



# Social Impact and Sustainable Development Report



2022

## Content

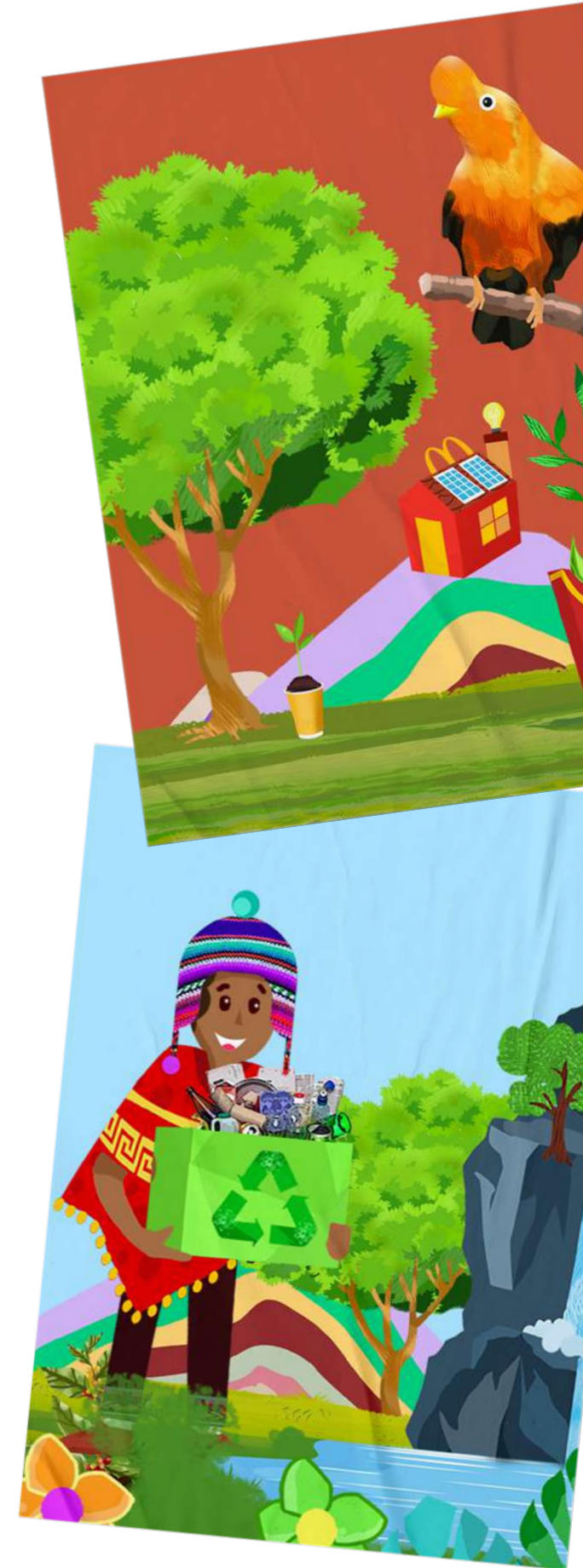


### Brian, the artist

Brian Mayhua Lopez is the artist behind the illustrations that fill this Report with magic. He is a Peruvian-born artist who, in 2016, came to Argentina to start his work from the Padre Carlos Mugica neighborhood, formerly Villa 31, in the Autonomous City of Buenos Aires.

A student of Painting at the National University of Arts, Brian's artistic productions range from urban murals to the unique Toritos de Pucará. His artistic language combines his Andean roots with his immigrant experience. Pre-Columbian symbolism merges with a realistic language and a powerful palette of colors and tonalities that celebrate the artistic traditions of Latin America.

Guided by our Recipe for the Future, Brian created a composition and design that inspired us to fill our report with murals! Thank you Brian for your talent and the imaginary world you share with the whole community.





## Message from our Executive Chairman of the Board

In 2022, Arcos Dorados celebrated its 15th anniversary as Latin America and the Caribbean’s largest restaurant operator. Over that time, the business evolved and grew while keeping pace with societal and consumer trends. This included maintaining and reinforcing our commitments to the planet and the communities we serve in the region. With a dedicated and passionate team leading the effort, we made significant progress in sustainability and social responsibility that fills us with pride and drives us to strive for more.

We take a proactive role to mitigate climate change with increasingly ambitious initiatives to minimize the environmental impact of our operations and supply chain. As a leading multinational company we hope to inspire by example, motivating people and companies to take part in the change. Among these initiatives is increased usage of renewable energy sources to run our operations. In fact, in 2022, we accelerated our energy transition by more than doubling our usage of renewable energy sources. We also became the first quick service restaurant operator in the world to link its financing strategy to environmental targets by issuing a Sustainability Linked Bond, with concrete goals for reducing Scope 1, 2, and 3 of greenhouse gas emissions by 2025.

Sustainability is part of Arcos Dorados’ DNA, which makes it an integral part of our overall business strategy. In other words, it is the right thing to do and it is also good for business. This means partnering with our suppliers to ensure the industry’s highest standards of food safety and providing our millions of daily guests sustainably sourced, high quality menu offerings while also taking care of the planet.

One of the most important pillars of our business is people. We hire and train thousands of young people every year. For most of them, McDonald’s is their first formal work experience where they learn basic soft skills that will serve them for the rest of their professional lives. The jobs we offer to the region’s young people, together with the education and training they

receive while they are with us, are fundamental drivers of inclusion and social mobility. In 2022, nearly 70,000 people accessed free online courses to prepare them for their future careers through our educational platform, M-Campus Comunidad.

We believe that valuing differences and individuality, empowers people to reach their maximum potential. This is why we foster diversity, inclusiveness and respect in the workplace where professional and personal development opportunities are earned through a culture of meritocracy.

The significant achievements of our Recipe for the Future ESG platform are a source of pride for all of us at Arcos Dorados and we are even more motivated and excited about the targets we set for the years to come. Our commitment to the planet and to the communities we serve continues to grow as our business grows. If we continue on this path and leverage our position as industry leaders, then we will be true agents of change to build a better world for future generations.

I am thrilled to share the Arcos Dorados Social Impact and Sustainable Development Report for 2022, our ninth such report, highlighting all the progress we made across the six pillars of our Recipe for the Future ESG platform.

### Wood Staton

Executive Chairman of the Board



## Message from our CEO

Given our significant scale and industry leadership, we believe we have a special obligation toward society and the planet. That is why we work every day to protect the environment and promote the development of the communities we serve. Over more than 30 years working at Arcos Dorados, I have witnessed the significant strides we made in terms of social and environmental responsibility, which led us to set increasingly challenging goals.

In this report we publicly and transparently disclose the 2022 results of our six strategic pillars: climate change, circular economy, sustainable sourcing, youth opportunity, commitment to families, and diversity and inclusion.

There is no doubt we achieved significant milestones in 2022, which brought with them even greater responsibilities. We took one of the most important steps in our socio-environmental strategy by becoming the first company in the restaurant industry to issue a Sustainability-Linked Bond. With it, we established targets to progressively reduce greenhouse gas emissions by 2025. The targets encompass both our own operation and offices as well as in our supply chain, thus involving our main suppliers in these ambitious commitments. This is just one of the many initiatives that demonstrate how Environmental, Social, and Governance issues are fundamental to our business strategies and long-term, sustainable growth.

For the second consecutive year, we more than doubled the supply of clean energy used in our operations. We are also promoting the power of cumulative actions by our employees and guests, under the premise of "Change a little, change a lot," which inspires people to make small changes for a more sustainable future.

In order to offer great tasting and high quality food to our millions of customers on a daily basis, we monitor every detail of our supply and production chain, ensuring they meet the highest standards of food safety and sustainability.

As the Company continues to grow, we are generating thousands of new, formal employment opportunities in our region. In 2022, more than 70,000 people went through our hiring processes. Aligned with our commitment to training and community support, we leveraged the free and open educational platform, M-Campus Comunidad, offering 14 short courses in Digital Marketing, Information Technology, Entrepreneurship, Customer Service, and Personal Finance, to name a few. As of the publication of this report, there were almost 100,000 total registered users in these certificate-level, Hamburger University courses.

It is with a great sense of pride that we present our 9th Social Impact and Sustainable Development Report for Latin America and the Caribbean. I invite you to explore the report and learn more about each of the initiatives and activities we promote to build a brighter tomorrow for current and future generations.

**Marcelo Rabach**  
Chief Executive Officer






## Report parameters

This report has been prepared in accordance with the Global Reporting Initiative Universal Standards 2021. In addition, the Sustainability Accounting Standards Board (SASB) Materiality Map was used to report the relevant indicators for the restaurant industry.

This document represents our ninth reporting exercise. It describes the activities related to the sustainability management of Arcos Dorados Holdings Inc. The report relates to activities from January 1 to December 31, 2022. During this period, the Company did not undergo relevant organizational changes that affect comparability. The Company established an annual reporting periodicity for its sustainability reports. The previously released report corresponds to the 2021 fiscal year.

To reaffirm our commitment to transparency and accountability with respect to the information contained in this report, Ernst and Young (EY) conducted a verification of the indicators marked with , along the report.


### CONTACT

[sustentabilidade@br.mcd.com](mailto:sustentabilidade@br.mcd.com)

## Stakeholders

We are in constant communication with our stakeholders — from individuals to organizations — to understand their expectations and identify their concerns, which we then translate into strategically valuable information to better manage our business.

Dialogue and interaction with our stakeholders helps us identify the current and potential impacts of our organization. As such, we can enhance positive impacts and respond, as needed, to prevent or mitigate potential negative impacts.

We conduct an internal process to identify and select said stakeholders based on interaction criteria and business impact. We have dialogue mechanisms to encourage each stakeholder group's participation. 

STAKEHOLDER 	ENGAGEMENT PURPOSE	ENGAGEMENT MECHANISMS
Shareholders, sub-franchisees, financial entities	Transparent results reporting and collection of concerns regarding our performance.	Shareholders' Meeting Financial Statements Form 20-F. Quarterly reports. Investor Outreach. Social Impact and Sustainable Development Report. Arcos Dorados website Recipe for the Future website. Materiality Assessment.
Guests	Offering the best menu and experience.	Tell us how we did. Open Doors. Social Impact and Sustainable Development Report. Customer Service Line. Arcos Dorados website Recipe for the Future website. Materiality Assessment.
Arcos Dorados personnel	Building the best place to work.	Work climate surveys. Local Instagram channels. Corporate social network. AD Podcasts. Meetings. Mailings. Open Doors. Social Impact and Sustainable Development Report. Recipe for the Future website. Materiality Assessment.
Supplier or distributor	Developing a responsible value chain aligned with our values.	Supplier meetings. Supplier Portal. Open Doors. Social Impact and Sustainable Development Report. Arcos Dorados website. Recipe for the Future website. Materiality Assessment.
Community (neighbor or NGO representative)	Giving back to our communities with opportunities for development and growth.	Tell us how we did. Open Doors. Social Impact and Sustainable Development Report. Arcos Dorados website. Recipe for the Future website. Materiality Assessment.
Government entities	Transparent results reporting and building partnerships that contribute to sustainable development.	Government Relations. Public/Private partnerships. Financial Statements. Form 20-F. Social Impact and Sustainable Development Report. Arcos Dorados website. Materiality Assessment

## Materiality Process

In 2022, we adapted our annual materiality exercise to the recommendations of the new Global Reporting Initiative (GRI) Universal Standards 2021 for the definition of content.

First, we outlined our organizational context, which includes the risks associated with our business, described in the 20-F Risk Factors section; the consumer insight study performed by the GlobeScan market research company; and the results published in the 2021 Social Impact and Sustainable Development Report .

We identified our current and potential business impacts based on the materiality defined by the SASB indicators for the Restaurant industry. We also conducted a benchmark study against eight strategic organizations to understand and identify industry impacts. We compared these results with our sustainability strategy and our list of material issues from 2021.

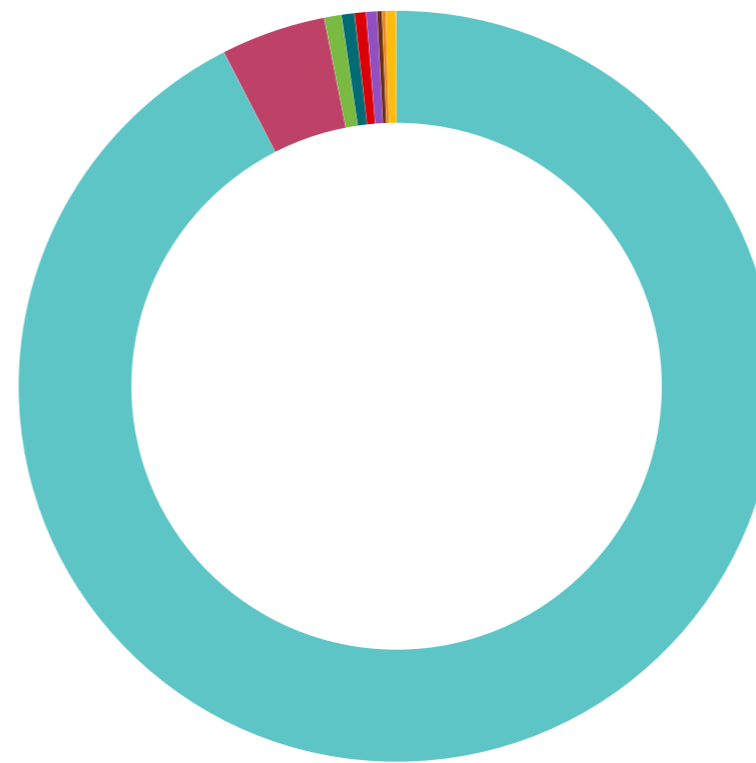
We selected 15 impacts we considered significant for our business. Then, we conducted a materiality survey where over 12,500 stakeholders rated the most significant impacts we should manage as a priority. As part of their assessment, the respondents were also asked if, in their opinion, any other major issue or impact should be included.

The ESG team evaluated and worked on the suggestions from our stakeholders and the validation of each. Accordingly, the 15 impacts were included as material issues. They were ranked by importance and their effect on the economy, the environment, and the people.

As part of this process, and in line with the new impact and stakeholder concepts under the GRI Universal Standards 2021, we included “Responsible digital experience” as a material issue.



### STAKEHOLDER DISTRIBUTION



11,565  
Guest

560  
Employees

93  
Community

70  
Sub-Franchisees

60  
Government  
entities

58  
Suppliers

27  
Financial  
entities

19  
Shareholders

57  
Others

12,518  
Total



## Material topics

#	MATERIAL TOPIC	RECIPE FOR THE FUTURE PILLAR
1	Youth employment	Youth Opportunity
2	Packaging and recycling	Circular Economy
3	Food safety	Commitment to Families
4	Diversity and inclusion	Diversity and Inclusion
5	Responsible digital experience	Commitment to Families
6	Health and safety of our people	Youth Opportunity
7	Culture and work environment	Diversity and Inclusion
8	Nutrition and responsible marketing	Commitment to Families
9	Human Rights and fair labor practices	Youth Opportunity
10	Responsible resource management	Climate Change
11	Responsible sourcing	Sustainable Sourcing
12	Supporting the local community	Commitment to Families
13	Climate change	Climate Change
14	Ethics, integrity and the fight against corruption	Governance
15	Sustainable and deforestation-free livestock raising	Sustainable Sourcing



# We are Arcos Dorados



## Together with the same passion for more than 15 years

Who doesn't like celebrations? In 2022 we marked the 15 year anniversary of the acquisition of the master franchise rights to operate the McDonald's brand in our region. In August 2007, Woods Staton and a group of investors took over McDonald's Latin American and Caribbean operations. This date marked a new beginning for us and for the McDonald's brand in the region. Since then, we have become the largest independent McDonald's franchisee in the world and the most important quick-service restaurant chain in the region.

What does it mean to be 15 years old? First of all, we are proud of the journey during which we became one of Latin America's leading companies, with operations in 20 countries and territories where our offices and over 2,300 restaurants employ more than 93,000 people. In April 2011 we went public and began trading on the New York Stock Exchange (NYSE) under the ticker symbol ARCO.

We believe it also means having the courage to look to the future with a commitment and passion for positively impacting the communities we serve and looking after the planet we all share. Doing this requires a relentless focus on ensuring food quality and safety, generating employment opportunities for young people, supporting communities, following sustainable sourcing and

environmental practices, promoting diversity and inclusion, and providing innovative, modern and fun experiences for the whole family.

# Fifteen years of bringing families together to share delicious food and create long-lasting memories.

Operating geographies 

### BRAZIL

**SOUTH LATIN AMERICAN DIVISION (SLAD)**  
Argentina, Uruguay, Chile, Peru, Ecuador, Colombia, Venezuela, Trinidad & Tobago, Aruba, and Curaçao.

**NORTH LATIN AMERICAN DIVISION (NOLAD)**  
Panama, Costa Rica, Mexico, French Guiana, Puerto Rico, Martinique, Guadeloupe, St. Croix, and St. Thomas.



## What's on the menu?

We serve more than just delicious food. Our restaurants serve a menu of safe, high quality, iconic items that help make feel-good moments easy for everyone in Latin America and the Caribbean.

- Hamburgers
- Chicken
- Happy Meal
- Beverages
- Fries and side dishes
- Desserts
- McCafé

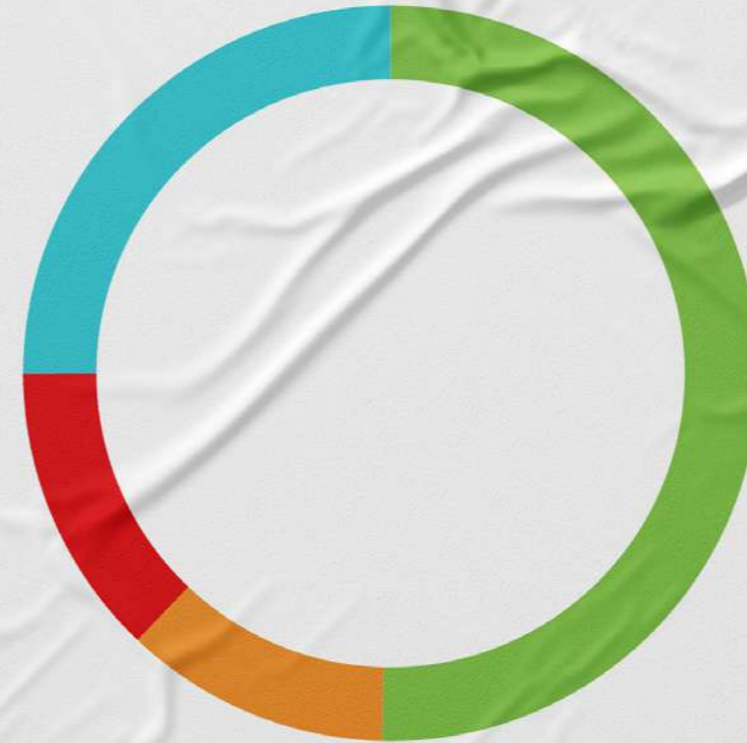


## Eat in or take out?

Guests have more options than ever to choose the McDonald's experience that is right for them. More than half our restaurants are street facing and nearly all our restaurants offer delivery and other services such as Mobile Order and Pick-up. Whether it is inside one of our iconic locations or from the comfort of their own homes, families decide when, where and how to enjoy their favorite McDonald's menu items.



