



*Love*  
**WHAT'S  
GOOD**

2020 RESPONSIBILITY REPORT



Delivery • Rapid



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# ABOUT *Panera*

## OUR HISTORY

HEADQUARTERED IN ST. LOUIS,  
WITH A SUPPORT CENTER  
IN BOSTON

FOUNDED IN 1987 IN  
KIRKWOOD, MO

PRIVATELY OWNED BY  
JAB HOLDING COMPANY

## U.S. OPERATIONS

19 FRESH DOUGH FACILITIES

987 COMPANY-OWNED  
PANERA BAKERY-CAFES

1,131 FRANCHISED PANERA  
BAKERY-CAFES

BAKERY-CAFES LOCATED IN  
48 STATES AND THE DISTRICT  
OF COLUMBIA

## 2020 PANERA FIGURES<sup>1</sup>

90,000 ASSOCIATES,  
INCLUDING OVER 51,000 IN  
COMPANY-OWNED OPERATIONS

MORE THAN 300M  
TRANSACTIONS

42.4M MYPANERA LOYALTY  
MEMBERS

## *Reporting* SCOPE AND BOUNDARIES

The Report boundaries are mostly confined to U.S. company-owned Panera Bread operations and bakery-cafes, including discussions of management approach, programs and performance data.

In some instances, the Report boundaries are enlarged to include U.S. Au Bon Pain locations<sup>2</sup> and/or U.S. franchised locations:

- Packaging data and references to our menu covers Panera Bread company-owned operations and cafes, and franchised cafes.
- Environmental performance data (GHG emissions, energy, water and waste); animal welfare data; references to ingredients, sourcing or our supply chain; or data related to guest transactions cover company-owned and franchised operations and cafes for both brands.

The Report does not include data for Paradise Bakery and Café® locations or any international operations, which are all franchisee-owned and account for less than 4% of all 2,331 Panera LLC cafes. However, Panera Bread Canadian locations are included in our cage-free egg commitment and reporting.



<sup>1</sup> U.S. company-owned and franchised Panera Bread cafes and operations

<sup>2</sup> Panera acquired Au Bon Pain in 2017 and sold it in mid-2021

# ABOUT THIS *Report*

This is Panera's fourth Responsibility Report covering environmental, social and governance (ESG) topics and activities that occurred in 2020 and early 2021. Previous reports are available on our [website](#). This Report was produced in accordance with the Global Reporting Initiative (GRI) Standards at the Core level. Additional disclosures can be found in our [2020 GRI Index](#). We conducted a materiality assessment in 2019 and amended the assessment in 2021 to reflect our evolving priorities. For more on our materiality process, please view the [2017-2019 GRI Index](#).

Panera is responsible for the preparation and integrity of the information in this Report. All subject matter experts who contributed to the Report, as well as company leadership, have reviewed and approved the Report's content and data. The Board of Directors had the opportunity to review the Report before publication. This Report was not externally assured.

We welcome feedback on our responsibility efforts and this Report. Please submit questions or feedback to [responsibility@panerabread.com](mailto:responsibility@panerabread.com).

## *Sustainable* DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development was adopted by the United Nations in 2015 as a shared blueprint for global development. There are 17 Sustainable Development Goals (SDGs) that articulate priority areas for progress — including hunger, climate change, reducing inequality and spurring economic growth. As part of defining our most material issues, we also identified where these issues align with the global goals. We believe the SDGs are an important consideration as we evolve our strategy and work to drive positive change. Below are the SDGs that map to our most material issues; these are also noted within the Report content where relevant.



# A NOTE FROM *Niren*

Dear Friends,

The past year has changed our world, the business community and our lives. What started as a global health crisis in early 2020 quickly evolved into a financial and humanitarian crisis, challenging us all in ways no one could have foreseen. I'm proud of our team at Panera. We met these challenges head on, with a balance of ambition and compassion — doing big things, with heart.

