos Dorados Holdings Inc. and its subsidiaries and affiliates. They apply to all employees, including those with temporary contracts, and directors of the Company. These standards guide our company's legal responsibilities and ethical commitments and constitute essential principles of conduct that represent our policies. They provide us with guidance and direction to help us make the right decisions.

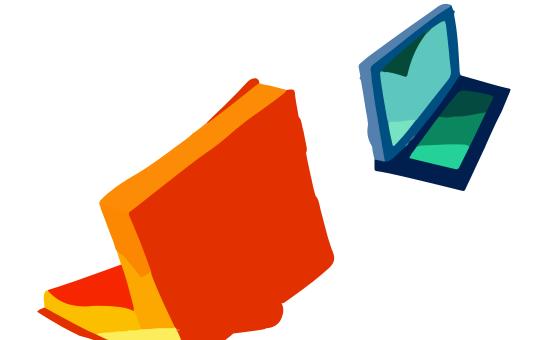
The Standards of Business Conduct, together with several specific policies, such as Computer Security, Hiring, Social Networks, Purchasing, Donations, Risk Management, among others, constitute a reference guide for our behavior towards guests, suppliers, operators, and local communities, and reduce the probability of inappropriate conduct.

The Ethics Committee is responsible for supervising the implementation of and compliance with these standards. It has support from the Corporate Internal Audit and the Legal Department, who advise on all issues related to this matter. The Corporate Internal Audit and Legal teams are available to answer any questions about the Standards of Business Conduct or analyze potential violations thereof.

Annually, office staff members of Arcos Dorados must complete the "Course and Certification on Standards of Business Conduct" to reinforce knowledge of the standards and anti-corruption and anti-money laundering practices. This is specifically to ensure they understand the laws (FCPA/OFAC) our company must comply with as a Foreign Private Issuer listed on the New York Stock Exchange (NYSE).

During the reporting period, we assessed our operations for risks related to corruption. The Company has controls audited by Ernst & Young (EY), an external auditing firm, as reported in its Form 20-F. In 2021, we had no incidents of corruption reported, and we did not receive any legal actions regarding anti-competitive behavior, anti-trust, or anti-monopoly legislation.

ACCESS THE STANDARDS OF BUSINESS CONDUCT



### SCOPE OF THE COMMUNICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES¹ ✓

	<b>BOARD OF DIRECTORS</b>	SENIOR LEADERSHIP TEAM	STAFF <sup>2</sup>	TOTAL
BRAZIL	-	-	621 (28.6%)	621 (28.6%)
SLAD	-	-	663 (30.5%)	663 (30.5%)
NOLAD	-	-	472 (21.7%)	472 (21.7%)
CORPORATE	10 (0.5%)	15 (0.7%)	317 (14.6%)	342 (15.7%)

#### **ETHICS LINE**

The Ethics Line is an unbiased, simple, and formal communication channel to report potentially fraudulent or corrupt acts. Its purpose is to provide a channel for internal communications on potential irregularities, ensuring the confidentiality of the information and the complainant's anonymity.

Resguarda, a third-party provider, manages and administers the complaint process. They receive and oversee the upload of all allegations via the website, which the Internal Audit Department uses to conduct investigations and to ensure an appropriate conclusion. Every potential irregularity is reported to the Ethics Committee.

The number and nature of complaints received in 2021 are disclosed in the Our Team chapter.



○ 0-800 free by country

□ country-customized

<sup>1</sup> Crew members are not reached by these communications. Local management of each division is considered in the staff. 2 Rest of staff excluding the Senior Leadership Team.





# VALUE PROPOSAL



# A MEAL THAT MAKES EVERYONE SMILE

At Arcos Dorados, we take great care to ensure that we serve safe, quality food every day to our guests. To achieve this, we carefully select the ingredients we use to prepare our food and work side by side with the suppliers in our value chain.

Our commitment to the sustainability and traceability of the products we sell guarantees that every process involved in our value chain aligns with our values and complies with international best practices. An Integrated Management System for our supply chain enables the highest possible quality and food safety, competitive market prices that are predictable and sustainable over time, and leveraging local, regional, and global sourcing strategies to gain competitive advantage. This is how we make sure that every meal we offer puts a smile on our guests' faces.

Our menu evolves along with our guests' expectations, focusing on how the food is produced, what goes into it, and how it is prepared.

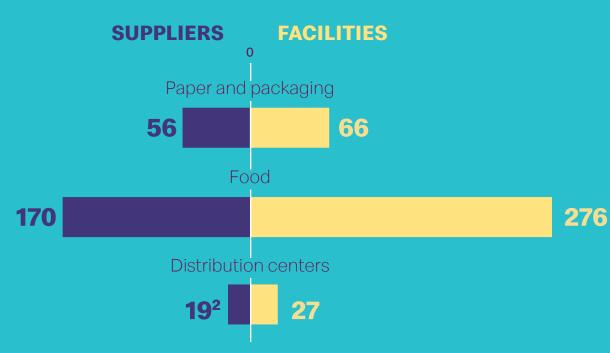
We are committed to promoting local supply chains because this is a way to contribute to the socioeconomic development of the region. We define local as a good that is produced and consumed in the same country or territory. Developing these suppliers generates sources of local jobs, innovation and the improvement of good agricultural and manufacturing practices, and generates close and strong ties with this fundamental part of our value chain. Our critical suppliers -those with the potential to positively impact the environment and the communities around them- are divided into three categories: food, paper and packaging, and distribution centers.





### A meal that makes everyone smile





#### **SUPPLIERS**

Represents all parties that are part of our value chain. A supplier can have several facilities.

#### **FACILITIES**

Represents each of the locations involved in our value chain. Several facilities may correspond to a single supplier.

1 In this context, local refers to nationa

2 The different business names of our distribution providers are considered



2,261
Company operated

678

**Franchised** 



**Drive thru** 



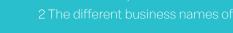
**Dessert centers** 



**McCafé** 



**Delivery** 



### **RESPONSIBLE SOURCING**

# It all starts here, with the responsible sourcing of the ingredients we use to prepare the food we serve.

We are helping to create a future of quality, secure and sustainable food because our guests and communities are concerned about how our food is produced and where it comes from.

We partner with a regional network of suppliers to provide quality ingredients and packaging materials from its origin. By engaging our supply chain, we have greater visibility and can support a more sustainable production so that we continue to serve our guests the delicious meals they love. The areas responsible for managing the environmental and social impact of suppliers are: supply chain, quality and social commitment and sustainable development.

"At Grupo Bimbo we are very proud to be strategic allies of Arcos Dorados, a company with which we share a passion for sustainability, where every decision is made with nature and the communities where we are present in mind. Working hand in hand with our partners for a more sustainable future, with common and increasingly ambitious goals, is an inspiration for us. We thank Arcos Dorados for being a fundamental piece in achieving our purpose of feeding a better world"



#### **RAFAEL PAMIAS**

Chief Sustainability Officer (CSO) and Deputy General Director of Grupo Bimbo

### **Supplier Assessments**

To ensure that our suppliers are aligned with our values and operating method, we require them to agree and sign the Supplier Code of Conduct. This document includes our core values and principles of conduct in four fundamental areas:

#### **HUMAN RIGHTS**

With guidelines according to the UN Declaration of Human Rights, freedom of association, employment practices, fair treatment and anti-discrimination, among others.

#### **WORKPLACE ENVIRONMENT**

Stating that suppliers shall ensure that all workers receive communication and training on emergency planning and safe work practices.

#### **ENVIRONMENTAL MANAGEMENT**

Specifying that suppliers are responsible for managing, measuring and minimizing the environmental impact of their facilities.

#### **BUSINESS INTEGRITY**

With statements on evaluations, anti-bribery, confidentiality, among others.

We comply with McDonald's Corporation policies and commitments. This means engaging with suppliers so that they can meet the high-quality standards of the company, like the International Organization for Standardization (ISO), the standards of the British Retail Consortium (BRC), and others that cover aspects like cleanliness, consistency and punctuality of the product, meeting or exceeding all local food regulations.





Suppliers are subject to third-party audits to ensure compliance. Their performance in these audits allows us to track and reinforce their environmental and social performance and the continuity of the commercial relationship. Therefore, we work side by side to support our suppliers' development and improvement.

Standards criteria required from our suppliers:

#### **SOCIAL WORKPLACE ACCOUNTABILITY (SWA)**

Addressed to food, packaging, distribution, marketing, and main uniform suppliers; the frequency depends on audit results. Covers four broad topics: business integrity; human rights and labor standards (including involuntary, prison, forced, and underage labor); workplace environment; and environmental management. It addresses no child labor and employees under 18 years and no forced or compulsory labor. Both issues are audited. In accordance with the last two years' results, there were no incidents in this area.

Facilities with self assessment

#### **SUPPLIER QUALITY MANAGEMENT SYSTEM (SOMS)**

Addressed to food suppliers, with annual frequency.

Contains fundamental requirements and good manufacturing practices for suppliers to deliver safe and high-quality products that consistently meet our requirements and applicable laws and regulations.

**Facilities** 

#### PACKAGING SUPPLIER QUALITY MANAGEMENT SYSTEM (PQMS)

Addressed to packaging suppliers, with annual frequency.

Covers the minimum hygiene requirements that all people, including full-time employees, temporary employees, contractors, subcontractors and visitors must adhere to. In this way we avoid sources of product contamination, and control and maintain compliance with Good Manufacturing Practices (GMP).

**Facilities** 

In 2021, we detected 22 red results in only 20 of our suppliers' facilities. A red result arises when critical findings are detected during the audit. When this happens, the supplier must develop an immediate action plan. After a maximum of 6 months from the implementation of the corrective actions, a re-audit is conducted to review its critical result. Some of the main non-conformities detected during the audits were emergency exits blocked or locked and an insufficient number of emergency exits, among others. Eighteen re-audits were completed successfully, and the two facilities with a repeated red result were delisted.

100% new suppliers screened using social criteria 16 suppliers



<sup>1</sup> Self-Assessment is a process that all suppliers must perform annually.

These firms are approved by McDonald's Corp. The frequency of the audit depends on the results obtained in the previous year. 2 There are packaging suppliers that do not perform PQMS audits because they are certified under a Global Food Safety Initiative scheme.

<sup>3</sup> SWA third party audited.

### **Certified** Raw **Materials**

Aligned with McDonald's Corporation, we support sustainable food production. conservation of forests and are committed to driving industry transformation. We concentrate our efforts on guaranteeing priority raw materials are sustainably sourced.

When available, we apply to specific internationally recognized certifications that ensure traceability, responsible production and socio-environmental management for each of them.

#### SUSTAINABLE SOURCED RAW MATERIALS



#### BEEF<sup>1</sup>

#### **Brazil and Argentina**

Must meet the criteria of the McDonald's Deforestation-Free Beef Procurement Policy (DFBPP) and the McDonald's Commitment on Forests.

TOTAL 99.7%

Beef purchased from direct suppliers complies with the **DFBPP** 

**Argenting** 99.83% Brazil

99.55%



#### **CHICKEN<sup>2</sup>**

#### Latin America

All soy for chicken feed sourced from highdeforestation priority regions is compensated by book and claim credits. Arcos Dorados supports responsible sov production by purchasing Round Table on Responsible Soy (RTRS) credits.

100%

from certified sustainable sources



#### PALM OIL<sup>3</sup>

#### Latin America

While we do not use palm oil in our restaurants, we work with our suppliers to guarantee that IF they use Palm Oil, it is certified under the Roundtable on Sustainable Palm Oil (RSPO) standards.

100%

from certified sustainable sources



#### COFFEE<sup>4</sup>

#### Latin America

Must be certified by Rainforest Alliance. UTZ, Fair Trade USA, or Fair Trade International Certification.

98.5%

from certified sustainable sources

#### **FISH**

#### Costa Rica, Puerto Rico, US Virgin Islands

We only serve fish in these countries. Our suppliers are responsible for maintaining sustainably raised fish stocks, minimizing the impact of fishing and conserving the environment.

100%

from certified sustainable sources



#### **FIBER-BASED** PACKAGING<sup>5</sup>

#### **Argenting**

Any primary fiber supply must be sourced from Forest Stewardship Council® (FSC) Certified or FSC Controlled Wood sources with complete chain of custody certification.