## RESTAURANT FORMATS



### 50.4% | Free-standing restaurants

The largest and most complete restaurants showcasing all our sales channels and menu offerings, including drive-thru service and on-site parking.

### 11.7% | In-store restaurants

Street-facing locations as part of a larger building, not including drive-thru service or on-site parking.

### 12.9% | Mall store restaurants

Located in malls with their own seating areas.

### 25% | Food court

Located in malls consisting of a front counter and kitchen, usually in front of shared seating with other restaurants.

# Our 2022 highlights

as of December 31<sup>st</sup>, 2022

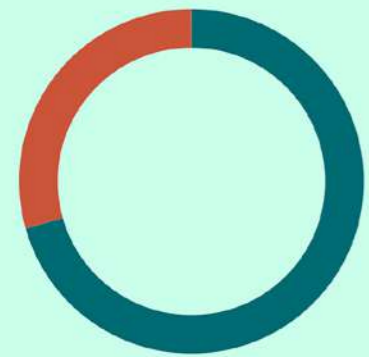
**2,312**  
restaurants

**20**  
countries

**66+**  
restaurants  
opened

**3,198**  
Dessert centers

**300**  
McCafé  
locations



**70.6%**  
company-operated

**29.4%**  
sub-franchisee



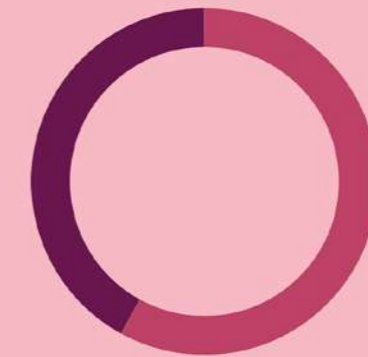
**4M+**  
customers  
per day

USD  
**3.6 billion**  
revenues  
36.05%+ vs 2021



**93,642**  
employees  
15,2%+ vs 2021

**50%**  
employees  
under 24 years old



**58%**  
women

**42%**  
men



# A Recipe for the Future in the making

Our scale and leadership comes with responsibility, so we developed a strong recipe. Six action pillars and 13 commitments make up our Environmental, Social, and Governance platform, Recipe for the Future, which is designed to seize our opportunities to make a real and meaningful positive impact.

We are focused on making changes that balance the needs of people, animals, and the planet. We take responsibility for ensuring the well-being of our community by providing nutritional and balanced food for families, training and job opportunities for young people, ensuring a sustainable supply chain, and minimizing our environmental impact.

And we are on the right track! In 2022 we progressed to 54% achievement of our long-term commitments and met our goal of providing access to formal jobs for more than 2 million young people, three years ahead of schedule.

## RECIPE FOR THE FUTURE

1 Linked to our responsible sourcing goals and supporting deforestation-free supply chains for the raw materials we buy in the greatest volumes and with greatest impact – beef, soy (for chicken feed), palm oil, coffee and fiber (used in primary guest packaging). “Supporting deforestation-free supply chains” refers to commodities that we source sustainably from high priority regions within Latin America, as defined by McDonald’s. “High priority regions” are defined as countries and biomes, designated as areas where deforestation occurs or is projected to occur as determined through regular assessments that rely on the latest supply chain data and trends. McDonald’s Corporation assesses this risk annually with third parties.

2 Certified sources refer to suppliers of primary fiber-based packaging which comply with the Forest Management and Chain of Custody certification requirements set out by one of the following schemes: Forest Stewardship Council™ (FSC®); Programme for the Endorsement of Forest Certification (PEFC) or PEFC-endorsed national systems including, for example, Sustainable Forestry Initiative® (SFI®)

3 100% of our suppliers are certified either FSC or PEFC on a facility-level

4 Scope of goal: Products that are used to package guest food on premises at McDonald’s restaurants, and Happy Meals toy/book packaging. Excluding pre packaged items.

### YOUTH OPPORTUNITY

We offer thousands of young people the opportunity to train for their future careers and gain their first formal job experience.

#### Commitment

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

 **ACCOMPLISHED**



### COMMITMENT TO FAMILIES

We serve menu options to meet all needs, improving families’ quality of life.

#### Commitment

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

 **ACCOMPLISHED**

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

 **ACCOMPLISHED**

Follow responsible marketing practices.

 **ACCOMPLISHED**



### SUSTAINABLE SOURCING

We promote animal welfare among our suppliers and procure ingredients produced with respectful environmental practices.

#### Commitment

Transition to source cage-free eggs by 2025.

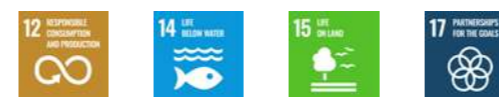
 **IN PROGRESS**

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

 **ACCOMPLISHED**

Eliminate deforestation from our supply chain by 2030.<sup>1</sup>

 **IN PROGRESS**



### CLIMATE CHANGE

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

#### Commitment

Reduce greenhouse gas emissions (GHG) by 15% in all restaurants and offices by 2025.

 **IN PROGRESS**

Reduce supply chain GHG emission intensity by 10% in collaboration and partnership with our suppliers by 2030.

 **IN PROGRESS**



### DIVERSITY AND INCLUSION

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

#### Commitment

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

 **ACCOMPLISHED**



### CIRCULAR ECONOMY

We seek solutions for transitioning to renewable materials while also changing habits in our restaurants.

#### Commitment

Guaranteeing that 100% of fiber based packaging comes from recycled or certified sources where no deforestation occurs by 2020.<sup>2</sup>

 **ACCOMPLISHED<sup>3</sup>**

Source 100% of our primary guest packaging from renewable, recycled or certified materials by the end of 2025.<sup>2</sup>

 **88.3%<sup>3</sup>**

Reduce plastics in primary guest packaging used in our restaurants.<sup>6</sup>

 **33%<sup>7</sup>**



5 Plastic cups contingency due to raw material shortages in Argentina and North Latin American countries. Happy Meals toys/books packaging not included.

6 Scope: Excluding pre packaged items sustainable sourcing  
7 Percentage of single-use plastic removed versus 2017 base year  
.Plastic cups used as contingency due to raw material shortages in Argentina and North LA countries (MXN, CR, PAN, PR, islands).



## LEADING INDUSTRY PLAYERS

The challenges we face as an industry must be addressed as a team. So we create and lead meeting spaces where we share our success stories, concerns, and positions with other industry players. We are signatories and active members of several initiatives, including:

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

## ESG RATINGS

We follow ESG rating agency assessments to understand evolving industry standards. This allows us to evaluate the relevance of our current programs and establish continuous improvement plans. Each agency states that it analyzes our initiatives and defines the level of risk we are exposed to, our capacity to respond, and our evolution toward sustainable development according to their individual methodologies.



### SUSTAINALYTICS

Measures a company's exposure to industry-specific material ESG risks and how well they manage them.

Score  
24.3



### CDP

Assesses and scores across four consecutive levels, which represent the steps a company moves through as it progresses toward environmental stewardship.

### Score

- A Supplier
- B Climate
- B Forests
- C Water



### MSCI

Measures a company's management of financially relevant ESG risks and opportunities.

Score  
B

## We believe in good business

In April 2022, we issued a sustainability-linked bond, taking a significant step forward in our environmental commitments and generating a positive impact throughout our value chain.

With the issuance of this Sustainability Linked Bond (SLB), we became the first company in our industry regionally to link its financing strategy to sustainable development goals related to reducing carbon emissions throughout our operations and across our entire supply chain.

SLBs are debt instruments designed to commit issuers to meet specific ESG targets measured by key performance indicators. Arcos Dorados' SLB includes two sustainability performance targets (SPTs): reduce greenhouse gas (GHG) emissions by 15% in our operation and reduce GHG emission intensity by 10% in our supply chain by 2025, both compared with 2021 as our baseline.

Our SLB was rated by Sustainalytics and is subject to annual, external audits that will evaluate compliance with the SPTs. The first annual audit was conducted for calendar year 2022 and you can find an update on our progress [here](#).



"Sustainability is part of Arcos Dorados' culture and our business strategy. The issuance of this bond proves our conviction that sustainability is not only a duty for companies but can also be a good financial strategy".

**MARCELO RABACH**  
Chief Executive Officer



# Change a little, change a lot

Can you imagine the impact if more than 2,300 restaurants, 93,000 employees, and approximately 4 million daily guests changed a little? Together we can change a lot.

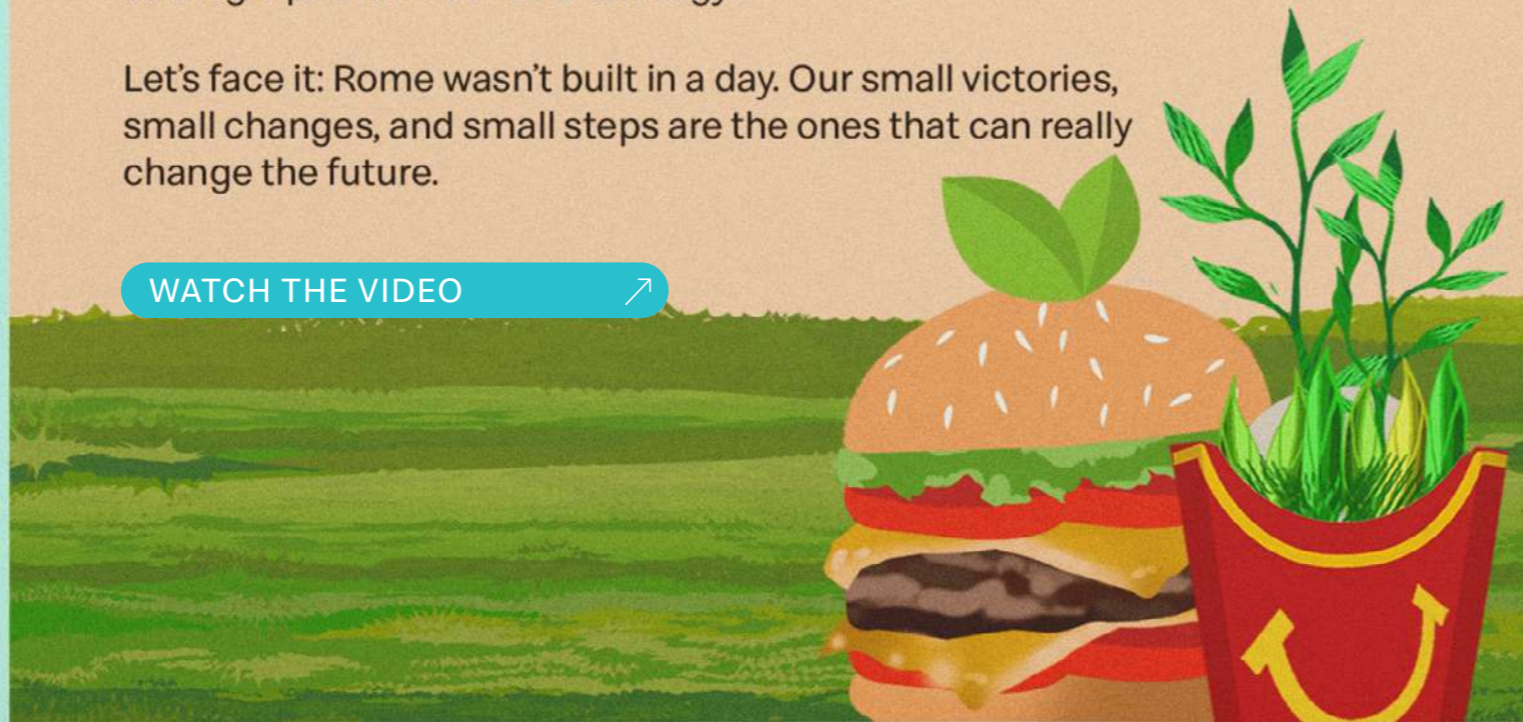
At Arcos Dorados, we know our scale and reach mean that each small positive step we take has the power to make a major difference. Being big does not make it any easier to think of a magical idea that can change the world. So we decided to start small, because the combination of many little, everyday actions, no matter how simple or small, can build something big over time.

In 2022 we began rolling out Change a little, Change a lot, a communication platform to bring our Recipe for the Future closer to the millions of guests who visit us every day. The platform's purpose is to change the world through small actions. It encourages every person to make small efforts to protect the planet and improve society to build a better future.

During its first year, the platform's messaging focus was on generating awareness and consciousness about recycling and circular economy. Over the next several years, we will include different topics related to the six strategic pillars of our ESG strategy.

Let's face it: Rome wasn't built in a day. Our small victories, small changes, and small steps are the ones that can really change the future.

[WATCH THE VIDEO](#) 



# Corporate Governance

No matter how little, every decision we make is aligned with our values. This ensures integrity, transparency, and ethics and contributes to growing our business responsibly.

Arcos Dorados' corporate governance is established by its Board of Directors and followed by its Senior Leadership Team. They exercise the authority delegated by vote at the Company's Annual Shareholders' Meeting, to manage the Company, and establish its strategic direction. We comply 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 oversees Arcos Dorados' strategic direction and management. It is directly responsible for economic, environmental, and social decision-making and receives guidance and assistance from different committees. It is composed of 10 members, 5 of whom are independent<sup>1</sup>. They represent different disciplines, industries, and backgrounds and participate in industry groups, such as forums and events where they broaden their knowledge of economic, environmental, and social issues.

<sup>1</sup>The number of members differs from the one reported in the 20-F because the Board of Directors underwent changes in 2023. These modifications will be reflected in the following report.

The Board of Directors is divided into three classes. Members of each class serve staggered, three-year terms. Upon the expiration of a class period, its directors may be nominated for re-election for additional three-year terms at the Annual Meeting of Shareholders in the year in which their term expires. Our directors do not have a retirement age requirement under our memorandum and articles of association. Any director may be removed, with or without cause, by a resolution of shareholders or directors.

Our Senior Leadership Team is responsible for managing and representing the Company. We have a strong team of 16 members with extensive experience in product development, real estate development, supply chain management, operations, finance, environmental, social and governance, 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. Executive-level responsibility for environmental and social issues rests with the Vice President of Social Impact and Sustainable Development, part of the Senior Leadership Team.

[MEMBER'S PROFILE](#) ↗

## Board of Directors Composition<sup>1</sup>

### DISTRIBUTION BY GENDER



### DISTRIBUTION BY AGE



### DISTRIBUTION BY REGION



## Leadership Team Composition

### DISTRIBUTION BY GENDER



### DISTRIBUTION BY AGE



### DISTRIBUTION BY REGION





## Board of Directors Committees

### AUDIT COMMITTEE

Composed of three independent directors, it assists the Board of Directors in external auditing, internal control, financial information, and communications to third parties.

### COMPENSATION AND NOMINATION COMMITTEE

Composed of three directors, it assesses and approves corporate goals and objectives related to remuneration, executive performance, long-term incentive components of compensation, and executive compensation. In addition, the committee monitors the evolution of the Sustainability Linked Bond metrics, as all eligible employees have an ESG component in their compensation program.

### FINANCE COMMITTEE

Composed of three directors, it assists the Board of Directors in fulfilling its responsibility to shareholders concerning best practices, policies, and strategies related to Arcos Dorados' financial affairs, among others.

## Responsible business conduct

We are committed to following honest and fair business practices for our guests, employees, suppliers, and community.

The main guide for responsible business practices for all Arcos Dorados employees is our Standards of Business Conduct document, which was approved and adopted by the Board of Directors of Arcos Dorados Holdings Inc. and its subsidiaries and affiliates. It applies to all employees, including those with temporary contracts, and Company Directors. These standards guide our company's legal responsibilities and ethical commitments and constitute essential principles of conduct representing our policies. They offer guidance and direction to help us make the right decisions on a daily basis.

The Ethics Committee oversees the implementation of and compliance with these standards, defines disciplinary measures, and follows up on complaints and potential violations. It is supported by the Corporate Internal Audit and Legal Departments, who advise on all issues related to the standards. The Corporate Internal Audit and Legal teams answer questions about the Standards of Business Conduct and/or analyze potential violations thereof.

The Standards of Business Conduct are guidelines for our behavior, commitments, and due diligence processes toward our stakeholders. Regarding our guests, we are determined to provide safe, quality products and follow responsible marketing practices. It establishes a statement of respect for human rights, diversity, and inclusion as well as ensuring a secure workplace. Finally, it declares our responsibility to give back to our communities.

These commitments are accompanied by a robust set of policies that involve each of our stakeholders and demonstrate our responsible business conduct. Programs and initiatives to embed these commitments, processes to remediate negative impacts, and their performance and results are described throughout this report.

During the reporting period, we assessed our operations for corruption-related risks. The company has controls audited by Ernst & Young (EY), an external auditing firm, as reported in its Form 20-F. In 2022, no incidents of corruption were reported, and we did not receive any legal actions regarding anti-competitive behavior, anti-trust, or anti-monopoly legislation.

### RESPONSIBLE BUSINESS CONDUCT FRAMEWORK



<sup>1</sup>Confidential document for internal use.



## CONFLICTS OF INTEREST

We act for the long-term benefit of Arcos Dorados, never for personal gain or to favor family or friends. Employees must refrain from taking advantage, for personal gain, of opportunities presented to them when using corporate assets or through their positions in the Company. They must refrain from trading in our securities based on material, non-public information known to them as a result of their job responsibilities. They must also refrain from competing with our company and avoid even the appearance of a conflict of interest that might cause others to doubt our impartiality or integrity.

Everyone at Arcos Dorados is responsible for disclosing any current or potential conflict of interest situation and for complying with any conditions required to control or eliminate the conflict. Such conditions may include, for example, removal from decision-making on behalf of Arcos Dorados or disengaging from the outside interest creating the conflict.