Throughout the pandemic, our highest priority has been the health, safety and well-being of our Panera Family — our associates, guests and the communities we serve. To protect our associates, we modified our bakery-cafes to allow for social distancing, required mask-wearing and instituted enhanced cleaning protocols. We also arranged for our Support Center associates to work out of their homes, trading conference rooms for online meetings. And for those who were furloughed, we wanted them to continue feeling supported by offering help finding temporary employment, coaching them through the unemployment benefit process and providing free weekly meals to cafe associates.

As COVID-19 upended the traditional guest experience, we quickly pivoted, creating solutions that allowed us to keep our cafes running with extensive health and safety measures. We worked cross-functionally to leverage new channels of business within weeks. We evolved our delivery model, launched Panera Curbside and began offering grocery necessities like milk, eggs and produce — all while maintaining our Panera warmth.

We knew we could also have a positive impact in our communities, serving both those in need and the essential workers serving us. We formed partnerships with nonprofits, hospitals and government agencies aimed at delivering delicious and wholesome food to schools, community centers and medical facilities for the benefit of children, families, first responders and our health care heroes.

In addition to the COVID-19 crisis, the heartbreaking death of George Floyd led to a nationwide outpouring of anguish and pain, and we recommitted to advancing diversity, equity and inclusion. We are actively working to listen, hear and understand each other, as we also strengthen our own strategy to recruit, retain and promote diverse candidates within our own Panera Family. Panera's people are the heart and soul of this great brand. The differences among us are what make us stronger,

whether they be race, religion, gender, sexual orientation, point-of-view or life experiences. Our goal is to ensure Panera is a place where *all* people feel they belong and to create in Panera the world we want to see.

This past year underscored how deeply connected we are to each other and the world around us, including our role in climate change. We recognized the opportunity we have to engage our guests in ways that help them better understand the connection between their food choices and their carbon footprint. In October 2020, Panera became the first restaurant company to label low-carbon menu items as Cool Food Meals. As of the end of 2020, we are proud to say this designation applies to 55% of our menu offerings.



As more people are vaccinated and we move closer to a post-pandemic world, Panera is well positioned for the future. We are emerging stronger from the pandemic, with a clear strategic framework and a stronger team, stronger brand, stronger business model and, most importantly, a stronger culture. Despite headwinds and continuing uncertainty as I write this, I have immense confidence in who we are and our ability to achieve our mission and purpose — *One Panera for a Healthier & Happier World*.

This 2020 Responsibility Report reflects our progress toward achieving our mission and purpose as well as our social and environmental commitments. You will find more details on the topics outlined above as well as reporting on animal welfare practices, sustainability measures and workplace initiatives. This Report also reflects our team's tenacity during a time when we were presented with what often felt like insurmountable challenges. I am deeply proud of that.

I hope you will take a few moments to read our Report and share your impressions of how we are doing and what we can do better. Feedback can be sent to [responsibility@panerabread.com](mailto:responsibility@panerabread.com). We know our efforts are ongoing as we work toward achieving our mission and purpose. We are committed to seeing it through — because that's who we are and that's what we do. I sincerely thank you for your interest in Panera.

A handwritten signature in dark ink, appearing to read 'Niren'.

Niren Chaudhary  
Chief Executive Officer

# 2020 IN *Review*

## PANERA'S RESPONSE TO COVID-19



### ASSOCIATES

**16,500**

associates used extended emergency sick leave

**3,000+**

associates received Friends in Knead grants

**60,000+**

family meals provided to company-owned cafe associates



### GUESTS

**83%**

of sales came from off-premises channels

**47%**

of sales ordered digitally during the pandemic



### COMMUNITY

**930,000+**

meals donated to Feeding America® food banks

**132,000+**

lunches made for school food programs

**730,000**

meals provided to frontline medical workers

**21,000**

cafe associate hours dedicated to serving others



## ADVANCING DIVERSITY, EQUITY & INCLUSION

**34%**

women at the leadership level  
(a 2% increase since 2019)

**9%**

BIPOC at the leadership level  
(a 2% increase since 2019)

**1**

newly appointed senior leader of DE&I

**4**

new diversity leadership targets

**3**

new programs with community partners



## RESPECT FOR OUR PLANET

**55%**

entrees certified and labeled as low-carbon Cool Food Meals

**25%**

entrees are Plant-based

**23%**

reduction in Scope 1 and 2 emissions per square foot since 2016

Note: More information may be found on the above stats in this Report.