FOREST STEWARDSHIP COUNCIL® (FSC)

#### Rest of Latin America

We also allow the Programme for the **Endorsement of Forest** Certification (PEFC) as a certification body.

100%

from certified sustainable sources

97.9%

included facility-level certification with FSC CoC



- 1 Beef, Scope: Countries with regions currently identified as high-deforestation priority regions for beef include Brazil, Paraguay, Argentina, and Australia. Exclusions: Beef used as secondary ingredients in McDonald's products, for example as flavoring in a sauce.
- 2 Soy (for chicken feed). Scope: Countries with regions currently identified as high-deforestation priority regions for soy include Argentina (Chaco biome), Brazil (Amazon and Cerrado biomes), and Paraguay (Chaco biome).
- 3 Palm Oil. Scope: All countries are currently identified as high-deforestation priority regions for palm oil. We don't use Palm Oil in our direct ingredients. It may have in industrialized indirect ingredients. Exclusions: Palm oil used as secondary ingredients in McDonald's products.
- 4 Coffee. Scope: Includes all ground and whole bean coffee.
- 5 Fiber. Scope: Primary fiber-based packaging refers to that are used to package guest food on premises at McDonald's restaurants. Certification schemes FSC, PEFC. McDonald's requires all wood fiber sourced from Argentina to be Forest Stewardship Council® (FSC®) Certified or FSC Controlled Wood sources with full chain of custody certification.



89.4%



of the total coffee volume is Rainforest Alliance certified.
Argentina, Brazil, Chile, Uruguay, Costa Rica, Mexico, Colombia and Ecuador are all under this certification, which transforms
Arcos Dorados into a benchmark for Latin America.

We work with the Rainforest Alliance team to make a difference in coffee production processes, and we are committed to creating a world where people and nature thrive in harmony.

#### **CHEESE SUPPLIERS**

Cheese is an important ingredient on our menus. In Panama, Costa Rica, Puerto Rico, Colombia, Aruba, Curacao, Trinidad and Peru the cheese we served is made with certified milk that comes from U.S. farms with the Farmers Assuring Responsible Management Program (FARM) certification.

More than 2,000 tons of our cheese is produced by suppliers who ensure the highest standards for animal care and wholesome milk through the FARM Animal Care Program.





Vice President and General Manager
– Latin America, Schreiber Foods







# **Animal Health and Welfare**

We serve beef, chicken, pork and eggs in our menu. Over the years, with the continuous support from animal behavior experts, academia, suppliers, and other stakeholders, we have developed leading practices, policies and procedures to evolve towards the well-being and appropriate husbandry of animals in our supply chain. As such, through third party audits in direct protein suppliers and slaughterhouse facilities, we assess, identify and tackle potential issues, ensuring animal welfare polices are carried out appropriately.

Our audit program was designed to guarantee good manufacturing practices, high quality standards and responsible antibiotic use. It ensures humane treatment of animals, which adhere to Professional Animal Auditor Certification Organization (PAACO) guidelines. In addition, all our raw material protein suppliers, listed in the global Approved Supplier List (ASL), also follow McDonald's requirements.

100%

of our suppliers of beef, pork, poultry, and egg-laying hens have been audited for their animal welfare practices

### 88 suppliers

The slaughterhouses are audited annually by third party audit firms under the following protocols of Good Manufacturing Practices¹ (Chicken/Beef/Pork), Hazard Analysis Critical Control Point Standard (HACCP)¹ (Chicken/Beef/Pork), Traceability Requirements¹ (Chicken/Beef/Pork), Animal Health & Welfare Audit Standards (Chicken/Beef/Pork)², BSE Firewall (for all Beef Slaughterhouses), and Supplier Workplace Accountability Self-Assessment and audit.

1 May be covered via GFSI Certification in markets where GFSI benchmarked standard/scheme is approved by McDonald's GQS 2 May be covered by an approved industry identified equivalent standard where approved by McDonald's GQS

Our direct suppliers are responsible for monitoring the performance of their Raw material supplier/s in areas included, but not limited to, on-time delivery, defect levels, specification compliance, among others.

Arcos Dorados jointly works with pork suppliers and producers to develop plans to reduce the use of gestation stalls for sows, therefore promoting alternative group housing. We remain committed to working with our suppliers to better address the situation and work on opportunities for improvement.

"For BRF, Sustainability is in our Culture and guides our 2030 Vision, our business strategy and the day—to—day management of our activities. We reinforce our commitments to sustainable supply with all our customers through actions involving policies, guidelines, training and internal programs based on the best ESG practices in the market. We are delighted to reinforce our commitment to the ESG agenda, for example, with 400% of the units that serve our client Arcos Dorados certified by a third party in Animal Welfare and Social Responsibility. In 2021, we highlight that the unit in Toledo in Paraná, Brazil, was recognized by Arcos Dorados as the best supplier in the network for the year — with maximum marks for social responsibility."



#### **MARIANA MODESTO**

Director of Sustainability, Environment and Animal Welfare at BRF





#### **CAGE-FREE EGGS**

In 2021, we simplified our menu and focused on the customers' most relevant items, which included temporarily removing eggs from some countries' menus. We continue working with our shell egg suppliers to transition to cage-free eggs by 2025.

For the second consecutive year, we participated in the new edition of the Monitor of Corporate Initiatives for Animals by Mercy for Animals (MICA). We are proud to have maintained the Bronze position.



#### **RESPONSIBLE ANTIBIOTIC USE**

Arcos Dorados joins the McDonald's commitment to the responsible use of antibiotics according to guidelines set out by the World Health Organization (WHO), the World Organization for Animal Health (formerly the OIE) and other recognized public and animal health bodies.

Our efforts to address antimicrobial resistance within our supply chain is highlighted in Mc Donald´s revised 2017 Vision for Antibiotic Stewardship policy (VAS). This document outlines our approach to responsible antibiotic use and commitment to deploy any of species-specific -Chicken, Beef and Pork- policies where applicable.

In Brazil, we eliminated the use of antibiotics, defined by the World Health Organization (WHO) as Highest Priority Critically Important (HPCIA) to human medicine, from all chicken served since 2018.

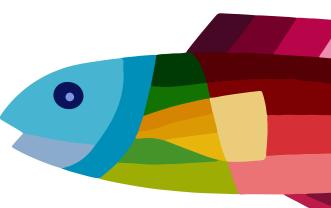
Animal protein suppliers who have signed the commitment to the Responsible Use of Antibiotics Policy<sup>1</sup>

100%

Beef

100% Chicken 100% Pork

VISION FOR ANTIBIOTIC STEWARDSHIP (VAS)



Total number of suppliers that have signed the responsible antibiotic use policy.

1 Does not include Venezuela. The policy includes the list of Critically Important Antimicrobials for Human Medicine by the World Health Organization.





# Sustainable and deforestation-free livestock raising

As one of the largest buyers of beef in the region, we have taken on the responsibility of partnering with the beef value chain, which includes producers, industry, feedlots, NGOs, and academia, to move towards the entire beef value chain more sustainable and science-based production practice that protects the environment and promotes animal health and welfare. As a result, we have led working groups with different stakeholders in our main markets.

We participate in spaces for dialogue and debate on technical issues, such as the national round-tables for sustainable beef in Argentina and Brazil. This makes us part on the processes to develop and continuously improve the performance of sustainability in the beef supply chain.

In Argentina we are on the Steering Committee of the Argentine Roundtable for Sustainable Beef (MACS), and in Brazil we are on the board of members of the Brazilian Roundtable on Sustainable Livestock (GTPS). Both roundtables are part of the Global Roundtable for Sustainable Beef (GRSB) and include of representatives from different players of the all-beef value chain.





"Argentina has the opportunity and the need to differentiate its beef production, ensuring production that respects people and nature. Arcos Dorados is a pioneer in the industry, and we have seen the increase in their ambitions regarding beef sustainability by participating in MACS (Argentinean Roundtable for Sustainable Beef), showing why multi-stakeholder platforms are an integral piece in advancing the sustainability agenda."

#### **MANUEL JARAMILLO**

Director of Fundación Vida Silvestre Argentina





### We forests

Forests play an essential role in reducing the risk of natural disasters such as floods, droughts, landslides, and other extreme events. They mitigate climate change by sequestering carbon, contribute to the balance of oxygen, carbon dioxide and moisture in the air, and protect watersheds, which supply 75% of the world's freshwater.

In addition, forests are the most biologically diverse ecosystems on Earth, supporting more than 80% of terrestrial species of animals, plants. They also provide shelter, employment, and security to forest-dependent communities. As beef is one of the world's most indemand ingredients and requires intensive agriculture. We are committed to bringing industry transformation and supporting deforestation-free supply chains at scale.

We are the only company in the industry that has developed and complies with a Deforestation Free Beef Procurement Policy (DFBPP), an internal policy developed by McDonald's Corporation. With the support of NGOs and other stakeholders, we have identified forests with high deforestation risks and committed to fully preserving them by adopting a DFBPP.

This policy reinforces our commitment to having traceability of the origin of our direct beef suppliers, making sure zero-deforestation criteria is fully met in Brazil and Argentina. As a result, we can trace back the origin of every head of cattle prior to slaughter, which our direct suppliers use to produce our beef patties in countries where deforestation is a serious climate change threat.

"Monitoring cattle suppliers is one of the industry's biggest challenges and is key to reconciling production with a sustainable supply chain. At Marfrig, we pursue the goal of a chain that is 100% tracked and free of deforestation. It is based on the production—conservation—inclusion principle and has three pillars: development of financial mechanisms, technical assistance and adoption of monitoring and traceability technologies. Furthermore, sectorial actions are fundamental to have the engagement of all the players in the supply chain. A clear example is the partnership between Marfrig and Arcos Dorados in the development of a process that ensures the control of raw material from the origin to the end. We believe that only in this way will we achieve a virtuous cycle in the sector, with social and environmental responsibility in the beef supply chain, from the small producers to the consumer."



#### **PAULO PIANEZ**

Director of Sustainability and Corporate Communication Marfrig





99,5% following the policy

18% in low priority areas<sup>2</sup>

13% in other biomes<sup>1</sup>

17,890 km<sup>2</sup>

vegetation monitored

in the Amazon and the

12x the size of São Paulo

Cerrado biome

**BRAZIL** 

99.5%

#### THE DEFORESTATION-FREE BEEF PROCUREMENT POLICY COMPRISE THE DEFORESTATION AND SOCIO-ENVIRONMENTAL ASPECTS OF THE MCDONALD'S **COMMITMENT ON FORESTS, INCLUDING:**

- 1 No deforestation of primary forests or areas of high conservation value.
- No development of high carbon stock forest areas.
- 3 No development on peatlands, regardless of depth, and the utilization of best management practices for existing commodity production on peatlands.
- A Respect human rights.
- Respect the right of all affected communities to give or withhold their free, prior, and informed consent for plantation developments on land they own legally, communally, or by custom.
- Resolve disputes over land rights through a balanced and transparent dispute resolution process.
- **7** Verify the origin of raw material production.
- 8 Support smallholders, farmers, plantation owners, and suppliers to comply with this commitment.

biomes identified as under threat of deforestation in accordance with regular local context.

99.7% Beef sourced from Argentina and Brazil comply with

**CHACO** 

McDonald's deforestation-free beef policy AMAZO

**ARGENTINA** 

99.9%

following the policy 81% in other biomes<sup>1</sup> 2% in low priority areas<sup>2</sup>

5,470 km<sup>2</sup>

vegetation monitored in the Chaco biome 27x the size of Buenos Aires



### **Carbon Disclosure Project partnership**

For the fifth consecutive year, we took part in the Carbon Disclosure Project (CDP) Supply Chain Program, achieving the highest response rates from our suppliers in disclosing their environmental impacts. We asked suppliers, who represent 79% of our regional spend across food, packaging, logistics, and equipment, to report through CDP indicators.

Partnering with CDP enables us to improve risk management, offering a holistic approach for collecting and analyzing risk linked to the commodities we procure.

"Looking beyond a company's own emissions and into the chain of environmental risk is now the only way to leverage change at the speed and scale required. CDP's 2021 Supply Chain report highlights that engaging suppliers on environmental issues does drive change. Arcos Dorados is driving action through its value chain and tracking progress through the CDP Supply Chain program. They are leaders in Latin America working to strengthen suppliers' understanding about responsibility for environmental disclosure and, importantly, for action."