## BUSINESS CONDUCT TRAINING

Every year, members of our Staff<sup>1</sup> must complete the online Course on Standards of Business Conduct. The course is designed to ensure our entire team is up-to-date on the standards and values we promote at Arcos Dorados.

The course covers our Standards of Conduct, anti-corruption, and anti-money laundering practices to ensure the understanding of mandatory laws (FCPA/OFAC) as a New York Stock Exchange (NYSE) listed and SEC regulated company. It does not include business partners and crew members, although local management of each division is included in the Staff. A Certificate of Attendance is delivered upon completion.

<sup>1</sup> Excluding Senior Leadership Team.

## Communication about anti-corruption policies and procedures



## Human Rights

The Standards of Business Conduct underline our support and respect for fundamental Human Rights for all people. We use our policies and initiatives to ensure this principle is followed among three key stakeholders: employees, suppliers, and communities.

Upholding Human Rights and cultivating respectful workplaces protects the integrity of our brand and employees. We are aligned with McDonald's Corporation's Human Rights Policy, informed by the Universal Declaration of Human Rights and guided by the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

We are also responsible for the goods and services we buy. To ensure our suppliers are aligned with our values and operating methods, they must sign and comply with the Supplier Code of Conduct. This document includes our core values and principles of conduct regarding Human Rights, such as freedom of association, employment practices, fair treatment, and anti-discrimination.



As such, we assess all our food, packaging, distribution, and marketing suppliers with the Social Workplace Accountability (SWA) audit, which contains a Human Rights and Labor Standards module, including involuntary, prison, forced, and underage labor.

In 2022, we introduced a Human Rights clause in all our contracts with non-governmental organizations (NGO) involved in our community programs. It includes, among other items, the right to freedom of association, absence of child and forced labor, and no distinction, exclusion, restriction, or preference based on gender, race, religion, or age.

**100%**  
of new suppliers signed the  
Supplier Code of Conduct

**100%**  
of suppliers were audited  
with SWA

**100%**  
of new contracts with NGOs  
have a Human Rights clause

### **CREATING A SAFE AND RESPECTFUL WORKPLACE**

A safe and respectful workplace where people feel comfortable and protected is vital for our business. We designed a mandatory e-learning program to combat harassment, discrimination, and violence in our restaurants. The course promotes safe interaction based on examples of real-life situations, providing tools to relate with guests and techniques to deal with violence in our restaurants and offices. We require all new employees to complete this training and, at the end of each course, they must all sign a consent of understanding the topics.

**95,634**  
people took the Safe and  
Respectful Workplace  
e-learning

### 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 resolution to the complaints. Every potential irregularity is reported to the Ethics Committee.

 [resguarda.com/arcosdorados](https://resguarda.com/arcosdorados)

 0-800 free by country

 country-customized





# Feel-good moments for everyone

We are a large team of more than 93,000 people each making little changes. That's a lot, isn't it?

At Arcos Dorados, we like to call ourselves a people business. We trust in the power of championing people, whatever their background, to open doors and create opportunities. We strive to provide a best-in-class employee experience where people have a chance to learn and develop professionally. Every little change we promote in our people means a lot to our business because it has a direct impact on our guests' experience.

Our commitment is to foster workplaces where everyone feels supported, has equitable access to opportunities, and is empowered to reach their full potential. Our people's experience is based on the **Safe and Respectful Workplace policy** that promotes a healthy, diverse, and inclusive workplace for everyone. This policy describes our values and aims to create a work environment free from any form of discrimination, harassment, and retaliation and establishes guidelines to make people feel safe, secure, and respected.

A Service "Coolture" philosophy guides the way our teams work. This culture pervades the entire company, from restaurants to staff, with a redefined and broadened service concept. Service "Coolture"

focuses on what happens to the guest and employee experiences. Its purpose is to generate feel-good moments by making things easy for people, generating smiles, creating opportunities to interact, and treating each guest as unique.

How do we track every little positive change we make? With an annual survey that measures the engagement of our team with our culture and identifies opportunities for improvement. Every country has specific goals and targets regarding engagement, and every leader is responsible for building safe spaces and a positive work environment.

# 92.3%

satisfaction rate

## Employee Satisfaction Survey 2022



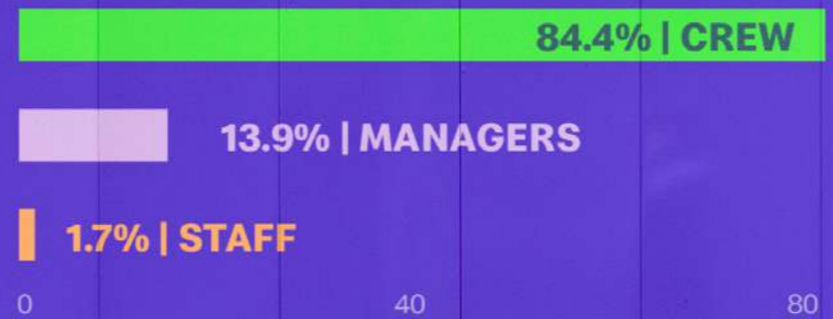
# A big team of little change makers



## By age group



## By job category

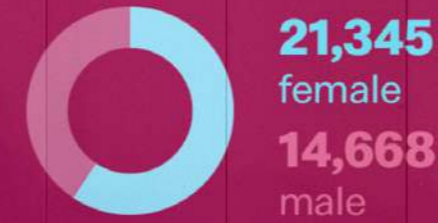


## By region



## By region and gender

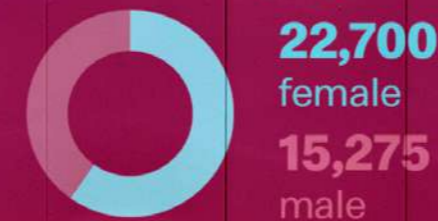
**36,013** SLAD employees



**19,654** NOLAD employees



**37,975** BRAZIL employees



## Boosting the well-being of our teams

Our value proposal was designed to contribute to our people's well-being, enhance their work-life balance, care for their families, and generate feel-good moments for everyone! Together with our corporate culture, extensive training, and career development programs, these values ensure that our people take pride in working with us.

One of the main focuses in developing and implementing our value proposal is talent retention. As turnover is one of the most significant challenges for organizations worldwide, especially in our industry, we work towards reducing turnover by promoting initiatives such as flexible schedules, educational support, and other forms of engagement.

Our benefits proposal is aligned with regional best practices and adapted to the local context of each operation.

### STAFF BENEFITS

- Life insurance
- Lunch: refund, snack tickets, discount card.
- Half-day Summer Fridays
- Wellness: office gym, discount in gyms, and more.
- Training: deals, scholarships, agreements with educational institutions.
- Recognition: special dates, birthdays, births, marriages, etc.

### CREW BENEFITS

- Free meals for employees
- Free uniforms
- Flexible working hours
- Training in general and technical skills
- Motivation and recognition programs such as Crew of the Month and Ray Kroc Award.

## Welcome to Arcos Dorados!

We create a unique experience for our new employees during their onboarding process, filled with the magic of our restaurants and inspired by our Service "Coolture." We run two model centers to promote this experience and instill enthusiasm and joy in our new employees, while teaching them the basic knowledge and protocols to help them serve our guests with a big smile.

In the Simulated Training Center (CES, for its Spanish acronym), opened in 2012 in Panama, the training program lasts three days. On day one, we share our Service "Coolture" philosophy, purpose, and operational standards. On the second day, beginners receive a two-hour training session about safety, cleaning, sanitization, quality, food safety, and teamwork. Then, it's time to go to the restaurant! Each new employee is trained on a specific station according to their profile: service, kitchen or drive-thru. We simulate each operation, ensuring quality, service, and cleanliness.

In 2014, we established the Job Opportunity Center (COL, for its Spanish acronym) in Chile with a team and a location dedicated exclusively to attracting, selecting and recruiting new employees. Being located in the nerve center of Santiago de Chile, with easy access to transportation, helps boost visibility and convenience for anyone looking for a job opportunity and who recognizes our strength as an employer.

Newcomers are met by a multidisciplinary team who play a key role from the very beginning of the employee's journey. The COL focuses primarily on (i) making alliances with foundations, academic institutions, municipalities, educational institutions and others and (ii) actively participating in job fairs to generate brand presence and employment opportunities in the community.



### PARENTAL LEAVE

We offer parental leave in accordance with local legislation as well as additional paid time off in some of our operations.

#### Employees who were entitled to parental leave

<b>3,840</b> employees <b>SLAD</b>	<b>2,664</b> employees <b>NOLAD</b>	<b>1,422</b> employees <b>BRAZIL</b>
--	---	--

#### Employees who took parental leave

<b>551</b> employees <b>SLAD</b>	<b>313</b> employees <b>NOLAD</b>	<b>1,422</b> employees <b>BRAZIL</b>
--	---	--

#### Employees who returned to work in the reporting period after parental leave ended

<b>491</b> employees <b>SLAD</b>	<b>278</b> employees <b>NOLAD</b>	<b>1,275</b> employees <b>BRAZIL</b>
--	---	--

#### Employees who returned to work after parental leave and were still employed 12 months after

<b>386</b> employees <b>SLAD</b>	<b>245</b> employees <b>NOLAD</b>	<b>735</b> employees <b>BRAZIL</b>
--	---	--

#### Return to work and retention rates from employees who took parental leave

<b>SLAD</b>	<b>NOLAD</b>	<b>BRAZIL</b>
<b>37%</b>	<b>36%</b>	<b>83%</b>
<b>36%</b>	<b>35%</b>	<b>51%</b>

■ Male    ■ Female

### PERFORMANCE ASSESSMENT

At Arcos Dorados, individual performance is evaluated according to a person's ability to take ownership of their own development, cultivate their own talent, and be responsible for building their own career within the company.

We assess our teams' performance with a Performance Management Programme (PMP), which reached 100% of employees in 2022. This simple, quick, user-friendly tool helps us assess job competencies, skills, vocation, performance evaluation, ethical behavior, and commitment to the Company's interests in a transparent and unbiased manner.

### LABOR RELATIONS

We comply with all applicable legal requirements 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 applicable local legislation.

Our operational processes are confidential for competitive reasons, but we notify employees of changes with sufficient notice to cover training needs and adapt the work environment.

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





## Learn to grow

We are committed to providing training, education, and career pathways to empower our teams.

We know that employees stay with a company if they feel it is an investment in their careers. This is why we focus on creating an environment of continuous learning and development to attract and retain the very best people. We are dedicated to providing these opportunities for people at all stages of their journey, whether or not they choose to build a long-term career with us. Training, education, and leadership development programs can take them to the highest levels of our organization, regardless of where they start. Many of our leaders began their Arcos Dorados careers as restaurant crew and managers, including several members of our Senior Leadership Team.

We regularly introduce new programs and digital tools that help address key challenges and make it easier for all to succeed on the job and grow into leadership roles. In 2022, we provided more than 566,000 recorded hours of training. In addition to thousands of on the job training hours each employee receives.



# Making small changes for a quarter of a century, one person at a time



In 2022, Arcos Dorados celebrated 25 years since the arrival of Hamburger University (HU) in São Paulo, Brazil. McDonald's corporate university - born in the USA in 1961- has only 8 facilities in the world and our school is one-of-a-kind in the region.

For all of these years, HU has been committed to offering unique learning experiences, whether face-to-face, virtual, or via distance learning. With support from the Academic Training Centers, we are constantly innovating and evolving to meet the market, people, and business needs.

Its broad educational offerings cover professional and personal development. The results are indeed encouraging: more than 208,000 enrollments in open programs, certification of restaurant leaders throughout Latin America and the

Caribbean, educational partnerships with leading institutions and companies, and much more! The benefits are shared among the company, society, and professionals trained in state-of-the-art leadership and management.

HU has been recognized with international awards in corporate education. The school is getting even closer to our people and providing even more valuable learning experiences. The main initiatives of 2022 included:



### HU SESSIONS

Experts join us to discuss the most current and topical issues in a fast and smooth learning format. This year's topics included discussions of Diversity and Inclusion in partnership with Women's Network and Pride Arches, Cybersecurity, and Quality Plan for Operations.



### DEVELOPMENT PROGRAM FOR BUSINESS LEADERS (PDLN)

This strategic training program for Arcos Dorados' market, divisional and corporate leaders, was designed and taught by the most experienced members of the Company's Development Department. It uses real life case studies to convey a strategic understanding of the development process, "injecting" the cumulative history and experience held within the Development Department related to investments and decision-making for the brand's physical development.



### AGILE LEARNING

This program supports the self-development of skills and competencies related to strategic topics through intensive courses on technology, negotiation and influence, business management, and agility. Focused and relevant learning with the right dose!

### DIGITAL INFLUENCERS

Our in-house influencers use a new, fun and fast-paced e-learning platform to play and learn about using our app and how to improve customer relations with digital channels.

### COMMITMENT TO EXCELLENCE

We support operations by training consultants and operations managers in PACE, a customer-centric, flexible, and data-driven consulting process that empowers company-operated and sub-franchised restaurants to grow their business and protect brand standards through excellence in quality, service, cleanliness, and value.

### ADVANCING SHIFT LEADERSHIP (ALT)

We implemented a new virtual course for the development of shift managers in Brazil. It is designed to improve their knowledge and help them acquire skills to lead shifts more effectively by focusing on delivering a great customer experience, increasing sales, controlling costs, and generating excellent business results.

### LEADING GREAT RESTAURANTS (LGR)

This new course for restaurant managers provides a 360 degree view of leadership by improving their ability to set the direction, change mindsets, develop skills in others, and lead the restaurant strategically, making it a place where Service "Coolture" is a reality for guests and employees.

### LEADERSHIP DEVELOPMENT SESSIONS

These virtual sessions help participants access resources and tools to take an active role in their development journey. This year we discussed emotional intelligence from two perspectives: self-knowledge and hard times.

### COURSERA

We signed a partnership with the largest global learning platform providing access to universities from around the world.



## Safety and health of our people

We feel we are all responsible for protecting the health and safety of our employees and anyone who comes into our restaurants. Guided by our mission and values, we strive to foster safe working environments for crew and staff and reliable experiences for guests.

The goal of our Service “Coolture” is to ensure we deliver an excellent, in-restaurant experience and focus the employee journey on well-being and satisfaction. This vision is supported by Managers and Directors from all areas of the Company.

We continuously evaluate the effectiveness of all health and safety programs, setting performance improvement goals to control hazards and risks in the workplace. We also strive to prevent occupational injury and illness in our operations by promoting and stimulating a safety culture within each company process, for all involved.

### Occupational Health and Safety Management

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

Our Human Resources Labor Safety teams manage programs to anticipate tasks and risks, which they routinely monitor through on-site

audits. During the reporting period, we identify the most common occurrences among employees, usually related to falling, hitting objects, and contact with a hot surface.

Once identified, we evaluate alternatives for mitigating or reducing these hazards and risks. We perform engineering and administrative reviews and controls, which concludes with an assessment of the need for personal protective equipment. Hazard and risk monitoring tools, like AGravO in Brazil and the Risk Table in Colombia, allow us to monitor the situation on an ongoing basis. Whether to disseminate a solution or address a persistent problem, the technical team always follows up with the appropriate areas.

### Safe and sound

Our commitment to guest and crew safety is of paramount importance throughout our operation. We promote sound health and safety measures in our restaurants and help employees make safe choices to promote their well-being. Thus, every employee receives the Health and Safety Policy and is instructed on their responsibilities.

Health and safety training for our team is present throughout the employee journey. It starts before the relationship begins when candidates are introduced to basic health and safety concepts and briefed on the regulations and legislation they must comply with. Once they start working with us, the training cycle includes

the M-Campus certification in Safety of People and Care of Assets. In 2022, 79,758 people obtained this certification. Moreover, all Operational Training Guides have health and safety elements to reinforce staff knowledge. 🌱

We maintain Health and Safety committees composed of employees in each subsidiary, and the topic of health and safety is addressed in the annual work climate survey. The challenge? To involve our collaborators in formulating safety standards, defining objectives and targets, and managing programs related to this strategic issue.




## Strong and healthy teams

We look after the well-being and health of everyone working for Arcos Dorados. We provide access to health benefits for our staff and crew to ensure that everyone is covered for non-occupational health services.

Each team member undergoes regular occupational and health check-ups starting at the beginning of their employment. In addition, our Wellness Network implemented health-oriented initiatives in our operations, developing activities for crew team members in each market.

We activated the three pillars of the network (prevention exams, physical activity and healthy habits) with activities and internal communication such as emails, webinars and workshops related to wellness topics.

We also innovate! We were inspired by employee response to our programs and took additional steps to promote new wellness roles and work hubs: 

- Wellness Ambassadors for the region to multiply our purpose.
- Adding mental health to the topics we address, which became especially relevant for our people and their wellness in post-pandemic times.
- Expansion of medical coverage both inside and outside the workplace with online care and our first Wellness App.



## Diversity and inclusion

We celebrate diversity! We encourage everyone at Arcos Dorados to contribute, no matter how little, with their unique and singular expression. We strongly believe this is one of the core values that makes us a great team.

**We are true believers that a culture of inclusion creates a stronger and more creative workforce.**

Arcos Dorados operates across 20 countries and territories with a wide variety of customs, races, and languages. Celebrating this natural richness of cultures is not just a “nice-to-have” but a real need for the long-term sustainability of our business.

The Diversity & Inclusion Committee, composed of a diverse group of employees from different countries, functional areas, and hierarchical levels, develops and implements the Company’s D&I strategies. The committee is sponsored by Woods Staton, Executive Chairman of Arcos Dorados and Marlene Fernandez, VP of Government Relations, leads the committee.

It focuses on four key areas of D&I: gender, sexuality, generations, and disabilities. We have assigned a leader and formed a committee for each pillar, made up of a network of employees from all levels of the corporate pyramid. Importantly, every employee of Arcos Dorados is responsible for respecting and encouraging diversity within our company. We believe diversity and inclusion are essential for our organization’s success, which is why all programs related to D&I at Arcos Dorados far exceed legally-required compliance.

In 2022, we made significant progress in the Generations and Disability pillars. In fact, other companies and government entities in Latin America invited us to participate in events to teach and mentor others to follow our practices.

<sup>1</sup> Does not include the Leadership Team in each country.