# Food BELIEFS

We have a simple rule: Serve food that we are proud to serve our own families — meals made with delicious, fresh and “Clean” ingredients carefully selected by our chefs and bakers. Our ingredients adhere to our four foundational food beliefs, which we believe result in more tempting and delectable dishes. Our Food Beliefs are:

OUR FOOD  
IS CLEAN

WE ARE SELECTIVE  
IN OUR SOURCING  
PRACTICES

WE HAVE THE  
UPMOST RESPECT  
FOR THE PLANET

OUR PROTEINS  
ARE RESPONSIBLY  
RAISED

## Clean

We've often been asked why we're obsessed with Clean food, which we define as not containing 96 different artificial preservatives, sweeteners and flavors along with colors from artificial sources, as noted on our [No No List](#). It's because we believe Clean food tastes better, allowing the freshness, quality, flavors and craft to shine through.

Panera's move to Clean food was completed in 2017. It was achieved by reformulating 152 ingredients, impacting the majority of menu items in our bakery-cafes. Today, if an ingredient can't meet our standards for Clean, we simply don't put it in our pantry. Our commitment to only serve Clean food is the reason we have fresh bananas in our Strawberry Banana Smoothie and why our breads and bagels are freshly prepared every day, rather than relying on preservatives.

## SELECTIVE Sourcing

Delicious food starts at the farm, where rich soil meets cool water and ample sunshine to create a perfect environment for budding sprouts of lettuce, tomatoes, strawberries and other crops to thrive.

We work to find the freshest, tastiest, seasonal produce and highest quality ingredients. It starts with having trusted relationships with farmers, producers and other supply partners who share our commitment to quality and freshness. Procurement is done only after our high standards are met by suppliers.

Our ongoing engagement with our supply chain partners opens the door to other opportunities, such as encouraging more [sustainable practices](#) on the farm and throughout our supply chain.



## Shopping for Seasonal Freshness

There is nothing more irresistible than in-season fruits and vegetables. We celebrate seasonal produce at its peak ripeness when quality, freshness and taste are superb. In 2020, nearly two-thirds of all fresh blueberries and over 80% of the fresh strawberries we sourced were served during the summer months when these berries are at their sweetest and juiciest. These gems are key ingredients in our popular Strawberry Poppyseed Salad with Chicken and Greek Yogurt with Mixed Berries Parfait, as well as in our Summer Fruit Cup.

Fresh, seasonal flavor also comes alive in our 100% pure Orange Juice. It features Valencias, a premium variety of sweet summer oranges that are perfect for squeezing because of their abundant juice. They are harvested at peak season and offer an invigorating, well-balanced, sweet-tart flavor, providing a delicious and satisfying complement to an energizing breakfast.

# WE BELIEVE IN FOODS THAT ARE *Better for the Planet*

When Daniel Vennard joined World Resources Institute (WRI) as director of its Better Buying Lab, he knew that diets based on more plants and less meat could help reduce climate-related impacts. He also knew that consumers wanted to make a difference but didn't always know how. Consumers lacked good information on low-carbon choices and there was a lack of national labeling programs to help them understand the impacts of their meals — especially when dining out. Believing there was an opportunity to make this information more accessible to consumers, he engaged Panera for what would become the Cool Food Meal initiative.