DISCLOSURE INSIGHT ACTION

SONYA BHONSLE

CDP Global Head of Supply Chain

100% CDP Climate Responses

100% CDP Forests Responses

**99%**CDP Water Responses





# DELICIOUS FOOD... AND SAFE!

Once the ingredients arrive at our restaurants, we prepare the menus people love throughout the region. And this is the moment when food safety becomes a maximum priority for us. We take measures to uphold the highest standards for our restaurants, implementing food quality and safety best practices to serve our guests' the safest food and protect our brand. The Quality team within our supply chain structure is in charge of managing these issues and ensuring compliance with our high standards of food quality and safety.

As mentioned before, complying with McDonald's policies and commitments means engaging with our suppliers to support them in achieving our standards, such as those under the Global Food Safety Initiative (GFSI) scope.

Supporting suppliers to deliver safe and high—quality ingredients that consistently meet our requirements and all applicable laws and regulations is an essential aspect of the continued success of the Arcos Dorados System.

Each market is responsible for ensuring that these requirements are met, and monthly monitoring and follow-up of the programs are reported. At the end of the year, an evaluation of compliance is carried out through a supplier Scorecard.



#### **Safe restaurants**

Independent audits are a best practice in the industry that provides a valuable mechanism by which restaurant—guest trust is built through conformity evaluation. The annual third-party auditing process measures adherence to specified and documented procedures and requirements at a point in time. Newly opened restaurants receive their first external audit within the first 3-6 months.

**2021 AUDITS RESULTS** 

2,423 audits performed



#### ...and food

We are deeply committed to food quality and safety. This means strict control in every restaurant. We monitor temperatures when ingredients are received, temperatures in refrigerators and freezers, food cooking temperatures, and secondary shelf life control, among others. Also, on an annual basis, restaurants receive a Restaurant Food Safety Audit (RFSA), performed by an external auditing company.

These best practices resulted in only 15 stock recoveries. All stock recoveries were agreed upon with the suppliers. When a stock recovery occurs, the supplier establishes a root cause analysis and, in cooperation with us, a work plan with the follow-up of Arcos Dorados Quality System.

We are very proud to report that during 2021 we achieved our 0 incidents target of confirmed foodborne illness outbreaks associated with our restaurants.

### **Open Doors**

Since 2014, our "Open Doors" transparency program has offered restaurant tours to show stakeholders the processes we follow behind the counter: from ingredients used to food safety and hygiene processes we implement to ensure the highest quality menu offerings.

In 2021, due to the context of the pandemic, we decided to do things a little differently. On International Transparency Day and under the concept Open to All, we held tours of the Company's kitchens through social networks, allowing for greater interaction with the audience. On the same day, we also held a streaming event through LinkedIn where we interviewed different subject matter experts in the region on topics relevant to the Company, such as nutrition, youth employment and ingredient quality. In addition, we shared the results of a survey of more than 25,000 consumers in Latin America designed to understand how the pandemic changed consumer relationships with brands and the need for greater transparency in processes and issues related to sustainability.

Since the beginning of the program in 2014, the "Open Doors" initiative has allowed some 15 million people in Latin America to get a behind—the—scenes look at our restaurants.





## TAINABLE DEVELOT MENT REI ONT

## NUTRITION AND RESPONSIBLE MARKETING

We are passionate about food. And to us, this means a delicious and safe menu that features different choices of affordable and excellent quality food produced responsibly. In other words, it means we are committed to continuously adapting to what matters to our guests.

We know how important food is in bringing families and people together, so we provide a variety of choices to meet our guests' needs. McDonald's is the strongest brand in the family segment in the region, with greater awareness, preference, and consideration among families with children up to 12 years of age, according to a study conducted by the consulting firm Kantar in 2021.

We are aware that with popularity comes responsibility; therefore, responsible marketing to children is an opportunity to support families and help meet their needs. We achieve this by communicating meal options consistent with applicable nutritional guidelines and meeting applicable local or regional advertising pledges.

Families are at the heart of Arcos Dorados, and we are the number one destination for families.



## ANABLE DEVELOPMENT REPORT

### **Nutritious menus, happy families**

Since 2011, we have been working on creating more nutritious and balanced Happy Meal options. First, we incorporated fruits and vegetables and progressively implemented changes such as sodium, fat, sugar and calorie reductions. We also eliminated added sugar and, in 2021, artificial colors and flavors in ingredients such as cheddar cheese, Big Mac sauce, ketchup, mustard, and vanilla ice cream, among others. According to the World Health Organization (WHO), these changes were endorsed by recognized medical entities and are aligned with the new nutritional requirements for children.

### 100% of our meal options are consistent with applicable national dietary guidelines.

In 2018, McDonald's set five ambitious goals to achieve by the end of 2022 in all markets in a global effort to increase families' access to fruits, vegetables, and low-fat dairy and help them make informed decisions. These goals are clearly and transparently addressed. In this regard, we work with the Alliance for a Healthier Generation and an independent third party to develop an approach to measure and report progress every two years. The last one was published in 2021, with information from 2020, and the next one will be published in 2023, reporting progress through 2022. This is consistent with the verification process established with the Alliance for a Healthier Generation regarding the 2013 commitments.

#### **NUTRITION CALCULATOR**

Our interactive tool, available on the websites of six of our market's McDonald's websites, allows our guests to go through all menus offered locally, understand the nutritional values of their meals, and to what extent they cover their daily nutritional needs as determined by the WHO. The calculator indicates calories, carbohydrates, and nutritional information. We are developing this tool for our remaining markets and expect it to be available at the end of the migration process to the new website platform.<sup>1</sup>





<sup>1</sup> The nutritional calculator is out of service due to a platform redesign process, but all nutritional information is available.



### **The Clean Label Project**

An Arcos Dorados Consumer Insights team study revealed that many parents feel guilty about taking their children to McDonald's. What they value the most is that the food their children eat is free of artificial colors and flavors. However, between 60-70% of kids' parents were unaware of the nutritional changes we have made in the Happy Meal menu since 2011.

In 2021, we launched the Clean Label campaign to communicate to parents one of the things that most concerns them: the food their children eat is free of artificial colors and flavors.

Children are the spokespeople of our campaign -they tell adults about the evolution in the Happy Meal, and they do it in their own way: with humor, innocence, and tenderness.

We are the only restaurant with a Happy Meal menu free from artificial colors or flavors. Children love their Happy Meal, and parents do too.





100%

of advertising impressions, made on children, promoted products that meet their national dietary guidelines



### **A CULTURE THAT UNLOCKS OUR** PEOPLE'S POTENTIAL

One of the most significant challenges organizations face in the 21st century is fostering a work environment where employees feel comfortable and are able to reach their full potential. To accomplish that, we make sure we hear and value all the voices of those who work at Arcos Dorados, allowing them to express their identity and develop personally and professionally.

We have a Safe and Respectful Workplace policy that provides our employees with a healthy, diverse, and inclusive workplace. This policy describes our values and aims to create a work environment free from any form of discrimination, harassment, and retaliation and establishes the guidelines to make people feel safe, secure, and respected.

All teams' work is based on our Service Coolture, a cultural transformation process that redefines and broadens the concept of service. Service Coolture aims not only at what happens at the sales counter but also at everything related to the guest and employee experience. Its purpose is to generate feel-good moments by making things easy for people, promoting smiles, creating opportunities for interactions, and believing that each guest is unique. We feel that is the way to address them.

We track and measure engagement with our culture through an annual survey that assesses each team member's satisfaction level and asks for their suggestions for improvement. Every country has specific goals and targets regarding engagement, while every leader is responsible for building safe spaces and a positive work environment. The results confirm that we are on the right track.

The results confirm that we are on the right track.

91%

satisfaction rate

Employee satisfaction survey 2021 90% participation



### **McProtegidos during** the pandemic

In 2020, we created the McProtegidos, or McSafe, program to train and educate our people on best practices for looking after clients and employees during the pandemic. Its second year of implementation included an integrated health protocol system that ensures we are the safest restaurant to eat and work for guests and staff, reinforcing safety measures we had already implemented at the outset of the COVID-19 pandemic.

McProtegidos received great feedback: 73% of people reached by a customer study conducted in December 2021 in 11 countries trust that our restaurants and employees have the necessary standards of cleanliness to avoid contagion.

94% of our employees

agreed that Arcos Dorados prioritizes the safety and well-being of its employees.

Source: annual cultural survey



### A great diverse team



**81,277** people

95% permanent

59% | Female 41% | Male

temporary

60% | Female 40% | Male

#### **DISTRIBUTION BY AGE GROUP<sup>1</sup>**

93.4%

Under 30 years old

Between Over 50 30 and 50 years old years old

**DISTRIBUTION BY JOB CATEGORY<sup>2</sup>** 

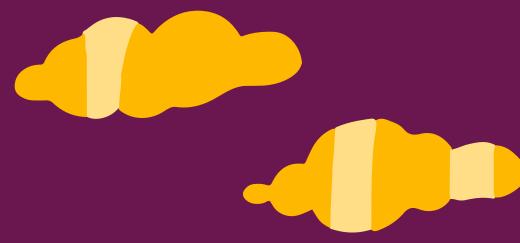
87% **Analysts** 

**Executives** Managers

0.1% Directors

2 Information based only on Brazil Division personnel.

**SLAD** 29,780 employees



**BRAZIL** 

34,524 employees

EMPLOYEES BY CONTRACT AND GENDER ✓	SLAD		BRAZIL
PERMANENT	27,956	16,798	32,765
Female	17,032	 8,927	20,022
Male	10,924	7,871	12,743
TEMPORARY	1,824	175	1,759
Female	1,147	98	1,024
Male	677	77	735
NEW EMPLOYEES ✓			
BY AGE GROUP	20,075	14,742	23,635
< 30 years	19,693	13,946	23,119
31 - 50 years	360	734	499
> 51 years	22	62	17
BY GENDER	20,075	14,742	23,635
Female	12,295	7,695	15,440
Male	7,780	7,047	8,195
TURNOVER			
BY AGE GROUP			
< 30 years	87%	85%	76%
31 - 50 years	13%	21.68%	25%
> 51 years	0.16%	17.68%	15%
BY GENDER			
Female	53%	78%	72%
Male	47%	83%	65%
EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER <			
FULL-TIME	6,131	9377	29,987
Female	 3,350	4,692	 17,997
Male	 2,781	4,685	11,990
PART-TIME	23,649	7,596	4,537
Female	14,829	4,333	3,049
Male	8,820	3,263	 1,488





### Our employee value proposition

We promote a culture of teamwork, respect, responsibility, ethics, inclusion, equal opportunity, and meritocracy across Arcos Dorados. Combined with our corporate culture, extensive training and career development programs, these values ensure that our people take pride in working with us.

We offer our employees a series of benefits aligned with the best practices in each market:

- Medical Coverage
- Life Insurance
- Lunch (refund, snack tickets, discount card)
- Half-day Summer Fridays
- Wellness (gym in office, discount in gyms, and more)
- Training (discounts, scholarships, agreements with educational institutions)
- Recognition (special dates, birthdays, births, marriages, etc.)

Turnover is one of the greatest challenges for organizations worldwide, especially in our industry. One of the main focuses in developing and implementing our value proposal is talent retention. We work to boost our team progress in the Company and reduce the turnover rate by promoting initiatives, such as flexible timetables, educational support, and engagement actions.

We can reflect and work together to improve commitment and retention by sharing these results.





#### **PARENTAL LEAVE**

The benefit is adapted in accordance with the legislation of each country. Moreover, we add an extra period in some of our operations at Arcos Dorados' expense.

18,283 people

Employees that were entitled to parental leave

3,530 people

Employees that returned to work in the reporting period after parental leave ended 3,883 people

Employees that took parental leave

2,479 people

Employees that returned to work after parental leave and were still employed 12 months after their return to work

OL AD	NOLAD	DD 4 711
SLAD	NOLAD	BRAZIL
1,028	915	2,046
307	101	476
865	569	2,046
251	86	476
d after parental le	ave ended	
681	446	1,909
208	72	450
nd were still empl	oyed 12 months aft	ter
520	202	1,225
180	76	336
at took parental le	ave	
78%	76%	60%
82%	84%	94%
	307  865 251  od after parental le 681 208  ond were still empl 520 180  at took parental le	1,028 915 307 101  865 569 251 86  d after parental leave ended 681 446 208 72  Ind were still employed 12 months aft 520 202 180 76  at took parental leave 78% 76%

#### **ALWAYS LEARNING**

At Arcos Dorados, we promote and encourage the continuous development of our team by providing ongoing training activities related to our operations and academic and personal development preparation.