### GENDER

**48%**  
Staff<sup>1</sup>  
Male

**46%**  
Operations-business/  
restaurant manager &  
management team  
Male

**41%**  
Crew  
Male

**52%**  
Staff<sup>1</sup>  
Female

**54%**  
Operations-business/  
restaurant manager &  
management team  
Female

**59%**  
Crew  
Female

### AGE

**25%**  
Staff<sup>1</sup>  
-30 years old

**65%**  
Operations-business/  
restaurant manager &  
management team  
-30 years old

**93%**  
Crew  
-30 years old

**66%**  
Staff<sup>1</sup>  
31 to 50 years  
old

**33%**  
Operations-business/  
restaurant manager &  
management team  
31 to 50 years old

**6%**  
Crew  
31 to 50  
years old

**9%**  
Staff<sup>1</sup>  
+50 years old

**2%**  
Operations-business/  
restaurant manager &  
management team  
+50 years old

**1%**  
Crew  
+50 years old

## Gender

We are proud of how well represented women are in our total workforce, 58% of our employees identify themselves as women.

**In 2022, 20% of Senior Leadership Team members were women.**

We have worked to ensure professional growth at Arcos Dorados is driven by our founding meritocratic values. Over the last few years, the number of women promoted to Director level leadership roles has grown in most of our 20 markets. We have identified 40 potential female leaders who have received instruction from external, professional experts through special courses and training to reinforce their leadership skills.

In 2022, we also expanded our women’s network, an initiative dedicated to supporting women in their professional development. The network now reaches the restaurant level to ensure our mentoring begins as soon as women join our workforce.



## Sexual diversity

We promote and foster a free and safe workplace for the LGBTIQ+ community. Our goal is to provide an environment that allows all people to achieve their maximum professional potential, regardless of their sexual identity.

We know there's a difference between being in a community and being a part of one.

In 2022, we updated the Arcos Dorados Guide to Sexual Diversity in the Company's four languages: Spanish, Portuguese, English, and French. This guide encourages our employees to value diversity in all areas of life and to develop healthy and respectful interactions with each other.

We had a proud agenda! All of our teams received communications to commemorate International Trans Visibility Day and International Human Rights Day. We celebrated Pride Month with an event led by the Executive Chairman of the Board recognizing the outstanding contribution of the LGBTIQ+ community to our company and society as a whole. In addition, we updated the Sexual Diversity content on our Recipe for the Future page to engage our community in support of sexual diversity beyond our operations.

We began the roll-out of new, gender-neutral uniforms in some of our markets in 2022, ensuring appropriate communication working with the Human Resources and Corporate Communications teams. We also developed a gender-neutral restroom policy working with the Development and Human Resources areas, to ensure all guests and team members feel welcome throughout Arcos Dorados offices and restaurants.

These initiatives were only possible because of our alliances with expert organizations throughout the region: Fórum de Empresas e Direitos LGBTI+ in Brazil; Pride Connection Chile, Argentina, and Uruguay and The Human Rights Campaign Foundation in Mexico and Chile.



## Generations

Supporting generational diversity means nurturing all the different generations that make up our team. This starts with understanding the youngest among us, since 50% of our people are between 18 and 24 years old. By understanding their expectations and aspirations, we can find new ways to help build a better connection between our young collaborators and the more senior population of managers, which should benefit the lives of this and future generations.

To do this, we developed the ADdenials generation initiative, a demographic study of our workforce in each country where we operate. The results provided important insights that helped us develop initiatives to increase generational integration.

One of the findings was that young people believe they could help older generations develop new perspectives on issues important to the Company. This led to the implementation of a reverse mentoring program, that we successfully piloted in the SLAD division in 2022. Feedback from the pilot in SLAD will be analyzed to make adjustments to the program before we initiate the deployment to the rest of the Company, in 2023.

Awareness of one's own biases is another important step in transforming attitudes and cultures, so we conducted exercises to raise awareness across the Company. The broadest initiative was a webinar on intergenerational relations we held with the support of HU, with market managers and crew from different countries participating and sharing their personal success stories related to generational diversity. In Brazil, we introduced the Empathy Shoes initiative, using the role reversal technique to help people better understand the realities and value the work of other generations, from a different point of view.



## People with disabilities

An inclusive workplace values contributions from all employees and provides an equal opportunity for them to succeed, learn, be compensated, and grow. We are leading efforts in Latin America to include people with disabilities in the workforce. Almost 1,900 people worked with us throughout the region, an increase of 10% compared with 2021.

Our Diversity and Inclusion team is leading these efforts through NGO sponsorships and local government alliances. We began the year by identifying people with disabilities in all our markets to establish a baseline for an Action Guide based on our assessment of the work opportunities we can offer them.

Our strategic vision is implemented at the local level. In Brazil, we developed training materials and procedures for people with hearing disabilities translated into sign language. The Brazil division also began offering a medical and dental care program to our employees with disabilities soon after they began working with us. In Panama, our employees received training in sign language to welcome and serve our guests. And in Puerto Rico, the team worked with the hearing-impaired community to provide them with job opportunities.

We celebrated International Disability Day by recognizing the value of all the members of Latin America's disabled community who accompany us, teach us, and demonstrate their commitment to us every day.





## Espacio Azul

Espacio Azul is a social inclusion initiative to welcome people with Autism Spectrum Disorder (ASD) and their families to our restaurants. This program, which adapts building spaces and our customer service processes, was born in Argentina and is now running in 11 of the countries where we operate.

We designed a strategy with four action pillars (Spaces, Menu, Training, and Attention) to ensure the implementation of Espacio Azul is organized and safe while also complying with all recognized standards.

We established an interdisciplinary group to assist in implementing the program. Project responsibilities were managed by teams with members from Training, Communications, Customer Service, Maintenance, Marketing, Human Resources, Operations, and Legal. On a local level, a Customer Experience Leader acts as a consultant to serve people with ASD and their families.

Arcos Dorados was the first QSR chain in the region to implement a program of this magnitude. The initiative won the EIKON award in Argentina in the category “Diversity, Inclusion and General Gender Sustainability” and received recognition from the government of Chile as a best practice for children with autism. We have also been recognized by McKinsey as a leader in the private sector for our practices with people with disabilities.

### Action pillars and strategies

#### SPACES

We designated special areas within our dining rooms with minimized sensory stimuli, such as music, lights, kitchen equipment, and facilities that affect people with ASD.

#### MENU

We provide a pictogram menu to improve readability for people with ADS, which guests can obtain from the cashier or experience leader in the checkout line.

#### TRAINING

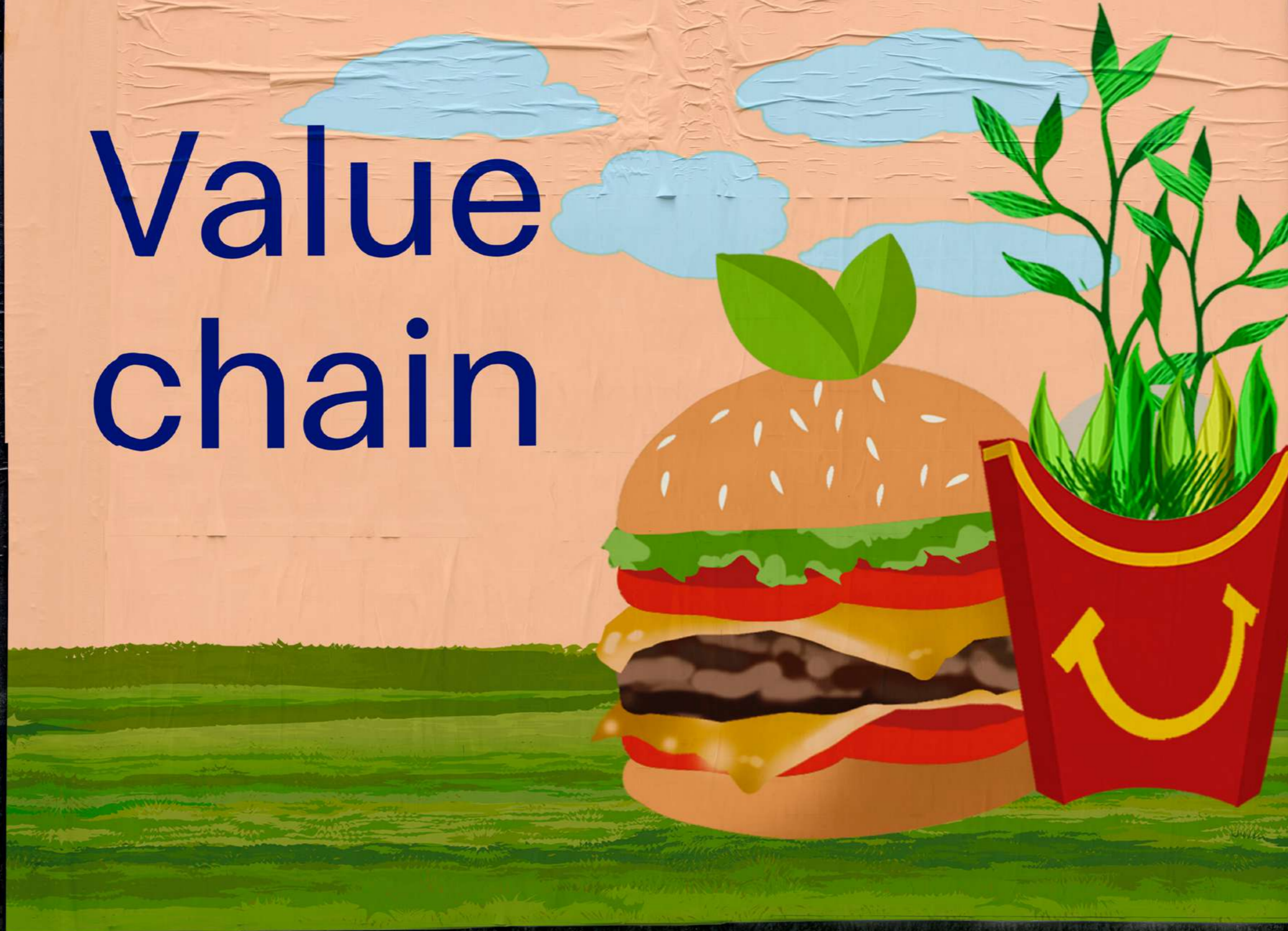
We train all Arcos Dorados teams and sub-franchisees, even if they do not come in direct contact with guests or restaurants.

#### ATTENTION

We prioritize people with ASD, both at checkout lines and in dining areas.



# Value chain



## From the farm to the table

This is the story of how we source the delicious ingredients we offer in our restaurants and the way we bring them to our guests.

We make sure all processes involved in our value chain are aligned with our values and comply with or exceed international best practices. Our supply chain's Integrated Management System allows us to achieve the highest standards for quality and food safety. It also provides competitive, predictable and sustainable market prices over time while also helping us leverage local and regional sourcing strategies to gain competitive advantages.

We contribute to the socioeconomic development of the region by promoting local supply chains where possible. The development of these suppliers creates local employment, innovation and improves good agricultural and manufacturing practices. Local economies, industries and standards raise and help boost local suppliers' potential.

Our strategic suppliers' those with the potential to positively impact the environment and surrounding communities' are grouped in three categories: food, paper and packaging, and distribution centers. Supply Chain is the functional area that oversees the environmental and social responsibilities of our suppliers.



Our value proposition evolves with our guests' expectations and preferences. We are committed to offering a nutritious menu that promotes the well-being of families, with responsible, enjoyable and authentic experiences.

Our state-of-the-art digital platform offers quick and easy access to our menu, ensuring that, whether in a restaurant or at home, our meals raise our guests' arches and bring a smile to their faces. And, for us, that's a lot!

# Conheça nossa cadeia de valor

1 Suppliers: Represents all parties that are part of our value chain. A supplier can have several facilities.  
 2 Facilities: Represents each of the locations involved in our value chain. Several facilities may correspond to a single supplier.  
 3 From the same country.

## 1 CADEIA DE SUPRIMENTOS

283

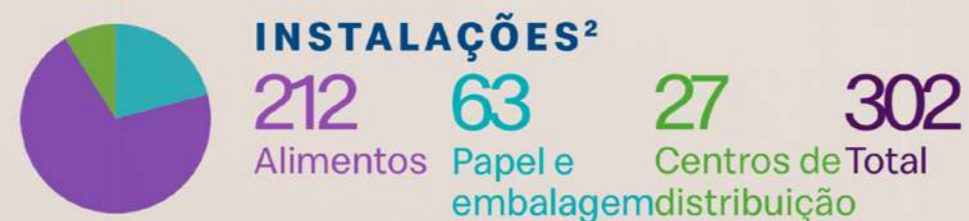
fornecedores locais operando

302 instalações

76%

das compras são feitas de fornecedores locais

### Fornecedores



### Compra local<sup>3</sup>



## 2 RESTAURANTES

+2.300 restaurantes

## 3 CLIENTES

+4M clientes diários



## Supply chain compliance

We engage and monitor our supply chain to assure good practices in our whole production and service management.

To ensure that our suppliers are aligned with our values and operating standards, we require them to agree to and sign the Supplier Code of Conduct (CoC), a commitment designed by and shared with McDonald's Corporation. Suppliers sign the CoC annually on a platform that McDonald's manages, and includes our core values and principles of conduct in four fundamental areas:

### **HUMAN RIGHTS**

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**

Statement on evaluations, anti-bribery, confidentiality, among others.

We operate in compliance with all the policies and commitments established by McDonald's Corporation and we develop suppliers so that they can meet the highest quality and food safety standards, including the International Organization for Standardization (ISO), the standards of the British Retail Consortium (BRC)

and others, meeting or exceeding all local food regulations. In addition, as members of the Global Food Safety Initiative (GFSI), we encourage our suppliers to adopt any standard under the GFSI scope, recognized globally.

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 to ensure continuity of the commercial relationship. By doing so, we support our suppliers' development and continuous improvement.

## Business audits required of our suppliers

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

Addresses food, packaging, distribution, marketing, and main uniform suppliers. The online self-assessment is annual and mandatory. The frequency of the third party audit is defined by McDonald's Corporation, depending on the previous year's result (this frequency can be reviewed and modified by McDonald's Corporation only). The audit covers four broad topics: business integrity; human rights and labor standards, including involuntary, prison, forced, and underage labor; workplace environment; and environmental management. Since 2012 we have no record of any critical incidents related to Human Rights.

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

Defines McDonald's expectations for food safety and quality systems compliance. This audit addresses how a supplier shall establish and implement food safety management systems to deliver high-quality food products, with proper documentation. It includes all food suppliers and is conducted annually.

### **GOOD MANUFACTURING PRACTICES (GMP)**

Complements the SQMS expectations for good manufacturing practices in our food suppliers. It evaluates the practices of preparation, processing and storage of food material in order to ensure they are safe and have been prepared, packed and stored under sanitary conditions. The unannounced GMP audit is a requirement for high-risk suppliers, such as beef, chicken and pork suppliers, and is conducted annually.

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

Identifies McDonald's expectations for packaging supplier quality management systems, including food safety, based on the BRC standard. The program covers all areas of product quality and safety, as it encompasses the facility and its personnel, evaluating how suppliers manage the quality system, with an annual audit.



In 2022, the SWA found 30 opportunities for our suppliers to work on. The cases were resolved by executing an action plan. We re-audited those suppliers and all of them succeeded in the process.

**FACILITIES & AUDITS**

	AUDITS	NEW AUDITS	NEGATIVE IMPACT FOUND	IMPROVEMENTS AGREED	TERMINATED RELATIONSHIPS
SWA Self-assessment	374 100%	26 100%	30 8%	28 93%	0 0%
Audits	367 100%				
SQMS	212 100%	17 100%	0 0%	0 0%	0 0%
PQMS	50 100%	1 100%	0 0%	0 0%	0 0%
GMP	84 100%	0 0%	0 0%	0 0%	0 0%

“Being an Arcos Dorados supplier is a continuous learning process. We’ve been able to grow and develop our quality, safety and social responsibility systems, thanks to the guidelines that Arcos Dorados requires of us. We are now a Global Food Safety certified company, and much of this has been thanks to the impulse they have given us.”



**MAURICIO RAMIREZ GARCÍA**  
Vegetales Fresquita General Manager  
Costa Rica



[WATCH FULL TESTIMONIAL](#)

**ENGAGING WITH OUR SUPPLY CHAIN**

Building climate change resilience into our value chain creates a sustainable business model. We follow this path by conducting an engagement meeting with our supply chain.

We hosted a virtual meeting in November 2022 with our regional supplier community, entitled Recipe for the Future - Climate Change, where we shared Arcos Dorados’ climate priorities.

Woods Staton (Executive Chairman), Gabriel Serber (VP of Social Impact and Sustainable Development) and Karina Montiel (VP of Supply Chain) hosted the meeting. During the event, we recognized the significant environmental improvements made by three of our suppliers and encouraged all of them to keep working toward climate action.

“It was an honor to be recognized at the Recipe for the Future - Climate Change event. We are committed to continue making positive contributions to reduce the environmental impact of the logistics operation. We believe the synergy and strategic alliance we have developed with Arcos Dorados puts us on the right path to find improvement opportunities and to develop initiatives focused on reducing the value chain’s carbon footprint.”

**ÁLVARO CARRETERO**  
Global Supply Chain Director  
Axionlog

**276**  
participants joined our Recipe of the Future - Climate Change “virtual” meeting

For the fifth consecutive year, we took part in the Carbon Disclosure Project (CDP) Supply Chain Program, achieving the highest response rate from our suppliers in disclosing their environmental impacts. We invited 76 suppliers, which represent 79% of our spend across food, packaging and logistics, to report through CDP indicators. As we achieved a 100% response rate over three questionnaires in 2022, we were recognized as leaders with the highest response rates in Latin America.

**100%**  
of our suppliers disclosed their environmental impact through CDP indicators

	2022
Suppliers responses to CDP Climate	100%
Suppliers responses to CDP Forests	100%
Suppliers responses to CDP Water	100%

## Priority commodities

We work towards guaranteeing our priority raw materials are sustainably sourced. When available, we apply specific international certifications that ensure traceability, responsible production and socio-environmental management for each of them.

Our direct suppliers are responsible for monitoring the performance of their raw material providers in areas such as, sustainable sourcing and specification compliance. Our chicken and beef suppliers sign an affidavit to declare the origin of their raw material, and act according to our commitments, if they are in scope.

We also ask every category of supplier to sign an affidavit to disclose if they use Palm oil as a direct ingredient.

1 Beef: Countries with regions currently identified as high-deforestation priority regions for beef include Argentina (Chaco biome), Brazil (Amazon and Cerrado biomes)

2 Soy: 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 Exclusions: Palm oil, palm kernel oil or their derivative used as secondary ingredients in McDonald's products.

4 Excluding Venezuela.

5 Coffee: Includes all ground and whole bean coffee, including decaffeinated coffee.

6 Fiber: Primary fiber-based packaging refers to products that are used to package guest food on premises at McDonald's restaurants. Fiber sourced in Argentina, must be Forest Stewardship Council (FSC) certified or FSC controlled wood sources with full chain of custody certification.