As a first step, WRI developed a leading-edge methodology to quantify a maximum recommended daily carbon budget for an individual's diet, which aligned with globally recognized goals to curb climate change. Meanwhile, Panera had the carbon impact of its meals calculated and shared those calculations and recipes with WRI to evaluate using the methodology. The process identified that 55% of the entrees on Panera's menu in 2020 met the Cool Food Meals standard, including many guest favorites such as its Broccoli Cheddar Soup and Chipotle Chicken Avocado Melt.

The next step was marketing these meals in a way that was easy to understand and would help consumers feel good about their choices. "We wanted to inspire consumers to take positive action by enjoying great-tasting, low-carbon meals — without sacrificing flavor or sparking feelings of guilt. That was the inspiration for creating the 'delicious emoji' badge," Daniel explained.

In October 2020, Panera added the Cool Food Meal badge to the low-carbon items across its menu. "It's exciting for me personally to see the Cool Food Meal initiative come to fruition," Daniel said. "By leveraging WRI's research and scientific muscle, we can now certify meals that are low-carbon. And with Panera as our inaugural partner, the vision of inspiring consumers to create a positive impact with their food choices has become a reality."



## Buying Authentic, Quality Ingredients

We procure most of our ingredients from farms in North America, but occasionally we go beyond our continent in search of special foods that add a distinctive flavor. For instance, a standout ingredient in our Mediterranean Veggie Sandwich is zesty Peppadew™ peppers. They are sourced from South Africa because of their sweet, piquant flavor, which is unique to the region.

Closer to home, we venture to Vermont for white cheddar cheese from local farms. This aged cheese is a key ingredient in the rich and creamy sauce that coats our signature ciocciolate pasta in Panera's legendary Mac & Cheese.

As for the preparation of our meats, especially smoked turkey or chicken, we source meats that have been smoked using real hardwoods rather than flavored with liquid smoke. Again, it's about flavor and quality, and we believe this method of smoking far surpasses the taste of artificial flavors.



At the same time, we understand that one of the biggest threats posed by climate change is to the future of farming and food production, and ultimately to our business.

To seriously combat climate change, we believe bold action is needed. We are working to establish a Science-Based Target (SBT) that will focus our efforts not only on mitigating the impacts of our operations, but also on addressing the biggest impacts in our supply chain. We submitted a Letter of Commitment to the SBT Initiative and anticipate having an approved goal within two years. Our plan for achieving this goal will build upon current initiatives, such as offering more low-carbon meals, deploying sustainable farming practices and decreasing energy use in our operations, along with the associated GHG emissions. We also plan to disclose in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) in our next reporting cycle.



## Plant-Based Meals

We use fruits, vegetables, nuts and seeds across our menu because first and foremost, they taste great. Another reason is because these foods have low-carbon footprints and are less resource intensive compared to meals with generous servings of meat, making them better for the planet.

Guests are increasingly interested in creative "Plant-based" meals that are primarily composed of grains, fruits and/or vegetables and may contain small portions of dairy and eggs, but no meat proteins. This trend, which we believe is here to stay, has unleashed a wave of innovation in Panera's kitchens to bring forward new offerings that give guests a nutrient-packed, satisfying meal that exudes freshness and flavor in every bite.

One of our chef's newest creations is our tasty Flatbread Pizzas, including several meat-free options. A guest favorite is our Margherita Flatbread Pizza that features a delicate yet crisp crust, topped with grape tomatoes and fresh basil and mozzarella. Other tempting Plant-based dishes on Panera's menu include our Ten Vegetable Soup; Avocado, Egg White & Spinach Sandwich; Mediterranean Veggie Sandwich; and Broccoli Cheddar Mac & Cheese.

When a guest wants a meatless dish, we can add creamy avocado or pile on extra vegetables in place of meat. Both our Baja and Mediterranean Bowls, which were introduced in 2019, are designed to fit into a flexitarian diet and can be ordered with or without chicken. At the end of 2020, Plant-based dishes accounted for 25% of our menu, and more than 60% of our menu items could be customized to omit meat.