The MCampus platform is our knowledge development tool which offers various training options. In 2021, it incorporated 16 new online courses and provided 362,024 hours of training with digital courses and classroom programs. In addition, at Arcos Dorados, we offer more than 4 million hours of training so that new members of our crew can take onthe-job training.



#### Average hours of training

	HOURS
Management board	1.7
Staff (rest of staff, excluding management team)	3.6
Operations-Business/Restaurant manager and management team	4.9
Operations-Crews	2.7
Total average training per employee	3



### **Hamburger University**

The heart and soul of our organizational culture and training are shaped at our Hamburger University (HU). Located next to our corporate offices in the city of São Paulo in Brazil, HU is one of the leading corporate universities in the region that provides education and talent development for Arcos Dorados. HU offers a continuous education program to the entire value chain, reaching thousands of people per year and turning knowledge into business results.

HU—Hamburger University stands out for promoting three pillars: leadership, performance, and culture. Continuous learning and development mindset generates enjoyable moments of knowledge, learning, and results for our entire value chain.

The University's Virtual Core Curriculum is constantly evolving to provide continuous education and support to boost our people's development. One of this year's novelties was a course for Restaurant Managers available in all of our markets. "Leading Restaurants of Excellence" presented a three-dimensional view of leadership through a better understanding of the process of setting

strategic direction to make the restaurant a place where Service Coolture is a reality for guests and employees.

+6,100 +180 certified leaders courses

### RESTAURANT DEPARTMENT MANAGER TRAINING AND DEVELOPMENT

Our Service Coolture training and development gets stronger every year. We adapted training for department managers to their new responsibility of implementing tasks and monitoring sustainability aspects of our operations. In the first stage of the project, their main job was to implement the Sustainable Development Program in restaurants.

### HU AND LINKEDIN LEARNING PARTNERSHIP

We have an alliance with the online talent platform LinkedIn to enable a personalized learning experience offering free and fast online courses to our team.

**16,345** participants

courses available

#### **QUALITY GOLD STANDARD**

A series of webinars and e-learning courses focused on procedures and processes that must be followed to guarantee a Gold Quality Standard product and achieve our Food Safety goals. The content covers three products: bread, meat, and cheese, and three attributes: temperature, flavor, and appearance.

+37,800 people trained in Latin America

### MANAGER AS BUSINESS LEADER PROGRAM (GLN)

A program aimed at creating and implementing strategic planning, positioning the Brand in the market, increasing profitability, and having good management while optimizing processes.

**63**Business Unit Managers in NOLAD pilot program



#### **AGILE LEARNING**

This year, we added 12 new courses to the catalog, including business management, digital transformation, agility, personal finance, and health and wellness.

+208,000

registrations for 24 self-learning courses

#### **EF LANGUAGE PROGRAM**

The language program in partnership with EF successfully offered a new competency and an excellent great benefit for our restaurant people and staff. It consists of a six-month-long experience sponsored by Arcos Dorados and includes an online platform with innovative features, such as voice recognition to improve pronunciation.

**+1,600 15** people trained countries

#### **HU SESSIONS**

This year's agenda covered the future of work, lifelong learning, health and wellness, diversity and inclusion, cybersecurity, and the macroeconomic environment.

+3,300 people impacted



#### **ENHANCING PERFORMANCE**

We look
at performance as a
process of nurturing
each person's talent
by giving them
accountability
for their career in
the company.

In 2021, 100% of employees had a performance assessment as part of the Performance Management Program (PGD). To empower our people to take responsibility and leadership for their own development, we redesigned and improved the PGD with a fast, simple, friendly, and very accessible tool.

As with the selection process, the promotion of our people guarantees transparency and evaluates job skills, abilities, vocation, performance assessment, ethical behavior, and commitment to the interests of the Company.

#### **BEST MODEL**

The new competencies model provides a more straightforward and more agile approach to the assessment and feedforward process for all our people.

It is an evolution in how we think, evaluate, and project business objectives and skills development. The redesigned process seeks to provide a more comprehensive look at overall performance and individual employee performance.



### HUMAN RIGHTS AND FAIR LABOR PRACTICES

Arcos Dorados is committed to fostering work environments where everyone is equally empowered to realize their full potential. Upholding human rights and cultivating respectful workplaces protects the integrity of our brand and fuels our success. It is the right way to do business.

#### **GLOBAL COMPANY POLICIES THAT GUIDE OR CONDUCT**

HUMAN RIGHTS POLICY	•
STANDARDS OF BUSINESS CONDUCT	<b>&gt;</b>
GLOBAL STATEMENT OF PRINCIPLES AGAINST DISCRIMINATION, HARASSMENT AND RETALIATION	•
GLOBAL STATEMENT OF PRINCIPLES ON WORKPLACE VIOLENCE PREVENTION	<b>•</b>

Our Human Rights Policy is informed by the Universal Declaration of Human Rights and guided by internationally recognized standards. These standards include the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the principles set out in the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Our commitment to respect human rights is also set out in our Standards of Business Conduct. These policies and standards apply to all Arcos Dorados employees without exception. Just as we promote courteous and respectful treatment and actions, this policy equally encompasses any situation involving contractors, suppliers and guests. Likewise, it applies to all situations and environments directly related to our firm.

We do not tolerate any form of retaliation taken against anyone who raises a concern, makes a claim, or files a complaint concerning any behavior that may violate our policies and standards. Failure to comply with these standards may result in the application of disciplinary sanctions that may lead to the termination of an employment or service contract, as the case may be. Arcos Dorados reserves the right to report to the relevant authorities or legal entities any abusive, threatening or violent act exercised within the scope of its application.

+63,000 employees read and agreed to the Human Rights Policy



### A safe and respectful workplace

A safe and respectful workplace where people feel like they will be protected is critically important for our business. In 2021, we incorporated a mandatory e-learning program to combat harassment, discrimination, and violence in our restaurants.

The course promotes safe interaction and uses examples from real-life situations, providing tools to interact with guests and techniques to deal with violence in our restaurants and offices.

Given the importance of this topic, we require all new employees and those already on our teams to receive training. At the end of each course, every employee signs a consent of understanding the topic.

+2,500
employees
took the e-learning Safe and Respectful Workplace

### **Labor relations**

We comply with current legal regulations related to collective bargaining with workers' representative organizations (unions) in each country where we operate. These collective bargaining agreements, which determine specific working conditions, are negotiated at a country level and vary according to the applicable local legislation.

Since our operational processes are confidential for competitive reasons, we inform employees of changes with sufficient notice to cover training needs and adaptation of the work environment.

In countries with collective bargaining agreements, we locally-manage the specification of the notice period and provisions for consultation and negotiation. It depends on country-level rules and regulations. In Arcos Dorados, we constantly adapt to comply with every requirement and agreement.



### DIVERSITY AND INCLUSION

We believe that a culture of inclusion and appreciation for all employees creates a stronger, more effective, creative, and productive workforce. An organization is only as good as its culture, and ours respects and fosters diversity as a responsibility of every single manager and employee of Arcos Dorados.

We work in 20 markets with people of different nationalities, races, and languages. In this environment, a well-rooted culture that respects individualities and appreciates the contribution naturally generated by the differences is not just a nice-to-have but a real need for the sustainability of our business.

A committee formed by employees from different countries, disciplines, and corporate levels developed our Diversity and Inclusion strategy. The leader of the committee is part of the Leadership Team, and its sponsor is Woods Staton, Executive Chairman of Arcos Dorados.

The scope was defined following the results of a Diversity and Inclusion poll conducted by an external provider in March 2018, which reached nearly 7,000 employees in the 20 countries where we operate. The survey allowed us to identify four key areas of focus. Each pillar has a leader and a network of employees representing all levels of the corporate pyramid. All the programs included in this strategy go beyond legal compliance because we truly believe that diversity and inclusion are essential for our organization's success.

All the programs included in this strategy go beyond legal compliance because we truly believe that diversity and inclusion are essential for our organization's success.



### **Gender**

We are proud of the level of representation of women in our workforce —59% female, 41% male—but we still face the challenge of increasing the number of female executives in higher levels of the Company.

In 2021, we increased from 1 to 3 the number of women members of the Senior Leadership Team, expanding female representation at the highest level of decision—making within the company from 6% to 20% in one year.

During the year, we focused on empowering women to achieve their highest potential. We engaged in associations with international organizations, such as the United Nations and governments all over the region, to establish company policies that support women's growth within the company's management structure. In addition to internal communication, we organized events for our Management team to hear from outside leaders, such as government officials, think tanks, authors, and executives from other large multinational companies, about the importance of empowering women and the opportunities it can generate for the Company.



### **Sexual Diversity**

We identified a need to raise awareness about the importance of having a diverse workforce that values differences in our offices and restaurants, including sexual preferences.

We designed a series of initiatives that would allow us to tackle these issues.

#### **LGBTIQ+ GUIDE**

This guide includes assurances to the LGBTIQ+ community that in our company, every employee, without exception, can feel safe, valued, and respected. We have also clearly defined the non-discrimination protocols in our Standards of Business Conduct.

Every employee who joins the Company must take courses that help them develop a shared understanding and respectful communication with the heterosexual, gay, lesbian, bisexual, and transgender communities.

#### **UNIFORMS**

We will improve the employee experience, including the LGBTIQ+ members of our workforce, by allowing them to choose which uniform to wear. We have also started adding no-gender bathrooms and washing-rooms for employees and guests in some restaurants.

#### **ARCOS PRIDE NETWORK**

In 2021, we created a gay pride network to teach employees to include and embrace LGBTIQ+ people, value differences of sexual identity, improve the employeeguest experience, and review policies and training protocols to ensure the best practices for implementing and maintaining a diverse workforce with a culture of inclusion and acceptance.

+70,000
employees reached
with internal communications

#### **CELEBRATIONS**

For the first time, our restaurants are participating in the annual celebrations of Gay Pride Day, Lesbian Visibility Day, Sexual Diversity Activism Day, and other LGBTIQ+ events in Latin America. We want our guests to know that we believe in serving and caring for all people.

### **Generations**

At Arcos Dorados, 60% of our workforce is between the ages of 18 and 24 years old. Our goal is to better understand millennials to benefit from their innate abilities, especially in technology, while training them to interact with a more senior population of managers.

Before closing gaps, we need to understand them. Therefore, we focused on sharing experiences and best practices with experts and executives from other companies, such as Eureca, Instituto Anga, IBM, and HSBC, and analyzed the possibility of developing joint programs.

To begin creating a less top-down, hierarchical work environment, in 2021 we implemented a reverse mentoring pilot program in the South Latin American Division. We conducted three exercises designed to transform our culture by generating awareness of the biases each generation has of the others as well as discussion sessions and presentations on Generational Bias.

### **Health and Wellness**

The last two years have proven extremely challenging in terms of health and well-being due to the COVID-19 pandemic. The Health and Wellness pillar within the Diversity and Inclusion Committee has played a critical role in supporting employees who experienced elevated stress levels as a result of the challenges of working from home, sometimes in relatively-confined environments.

The Health and Wellness team organized awareness campaigns throughout 2020 and 2021 to emphasize the importance of annual physical check-ups. They also set up video consultations with medical professionals and arranged for employees to receive doctor's prescriptions via WhatsApp.

Online psychological counseling was made available, with 650 consultations in Brazil alone. Additionally, physical activity, live gymnastics, yoga, and active rest classes were made available to almost 10,000 employees. Throughout 2021, we offered a virtual Gympass that nearly 7,000 employees across Argentina, Brazil, and Mexico were able to enjoy.