7 Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam.

### SUSTAINABLE SOURCED RAW MATERIALS



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

If suppliers source raw material from Argentina, Paraguay or Brazil they must meet the criteria of the McDonald's Deforestation-Free Beef Procurement Policy (DFBPP) and the McDonald's Commitment on Forests.

**100%** of beef origin is monitored by satellite in Brazil and Argentina

**99.92%** of beef purchased in Argentina and Brazil from direct suppliers complies with the DFBPP



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

Latin America and the Caribbean  
Soy is a key ingredient in chicken feed. As such, Arcos Dorados is fully committed to sustainable soy production as per RTRS criteria.

**100%** soy contained in chicken feed, whose origin is declared to be in Argentina, Brazil and Paraguay, are in scope with this requirement



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

Latin America and the Caribbean  
We do not use palm oil in our restaurants as frying oil<sup>4</sup>. We work with our direct suppliers to guarantee that if they use palm oil (declared as a primary ingredient in core products) it is certified under the Roundtable on Sustainable Palm Oil (RSPO) standards.

**100%** Palm Oil used by suppliers certified under the RSPO standards



#### COFFEE<sup>5</sup>

Latin America and the Caribbean  
Must be certified by Rainforest Alliance, UTZ, Fair Trade USA, or Fair Trade International Certification.

**100%** coffee from certified sustainable sourced

**96%** with RainForest Alliance certification



#### FISH

We source fish which is sustainably raised, if offered in our restaurants.

**100%** sustainably raised fish stocks



#### PACKAGING<sup>6</sup>

By the end of 2025 our primary guest packaging must come from renewable, recycled, or certified materials. Since 2020 our fiber based packaging is certified. When raw fiber comes from countries with a high risk of deforestation<sup>7</sup>, it must be Forest Stewardship Council (FSC) certified exclusively.

**100%** of our fiber suppliers met our certification goal

**100%** of our suppliers are certified either FSC or PEFC on a facility-level



**MEMBERS OF THE ROUND TABLE ON RESPONSIBLE SOY**

Arcos Dorados is a member of the Round Table on Responsible Soy. The Round Table on Responsible Soy ensures responsible practices among soy growers for community relations, labor rights, legal compliance, business, agriculture and the environment.

Arcos Dorados is engaged with chicken suppliers and the origin of soy, as an ingredient of their feed, supporting responsible production of soy through the purchase of RTRS credits.



“Arcos Dorados’ participation in the RTRS –coupled with its strategy to encourage the production of responsible soy through the adoption of certified material– demonstrates how the commitments of relevant players in the industry can lead to concrete changes in the value chain. These first steps that Arcos Dorados took in recent years, working the RTRS, are very encouraging and we trust that we will continue to work together to meet the challenges presented by the transition to sustainable supply chains”.

**MARCELO VISCONTI**  
Executive Director of RTRS

McCafé

Are you one of those who drink coffee to wake up or do you just wake up to drink coffee? Either way, we all love coffee!

At Arcos Dorados we strive to offer you the best quality and responsibly sourced coffee every day. Thus, we have an interdisciplinary committee overseeing technical aspects with suppliers and marketing to provide the best product and experience in our stores.

Our McCafés offer more than 15 varieties to choose from: filtered coffee, american coffee, macchiatos, cappuccinos, espressos, lattes, ristrettos, frappés, and more! In addition to being delicious and affordable, they are sourced and prepared responsibly.

The coffee beans come from certified producers in our region and 96% are certified by the Rainforest Alliance. This Certification Program is designed to protect nature, biodiversity, and improve the lives of farmers and forest communities. The Rainforest Alliance Certified seal means that the certified coffee bean was grown using methods that support communities, the environment and fair economic development.

External and independent auditors verify that producers and supply chain players meet requirements in these three areas before granting or renewing certification. We close the circle by offering coffee grounds for our guests to use in composting.

“For almost 8 years I have been working with the Rainforest Alliance certification standards, improving the quality and quantity of coffee on my farm. Little by little I realized the benefits of the certification: from recording production costs to protecting the environment, the flora and fauna of my region. I follow good agricultural and social practices thanks to the workshops and training provided by the technicians. I will continue working every day to produce quality coffee that respects the environment and the health of myself, my family and my workers.”

**JAVIER REYES HERNÁNDEZ**  
Coffee farmer from Ixhuatlán, Veracruz, Mexico



**300**  
McCafés in Latin America

**15**  
Coffee varieties all certified

**96%**  
of coffee bean volume certified by Rainforest Alliance





## Embedding animal health and welfare in our supply chain

The health and welfare of animals throughout the supply chain is our priority. We take responsibility by partnering with our value chain, our suppliers and producers, to move towards a sustainability driven and science-based production.

**Ensuring animal health and welfare throughout our supply chain enables us to deliver quality and safe food to our customers.**

Over the years we have applied leading practices, policies and procedures to evolve towards the wellbeing and appropriate husbandry of animals. Regarding dairy, we are proud to share that the cheese we serve in Panama, Mexico, Costa Rica, Puerto Rico, Colombia, Aruba, Curacao, USVI, and Trinidad and Tobago is made with ingredients that come from US farms that have been certified by the Farmers Assuring Responsible Management Program (FARM). This program ensures that dairy ingredients are produced by suppliers with the highest standards for animal care and wholesome milk.

Arcos Dorados takes an outcome-based, holistic approach to chicken sustainability' one that prioritizes animal health and welfare, while also balancing additional considerations such as environmental impacts. In Brazil, our largest market in terms of revenue, all our chicken is sourced from BRF, one of the world's largest protein suppliers. All BRF products are produced under its global program **Animal Welfare Made in BRF**.

We also continue working with our egg suppliers to transition to cage-free eggs and have a deployment team to achieve our goal by 2025. In addition, we are proud to rank at the Bronze level for the second consecutive year in the Monitor of Corporate Initiatives for Animals by **Mercy for Animals (MICA)**.

**By the end of 2022, Costa Rica was the first country to start transitioning to cage free eggs, reaching 100% of their operations.**

Although pork is a minor ingredient in our menus, we work with suppliers and producers to develop plans to reduce the use of gestation stalls for sows and promote alternative group housing.

We audit 100% of protein suppliers<sup>1</sup> with our Animal Health & Welfare program (AHW) in order to guarantee good husbandry practices, high quality standards and responsible antibiotic use. It ensures humane treatment of animals, which adhere to Professional Animal Auditor Certification Organization guidelines. Through third party annual audits in direct protein suppliers and slaughterhouse facilities, we assess, identify and tackle potential issues, ensuring animal welfare policies are carried out appropriately. All audits were successfully completed.

### Our Animal Health & Welfare program (AHW) standards

FACILITIES & AUDITS	BEEF	CHICKEN	PORK
Animal Health & Welfare Audit Standards	✓	✓	✓
Good Manufacturing Practices	✓	✓	✓
Hazard Analysis Critical Control Point Standard (HACCP)	✓	✓	✓
Traceability Requirements	✓	✓	✓
Bovine Spongiform Encephalopathy (BSE) Firewalls	✓	✓	✓

**85**  
slaughterhouses  
audited

**100%**  
successfully  
completed

<sup>1</sup> Excluding Venezuela

### RESPONSIBLE USE OF ANTIBIOTICS

Arcos Dorados is fully aligned with McDonald's commitment to 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 are highlighted in McDonald's revised 2017 Vision for Antibiotic Stewardship (VAS). This document outlines our approach to responsible antibiotic use and commitment to deploy any species-specific -Chicken, Beef and Pork- policies where applicable. Arcos Dorados requests our chicken, beef and pork suppliers to sign off this VAS on a yearly basis.

In Brazil, which up to date is the only market in scope to this commitment, we removed in our supply chain the use of antibiotics, defined by the World Health Organization (WHO) as Highest Priority Critically Important (HPCIA) to human medicine, from all chicken served in our restaurants since 2018. We also participated in the development of the McDonald's Antibiotic Policy for our Beef Supply Chain. This policy identifies McDonald's expectations as regards to antibiotic use in our beef supply chain while complying with local laws and regulations.



# Moved by forests

Beef is one of the main ingredients in our menus. It has a complex livestock chain. For that reason, we are committed to transforming the industry and supporting supply chains free from deforestation.

We are the only Quick Service Restaurant (QSR) Company to develop and fulfill our own Deforestation Free Beef Procurement Policy (DFBPP). The policy is aligned with our central role in the conservation of the environment and we demand that the direct suppliers of beef implement these requirements in their supply chains to ensure they adhere to our policies.

We trace 100% of the beef coming from our direct suppliers, evolving each year and demonstrating our social and environmental responsibility, always in accordance with McDonald's DFBPP and with the support of the international environmental NGO Proforest, the geospatial service provider Agrotools, and other stakeholders. In addition to the deforestation focus, the monitoring includes other aspects, like human rights, ethics, and sustainability.

Arcos Dorados's work is oriented to beef origin assurance. The company is a pioneer in the sector and uses remote and/or satellite monitoring in the beef origin areas.

In 2022, we assessed 100% of the direct supply farms, which achieved 99.92% compliance with the McDonald's DBPP. This policy applies to Argentina, Brazil and Paraguay, identified as high-deforestation priority countries, containing biomes under threat of deforestation in accordance with regular assessment. Policy implementation is adapted to each country and biome according to local conditions and context.

The Policy evaluation criteria includes deforestation, indigenous land and conservation units protection, environmental embargoes, in addition to respect for Human Rights.

Also, we lead stakeholder conversations, such as the national round-tables for sustainable beef in Argentina and Brazil. We actively promote continuous development to support more sustainable practices and science-based production that protects the environment, supporting human and animal health 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 the **Brazilian Roundtable on Sustainable Livestock (GTPS)**. Both roundtables are part of the **Global Roundtable for Sustainable Beef (GRSB)**.

**“Since 2017, Proforest has been working in partnership with Arcos Dorados to implement McDonald’s DFBPP. The implementation of this policy in Brazil and Argentina is important for the sustainability commitments made by the organizations. Arcos Dorados has always been open to aligning strategies to fight against deforestation and conversion of natural ecosystems, as well as addressing social issues.”**

**ISABELLA FREIRE**  
Proforest Co-director

## OUR PARTNERS' ROLE



Data management governance in data chain compliance and technical advice.



Support in the constant updating of the policy and alignment with local markets.

[ACCESS MCDONALD'S COMMITMENT ON FORESTS ADDENDUM ↗](#)



# The Deforestation Free Beef Procurement Policy in action!

**13.7 M**  
hectares monitored

**16.7**  
thousand farms monitored

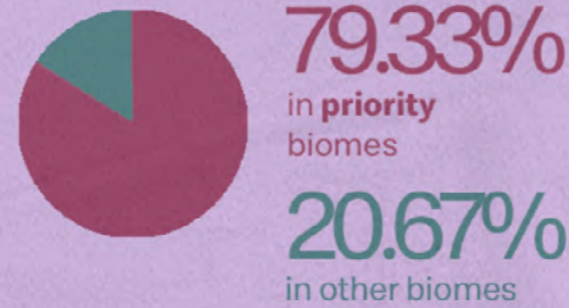
**6.1 M+**  
animals monitored

**99.92%**  
beef sourced from Argentina and Brazil comply with McDonald's Deforestation-Free Beef Policy



## BRAZIL

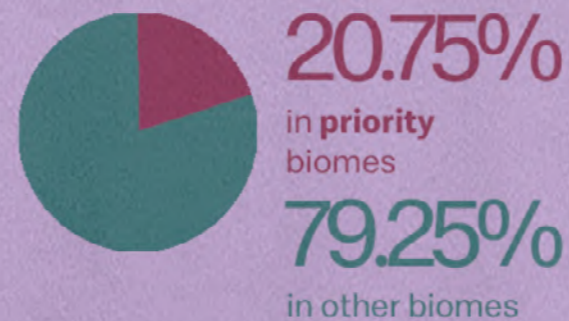
**99.94%**  
following the policy



**9,648,028.32**  
hectares monitored

## ARGENTINA

**99.81%**  
following the policy



**4,078,855.65**  
hectares monitored

## COMMITTED TO CERRADO, THE BRAZILIAN SAVANNAH

The Cerrado biome is the world's most biodiverse savannah, home to 5% of all animals and plants on Earth, and the main region in Brazil from which we source our beef. We took the lead to preserve this ecosystem by being an active member of the Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado. The aim is to contribute to the standardization and improvement of socio-environmental monitoring practices for the purchase of cattle. Proforest, Imaflorea and NWF organizations are part of the **Protocol Coordination Group**.



## Food Safety and Restaurants

More than  
2,300  
restaurants  
committed  
every day to  
deliver high-  
quality, safe  
and delicious  
meals.

At Arcos Dorados, food safety is a top priority. We have the responsibility to maintain the highest standards, from farm to table, in applying the best food quality practices and providing the safest products to our guests, to protect and ensure confidence in our brand.

Food safety is a team effort. Arcos Dorados is part of the Food Safety Risk Management Team, led by McDonald's Corporation, where we continuously review risk assessment and define strategies to mitigate them. The Staff and suppliers participate in surveys to determine the main food safety risks throughout the supply chain and delivery points.

We hold regular meetings with global Food Safety and Quality leaders, where we receive applicable information and communicate the performance of our operation. And we receive regular communications from McDonald's Corporation about relevant issues related to food safety, as well as the strategy for their markets.

We received the highest score in the McDonald's Corporation Food Safety audit 2022, demonstrating our commitment and high standards of quality controls.

Strict controls in our restaurants are key. We monitor ingredient receiving temperatures, refrigerator and freezer temperatures, food cooking temperatures and secondary shelf-life control, among others. In addition, every year the restaurants receive a Restaurant Food Safety Audit (RFSA), performed by an external auditing company. In our annual work plan we detail the main changes in the audit programs and the basic guidelines and framework for our operations. We complement this approach with training for suppliers and auditing companies on issues related to food safety. Each market is responsible for ensuring compliance with these requirements, and we monitor performance of audit programs on a monthly basis.

**2,495** Restaurant Food Safety Audits

**100%** of our restaurants

**0** critical incidents detected by a food safety oversight body

**0** incidents of foodborne illness outbreaks associated with our restaurants

### Open Doors restaurants

It's great to see you back! In September, after two years of pandemic, we re-launched the in person Open Doors program in all our restaurants. This initiative invites guests to visit our McDonald's kitchens to discover how our delicious food is made, from the values and commitments that guide what we do, to the processes and products that guarantee the highest quality and food safety standards.

It is a unique opportunity to discover unique aspects of the world's most iconic menu and show our guests how we use the highest quality ingredients, under the best food safety standards and guided by our Recipe for the Future. These include the cleaning processes, the origin and storage of the ingredients, cooking, orders preparation, the training of the teams, and many more interesting facts.

**10,000+** guests visited our kitchens in Latin America in 2022

**81%** of guests reported they improved their valuation of the brand after the visit

# Nutrition and responsible marketing

We are passionate about food. That’s why we work every day to offer a delicious and safe menu of accessible, quality and responsibly produced food options. We know the power of food in bringing together families and friends, especially in a region like Latin America and the Caribbean. This drives every decision we make, no matter how little.

Our size and influence obliges us to act conscientiously and we see responsible marketing to children as an opportunity to support families and help provide for their needs. This is why we communicate meal options in a way that is consistent with applicable nutritional guidelines and in compliance with applicable local or regional advertising commitments.

# 100%

of our meal options are consistent with applicable national dietary guidelines

## NUTRITION CALCULATOR

The Nutrition Calculator is an interactive tool that 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 gadget indicates calories, carbohydrates, and nutritional information for each meal.

## Our Happy Meal Goals

We’re working with and learning from families to identify opportunities to create positive and meaningful change. Our strategy is grounded in goals around nutrition in our Happy Meals, as we believe focusing on kids and families is where we can have the biggest impact.

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 reductions in sodium and saturated fat. We also eliminated added sugar and, in 2021, artificial colors and flavors. According to the World Health Organization (WHO), these changes were endorsed by recognized medical entities and are aligned with revised nutritional requirements for children.

Little decisions to reach more than 4 million guests a day. That could make a big change, right?

These changes relate to the five ambitious goals set out in 2018 by McDonald’s in all markets to increase families’ access to fruits, vegetables, and low-fat dairy, and help them make informed decisions. In this regard, we work with the Alliance for a Healthier Generation and an independent third party to measure and report progress every two years in our three key markets: Argentina, Brazil and Mexico. The table below shows our status as of June 2022 towards each goal. The final report is expected to be submitted later in 2023.

### Global Happy Meal Goal Progress

Goals	1 OFFER BALANCED MEALS	2 SIMPLIFY INGREDIENTS	3 BE TRANSPARENT WITH HAPPY MEAL NUTRITION INFORMATION	4 MARKET RESPONSIBLY	5 INCREASE PURCHASE OF ITEMS CONTAINING RECOMMENDED FOOD GROUPS
	Ensure 50% or more of Happy Meal Bundle Offerings presented on menus meet McDonald’s Global Happy Meal Nutrition Criteria.	Remove artificial flavors and added colors from artificial sources from all Happy Meal Offerings, without sacrificing the safety, taste, quality or value of the food.	Make nutrition information available for all Happy Meal Offerings on McDonald’s owned websites and mobile apps.	All Happy Meal Bundles advertised to children will meet McDonald’s Global Happy Meal Nutrition Criteria and will continue to meet existing applicable local/regional advertising pledges with respect to marketing to children.	Leverage innovative marketing to help increase purchase of foods and beverages that contain recommended food groups in Happy Meals.
Report Data	JAN-DEC 2021	DEC 2021	Q1 2022	JAN-DEC 2021	2018-2021
ARG	ACHIEVED	ACHIEVED	IN PROGRESS	ACHIEVED	IN PROGRESS
BRA	ACHIEVED	ACHIEVED	IN PROGRESS	ACHIEVED	ACHIEVED
MEX	ACHIEVED	ACHIEVED	IN PROGRESS	ACHIEVED	ACHIEVED



## Our digital factory

We live in a world in constant evolution. Being a leading company in our industry means to work at the forefront of digital transformation, offering our guests great moments with increasingly practical, efficient and customized options. All with the purpose of enhancing relationships with our guests through technological innovation and greater knowledge of their needs, to offer them delicious experiences that start in the digital world.

In 2020 we created ADvance, a new business unit within Arcos Dorados, with the goal of implementing a new mindset and way of working, and accelerating our guests' digital relationship and experience, as well as evolving our internal processes and systems to become a data-driven company.