In the coming years, our long-term aspiration is to have a menu where half of our entrees are Plant-based, starting with one new option in every menu category. While some menu innovation was put on hold during the pandemic, we are currently moving forward with plans to test several new Plant-based dishes in 2021.

## Respect FOR THE PLANET

We believe we have a responsibility to our associates and guests, as well as to our communities and the planet we all share. Today, our natural environment is under increasing stress due to climate change, water scarcity, pollution problems and declining forests, among other significant factors. We know we have an important role to play in helping to conserve natural resources and limit our overall footprint to protect the health of our planet.

## Climate Change

Climate change is the most pressing environmental issue facing our world today, impacting communities everywhere. Agriculture is a key contributor to climate change, especially livestock farming, and when combined with food production and transportation, the agriculture industry accounts for approximately 25% of today's greenhouse gas (GHG) emissions.<sup>1</sup>

<sup>1</sup> World Resources Report, "Creating a Sustainable Food Future," World Resources Institute, 2019

# Cool FOOD MEALS



Many of our guests share Panera's concern about climate change and wonder what they can do to reduce their carbon footprint. Looking at the foods we eat may be a place to start. But the drivers behind climate change are complex and some people may not be aware of the impact their diet has on the planet — and specifically, which foods are low carbon. We wanted to find a way to make it easier for our guests to select foods based on their carbon impact and reduce the impact of their plate. This led to a unique partnership with WRI and the launch of the Cool Food Meal certification, which labels low-carbon meals.

To determine what meals qualified, WRI created a new methodology to quantify the daily carbon budget for an individual diet, aligning with globally recognized goals to curb climate change. Measured in kilograms of carbon dioxide equivalent, or CO<sub>2</sub>e, the daily carbon footprint is split across three meals and snacks consumed in a day. A breakfast must be no more than 20% of the recommended daily carbon footprint of a person's diet, and a lunch or dinner must be less than 30%. The remaining 20% is an allowance for drinks and between-meal snacks. This equates to no more than 3.59 kg CO<sub>2</sub>e/portion for breakfast, and 5.38 kg CO<sub>2</sub>e/portion for lunch or dinner in the United States. If the meal is below these thresholds and it meets a nutritional guardrail, it is certified as a Cool Food Meal.

We had the carbon calculated for every entree on our menu, and then WRI certified the dishes that qualified as a Cool Food Meal. In 2020, we placed Cool Food Meal badges on 55% of our menu items, signaling which dishes are certified as low-carbon options. This includes some of our most popular items, such as our famous Broccoli Cheddar Soup and our smoky smooth Chipotle Chicken Avocado Melt.

Cool Food Meals tend to feature lots of grains, legumes, fruits and veggies and have lower levels of saturated fat and sodium — similar to a classic Mediterranean diet — but some also include modest, savory portions of lower impact proteins, like poultry, eggs and dairy. For comparison, our Mediterranean Veggie Sandwich is a Cool Food Meal. It has a carbon impact of 0.41 kg CO<sub>2</sub>e, while our Toasted Steak & White Cheddar Sandwich measures a 6.70 kg CO<sub>2</sub>e carbon impact — more than 16 times greater than the vegetarian option.

Going forward, we plan to ramp up promotion of Cool Food Meals in an effort to inspire guests who want to make a positive impact on the planet. We also plan to remain active collaborators with WRI and help expand the Cool Food Meal initiative to other food companies. We will serve as a brand ambassador, raising awareness within our industry at forums and through trade associations. Lastly, we anticipate using the Cool Food framework to innovate new menu creations that offer our guests more opportunities to eat for the health of the planet while loving what they eat.

### *Sustainable Agriculture Partnerships*

Sustainable agricultural practices have the potential to improve environmental performance on farms, particularly impacts on climate change. Panera partners with suppliers, industry partners, agriculture experts and nonprofit organizations on projects aimed at improving farming practices that reduce our climate-related impacts. So far, we have focused on our core ingredients, including flour and leafy greens.