100
health consultations via
WhatsApp per month

10,000 employees engaged in virtual well-being activities

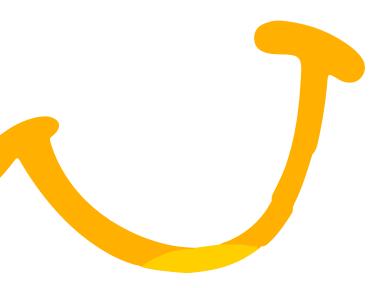


### **People with disabilities**

Disability inclusion at Arcos Dorados is about more than hiring people with disabilities. An inclusive workplace values all employees for their strengths and offers an equal opportunity to succeed, learn, be compensated, and progress.

We are leading the efforts in Latin America to include people with disabilities in the workforce by entering into agreements with specialized NGO's, like Instituto Jo Clemente e APAE in Brazil; DISCAR in Argentina; Coanil in Chile; Nuestro Camino Foundation, Sur Palermo Foundation, and Roosevelt Foundation in Uruguay; Dicares and Down in Mexico; CONADIS in Peru; Arcangeles in Colombia; El Triangulo in Ecuador; and Sumarse, a Global Compact NGO. Also, we work in partnership with government offices such as the Ministry of Labor and development in Panama and the Employment Intermediation Office of the Social Ministry of Costa Rica.

Thanks to the efforts of NGOs and government programs, we have increased the number of employees in this category to 1,707 employees, and supported true inclusion, training, and promotions. We can proudly say that many of our restaurant managers in Mexico and Panama belong to this group.



### Recognized for our commitment

### GLOBAL RECOGNITION FOR GOOD PRACTICES FOR WORKERS WITH DISABILITIES

**United Nations** 

### MUNICIPAL SEAL FOR HUMAN RIGHTS AND DIVERSITY FOR OUR PROGRAM "INCLUSÃO ALÉM DA COTA"

State of São Paulo, Brazil

### DERES 2021 FOR BEST PRACTICES BY COMPANIES ON ALL SUSTAINABLE ISSUES

Joint of Sustainable Development Goals Fund of the United Nations

### EQUIPARES SEAL IN COLOMBIA, SILVER CATEGORY, FOR OUR POLICIES TO GUARANTEE GENDER DIVERSITY

Government of Colombia and the UNDP of the United Nations

## EQUITY AND CONCILIATION SEAL FOR OUR PROGRAMS TO GUARANTEE GENDER DIVERSITY AND WORK AND PRIVATE LIFE BALANCE

Government of Chile

### APSAL AWARD FOR OUR PROGRAMS OF HEALTH AND WELLBEING

Association of Health and Nutrition Professionals in Argentina

### BA CONVIVE CERTIFICATE FOR CREATING WORK ENVIRONMENT THAT EMBRACES DIVERSITY

Government of the City of Buenos Aires, Argentina

### EMPRESA INCLUSIVA 2021 AWARD FOR OUR WORK WITH EMPLOYEES WITH DISABILITIES

Presidency of Panama



### ENSURING A HEALTHY AND SAFE WORKPLACE

At Arcos Dorados, safety is our number one priority. We are committed to keeping everyone safe—whether it is the employees in our corporate offices, the team members in our restaurants, or the guests who are visiting us.

We are committed to our responsibility of guaranteeing that every person who is part of the organization, both directly and indirectly, remains healthy. Our Service Coolture seeks to ensure an excellent experience inside the restaurants and that the employee journey includes a focus on well-being and satisfaction.

Our culture of care has the support of the Managers and Directors of all areas. We manage health and safety issues based on the continuous improvement of conditions and work environment and the effective control of hazards and risks in the workplace, promoting and stimulating a safety culture within each company process.



### Occupational Health and Safety Management System

Our Occupational Health and Safety Management System complies with the local legislation of the countries where we operate, supplied by the risk table, to identify hazards, assess risks and investigate incidents.

Hazards are identified through programs to anticipate tasks and risks and are monitored routinely through on-site audits carried out by each Human Resources Labor Safety team. During the reporting period, the main employee occurrences we identified were related to falling, hitting objects, and contact with a hot surface.

Once identified, we evaluate the possibilities of eliminating or replacing the hazards and risks. Engineering and administrative reviews and controls are performed, and finally, the need for personal protective equipment is assessed. Hazard and risk monitoring tools, like AGravO in Brazil, allow us to monitor the situation permanently. Whenever there is a solution or persistence of the problem, the technical team follows up with the appropriate areas.

In 2021, we continued reinforcing intervention programs for the priority risks, seeking to mitigate and control those factors with the potential to generate severe or serious harm to the workforce.

To address those risks identified as priorities, we have developed these main programs: ✓

- Management of High-Risk Tasks: working with electrical risk and at heights
- Management of the Risk of Contagion by COVID-19
- Management of Emergency Plans and Fire risk
- Stop, Think and Act: intended to strengthen procedures and care to be taken concerning risk prevention in our work.





### Team commitment to safety

We are committed to guest and crew safety, promoting robust health and safety measures in our restaurants, and helping employees make more informed decisions to support their well-being. For this reason, every employee receives the Health and Safety Policy and is informed of their responsibilities.

There are different stages to guarantee adequate training of the work team in matters of safety and health at work. Preparation starts even before the employment relationship begins, when applicants receive an introduction to basic health and safety concepts and information on regulations and legislation with which they will be required to comply. Once the employee starts working with us, the training cycle includes the MCampus certification of Safety of People and Care of Property. During 2021, 58,117 people obtained this certification. In addition, all the Operational Training Guides have health and safety elements to reinforce workforce knowledge.

We have Health and Safety committees formed by employees in every subsidiary and the topic is considered in the annual employee climate survey.

However, we still have the challenge of involving our members in the formulation of safety regulations, the definition of objectives and goals, and management programs regarding this strategic issue.

#### **HEALTH FIRST**

Arcos Dorados strongly emphasizes well-being and access to benefits for company-owned staff and crew, therefore guaranteeing everyone has non-occupational health service coverage.

Each team member undergoes occupational medical check-ups, from the beginning of the working relationship to periodic examinations. Once a year, we run a health promotion and prevention campaign focusing on non-work-related illnesses to reinforce our culture of care.

The 2021 campaign raised awareness of three matters: adequate and balanced nutrition, the importance of physical activity, and mental health. We performed screenings to identify possible cardiovascular risk situations in the work team and had physical activity sessions, among other activities.

We had a successful HU Session with more than 2,000 online participants to talk about health and well—being with medical specialists: people rated the session 4.7 out of 5 stars on average.



MENU =

### Safety in figures

SLAD		<b>NOLAD</b>	NOLAD		BRAZIL	
Number	Rate	Number	Rate	Number	Rate	
0	0%	0	0%	0	0%	
31	0.09%	2	0.01%	0	0%	
597	1.70%	57	0.8%	440	5.78%	
40,835,409	9 -	Not measure	ed -	Not measured	-	
	<b>Number</b> 0 31 597	Number         Rate           0         0%           31         0.09%	Number         Rate         Number           0         0%         0           31         0.09%         2           597         1.70%         57	Number         Rate         Number         Rate           0         0%         0         0%           31         0.09%         2         0.01%           597         1.70%         57         0.8%	Number         Rate         Number         Rate         Number           0         0%         0         0%         0           31         0.09%         2         0.01%         0           597         1.70%         57         0.8%         440	

Fatalities as a result of work-related ill-health

Cases of recordable work-related ill-health

<sup>\*\*</sup>Methodologies and standards follow technical norms and references to internal procedures.





<sup>\*</sup> The rates have been calculated based on 1,000,000 hours worked.(BR). None of the workers have been excluded from this disclosure.

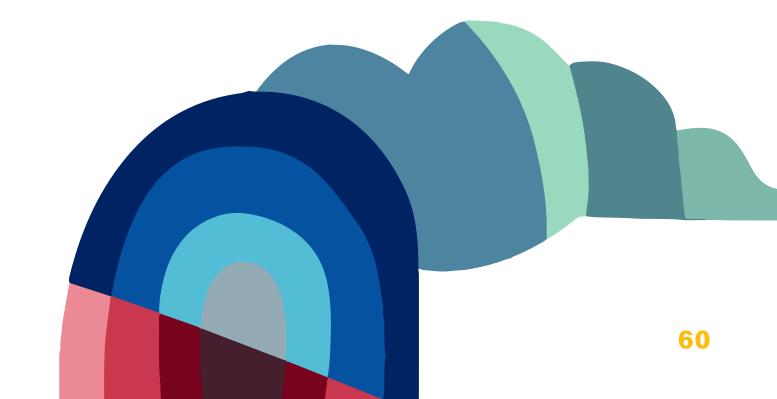


# INCLUSIVE AND EMPOWERING OPPORTUNITIES FOR THE REGION

Our meals reach families, children, and young people. Therefore, our commitment to them goes beyond our restaurants. We are serving up bright futures by providing opportunities, care, and assistance to our communities, accelerating equity and inclusion through our business.

The well-being of the communities we serve is of fundamental importance to us; therefore, we are engaged in a wide range of social impact programs. In addition to our history of providing support to Ronald McDonald House Charities, we continue expanding our reach to the areas of Youth Opportunity, our commitment to families, and further strengthening our efforts to reinforce our contribution to the region's socio-economic development.

The growth of our business is inextricable from its positive impact on people.





### **OUR IMPACT IN FIGURES**

100% of our operations

reached with social impact programs <

+389,000

people

reached with youth opportunities initiatives

+25,000

registrations on our free educational platform **MCampus Community** 

60% of our workforce under 24 years old

28% of the Senior Leadership Team started working in restaurants

**Great day** 

6,000,000 donated

to the Ronald McDonald Houses and NGOs that work for labor inclusion

2,000,000

guests reached

Big Mac sold for charity

+30

NGOs benefited







### YOUTH OPPORTUNITIES

With the conviction that a better future is built on education and work, we offer formal employment opportunities and professional training to thousands of young people across the region every year.

In 2021, we continued reinforcing our commitment to Youth Opportunity because it has been one of Latin American countries' most significant problems in recent years. According to the Inter-American Development Bank (IDB), 40% of the working-age population in the region is young, between the ages of 15 and 29 years. The unemployment rate of this age group is 20%, more than double the unemployment level of the general population and more than three times that of adults. Informality in the youth job sector in our region is among the highest globally, reaching more than 60%, according to the International Labour Organization (ILO).

We play a significant role in helping address this issue. Young people have always been a pillar of our business. We believe in youth, their entrepreneurial spirit, and their ability to generate feel-good moments when they welcome our guests. Through our Youth Opportunity initiative, we promote social mobility by providing employment opportunities to young people in Latin America to help them develop valuable customer service and leadership skills to be applied to a wide range of career paths in the future.

As one of the largest youth employers in Latin America and the Caribbean, we are proud to share that over 60% of our workforce in 2021 were young adults under 24 years, many of whom received their first, formal job opportunity. Notably, 28% of the members of our Senior Leadership Team started working in our restaurants, proving there are no barriers to growth.



## TRAINING AND INCLUSION

Education, training, and access to employment are key factors of inclusion and social mobility. Thus, we are constantly working to promote job opportunities for young people while, at the same time, training and boosting the skills that will prepare them for their professional careers.

### One of our Social Impact and Sustainable Development Plan pillars is preparing and training young people for the future workplace.

In 2021, we reached 398,000 young people through opportunities for inclusion and/or job training. These include the people who obtained their first job with us, internal training in soft skills thanks to the Hamburger University, and training through our alliances with Gran Dia and other programmatic alliances. Our next milestone: reducing barriers to entry into the labor market for more than 2,000,000 young people by 2025.





### **Partnerships**

We are committed to leveraging our scale to provide training and education programs that build paths for people, no matter where they are in their lives. Through agreements with experienced NGOs, we seek to impact thousands of people between the ages of 16 and 24 with programs designed to provide employment education skills training and reinforce good values and a strong sense of citizenship.

Junior Achievement

Argentina, Costa Rica, Colombia, Mexico, Panama and Uruguay.

Fundación Sí Argentina

Fundación Apoyo a la juventud Mexico

Instituto Ayrton Senna Brazil

Aldeas Infantiles SOS

Colombia, Costa Rica, Mexico, Panama, and Peru

Our alliance with Junior Achievement in different countries allows us to reach thousands of young people between 15 and 17 years old through face-to-face and virtual programs, where they develop the socio-emotional skills necessary for the 21st century: critical thinking, creativity, communication, collaboration, initiative, and leadership. During 2021 we reached more than 14,000 young people.