ADvance places our guests at the center of everything we do. We identify a need or a problem and we find a digital solution: we develop the necessary technology, we ensure the operational impact that generates, we activate the campaign or communication to guests using big data and we measure the results, always looking to go beyond with transparency, autonomy, creativity and innovation as core values. Our 300 member ADvance team focuses on three main functions, following the agile methodology and working in squads:



### TECHNOLOGY (IT)

Provides the tools and technological innovations that allow us to improve our services. This includes Business IT, in charge of the digitization processes for restaurants, and Foundational IT, responsible for cloud infrastructure and cybersecurity.

### DIGITAL

Marketing, Digital Experience, Operations and Logistics teams that work toward providing extraordinary and increasingly convenient experiences for everyone.

### DATA & ANALYTICS

Through information analysis, we understand the millions of guests who choose us every day and offer them personalized options.

Our teams learn and adapt constantly to new market conditions to continuously develop competitive advantages. In a context where guest needs change rapidly, agility is essential to adapt and focus on what is really important to today's consumers.



Our e-commerce platform is integrated with our restaurant logistics, providing a superior, efficient and smooth user experience.



## Cybersecurity and data privacy

Trust is the basis of our relationship with guests. All the information they provide us is managed responsibly, to improve guest experience and help us enhance our value proposition. We only collect identifiable information, such as first and last names, addresses and emails, when it is submitted voluntarily by individual users. And this information is used exclusively by Arcos Dorados. All uses of personal data are described in the Terms and Conditions available on all our websites and apps. In addition, all data providers have the right to access, rectify and delete their data. In 2022 we had 244 holder requests. Our teams are trained in the responsible management of information through webinars, online courses and permanent communications on data privacy issues.

Being responsible not only implies having an internal vision on the use of information, but also protecting it from possible external threats. We work to safeguard all our digital platforms with the highest standards and security protocols. For our App, we follow the necessary guidelines to comply with SOC 2. This standard defines the criteria for managing customer data based on five trusted service principles: security, availability, processing integrity, confidentiality and privacy.







Imagine for a moment that every person who visits one of our restaurants receives a little help. This could mean helping anyone, from a family with children coming to enjoy their favorite McDonald's menu items, to a young person in search of their first formal job opportunity. Wouldn't that be wonderful?



We know how a little change can mean a lot. That's why we are committed to empowering our restaurant communities by providing them with opportunities, care, and support, and accelerating equity and inclusion throughout our business.

Our social impact programs represent one of the ways we contribute to the region's socio-economic development because we know that a strong and resilient community is the foundation for the success of any business. We focus on young people by contributing to their personal and professional development through employment and training opportunities. We also support the well-being of families, offering nutritious menu options and helping them make more balanced choices that at the same time are delicious, convenient and accessible.



Positive impact on the community

**100%**  
of our operations reached with social impact programs



**2,000,000+**  
youth opportunity initiatives since 2017

**454,088**  
training opportunities and first jobs created in 2022

**50%**  
of our workforce is under 24 years old

**65,000+**  
people reached by MCampus Community

**28%**  
of the Senior Leadership Team began their careers in our restaurants



**Great Day**  
**\$7.6 MM+**  
donated to Ronald McDonald Houses and NGOs that work on labor inclusion

**2.3M+**  
Big Macs sold for charity

**29**  
NGOs benefited



**890,000+**  
books distributed with Happy Meals



## Youth opportunities

A job or training opportunity has a meaningful impact on a person. Now, imagine providing 2,000,000 opportunities in six years.

Three years ahead of schedule, our Recipe for the Future delivered on one of its goals: to create 2 million youth opportunities in Latin America and the Caribbean. What kinds of youth opportunities are we talking about? They include young people who obtained formal employment with us, team members who received training in soft skills, or community members who participated in one of the many educational programs we sponsor with our NGO partners and allies.

This is especially impactful in a region characterized by high unemployment rates among young people. Creating more and better jobs for the region's youth is a major challenge. According to the International Labour Organisation (ILO)<sup>1</sup>, the unemployment rate among Latin American and Caribbean youth is 20% — about three times the rate for adults and more than double the overall average unemployment rate in the region. This means that more than 10 million young people are unable to find a job. Moreover, 6 out of 10 young people who are able to find a job do so in the informal economy, which generally involves poor working conditions with no rights or protections.

Arcos Dorados is helping local economies address this issue. We believe in young people, their enthusiasm, strength, and drive. They inspire us to be better. As the largest, first-time employer of young people in Latin America and the Caribbean, we promote social mobility by offering a formal employment opportunity and skills development they can apply to whichever long-term career path they pursue. We are proud to share that over 50% of our workforce in 2022 were young adults under 24 years old, many of whom obtained their first formal job opportunity with Arcos Dorados.

Aware that education is the main barrier to formal employment and social mobility, we are preparing young people for the future workplace by training and boosting the skills that will nurture their professional careers. We are achieving this by working with non-governmental organizations throughout Latin America and opening the doors of our training center, Hamburger University, to the entire community.



<sup>1</sup> <https://www.ilo.org/americas/temas/empleo-juvenil/lang--es/index.htm>



## MCampus Comunidad

MCampus Comunidad aims to help young people unlock their potential by offering training in skills that will better prepare them for the workplace. In 2022, more than 48,000 people from 87 countries benefited from the platform's free courses focusing on skills in high demand by the labor market.

The platform currently offers 14 courses on a variety of topics such as Health and Wellness, Digital Marketing, Negotiation and Influence, Personal Finance, Customer Service, Entrepreneurship, Emotional Intelligence, Introduction to Computer Science, Basic NDG Linux, Python Programming Essentials, Fundamentals of Cybersecurity, Introduction to Cybersecurity, and Get Connected.

In 2022, we expanded our offering with the addition of a complete vocational program. This program includes four modules that provide an in-depth exploration of professional skills and future goals to help students build their resumes and prepare for job interviews. It also includes a vocational test developed in partnership with PDA, an HRTech company whose technology solutions optimize the identification and development of talent. The test helps young people to identify their strengths, interests, and values, and guide them towards a career path or educational direction that aligns with their goals and aspirations. In addition, through MCampus Comunidad, more than 2,500 people from 20 non-profit organizations and initiatives registered for our training courses.

**69,000+**  
young people registered  
on the platform  
**48,000+ in 2022**

**57%**  
women

**87**  
countries

**14**  
courses and training modules

**2,521**  
people registered through  
alliances (1,974) and NGOs (547)

"My experience at MCampus Comunidad was productive and enriching. Through my courses, I learned not to give up on my dreams and to set my goals in order. I am very grateful for the opportunity. I know that many more young people like me will benefit in the future, and little by little, we will be able to build a better society."

**CRISTEL JIMENA LEITÓN RODRÍGUEZ**  
La Tigra Professional Technical School,  
Costa Rica

**MCAMPUS COMUNIDAD** ↗

## Broadening knowledge through partnerships

Our goal is to broaden our outreach, offering training and educational opportunities to more and more young Latin Americans, no matter what stage of life they are in. In partnership with experienced NGOs, we support various initiatives designed to provide job skills and reinforce a sense of responsible citizenship among thousands of 16 to 24-year-olds. We support these organizations primarily through donations received through our Gran Día initiative, as well as by investing in specific social projects.

We are active mentors in Junior Achievement’s programs, such as “The Company” and “Job Shadow,” where we help students develop the daily skills they will need in the workplace. Through the Passport to Success Explorer platform, developed in partnership with the International Youth Foundation (IYF) and McDonald’s Corporation, we generate a space for knowledge, practice, and reflection. Using a dynamic and accessible model that leverages technology, the platform impacts young people in Mexico, Panama, and Costa Rica.



**Junior Achievement**  
Argentina, Brazil,  
Costa Rica, Colombia,  
Mexico, Panama, and  
Uruguay



**Fundación Apoyo a la Juventud**  
Mexico



**Aldeas Infantiles SOS**  
Costa Rica, Mexico,  
and Peru

### NEW ALLIANCES!



**Mi Sangre**  
Colombia



**Fundación Si**  
Argentina



**Instituto Ayrton Senna**  
Brazil



**Voces Vitales**  
Panama

### JUNIOR ACHIEVEMENT ALLIANCE

In 2022, we formed a regional alliance with Junior Achievement Americas (JAA), including Argentina, Uruguay, Brazil, Colombia, Panama, Costa Rica, and Mexico. This allowed us to reach more young people while also standardizing our programs across the region, unifying criteria for impact measuring, and incorporating M-Campus Comunidad courses into JAA programs.

With this regional partnership, we are impacting thousands of young people between the ages of 15 and 17. Through in-person and virtual programs, we help them develop the socio-emotional skills necessary for their future work-life: critical thinking, creativity, communication, collaboration, initiative, and leadership.

We also supported the JAA Nau Fest, their first regional forum developed to inspire and connect young people with the future of work in 26 countries. It was a 100% virtual event with synchronous and asynchronous activities focused on skills development and networking. Arcos Dorados was the main sponsor of the initiative and its virtual job fair.



## Honoring our tradition of giving back

People, families, and children who visit our restaurants are the backbone of our business and brand. They visit us every day to enjoy our delicious menu, and there is nothing more rewarding than seeing our community happy and engaged. Everything they give, no matter how much or how little, means a lot to us.

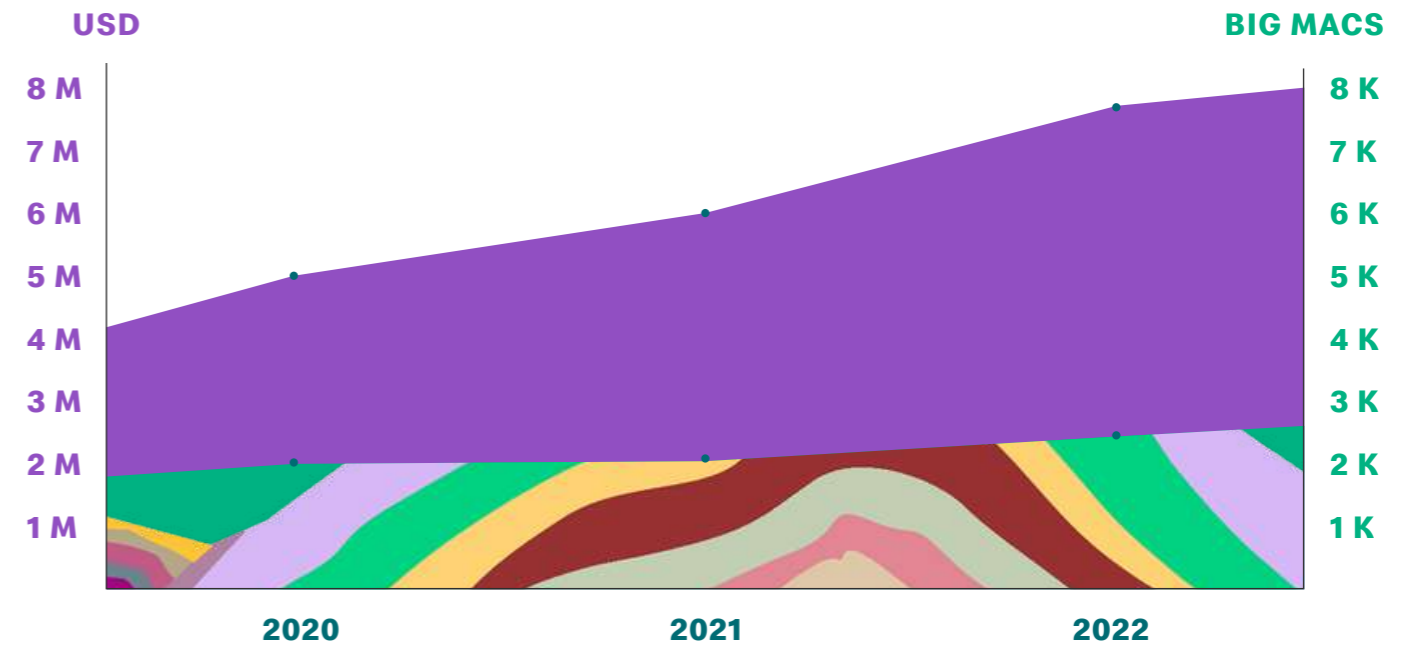
We nurture that bond with what we do best: providing delicious, nutritious food with a positive social impact. In 2022, we supported and positively impacted families and communities in Latin America and the Caribbean through programs whose key elements were education, health, and children’s well-being.

### Such A Great Day!

Wasn’t it a great day? You ate a delicious Big Mac while helping young people thrive and taking care of families around Latin America. You did so much with so little!

Between September and December 2022, each McDonald’s market in the region had a great day. McDía Feliz in Brazil, Gracias de Corazón in Venezuela, and Gran Día in the rest of Latin America are celebrations that unite millions of people with a single common goal: solidarity.

On that day, the famous Big Mac becomes a “product with purpose”. Our guests purchase Big Macs through both physical and digital channels, with all proceeds donated to organizations that promote labor inclusion programs and the Ronald McDonald House Charities in each country. The entire amount raised in Trinidad and Tobago, the United States Virgin Islands, Guadeloupe, French Guiana, Martinique and Aruba goes to NGOs dedicated to programs that directly impact their communities.



“For Brazil to succeed, education must be at the center of our development agenda. It is estimated that, as a consequence of the pandemic, Brazilian education has been set back a decade, further amplifying our historical deficit. The challenge we face in education is enormous, and needs the union of government, civil society and business to create partnerships and solutions that ensure the power and scale that this problem demands. Arcos Dorados understands its role in this social transformation and shares our belief in education as the main tool to fight inequality. We have been pursuing our common goal for five years now, through the Great Day campaign, which has allowed us to provide quality education to millions of young Brazilian students, guaranteeing them better opportunities for the future.”

**VIVIANE SENNA**  
President of Ayrton Senna Institute

### THE RONALD MCDONALD HOUSES

A place away from home when you need it the most. The Ronald McDonald Houses provide support and comfort to families when they are forced to spend extended periods of time away from home while their children receive medical treatment.

Arcos Dorados supports the work and initiatives of Ronald McDonald House Charities (RMHC) in many countries, helping families stay close to the medical institutions where their children are being treated.



1 CERLALC, II Catálogo Cerlalc-IBBY de Libros Infantiles para el Desarrollo Sostenible, 2021.

2 Grupo Banco Mundial junto a UNICEF y UNESCO, “Dos años después, salvando a una generación”, 2022.

### An empowering story

Four out of five of the region’s sixth graders do not possess the minimum level of reading comprehension, according to the Regional Centre for Book Development in Latin America and the Caribbean (CERLALC)<sup>1</sup>. Furthermore, according to World Bank Group, UNICEF, and UNESCO data, 50% of young people do not have minimum reading skills.<sup>2</sup> Arcos Dorados is helping address this situation. How? By democratizing access to reading for the children of Latin America.

Accordingly, we relaunched the Happy Meal Books initiative, allowing families to choose a book instead of a toy with their Happy Meal. This classic returned in 2022 with a new collection of children’s titles called “Yo puedo” (“I can”) that motivates our youngest guests to fulfill their dreams with entertaining stories centered on engaging personalities.

“Yo puedo” includes 12 books focused on the childhood stories of famous people who dared to dream big and change the world.

The Little People, Big Dreams children’s books initiative created an exclusive series for Arcos Dorados aimed at increasing childhood reading to help with their intellectual and creative development while generating family bonding moments. The series includes fun and engaging activities, including QR codes to access exclusive digital content to support the stories. In keeping with McDonald’s Corporation’s commitment to move toward sustainable toys, this new collection was produced with Forest Stewardship Council (FSC) certified paper.

890,000+ books produced in 2022



### Corporate volunteering

We have always promoted corporate volunteering activities among our employees. In September 2022, McDonald’s Corporation promoted the first Global Volunteer Month worldwide, which included participation by Arcos Dorados. Globally, approximately 8,500 volunteers participated in 120 events across 33 markets, with more than 16,500 hours dedicated to giving back to local communities. This is a great opportunity to support people and organizations in the places we operate as well as to motivate our teams.

60+ volunteers across the region

COUNTRY	VOLUNTEERS	PROJECT	ORGANIZATION
Argentina	24	University Residencies	Fundación Sí
	5	The Company	JAA
Brazil	14	Job Shadow	JAA
Mexico	12	Skills For Life	JAA
Panama	6	Youth Mentoring Program	JAA
Uruguay	2	The Company	JAA



# Environment





# Little by little, we change a lot



Little by little, we are building resiliency for a sustainable future and reducing the environmental impact of our restaurants and offices wherever possible. Our work includes measuring and reducing carbon emissions, improving our restaurants' operational efficiency and using more sustainable materials in our packaging while making it easier for guests to recycle and reduce waste. It also means a cleaner energy matrix and sustainability initiatives within our supply chain.

All the little changes we're making, reflect our commitment to climate action, a priority to fulfill our purpose of feeding communities today and in the future.

We know that 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.



## Our Carbon Footprint

The first step toward achieving our environmental goals is measuring, assessing, and reporting the inventory of Greenhouse Gas (GHG) emissions from our operations. Our commitments are to reduce GHG emissions from all restaurants and offices by 15% and across our supply chain by 10%, no later than 2025, compared with a 2021 base year.