"There is no doubt that youth employment represents a key and urgent factor for the region's economic recovery and that we must work on it collectively. Having partners such as Arcos Dorados, which brings its leader experience in access to the first job, allows us to develop in young people the entrepreneurial spirit and key skills to access the labor market while at the same time generating new job opportunities. We are proud to have impacted together the lives of thousands of students in Argentina, Colombia, Costa Rica, Mexico, Panama, and Uruguay in 2021. But even more so, for the enormous opportunity to scale our regional alliance to 8 countries and more than 25 thousand young people who will benefit from our programs in 2022."

#### **LEO MARTELLOTTO**

President Junior Achievement Américas

As active mentors in programs such as "The Company" and "Job Shadow" we accompany students in their projects and the development of daily skills necessary for the workplace.

Through the Passport to Success Explorer platform, developed in partnership with the International Youth Foundation (IYF) and McDonald's Corporation, we seek to generate a space for knowledge, practice, and reflection through a dynamic and accessible model that leverages various mobile devices reaching Mexico, Panama, and Costa Rica.





### **MCampus Community**

Attitude, behavior, and purpose define the construction and history of Hamburger University (HU) throughout its 24 years of experience in Latin America. The primary objectives are supporting our employees' career evolution, being the basis of their growth, and building a personal brand. But we went for more.

+25,000

### registrations for our free educational platform MCampus Community from 50 countries

With great success, we reinforced our commitment and moved to a free online education and training platform that generates delicious moments of knowledge, learning, and results for the entire community.

The new platform was born with a wide range of courses to expand the potential of young people and their opportunities in the labor market. In addition to the options already existing in the previous initiative, we added new topics related to digital and information technology through an alliance with CISCO, one of the most important technology companies in the world.

With great joy, we share that more than 25 thousand young people from 50 countries have participated in the free training offered by the MCampus Community and received an official certificate from Hamburger University.

#### **AVAILABLE COURSES**

- Customer support
- Cybersecurity fundamentals
- Health and wellness in times of pandemic
- Introduction to Internet of Things (IoT) (CISCO)
- Entrepreneurship
- Personal finance
- Emotional intelligence
- Introduction to cybersecurity
- Initial Linux
- Fundamentals of Python Programming (CISCO)



## SUPPORT LOCALS!

We are always honoring our long and proud tradition of giving back to local communities. And we do it with what we know best: offering delicious and nutritious food with a positive social impact.

Over the years, we have supported and positively impacted families and communities in Latin America and the Caribbean through programs whose key elements are education, health, and children's welfare.



### This will be a Great Day

One day between September and December 2021, every Arcos Dorados team member in the region woke up and said: this will be a great day! A celebration of the union of millions of people with a single common goal: solidarity.

It is called McDía Feliz in Brazil, Gracias de Corazón in Venezuela, and Gran Día in the rest of Latin America. But the star is always the same: our delicious and iconic Big Mac. Here is the formula: during that day, guests purchase the Big Mac through the available physical and digital channels, and all proceeds are donated to the Ronald McDonald House Charities in each country as well as to organizations that promote labor inclusion programs. In the French islands and Aruba, the total funds raised go to NGOs with impact programs in their communities.

This day is magnificent because our entire value chain is involved in the mission. Our suppliers buy menus for their teams or even donate advertising spaces to promote the initiative; our teams go to our stores to serve guests; and our guests, with a great sense of solidarity, choose to buy a Big Mac. The results of the Great Day exceeded our expectations. Thanks to the more than 2 million people who joined our annual solidarity days, about USD 6 million were raised and donated to positively impact the lives of thousands of children, families, and young people throughout the region.



Besides the Ronald McDonald Houses, in the 2021 edition of the Great Day, we collaborated with more than 30 NGOs. These include Aldeas Infantiles SOS in Peru, Mexico, Panama, Costa Rica and Colombia; Ayrton Senna Institute in Brazil; Fundación Sí in Argentina; Fundación Coanil in Chile; Fundación El Triangle in Ecuador; Liceo Impulso in Uruguay; Centro Man Na Obra in Aruba; Fonditut in Curaçao; among others.

"Accompanying young people on their journey to autonomy is key to achieving a dignified life; this process requires multiple actions and joint efforts from both young people and those around them. The financial and technical support provided by Arcos Dorados in five countries, which has benefited close to 1,500 young people during 2021, demonstrates that joint work between the business sector and NGOs can bring very positive changes to people's lives, providing real opportunities and key tools for their integral development."

#### **FABIOLA FLORES**

International Regional Director, Latin America and the Caribbean Region Aldeas Infantiles SOS

### **Close to families in the Ronald McDonald Houses**

The Ronald McDonald Houses are a space of support and companionship for families who have to stay away from their homes because their children need to receive medical treatment. Arcos Dorados supports the work and programs of the Ronald McDonald House Charities (RMHC) in many countries, taking care of families that need to stay close to the place where their children are being treated. It is a home away from home.

Ronald McDonald Houses help children who require long-term medical treatment and their families by providing them with shelter and the support of a home.

**30**Ronald McDonald Houses in the region

**35** Family Rooms

**2**Pediatric Care Mobile Units





### TAKING CARE OF OUR SHARED HOME

Our planet is our shared home, the place that provides us with the resources to produce our delicious menus and support our operations. It is where we live with other animal and plant species. But it is in danger. The world is on track to exceed the irreversible limit of 2° C increase in global temperature set by the Paris Agreement. And as a consequence, biodiversity is collapsing, deserts are spreading, and oceans are getting warmer and filling with plastic waste.

We are building resiliency for a sustainable future and remain committed to reducing the environmental impact of our restaurants and offices wherever possible. These include improving our restaurant's operational efficiency, reducing carbon emissions and using more sustainable materials in our packaging while making it easier for guests to recycle and reduce waste.

### Adapting to climate change is critical to our business's collective success and resilience and our ability to feed communities today and in the future.

Taking action on climate change is challenging and requires significant investment. Still, we believe it will drive business value in the long term by ensuring we are managing operational costs in our energy supply and reducing our exposure to increasing environmental risks and regulations. The areas responsible for managing the environmental impact of our operations are: Maintenance, Supply Chain, and Social Commitment and Sustainable Development.

### **Sustainable Development Program**

The Arcos Dorados Sustainable Development Program (SDP) is an initiative of the Social Impact and Sustainable Development team guided by the 17 United Nations Sustainable Development Goals. This program uses existing and established actions, such as Open Doors, Good Neighbor, and Service Coolture, including items related to Sustainable Development.

The topics addressed by the program contain the conscientious consumption of water and energy, reduction of greenhouse gas emissions, waste separation, and education on sustainable development for both our collaborators and guests. The Sustainable Development Program added 928 restaurants in its third year of implementation. With this increase in participants, our goal of transforming Arcos Dorados restaurants into educational centers for sustainable development for the community begins to materialize.

We complement this initiative with the online free and open to the general public course "Sustainable Development in Focus," which aims to spread basic knowledge of sustainability and raise awareness in the community about the relevance of this issue. In 2021, it had 516 participants.

**516** participants in 2021



### OUR FOOTPRINT ON THE ENVIRONMENT

Measuring, assessing, and reporting the inventory of Greenhouse Gas (GHG) emissions from our operations is the first step towards achieving our carbon goals. Our commitment is to reduce GHG emissions related to our restaurants and offices by 36% and reduce emissions intensity across our supply chain by 31% by 2030, both from a 2021 base year.

### In 2021, we measured the carbon footprint from all our regional operations for the first time, reaching the 20 countries that comprise Arcos Dorados.

We started measuring our GHG emissions in 2019, covering our operations in seven countries. In 2020, we expanded the scope to 13 countries and will further these efforts, the key to achieving our carbon goals and targets for 2030. Initially we only measured Scope 1 and 2, but in 2021 we included Scope 3 as well, which is where 95% of the GHG emissions come from. We will consider this result as the baseline for future measurements.

The GHG emissions reporting procedure is based on the "Corporate Accounting and Reporting Standard - Revised Edition" and the complementary "Value Chain Accounting and Reporting Standard (Scope 3)" of the GHG Protocol, developed in collaboration between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

An international consultant developed the calculation process based on the information collected by our teams. Extrapolations and proxies complemented any data gap of lesser impact. We calculated the footprint to determine the most significant emissions related to Scope 3 regarding the Purchased Goods and Services category.

### **GHG** emissions 🗸



151,145.70

tCO<sub>2</sub>e Scope 1<sup>1</sup>



**205,058.47** tco.e

Scope 2<sup>2</sup>

O

5,837,019.53

tCO<sub>2</sub>e Scope 3<sup>3</sup>

63.816.77

tCO2e Out of scope<sup>4</sup>

TOTAL **6,257,040.47** 

Tonnes of CO<sub>2</sub>e



2.45

tCO<sub>2</sub>e/thousands USD Scope 1, 2 and 3 Emissions Intensity

8.29

tCO<sub>2</sub>e/tons of Food and Packaging across Arcos Dorados operations Scope 3 Emissions Intensity

Sales by company operated restaurants: USD 2,543,907 thousands.

- 1 Fixed combustion, mobile combustion, coolants, and fugitive emissions 2 Electricity
- 3 Goods and services purchased, capital goods, fuel and energy activities, upstream transportation and distribution, waste generated in the operation, Business travel, Employee commuting, Downstream transportation and distribution, End-of-life treatment of products sold, Franchises, Investments.
- 4 GHG emissions that are outside the Kyoto Protocol



## RESPONSIBLE RESOURCE MANAGEMENT

We cherish the resources we get from our shared home. We are working across our restaurants to be more innovative and efficient in energy use, with investments in areas such as renewable energy, LED lighting, and energy-efficient kitchen equipment. We also believe that our size and scale will enable us to have a positive water impact, and our approach considers water conservation, stewardship, pollution, quality, and use.

Each year we incorporate new performance indicators that help us measure our actions and focus on the indicators with space for improvement. By implementing multiple initiatives that reduce our operation's impact on the environment, we seek to lead other stakeholders in the same direction to raise the bar as a whole.

We implemented a sustainable restaurant construction policy. All new projects incorporate the best technology and design that allow efficiency in energy and water use, recycled materials, and the ability to separate waste. In 2021, Arcos Dorados implemented 93% of these initiatives for the newly constructed restaurants and 98% for the remodeled restaurants.

### **Energy Management**

Across the region, our restaurants are in various phases of strategy development.

In 2021, as part of our energy strategy, we evolved our energy matriz and we have tripled the use of renewable energy, going from 4% to almost 12% of energy utilized in our restaurants coming from renewable sources, thanks to the efforts made in our markets of Argentina and Brazil.

**453,161.3 MW/h** Energy consumption within the organization

### 0.18 MWh/thousand USD

Energy intensity -14% vs 2020

FUEL CONSUMPTION	2021 🗸
Diesel	249,327
Gasoline	1,223,439
LGP/propane	6,402,165
Natural gas	2,607,271 m3
Electric power	453,161,302 kWh



### **Water Stewardship**

Water is one of the planet's most precious resources. In each of our restaurants, we use water consciously and efficiently, both in its daily use and final disposal.

In our model of restaurants 2.0, which began to be built or remodeled in 2021, there are four initiatives related to the use of water: planting native species with low irrigation needs; faucets with aerators to reduce water flow; the use of rainwater for irrigation, cleaning and toilet flushing; and the collection of water from the condensation of air conditioners for cleaning tasks. These last two initiatives will be discussed later in this section.

We do not perform industrialized processes, so we do not have a significant impact on issues related to aggressive chemical agents. All our cleaning, disinfection, and sanitization products comply with environmental regulation standards.

#### **MUNICIPAL GRID**

The water used in handwashing, food disinfection, utensil washing, operational cleaning of production areas, beverages, and cleaning of floors, walls and ceilings come from natural sources supplied by each locality of the countries we operate. In many places, the water comes from rivers, springs, and streams treated under international purification standards and the exclusive management of municipal aqueduct and sewage companies.

Countries surrounded by the sea use processes of desalination and purification to supply the population. In the same way, these processes are conducted by the municipal aqueduct and sewage companies.

#### **SERVED WATER**

Waters coming from drainage systems in floors, washing areas, and bathrooms go to the wastewater service of each locality or country where we operate. Its subsequent processing corresponds to the standards of each country or locality. These waters are considered as wastewater for domestic use.

#### **COLLECTING WATER**

### 20% of our restaurants have a system for collecting water to be reused.

The water we collect is reused in irrigation processes, outdoor washing, exterior cleaning of glass facades, and, in some cases, for employee and guest bathrooms. We have two water collection methods:

Condensation water collection system Collection of water from air conditioning systems that we call Natal System. This system can store at least 1.5 mt<sup>3</sup> of water daily, depending on the season.

Rainwater collection tanks
In areas of greater precipitation, we have rainwater collection tanks, whose capacity depends on the constructive area and weight that the building supports.

Most of the restaurants that own a tank have a collection capacity of at least 30 m³/per year.

#### **GREASE TRAPS**

We have a special effluent treatment system consisting of grease traps inside and outside the restaurants. The system processes the grease suspension and decantation of waste in the water, which is interconnected to the municipal wastewater network.

Grease traps consist of separation walls in different concentration chambers. In the first one, the suspended grease is accumulated, and in the second one, the coarse particles are guaranteed to have a decantation process at the bottom. After this process, the effluent passes into the wastewater network.

The grease traps are frequently cleaned by specialized companies responsible for the final disposal of the waste through incineration controlled by public agencies or biochemical treatment that transforms them into substances biologically compatible with the environment.



## WASTE MANAGEMENT

We know that we are part of an industry that generates large amounts of waste and that our brand is frequently questioned for it. Therefore, we assume the responsibility to mitigate this impact by using our regional scale to help implement and accelerate solutions to keep waste out of nature and valuable materials in use, where possible. To achieve this, we work on waste reduction and material recovery and reuse throughout our value chain, prioritizing areas where we can have the most significant impact, such as packaging.

Improving the sustainability of our packaging and moving toward a circular economy are top priorities for our business. These strategies support our long-term business resilience, help keep our communities clean, and aim to help protect the planet for future generations.

In all markets, we deliver waste to the municipal sanitation operator. We have differentiated removal of recyclables in the countries where we have support from local cooperatives, or recycling companies.

Also, we provide continuous training for the entire company on the generation, handling, control, and responsible disposal of waste. And we have site-specific initiatives to reduce our waste and avoid the pollution it produces. We replaced disposable cups with reusable cups in many of our offices, reducing waste generation considerably. In corporate offices and restaurants in Argentina, we replaced traditional paper with ecological paper made from 100% sugarcane fiber and without the use of chemical bleaches.



## MOVING TOWARD A CIRCULAR ECONOMY

The linear economy model –where we take, make and dispose of materials– creates waste that harms nature and impacts communities. That is why we believe the future of materials needs to be circular wherever possible.

We work to extend the useful life of the materials we procure, pursuing circular solutions in our operations. We encourage the recycling and subsequent reuse of waste to benefit society and the environment.

### **Recycling behind the counter**

We work with our teams in our kitchens to reduce, reuse, and recycle. In our restaurants around the region, we recycle kitchen waste materials, such as cooking oils, and corrugated cardboard used in packaging that can be turned into new resources.

### **VEGETABLE OIL**

We recycle used cooking oil in all our restaurants, which is then reused according to local regulations. In 2021, we recycled more than 2,000,000 liters of used cooking oil for further use, including as biodiesel. We do this through local and regional alliances which utilize reverse logistics.

**+2,000,000**liters of oil recovered

### **CARDBOARD**

We leverage our logistics providers to recover cardboard from our restaurants to recycle and reuse it in generating new packaging. The solution is being tested in several markets. In 2021, we recovered more than 93 tons of cardboard in Colombia and 54 tons in Mexico, which were used again in our value chain, providing us with opportunities to recycle and reduce waste.

147
tn of cardboard recovered

### **Rethinking packaging**

Our packaging plays an essential role in reducing food waste and helps us serve hot and freshly prepared food quickly and safely to guests. But we know that when packaging and plastic waste are not recovered or recycled correctly, it can harm our planet, creating litter and pollution.

Our strategy to reduce that impact focuses on certain priority lines of work, such as replacing non-essential product packaging with wrappers, reducing the number of materials used in packaging through design innovation, shifting supplies, and increasing circularity through recycled materials.



### **Achievements**

of single-use plastics removed since the last 4 years

of plastic lids for hot and cold beverages

in all of our markets for beverages consumed inside our restaurants

plastic straws in all our restaurants

100,000 bio-based thermoplastic trays

made from household waste revalorization

in Brazil in collaboration with UBQ materials

For beverages consumed outside the restaurants our lids are designed in such a way that no straw is required.

100% of plastic salad bowls replaced

with FSC-certified fiber-based containers



### **BETTER IN A CUP**

Colombian campaign in our restaurants that offers non-bottled water to accompany meals. Each time guests choose water in a cup, we donate to The Nature Conservancy to care for watersheds.

### **PACKAGING MATERIALS**

37,544 tn

Total weight or volume of materials that are used for packaging the organization's products in 2021



9.4%
3,522 tn
Non-renewable materials used

Renewable and certified materials used

While our goals focus on all guest packaging, over 90% of which is made of fiber sources, we are also specifically working single use plastic waste reduction. Progress: The share of plastic was practically reduced to half (~48%), considering 2017 baseline. In 2017, plastic had an 18% share of the total material, and 2021 plastic weighs 9.4% of the total material consumed.

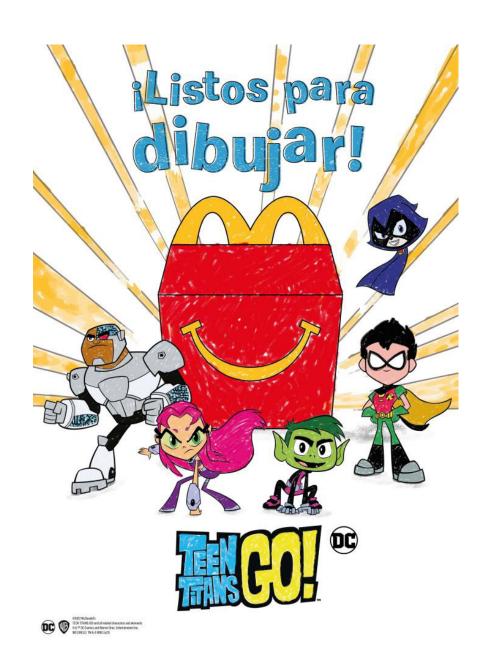


### Fun (and sustainable) toys

We continue to evolve our children's offerings, always keeping fun at the center. For this reason, we are committed to completing the transition from Happy Meal toys to a 100% sustainable version by the end of 2025.

Made with renewable, recycled, and certified materials, the new fun proposal for children is already in the implementation phase. It allows us to continue advancing in our commitment to reducing the impact of our operation by eliminating materials that harm the planet.

The project deployment considers a gradual change that will be applied in the 20 markets in the region. From changes in the packaging of toys to their total composition, we have established the way forward that will lead to the Happy Meal finding sustainable alternatives that encourage creativity, play, and fun in children by the end of 2025.





GRI & SASB STANDARDS



## **GRI STANDARD CHECKLIST**

### **GRI 101 FUNDAMENTAL 2016**

GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED
ORGANIZATION PROFILE				
GRI 102 General basic contents 2016	102-1 Name of the organization		5	
	102-2 Activities, brands, products, and services		10, 11	
	102-3 Location of headquarters	Dr. Luis Bonavita, 1294, 5th Floor, Office 501, WTC Free Zone, Montevideo 1130, Uruguay.		
	102-4 Location of operations		10	
	102-5 Ownership and legal form		5	
	102-6 Markets served		10, 11	
	102-7 Scale of the organization		12	
	102-8 Information on employees and other workers	There is a difference in the information presented in this report and the one found in the Annual 20-F Form due to the lack of a centralized tallying system.	43, 44	YES
	102-9 Supply chain		23	YES
	102-10 Significant changes to the organization and its supply chain		10	YES
	102-11 Precautionary Principle or approach	Although we have not established a precautionary principle, we have a management approach regarding our environmental impacts described in the Planet chapter.		
	102-12 External initiatives		13	
	102-13 Membership of associations		13	
STRATEGY				
GRI 102 General basic contents 2016	102-14 Statement from senior decision-maker		3, 4	
ETHICS AND INTEGRITY				
GRI 102 General basic contents 2016	102-16 Values, principles, standards, and norms of behavior		10, 19	YES
GOVERNANCE				
GRI 102 General basic contents 2016	102-18 Governance structure		17, 18	
STAKEHOLDER ENGAGEMEN	г			
GRI 102 General basic	102-40 List of stakeholder groups		6	YES
contents 2016	102-41 Collective bargaining agreements		50	
	102-42 Identifying and selecting stakeholders		6,7	



GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED
STAKEHOLDER ENGAGEMENT				
GRI 102 General basic contents 2016	102-43 Approach to stakeholder engagement		6,7	
	102-44 Key topics and concerns raised		7, 8	
	102-45 Entities included in the consolidated financial statements	Adcon S.A., Administrative Development Company, Aduy S.A., Alimentos Arcos Dorados de Venezuela C.A., Alimentos Latinoamericanos Venezuela ALV, C.A., Arcgold del Ecuador, S.A., Arcos del Sur, S.R.L., Arcos Dorados Argentina S.A., Arcos Dorados Aruba N.V., Arcos Dorados B.V., Arcos Dorados Caribbean Development Corp., Arcos Dorados Colombia S.A.S, Arcos Dorados Costa Rica ADCR, S.A., ADCR Inmobiliaria, S.A., Arcos Dorados Curacao, N.V., Arcos Dorados Development B.V., Arcos Dorados French Guiana, Arcos Dorados Group B.V., Arcos Dorados Martinique, Arcos Dorados Panama, S.A., Arcos Dorados Puerto Rico, LLC, Arcos Dorados Restaurantes de Chile, Ltda., Arcos de Valparaiso SpA, Arcos Dorados Trinidad Limited Trinidad and Tobago, Arcos Dorados USVI, Inc.(St. Croix), Arcos Dourados Comercio de Alimentos S.A., Arcos Dourados Restaurantes Ltda., Arcos SerCal Inmobiliaria, S. de R.L. de C.V., Restaurantes ADMX, S. de R.L. de C.V., Arcos Dorados BraPa S.A., Compañía de Inversiones Inmobiliarias S.A., Complejo Agropecuario Carnico (Carnicos), C.A., Arcos Dorados Uruguay S.A., Gerencia Operativa ARC, C.A., Compañía Operativa de Alimentos COR, C.A., Golden Arch Development LLC, LatAm, LLC, Logistics and Manufacturing LOMA Co., Management Operations Company, Operaciones Arcos Dorados de Perú, S.A., Sistemas Central America, S.A., Sistemas McOpCo Panama, S.A., Arcos Dorados Latam LLC, Arcos SEM Panama SA, Arcos Mendocinos S.A.		
REPORTING PRACTICES				
GRI 102 General basic contents 2016	102-46 Definition of reports' content and scope of subject matter		7, 8	
001101100 2010	102-47 List of all material aspects		8	YES
	102-48 Restatements of information		5	
	102-49 Changes in reporting		10	
	102-50 Period of report		5	
	102-51 Date of last report		5	
	102-52 Company report presentation frequency		5	
	102-53 Point of contact for report queries		5	
	102-54 Reporting statement pursuant to GRI standards		5	
	102-55 GRI content index		77	
	102-56 External assurance		5	
MATERIAL ISSUE: SUPPORT T	O THE LOCAL COMMUNITY			
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary		60, 62, 63, 66	
арргоасті 2010	103-2 The management approach and its components		60-67	
	103-3 Evaluation of the management approach		60-67	
413 Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs		61	YES
MATERIAL ISSUE: SUPPORT T	O THE LOCAL COMMUNITY			
GRI 103 Management	103-1 Explanation of the material topic and its Boundary		37	
approach 2016	103-2 The management approach and its components		37-39	
	103-3 Evaluation of the management approach		37-39	



GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED
MATERIAL ISSUE: SUPPORT TO	THE LOCAL COMMUNITY			
417 Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		38	
418 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	We do not report this data due to competition issues.		
419 Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	We did not evaluate non-compliance with laws and regulations in the social and economic areas during the reporting period.		
MATERIAL ISSUE: YOUTH EMPL	OYMENT			
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary		62	
	103-2 The management approach and its components		62-65	
	103-3 Evaluation of the management approach		62-65	
MATERIAL ISSUE: SUPPORT TO	THE LOCAL COMMUNITY			
GRI 103 Management	103-1 Explanation of the material topic and its Boundary		49	
approach 2016	103-2 The management approach and its components		49, 50	
	103-3 Evaluation of the management approach		49,50	
402 Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes		50	
406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2021, we registered 65 incidents related to discrimination and diversity, which represent 0.0009 incidents per employee. While 31 of those claims were not verified as genuine, 5 were proved, and 12 were partially proved. At the end of the period, 17 cases were under investigation. Only one was recurrent in one of our restaurants in Brazil with similar complaints in two different periods of the year.		YES
407 Freedom of Association and Collective Bargaining 2016	407-1 Operrations and suppliers in which the right to freedom of association and collective bargaining may be at risk		50	
MATERIAL ISSUE: DIVERSITY A	ND INCLUSION		-	
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary		51	
арргоаст 2010	103-2 The management approach and its components		51-54	
	103-3 Evaluation of the management approach		51-54	
202 Market presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimun wage		-	
	202-2 Proportion of senior management hired from the local community		18	
405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		18, 43, 44	YES



GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED
MATERIAL TOPIC: RESPONSIB	LE SOURCING			
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary		24	
	103-2 The management approach and its components		24-33	
	103-3 Evaluation of the management approach		24-33	
204 Procurement Practices 2016	204-1 Proportion of spending on local suppliers		23	YES
308 Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	We evaluate the environmental impact of our suppliers by requiring internationally recognized certifications. However, we cannot report on the number of new suppliers from whom we require this good practice during the period.	24-27	
	308-2 Negative environmental impacts in the supply chain and actions taken		24-33	
408 Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		24, 25	
409 Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		24, 25	
412 Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments		24, 25	
414 Supplier Social	414-1 New suppliers that were screened using social criteria		25	
Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken		24, 25	
MATERIAL ISSUE: CULTURE AN	ID WORK ENVIRONMENT			
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary		41	
арргоасті 2010	103-2 The management approach and its components		41-48	
	103-3 Evaluation of the management approach		41-48	
401 Employment 2016	401-1 New employee hires and employee turnover		44	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		45-48	
	401-3 Parental leave		46	
404 Training &	404-1 Average hours of training per year per employee		46	YES
education 2016	404-2 Programs for upgrading employee skills and transition assistance programs		46-48	
	404-3 Percentage of employees receiving regular performance and career development reviews		48	



GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED
MATERIAL ISSUE: HEALTH AN	D SAFETY OF OUR PEOPLE			
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary		55	
	103-2 The management approach and its components		55-58	
	103-3 Evaluation of the management approach		55-58	
403 Occupational	403-1 Occupational health and safety management system		56	
Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation		56	
	403-3 Occupational health services		57	
	403-4 Worker participation, consultation, and communication on occupational health and safety		57	
	404-5 Worker training on occupational health and safety		57	YES
	403-6 Promotion of worker health		57	YES
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		56	
	403-8 Workers covered by an occupational health and safety management system		56	
	403-9 Work-related injuries		58	
	403-10 Work-related ill health		58	
MATERIAL ISSUE: ETHICS AN	D INTEGRITY AND THE FIGHT AGAINST CORRUPTION			
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary		17	
арргоасті 2016	103-2 The management approach and its components		17-20	
	103-3 Evaluation of the management approach		17-20	
205 Anticorruption 2016	205-1 Operations assessed for risks related to corruption		19	
	205-2 Communication and training about anti-corruption policies and procedures		19, 20	YES
	205-3 Confirmed incidents of corruption and actions taken		19	
206 Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		19	



GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED
MATERIAL ISSUE: HEALTH AND	SAFETY OF OUR PEOPLE			
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary		69	
	103-2 The management approach and its components		69, 70	
	103-3 Evaluation of the management approach		69,70	
305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions		70	YES
	305-2 Energy indirect (Scope 2) GHG emissions		70	YES
	305-3 Other indirect (Scope 3) GHG emissions		70	
	305-4 GHG emissions intensity		70	
307 Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	During the period, we registered non-material cases of non-compliance in two countries.  In Argentina, in 9 of our restaurants in Córdoba, authorities temporarily closed the restaurants for not having all the certificates as large urban solid waste generators. The total amount of the fines was pending resolution at the closure of the report. The certificates have already been obtained and normal operations were reestablished quickly.  In Brazil, we have received 85 environmental notifications, and the estimated value of the potential fines is USD 44,891. At the closing of the reporting period, the status of the cases are:  - 4 cases for not having an environmental license: documents presented and remained pending a final decision from the environmental agency.  - 1 case of non-compliance with environmental conditions: fine was paid.  - 3 cases of irregular waste disposal: documents presented and remained pending a final decision from the environmental agency.  - 1 case of regularization of PGRS: documents presented and remained pending a final decision from the environmental agency.  - 76 cases of regularization of the registration as a large waste generator: fine was paid.		
MATERIAL ISSUE: RESPONSIBI	E RESOURCE MANAGEMENT			
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary		71	
арргодон 2010	103-2 The management approach and its components		71-73	
	103-3 Evaluation of the management approach		71-73	
302 Energy 2016	302-1 Energy consumption within the organization		71	YES
	302-3 Energy intensity		71	YES
303 Water and efluents 2018	303-1 Interactions with water as a shared resource		72	
	303-2 Management of water discharge-related impacts		72	
MATERIAL ISSUE: SUSTAINABI	E AND DEFORESTATION-FREE LIVESTOCK RAISING			
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary		28, 31	
approdon 2010	103-2 The management approach and its components		28-32	
	103-3 Evaluation of the management approach		28-32	



GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED			
MATERIAL ISSUE: PACKAGIN	MATERIAL ISSUE: PACKAGING AND RECYCLING (CIRCULAR ECONOMY)						
GRI 103 Management	103-1 Explanation of the material topic and its Boundary		74				
approach 2016	103-2 The management approach and its components		73-76				
	103-3 Evaluation of the management approach		73-76				
301 Materials 2016	301-1 Materials used by weight or volume		75				
306 Waste 2020	306-1 Waste generation and significant waste-related impacts		73				
	306-2 Management of significant waste-related impacts		73, 74				
	306-3 Waste generated		73				
	306-4 Waste diverted from disposal		73				
	306-5 Waste directed to disposal		73				
MATERIAL ISSUE: FOOD SAF	ETY						
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary		34				
арргоасті 2010	103-2 The management approach and its components		34-36				
	103-3 Evaluation of the management approach		34-36				
416 Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		34-36				



# **SASB STANDARD**

GRI STANDARD	CONTENT	ANSWER	PAGE
ENERGY MANAGEMENT			
FB-RN-130a.1	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable		71
WATER MANAGEMENT			
FB-RN-140a.1	(1) Total water withdrawn (2) total water consumed, percentage of each in regions	We did not measure the total water withdrawn and the total water consumed during the reporting period.	
	with High or Extremely High Baseline Water Stress		
FOOD & PACKAGING WASTE	MANAGEMENT		
FB-RN-150a.1	(1) Total amount of waste, (2) percentage food waste, (3) percentage diverted		73,74
FB-RN-150a.2	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials,		75
	(3) percentage that is recyclable, reusable, and/or compostable		
FOOD SAFETY			
FB-RN-250a.1	(1) Percentage of restaurants inspected by a food safety oversight body,		35, 36
	(2) percentage receiving critical violations		
FB-RN-250a.2	(1) Number of recalls issued, (2) total amount of food product recalled		36
FB-RN-250a.3	Number of confirmed foodborne illness outbreaks, percentage resulting		36
	in U.S. Centers for Disease Control and Prevention (CDC) investigation 3		
NUTRITIONAL CONTENT			
FB-RN-260a.1	(1) Percentage of meal options consistent with national dietary guidelines,	Information about revenues from different menu offerings is sensitive competitive information that we do not disclose.	38
	(2) revenue from these options		
FB-RN-260a.2	(1) Percentage of children's meal options consistent with national dietary guidelines	Information about revenues from different menu offerings is sensitive competitive information that we do not disclose.	39
	for children, (2) revenue from these options		
FB-RN-260a.3	FB-RN-260a.3 Number of advertising impressions made on children,	Information about the total advertising impressions made on children is sensitive competitive information that we do not disclose.	
	percentage promoting products that meet national dietary guidelines for children		
LABOR PRACTICES			
FB-RN-310a.1	(1) Voluntary turnover rate for restaurant employees, (2) involuntary turnover rate	We comply with current legal regulations related to labor conditions in each country where we operate.	44
	for restaurant employees		
FB-RN-310a.2	(1) Average hourly wage, by region, (2) percentage of restaurant employees earning	In the present report, we disclose full information about discrimination cases, but we consider the financial information sensitive and involving a significant risk of being used	
	minimum wage, by region	against the Company.	
FB-RN-310a.3	Total amount of monetary losses as a result of legal proceedings associated with (1)		
	labor law violations and (2) employment discrimination		
SUPPLY CHAIN MANAGEME	NT & FOOD SOURCING		
FB-RN-430a.1	Percentage of food purchased that (1) meets environmental and social sourcing	Our suppliers' social and environmental evaluation is performed using separate methods. We conduct the social assessment with the assistance of an authorized third party.	24-27
	standards and (2) is certified to third-party environmental and/or social standards	For the environmental evaluation, we require internationally recognized certifications.	
FB-RN-430a.2	(1) Percentage of eggs that originated from a cage-free environment		28, 29
	and (2) Percentage of pork that was produced without the use of gestation crates		
FB-RN-430a.3	Discussion of strategy to manage environmental and social risks		24-32
	within the supply chain, including animal welfare		





#### INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S LIMITED ASSURANCE REPORT

To the Directors of ARCOS DORADOS HOLDINGS INC.

#### 1- Engagement purpose

We were hired by Arcos Dorados Holdings Inc. (the "Company") to issue a limited assurance report on certain indicators contained in the 2021 Social Impact and Sustainable Development Report (the "Report") for the year ended December 31, 2021, including the reference "

", which the Board considered most material based on the stakeholders' enquiries and the guidelines set by the Global Reporting Initiative (GRI) in the GRI Standards.

### 2- Responsibility of the Company's Board

The Company's Board is responsible for the preparation and presentation of the Report according to the GRI Standards. This responsibility includes defining the bases and criteria to draft the Report, and define, adjust and maintain the management and internal control systems used to obtain the information.

#### 3- Public accountant's responsibility

Our responsibility is to express a limited assurance conclusion on the indicators of the GRI Standards mentioned in item 1 and included in the Report, based on our assurance engagement.

### 4- Professional work

Our professional work was performed in conformity with the standards on other assurance engagements established in section V(A) of the second part of Technical Resolution No. 37 (hereinafter, "TR 37"), which is based on ISAE 3000 issued by the International Federation of Accountants (IFAC). These standards require that we meet the ethics requirements, and plan and execute the engagement to obtain limited assurance, within our field of competence, about whether the indicators included in the Report identified in item 1 and including the reference "O" have been prepared, in all material respects, according to the guidelines established in the GRI Standards. In addition, according to such standards, the level of assurance obtained in a limited assurance engagement is lower than in a reasonable assurance engagement because the nature, scope and timing of the procedures applied by the auditor to collect the judgmental evidence to issue a conclusion differ.





Consequently, our work included the examination, on selective bases, of the evidence gathered about the Company's compliance with the GRI Standards mentioned in item 1 and the application of other procedures deemed appropriate based on the circumstances.

The procedures specified in the previous paragraph have been applied on the records and documents provided by the Company. Our task was based on the assumption that the information provided is accurate, complete, and genuine, and that it does not result from any fraudulent or unlawful act, for which we took into account their appearance and formal structure.

#### 5- Conclusion

Based on the work performed described in item 4, nothing came to our attention leading us to believe that the GRI indicators included herein mentioned in item 1 and including the reference "

" are not prepared, in all material respects, according to the GRI Standards.

City of Buenos Aires, Argentina May 17, 2022

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.

Member of Ernst & Young Global

GUSTAVO LAZZATI Partner