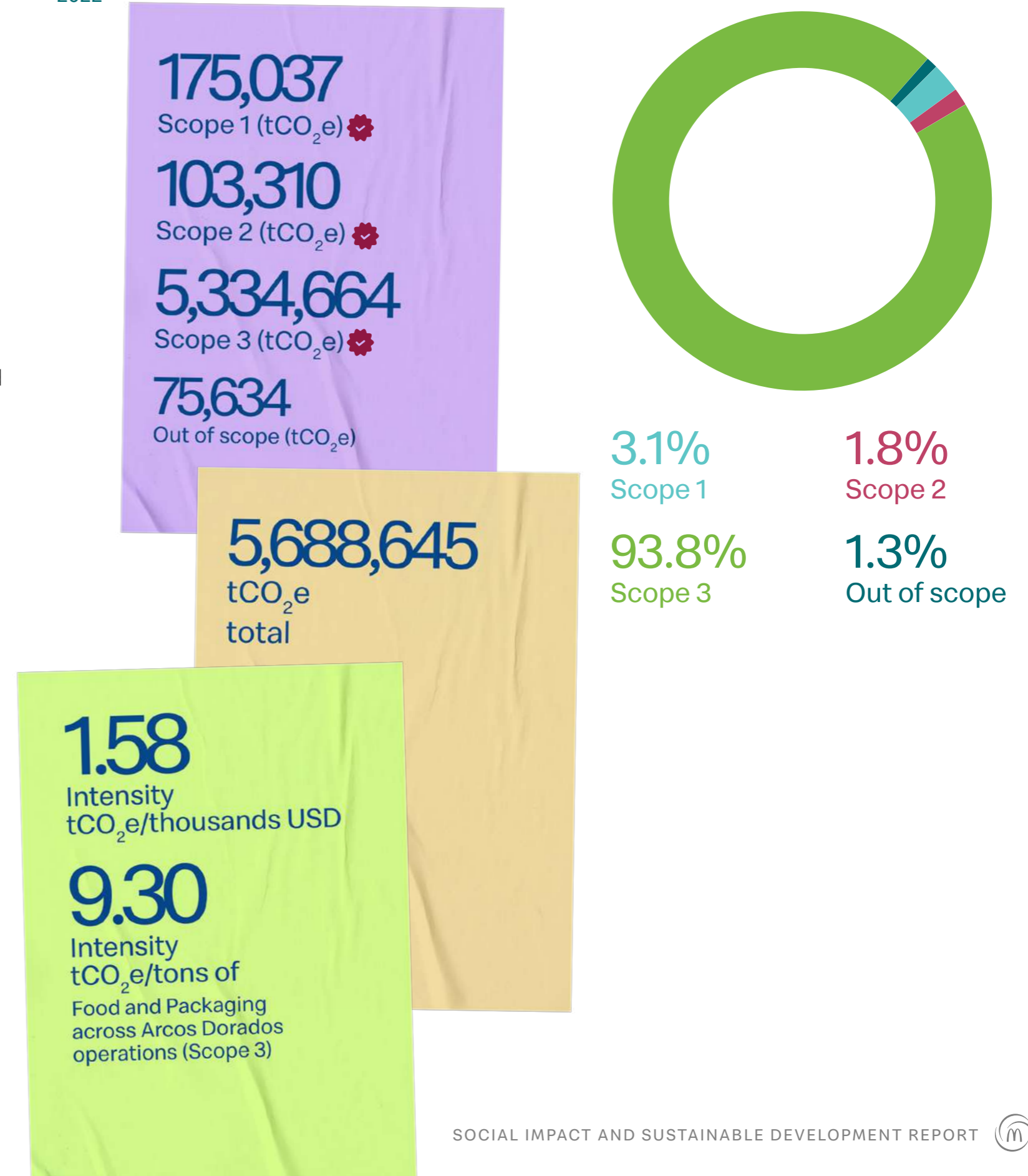
We reinforced our commitment to reduce emissions by 2025 including our targets in the QSR industry's first Sustainability-linked bond.

In 2022, we measured the carbon footprint from all our regional operations for the second time, reaching the 20 countries that comprise Arcos Dorados. 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.

Our carbon footprint comprises three scopes. Scope 1 includes emissions from fixed combustion, mobile combustion, coolants, and fugitive emissions. Scope 2 includes emissions associated with electricity use in the year. Finally, Scope 3 includes all emissions derived from products 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, and franchise operations. In our Out of scope category we include emissions that are outside the Kyoto Protocol.

In 2022 we managed to reduce Scope 2 emissions thanks to the increase of renewable energy in our operations, which at the closing of this report represented 29% of Arcos Dorados' energy matrix, compared to 12% in 2021. The increase in Scope 1 emissions with respect to 2021 is due to the rise in the consumption of refrigerant gasses. To tackle this challenge, we have a plan to standardize procedures for their replacement so that they can be recovered and recycled.

### GHG EMISSIONS 2022



### A THRIFTY DIGITAL EXPERIENCE

We host our digital platforms in external cloud services such as Amazon Web Services (AWS) and Azure from Microsoft. They are much more efficient and offer a workload carbon footprint that is a fraction of what companies typically produce in their on-premises or colocation data centers.

Cloud operators make the entire technical organization work in unison to attain high infrastructure efficiency by design. A big portion of the carbon reduction is attributable to more efficient and higher server use, compared to on-premises data centers, followed by reduced electricity consumption and renewable energy usage, and to more efficient data center facilities.

**-99.5%**  
average carbon emissions generated by hosting our solutions on external servers

### Save a little, change a lot

Every person working at our restaurants or offices is committed to making little changes, to change a lot. We are placing innovation at the forefront to use energy more efficiently, 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, considering its conservation, reuse, responsible management, pollution, quality, and overall usage.

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 encourage other stakeholders to follow our lead and thus raise the bar as a whole.

**100%**  
of openings and modernizations incorporated the Sustainable Development & Construction Program with energy, water and waste efficiency initiatives

We introduced the Sustainable Development & Construction Program consisting of 25 initiatives, some of them mandatory and others suggested, to be incorporated into our openings and modernizations. They include energy and water savings projects, circular economy proposals and positive community-impact actions. In 2022, 100% of new openings and modernizations include the mandatory initiatives, 10 points ahead of our target.

### The power of nature

We innovate in favor of efficient energy use. Our Sustainable Development & Construction Program includes, among its energy initiatives, incorporating high-efficiency air conditioning, variable extraction equipment, solar water heater, LED lighting and solar energy illumination, UV filter in glass, consumption meter on electric board, and automatic lighting of signs and exterior lighting.

It also prioritizes the use of renewable energy sources for new restaurants and refurbishments. In our new opening in Guadalupe, we installed a 220m2 solar panel system on the restaurant's rooftop. This initiative was financed by Esco via a 20-year contract, with a system size of 45 KWp.

In Colombia in Santa Marta, Barranquilla and Cartagena, we installed solar panels on restaurant roofs and in parking lots. Four systems produced 17,143KWh of solar energy generation in 2022.

In Brazil, together with electricity company EDP, we opened three solar panel farms: one in Cotia, São Paulo, and two in Rio Paranaíba, Minas Gerais. These systems have an annual capacity for generating 11,726 MWh and will provide 100% of the power demand of 28 restaurants and seven dessert kiosks through a 12-year contract. They occupy an area of 18.5 hectares.

In 2022, as part of our energy strategy, we evolved our energy matrix and almost tripled the use of renewable energy sources, going from 12% to 29% of energy used in our operations. We are proud of this result, which reflects the hard work our teams are doing throughout the region.

**29%**  
of renewable energy in all our operations



**ENERGY**

**Energy consumption within the organization (kWh)**

512,488,289   
2022

**Renewable energy consumption (kWh)**



29%  
Renewable energy

71%  
Non-renewable energy

**Renewable energy consumption (%)**

29%  
2022

**Intensity (MWh/thousand USD)**

0.14   
2022

**FUEL CONSUMPTION**

**Diesel**

473,019 l  
2022 

**Gasoline**

1,452,673 l  
2022 

**LGP/propane**

7,353,766 l  
2022 

**Natural gas**

2,536,456 m<sup>3</sup>  
2022 

Use of water

In each of our restaurants, we use water conscientiously and efficiently, both in its daily use and final disposal. Our Sustainable Development & Construction Program includes initiatives related to the use of water, like planting native species with low irrigation needs, faucets with aerators to reduce water flow and automatic timer, the use of rainwater for irrigation, cleaning and toilet flushing, and the collection of water from the condensation of air conditioners for cleaning tasks.

Waste management

Our Sustainable Development & Construction Program includes initiatives for new openings or restaurant upgrades related to waste segregation at its origin, such as special trash bins in the Lobby and Crew Room, trash corral with waste separation, and a specific installation for collecting used oil. It also includes initiatives for the use of materials from renewable sources, such as trash bins and furniture made from FSC-certified wood. We have differentiated removal of recyclables in the countries where we have support from local cooperatives, or recycling companies.

We provide continuous training for the entire company on the generation, handling, control, and responsible disposal of waste. Also, our Restaurant Food Safety Audit (RFSA) monitors, among other aspects, the correct disposal of waste in restaurants. Finally, we have value chain and site-specific initiatives to reduce our waste and avoid the pollution it produces.





### BEST PRACTICES IN BRAZIL

We have zero-waste to landfill initiatives in some locations in Brazil. At 155 restaurants in São Paulo, we implemented a waste separation strategy that combines manual and mechanical sorting in order to avoid landfill disposition. The separated recyclable materials undergo the necessary processes, such as pressing, to meet the specifications established by the recycling industries, while the remaining non-recyclable waste is sent for co-processing to be used as fuel in cement kilns and organic matter for composting.

We are moving forward with our strategy of recovering organic waste for composting. In August 2022, we started the final destination of organic waste for composting in six restaurants in Brasilia. In five months of operation we composted more than five tons of organic waste.

In one of our franchised restaurants in Brasilia, operated by Nadim Haddad, we built the Méqui Sustainability Space, which has a composting area and vegetable garden. Within this space we managed to compost organic waste and use the compost in our garden.

It all starts with the trash bins in the lobby and kitchen of our restaurants, where we separate food and different types of packaging. Then we take all organic waste to the composting center that generates fertilizer and biofertilizer. These products are used in our garden, having a circular case where food scraps become compost to nourish the food of the future.

In addition, together with the Arapoti Institute, we use the Méqui Sustainability space to work on environmental awareness and education, inviting children from public schools to learn about the entire process and transformation of organic waste into food.

In all our value chain relationships, we strive to ensure that our partners comply with the following responsible waste management initiative:

- Reduction of waste generation through good operating practices and circular economy goals or principles.
- Sort and properly dispose of waste, in accordance with applicable laws, developing alternatives for reduction, reuse or recycling in order to minimize environmental impacts and avoid landfills.
- Promote environmental actions and behaviors of employees, customers and suppliers.
- Encourage the development of innovation for the circular economy.
- Manage resources to maintain the highest possible value of products and materials throughout their life cycle.
- Circular economy solutions as a commitment and the norm, not the exception, generating benefits at scale.
- Encourage and participate in reverse logistics programs, aiming to recycle, recover or reuse products placed on the market.
- Strive to continuously reduce the use of energy, raw materials and water.
- Comply with all applicable national laws and regulations regarding environmental and natural resource management, as well as recognize changes in the same.



## Circular economy

We believe that 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. Our strategies to achieve our mission support our long-term business resilience, help keep our communities clean, and aim to protect the planet for future generations.

### RECYCLING BEHIND THE COUNTER

We recycle used cooking oil in our restaurants, which is then reused according to local regulations. In 2022, we recycled 100% of used cooking oil for further use, including biodiesel, cleaning products and animal feed. We do this through local and regional alliances which utilize reverse logistics. We also introduced an oil recovery process in more than 250 restaurants in São Paulo, Brazil. This innovative solution assesses and filters the collected material with the goal of improving its quality and, therefore, increasing its added value.

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 2022, we recovered more than 266 tons of cardboard which were reused in our value chain, providing us with opportunities to recycle and reduce waste.

**100%** of oil recycled    **2,969,000** liters

**266** tons of recovered cardboard

### DON'T USE BALLOONS!

We designed a decoration guide to avoid the use of plastic elements and balloons in our restaurant celebrations. It recommends choosing alternative materials to plastic such as cardboard, paper, bamboo, wood, sisal or cotton thread, and paper tape. The guide also offers creative ideas for using more environmentally friendly materials. For example, the use of empty hamburger boxes to make garlands and thus leverage the brand logo.



### UBQ TRAYS

Even the trays are recycled! In 2022, we purchased 112,140 trays manufactured with UBQ, a bio-based thermoplastic produced from organic waste. Our goal is to eventually switch all trays to recycled material.



## Towards a zero-plastic experience

Our packaging plays an essential role in reducing food waste and helps us serve hot and freshly prepared food quickly and safely to guests. And we want to make that experience plastic-free. We are committed to implement global and local solutions across our business to expand packaging reduction, reuse or recycling and help create demand for recycled materials.

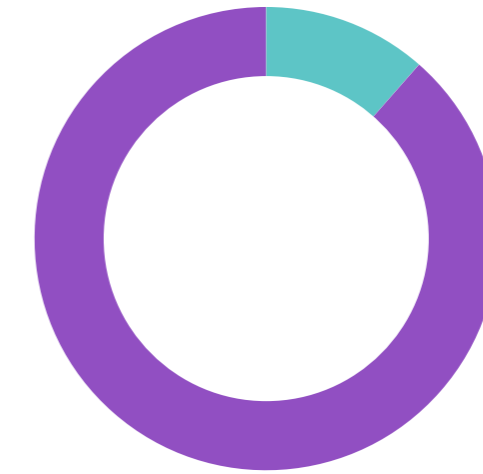
Reducing single-use plastics is key to care for the environment and ensure a sustainable future for all. In recent years, we stopped providing straws in our restaurants, eliminating large amounts of plastic from the ecosystem. We also removed the lids from beverages for on-premise consumption, and used recyclable packaging for salad bowls.

With these actions, since 2017 we've managed to reduce more than 1,700 tons of single-use plastics. External factors that affected our supply chain caused us to increase the supply of this material in 2022 with respect to the previous year, due to the lack of fiber to produce packaging that would allow us to maintain our quality and safety standards when offering our menus.



INITIATIVE	ITEMS	PLASTIC WASTE REDUCTION VS. 2017 IN TONS	WASTE REDUCTION SINCE 2017 IN TONS
Plastic straw reduction	Straw On Demand	297	-
	Strawless Lids		
	Paper Straws		
Plastic lid reduction	Lid On Demand	374	-
	Paper Seal Lids – Delivery		
Foam and plastic breakfast packaging elimination	Breakfast Clamshell	194	-
Salad plastic packaging elimination	Breakfast cardboard box	281	-
Non core sandwich clamshell waste reduction	Clamshells to wraps	-	1,099
Plastic stirrers elimination	Wooden stirrers	13	-
Plastic frappe and juice cup plastic reduction	Paper/PE Cups for Frappes/Juice	481	-
Sundae cups plastic reduction	Paper/PE Sundae cups	142	-
McFlurry & Sundae lids plastic elimination	McFlurry & Sundae Carton lids	337	-
Courtesy cup plastic reduction	Paper/PE Courtesy Cups	12	-
Spoons plastic reduction	Plastic reduced spoon	224	-
	Wooden spoons		
	Cardboard spoons		
Fork/Knife plastic reduction	Wooden Fork and Knife	77	-

**GOAL: MATERIALS THAT ARE USED TO PRODUCE AND PACKAGE PRIMARY PRODUCTS FB-RN-150A.2 (1)**



**4,733**  
Non-renewable materials 2022  
11.5%  
**(1) Plastic tons**

**36,500**  
Renewable materials 2022  
88.5%  
**(2) Total - non renewable**

If we all take small actions for the environment, together we can make a big difference.



# GRI & SASB content index







## GRI CONTENT INDEX




**Statement of use** Arcos Dorados has reported in accordance with the GRI Standards for the period January 1-December 31, 2022.

**GRI 1 used** GRI 1: Foundation 2021 Not applicable.



**Applicable GRI Sector Standard (s):** Not applicable.

GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED
<b>GRI 2: General Disclosures 2021</b>				
<b>The organization and its reporting practices</b>				
GRI 2: General Disclosures 2021	2-1 Organizational details	Our headquarter is located at Dr. Luis Bonavita 1294, Office 501, Montevideo, Uruguay, 11300 WTC Free Zone.	6, 10	
	2-2 Entities included in the organization's sustainability reporting	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 Guadeloupe, 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.		
	2-3 Reporting period, frequency and contact point		6	
	2-4 Restatements of information		6, 7	
	2-5 External assurance		6	
<b>Activities and workers</b>				
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships		10-12, 35-36	

GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED																																																																								
	2-7 Employees	<table border="1"> <thead> <tr> <th></th> <th>SLAD</th> <th></th> <th>NOLAD</th> <th></th> <th>Brazil</th> <th></th> <th>Total</th> </tr> <tr> <th></th> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> <th></th> </tr> </thead> <tbody> <tr> <td>Permanent</td> <td>11,609</td> <td>17,184</td> <td>9,174</td> <td>10,125</td> <td>14,484</td> <td>21,601</td> <td>84,177</td> </tr> <tr> <td>Temporary</td> <td>518</td> <td>489</td> <td>152</td> <td>182</td> <td>791</td> <td>1,099</td> <td>3,231</td> </tr> <tr> <td>Non-guaranteed hours</td> <td>2,541</td> <td>3,672</td> <td>11</td> <td>10</td> <td>0</td> <td>0</td> <td>6,234</td> </tr> <tr> <td>Total</td> <td>14,668</td> <td>21,345</td> <td>9,337</td> <td>10,317</td> <td>15,275</td> <td>22,700</td> <td>93,642</td> </tr> <tr> <td>Full-time</td> <td>3,398</td> <td>4,062</td> <td>6,013</td> <td>6,035</td> <td>13,770</td> <td>19,837</td> <td>53,115</td> </tr> <tr> <td>Part-time</td> <td>11,270</td> <td>17,283</td> <td>3,324</td> <td>4,282</td> <td>1,505</td> <td>2,863</td> <td>40,527</td> </tr> <tr> <td>Total</td> <td>14,668</td> <td>21,345</td> <td>9,337</td> <td>10,317</td> <td>15,275</td> <td>22,700</td> <td>93,642</td> </tr> </tbody> </table> <p>There is a minor difference in the information presented in this report and the one found in the Annual 20-F due to the lack of a centralized tallying system and different areas which provided data.</p>		SLAD		NOLAD		Brazil		Total		Male	Female	Male	Female	Male	Female		Permanent	11,609	17,184	9,174	10,125	14,484	21,601	84,177	Temporary	518	489	152	182	791	1,099	3,231	Non-guaranteed hours	2,541	3,672	11	10	0	0	6,234	Total	14,668	21,345	9,337	10,317	15,275	22,700	93,642	Full-time	3,398	4,062	6,013	6,035	13,770	19,837	53,115	Part-time	11,270	17,283	3,324	4,282	1,505	2,863	40,527	Total	14,668	21,345	9,337	10,317	15,275	22,700	93,642	22	
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	2-8 Workers who are not employees	We did not measure this indicator during the reporting period.																																																																										
<b>Governance</b>																																																																												
GRI 2: General Disclosures 2021	2-9 Governance structure and composition		16-17																																																																									
	2-10 Nomination and selection of the highest governance body		16																																																																									
	2-11 Chair of the highest governance body		16																																																																									
	2-12 Role of the highest governance body in overseeing the management of impacts		16																																																																									
	2-13 Delegation of responsibility for managing impacts		16																																																																									
	2-14 Role of the highest governance body in sustainability reporting		16																																																																									
	2-15 Conflicts of interest		18																																																																									
	2-16 Communication of critical concerns	The number of critical concerns formally reported to the highest governance body was not surveyed during the period.																																																																										
	2-17 Collective knowledge of the highest governance body		16																																																																									
	2-18 Evaluation of the performance of the highest governance body		16																																																																									
	2-19 Remuneration policies		17																																																																									
	2-20 Process to determine remuneration		17																																																																									
	2-21 Annual total compensation ratio	Annual compensation ratio is confidential competitive information that we do not disclose.																																																																										
<b>Strategy, policies and practices</b>																																																																												
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy		3-4																																																																									
	2-23 Policy commitments		17-18, 37																																																																									
	2-24 Embedding policy commitments		17-19																																																																									
	2-25 Processes to remediate negative impacts		17, 19																																																																									

GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED
	2-26 Mechanisms for seeking advice and raising concerns		17-19, 37	
	2-27 Compliance with laws and regulations	Compliance with laws and regulations is competitive information that we do not disclose.		
	2-28 Membership associations		14	
<b>Stakeholder engagement</b>				
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement		6	
	2-30 Collective bargaining agreements	Employees covered by collective bargaining agreements	24	
		Argentina 95%		
		Brazil 99.9%		
		Chile 0.6%		
		Colombia 92%		
		Ecuador 0%		
		Mexico 89.8%		
		Panama 84%		
		Peru 0%		
		Puerto Rico 0%		
		Uruguay 95%		
		Costa Rica 0%		
		Venezuela 64%		
<b>MATERIAL TOPICS</b>				
GRI 3: Material topics 2021	3-1. Process to determine material topics		7	
	3-2 List of material topics		8	
<b>MATERIAL TOPIC: SUPPORT TO THE LOCAL COMMUNITY</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		54-55	
GRI 413 Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs		49-55	
	413-2 Operations with significant actual and potential negative impacts on local communities	We did not assess these impacts on the community in the reporting period.	55	
<b>MATERIAL TOPIC: NUTRITION AND RESPONSIBLE MARKETING</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		45	
GRI 417 Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	The Nutrition Calculator is available on the websites of 25% of our market's McDonald's websites.	45	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Incidents of non-compliance concerning product and service information and labeling are competitive information that we do not disclose.		
	417-3 Incidents of non-compliance concerning marketing communications	Incidents of non-compliance concerning marketing communications are competitive information that we do not disclose.		





GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED
<b>MATERIAL TOPIC: YOUTH EMPLOYMENT</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		51-53	
<b>MATERIAL TOPIC: HUMAN RIGHTS AND FAIR LABOR PRACTICES</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		18, 37	
GRI 402 Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes		24	
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2022, we registered 112 incidents related to discrimination and diversity, which represent 0.001 incidents per employee. While 40 of those claims were not verified as genuine, 38 were proved/partially proved. At the end of the period, 34 cases were still under investigation.		
GRI 407 Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		24, 37	
GRI 408 Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		37	
GRI 409 Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		37	
<b>MATERIAL TOPIC: DIVERSITY AND INCLUSION</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		30-33	
GRI 405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men	This ratio is confidential competitive information that we do not disclose.	16, 30	
<b>MATERIAL TOPIC: RESPONSIBLE SOURCING</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		35, 37-39, 41-42	
GRI 204 Procurement Practices 2016	204-1 Proportion of spending on local suppliers		36	
GRI 308 Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria 308-2 Negative environmental impacts in the supply chain and actions taken		37 37	
GRI 414 Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts in the supply chain and actions taken		37 37	
<b>MATERIAL TOPIC: CULTURE AND WORK ENVIRONMENT</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		21	



GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED	
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	New employees			
			SLAD	NOLAD	Brazil
		Under 30 years old	32,053	17,310	28,972
		Between 31 and 50 years old	1,290	979	784
		Over 51 years old	117	123	42
		Total	33,460	18,412	29,798
		Male	16,406	9,344	11,274
		Female	17,054	9,068	18,524
		Total	33,460	18,412	29,798
		Turnover rate			
			SLAD	NOLAD	Brazil
		Under 30 years old	64%	75%	87.2%
		Between 31 and 50 years old	9%	8%	21%
		Over 51 years old	5%	1%	13.7%
Male	40%	48%	17%		
Female	60%	52%	83%		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		23		
	401-3 Parental leave		24		
GRI 404 Training & Education 2016	404-1 Average hours of training per year per employee	5.97 total average hours of training per employee	25		
		8.62 Staff's average hours of training (does not include Leadership Team in each country)			
		8.48 Operations-Business/Restaurant Manager and Management team's average hours of training			
		5.51 Operations-Crew's average hours of training			
		During the reporting period, we did not have sufficient information to disclose the average number of hours by gender.			
	404-2 Programs for upgrading employee skills and transition assistance programs		25		
	404-3 Percentage of employees receiving regular performance and career development reviews		24		
<b>MATERIAL TOPIC: HEALTH AND SAFETY OF OUR PEOPLE</b>					
GRI 3: Material topics 2021	3-3 Management of material topic		28-29		
GRI 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system		28		
	403-2 Hazard identification, risk assessment, and incident investigation		28		
	403-3 Occupational health services		29		
	403-4 Worker participation, consultation, and communication on occupational health and safety		28		



GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED																																													
	403-5 Worker training on occupational health and safety		28																																														
	403-6 Promotion of worker health		29																																														
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		28-29																																														
	403-8 Workers covered by an occupational health and safety management system		28																																														
	403-9 Work-related injuries	<table border="1"> <thead> <tr> <th></th> <th colspan="2">SLAD</th> <th colspan="2">NOLAD</th> <th colspan="2">Brazil</th> </tr> <tr> <th></th> <th>Number</th> <th>Rate</th> <th>Number</th> <th>Rate</th> <th>Number</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>Fatalities as a result of work-related injury</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>1</td> <td>0.02</td> </tr> <tr> <td>High-consequence work-related injuries (excluding fatalities)</td> <td>65</td> <td>1.3</td> <td>3</td> <td>1.6</td> <td>64</td> <td>1.29</td> </tr> <tr> <td>Recordable work-related injuries</td> <td>2,703</td> <td>73.4</td> <td>561</td> <td>123.4</td> <td>797</td> <td>16</td> </tr> <tr> <td>Number of hours worked</td> <td colspan="2">28,460,614</td> <td colspan="2">1,240,044</td> <td colspan="2">49,824,731</td> </tr> </tbody> </table> <p>*The rates have been calculated based on 1,000,000 hours worked. (BR). None of the workers have been excluded from this disclosure. **The number of hours worked has not been registered for certain countries in SLAD (Aruba, Chile and Venezuela) and NOLAD (Puerto Rico, México and USVI). The rates have only been calculated with the injuries registered from the countries who have data of their worked hours. ***Methodologies and standards follow technical norms and references to internal procedures.</p>		SLAD		NOLAD		Brazil			Number	Rate	Number	Rate	Number	Rate	Fatalities as a result of work-related injury	0	0	0	0	1	0.02	High-consequence work-related injuries (excluding fatalities)	65	1.3	3	1.6	64	1.29	Recordable work-related injuries	2,703	73.4	561	123.4	797	16	Number of hours worked	28,460,614		1,240,044		49,824,731		29				
	SLAD		NOLAD		Brazil																																												
	Number	Rate	Number	Rate	Number	Rate																																											
Fatalities as a result of work-related injury	0	0	0	0	1	0.02																																											
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Number of hours worked	28,460,614		1,240,044		49,824,731																																												
	403-10 Work-related ill health	We had 0 cases of recordable work-related illness in the reporting period.	29																																														
<b>MATERIAL TOPIC: ETHICS AND INTEGRITY AND THE FIGHT AGAINST CORRUPTION</b>																																																	
GRI 3: Material topics 2021	3-3 Management of material topic		17																																														
GRI 205 Anticorruption 2016	205-1 Operations assessed for risks related to corruption		17																																														
	205-2 Communication and training about anti-corruption policies and procedures	<table border="1"> <thead> <tr> <th>Attendees</th> <th colspan="2">CORPORATE</th> <th colspan="2">SLAD</th> <th colspan="2">NOLAD</th> <th colspan="2">BRAZIL</th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td>10</td> <td>0.4%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Senior Leadership Team</td> <td>16</td> <td>0.7%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Staff</td> <td>363</td> <td>16.0%</td> <td>715</td> <td>31.4%</td> <td>494</td> <td>21.7%</td> <td>677</td> <td>29.8%</td> </tr> <tr> <td>Total</td> <td>389</td> <td>17.1%</td> <td>715</td> <td>31.4%</td> <td>494</td> <td>21.7%</td> <td>677</td> <td>29.8%</td> </tr> </tbody> </table>	Attendees	CORPORATE		SLAD		NOLAD		BRAZIL		Board of Directors	10	0.4%							Senior Leadership Team	16	0.7%							Staff	363	16.0%	715	31.4%	494	21.7%	677	29.8%	Total	389	17.1%	715	31.4%	494	21.7%	677	29.8%	17-18	
Attendees	CORPORATE		SLAD		NOLAD		BRAZIL																																										
Board of Directors	10	0.4%																																															
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Total	389	17.1%	715	31.4%	494	21.7%	677	29.8%																																									
	205-3 Confirmed incidents of corruption and actions taken		17																																														
GRI 206 Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		17																																														
<b>MATERIAL TOPIC: CLIMATE CHANGE</b>																																																	
GRI 3: Material topics 2021	3-3 Management of material topic		57																																														
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions		58																																														
	305-2 Energy indirect (Scope 2) GHG emissions		58																																														
	305-3 Other indirect (Scope 3) GHG emissions		58																																														
	305-4 GHG emissions intensity		58																																														
	305-5 Reduction of GHG emissions		58																																														
	305-6 Emissions of ozone-depleting substances (ODS)		58																																														
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Due to our type of operation, we do not produce this category of emissions.																																															

GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED
<b>MATERIAL TOPIC: RESPONSIBLE RESOURCE MANAGEMENT</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		59-60	
GRI 302 Energy 2016	302-1 Energy consumption within the organization		59	
	302-2 Energy consumption outside of the organization	In the reporting period, we did not consume energy outside of the operation.		
	302-3 Energy intensity		59	
	302-4 Reduction of energy consumption		59	
	302-5 Reduction in energy requirements of products and services		59	
GRI 303 Water and effluents 2018	303-1 Interactions with water as a shared resource		60	
	303-2 Management of water discharge-related impacts		60	
	303-3 Water withdrawal	During the reporting period we did not have sufficient information to disclose this information. We are working to improve this report in future reporting periods.		
	303-4 Water discharge	During the reporting period we did not have sufficient information to disclose this information. We are working to improve this report in future reporting periods.		
	303-5 Water consumption	During the reporting period we did not have sufficient information to disclose this information. We are working to improve this report in future reporting periods.		
<b>MATERIAL TOPIC: SUSTAINABLE AND DEFORESTATION-FREE LIVESTOCK RAISING</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		42	
<b>MATERIAL TOPIC: PACKAGING AND RECYCLING (CIRCULAR ECONOMY)</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		60, 62-63	
GRI 301 Materials 2016	301-1 Materials used by weight or volume		62-63	
	301-2 Recycled input materials used		62-63	
	301-3 Reclaimed products and their packaging materials		62-63	
GRI 306 Waste 2020	306-1 Waste generation and significant waste-related impacts		60	
	306-2 Management of significant waste-related impacts		60	
	306-3 Waste generated	During the reporting period we did not have sufficient information to disclose this information. We are working to improve this report in future reporting periods.		
	306-4 Waste diverted from disposal	During the reporting period we did not have sufficient information to disclose this information. We are working to improve this report in future reporting periods.		
	306-5 Waste directed to disposal	During the reporting period we did not have sufficient information to disclose this information. We are working to improve this report in future reporting periods.		
<b>MATERIAL TOPIC: FOOD SAFETY</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		37, 44	
GRI 416 Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		44	

GRI STANDARD	CONTENT	ANSWER	PAGE	AUDITED
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		44	
<b>MATERIAL TOPIC: RESPONSIBLE DIGITAL EXPERIENCE</b>				
GRI 3: Material topics 2021	3-3 Management of material topic		46-47, 59	
GRI 418 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		47	





## SASB INDEX

STANDARD	CONTENT	ANSWER	PAGE
<b>Energy Management</b>			
FB-RN-130a.1	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable		59
<b>Water Management</b>			
FB-RN-140a.1	(1) Total water withdrawn (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	During the reporting period we did not have sufficient information to disclose this information. We are working to improve this report in future reporting periods.	
<b>Food &amp; Packaging Waste Management</b>			
FB-RN-150a.1	(1) Total amount of waste, (2) percentage food waste, (3) percentage diverted	During the reporting period we did not have sufficient information to disclose this information. We are working to improve this report in future reporting periods.	
FB-RN-150a.2	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, (3) percentage that is recyclable, reusable, and/or compostable		62-63
<b>Food Safety</b>			
FB-RN-250a.1	(1) Percentage of restaurants inspected by a food safety oversight body, (2) percentage receiving critical violations		44
FB-RN-250a.2	(1) Number of recalls, (2) total amount of food product recalled	In 2022 we had 23 stock recoveries.	44
FB-RN-250a.3	Number of confirmed foodborne illness outbreaks, percentage resulting in U.S. Centers for Disease Control and Prevention (CDC) investigation 3		44
<b>Nutritional Content</b>			
FB-RN-260a.1	(1) Percentage of meal options consistent with national dietary guidelines, (2) revenue from these options	Information about revenues from different menu offerings is sensitive competitive information that we do not disclose.	
FB-RN-260a.2	(1) Percentage of children's meal options consistent with national dietary guidelines for children, (2) revenue from these options	Information about revenues from different menu offerings is sensitive competitive information that we choose not to disclose.	
FB-RN-260a.3	Number of advertising impressions made on children, percentage promoting products that meet national dietary guidelines for children	Information about the total advertising impressions made on children is sensitive competitive information that we choose not to disclose.	



STANDARD	CONTENT	ANSWER	PAGE
<b>Labor Practices</b>			
FB-RN-310a.1	(1) Voluntary turnover rate for restaurant employees, (2) involuntary turnover rate for restaurant employees		22
FB-RN-310a.2	(1) Average hourly wage, by region, (2) percentage of restaurant employees earning minimum wage, by region	We comply with all legal regulations and requirements related to labor conditions and compensation in each country where we operate.	
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	In this report, we disclose full information about discrimination cases. It is important to note that the financial information is competitive-sensitive.	
<b>Supply Chain Management &amp; Food Sourcing</b>			37, 41
FB-RN-430a.1	Percentage of food purchased that (1) meets environmental and social sourcing standards and (2) is certified to third-party environmental and/or social standards		41
FB-RN-430a.2	Percentage of food purchased that (1) meets environmental and social sourcing standards and (2) is certified to third-party environmental and/or social standards		37, 39, 41-42
FB-RN-430a.3	Discussion of strategy to manage environmental and social risks 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 2022 Social Impact and Sustainable Development Report (the "Report") for the year ended December 31, 2022, 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 "⊙" 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 and described in item 4, nothing came to our attention leading us to believe that the GRI indicators included herein mentioned in item 1 and containing the reference "⊖" are not prepared, in all material respects, according to the GRI Standards.

City of Buenos Aires, Argentina  
May 16, 2023

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.  
Member of Ernst & Young Global



GUSTAVO LAZZATI  
Partner





**Building a better  
working world**

Pistrelli, Henry Martín y Asociados S.R.L.  
25 de mayo 487 - C1002ABI  
Buenos Aires, Argentina

Tel: (54-11) 4318-1600/4311-6644  
Fax: (54-11) 4510-2220  
ey.com

**INDEPENDENT ACCOUNTANT'S LIMITED ASSURANCE REPORT ON ARCOS DORADOS'  
GREENHOUSE GAS (GHG) STATEMENT 2022**

To the Directors of  
**ARCOS DORADOS HOLDINGS INC.**

**1. Object of the Order**

We have been engaged by Arcos Dorados Holdings Inc. ("the Company") to issue a limited assurance report over their greenhouse gas emissions 2022 (scopes 1, 2 and 3), to be included in the Social Impact and Sustainable Development Report 2022, according with the Global Reporting Initiative (GRI), and The Greenhouse Gas Protocol ("GHG Protocol") methodology guidelines ("the Criteria").

**2. Board of Director's Responsibility**

The Board of the Company is responsible for selecting the Criteria and for presenting the greenhouse gas emissions 2022 inventory in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG statement, such that it is free from material misstatement, whether due to fraud or error.

**3. Responsibility of the Public Accountant**

Our responsibility is to express a limited assurance conclusion on the greenhouse gas emissions inventory mentioned in item 1 based on the evidence we have obtained.

**4. Professional Work**

Our engagement was conducted in accordance with the standards for other assurance engagements laid down in section V.A., second part of Technical Resolution No. 37 issued by the Argentine Federation of Professional Councils of Economic Sciences ("RT 37"), which is based on the international standard ISAE 3000 established by the International Federation of Accountants. Those standards require us to comply with ethical requirements, as well as to plan and execute our engagement in order to obtain limited assurance. Within the scope of our expertise, about whether the information included in the greenhouse gas inventory indicated in item 1 has been prepared, in all significant aspects, in accordance with the guidelines of the GHG Protocol and GRI. Furthermore, in accordance with these standards, a limited assurance engagement provides less assurance than a reasonable assurance engagement, due to the different nature, extent, and timing of the procedures applied by the auditor to gather evidence that enables them to issue their conclusion.

The Green House Gas quantification process is subject to scientific uncertainty due to incomplete scientific knowledge, used to determine emission factors and the values necessary to combine emissions from different gases.



**Building a better  
working world**

Our work included the examination, on a selective basis, of the evidence obtained regarding the Company's compliance with the guidelines of the GHG Protocol and GRI. We also applied other procedures that we deemed necessary based on the circumstances. We believe that the evidence obtained provides an appropriate basis for our conclusion.

The procedures mentioned in the previous paragraph were performed on the records and documentation provided to us by the Company. Our work assumed that the information provided is accurate, complete, legitimate, and free from fraud and other legal aspects, taking into account its appearance and formal structure.

#### **5. Conclusion**

Based on the work performed and described in item 4, nothing has come to our attention that would lead us to believe that the emissions inventory mentioned in item 1 is not prepared, in all material aspects, in accordance with GRI and GHG Protocol methodology.

Buenos Aires City, Argentina  
October 30<sup>th</sup>, 2023

A handwritten signature in blue ink, appearing to read 'Gustavo Lazzati', is written over a light blue circular stamp.

**Gustavo Lazzati**  
Partner



COORDINATED BY **Social Impact and Sustainable Development Team**

PRODUCED BY **done!**