In collaboration with Field to Market: The Alliance for Sustainable Agriculture, Panera and one of our flour suppliers, Ardent Mills, implemented a continuous improvement project supporting wheat growers in the Idaho Snake River Valley in 2019. Covering roughly one-sixth of our total flour supply, this project focused on establishing a baseline for key sustainability metrics and corresponding recommendations for improvement. Results from the pilot's second year found growers had made strides over the past two years related to yield and conservation tillage. Growers are also baselining performance on GHG emissions, soil loss and improved water efficiency.

As a member of the Stewardship Index for Specialty Crops (SISC), Panera continues to support SISC in expanding use of its sustainable agriculture metrics by growers. In 2020, SISC leveraged results of a successful 2019 leafy greens pilot sponsored by Panera to help engage the Western Growers Association (WGA) in using SISC metrics with its members. WGA, one of the largest fresh produce industry associations in the U.S., has now hired a science program manager who will help promote and ultimately expand use of SISC sustainability metrics by growers and packer-shippers. These outcome-focused metrics enable operators to benchmark, compare and communicate environmental performance improvements.



### **Reducing the Impact of our Operations**

Beyond what we are doing to innovate low-carbon menu items and reduce farm-level impacts, it's also important for us to improve environmental performance within our owned operations.

#### *Energy and Greenhouse Gas Emissions*

While the largest portion of Panera's GHG emissions are in our supply chain, our owned operations also contribute to our overall carbon footprint. Our operations are powered by different types of energy sources — from electricity and natural gas used in our facilities, to the diesel fuel needed to transport supplies and food — that result in GHG emissions. As part of our commitment to respect the planet and reduce our impact on climate change, we continually work to decrease energy consumption in all aspects of our business.

In recent years, we've focused on transitioning to more energy efficient LED lighting and HVAC systems in our bakery-cafes and fresh dough facilities (FDFs). When investing in new kitchen equipment, we weigh both operational performance and energy efficiency before a purchase is made. Because Panera has a shorter than average replacement cycle for equipment, our kitchens tend to be outfitted with newer and more efficient machines. And our building specifications for new bakery-cafes are continually updated to reflect energy efficient designs and options. Panera also benefits from the greening of the electrical grid across the U.S.

Panera's distribution network is a critical part of how we source fresh ingredients for our bakery-cafes. However, frequent deliveries have an impact on our carbon footprint. Consolidating and optimizing deliveries helps to reduce miles driven and, ultimately, fuel consumption. We also pay close attention to our delivery routes and have found many ways to optimize, such as consolidating shipments and packing lighter weight materials with heavier ones.

In 2020, our fully leased fleet included 267 trucks that traveled slightly more than 25 million miles and consumed 3.4 million gallons of diesel fuel. Compared to 2019, this represents a slight reduction in the number of trucks we had in use and a decrease in miles traveled, saving approximately 300,000 gallons of fuel. Much of this can be attributed to the temporary closure of some of our bakery-cafes due to COVID-19, as well as the consolidation of some delivery routes and the elimination of certain leased vehicles that were less fuel efficient.



# Panera's 2020

## GREENHOUSE GAS EMISSIONS INVENTORY

Panera's approach to GHG emissions reduction has primarily focused on Scope 1 and 2 emissions as our level of control over these emissions is fairly high. Scope 1 and 2 emissions are from natural gas, transportation fuel, refrigerants and electricity used in Panera's operations. In 2017, we set a goal to reduce Scope 1 and 2 emissions by 15% per square foot by 2022, using 2016 as our baseline year.

At the end of 2020, our Scope 1 and 2 emissions per square foot had decreased by 23% since 2016. While our emissions per square foot were already declining, the impact of COVID-19 on our business may have partly contributed to this decrease. However, we believe we are on track to meet our emissions reduction goal by 2022.

On an absolute basis, Scope 1 and 2 emissions decreased by 19% in 2020, compared to 2019 and are lower than our 2016 baseline as a number of bakery-cafes were closed for part of the year.

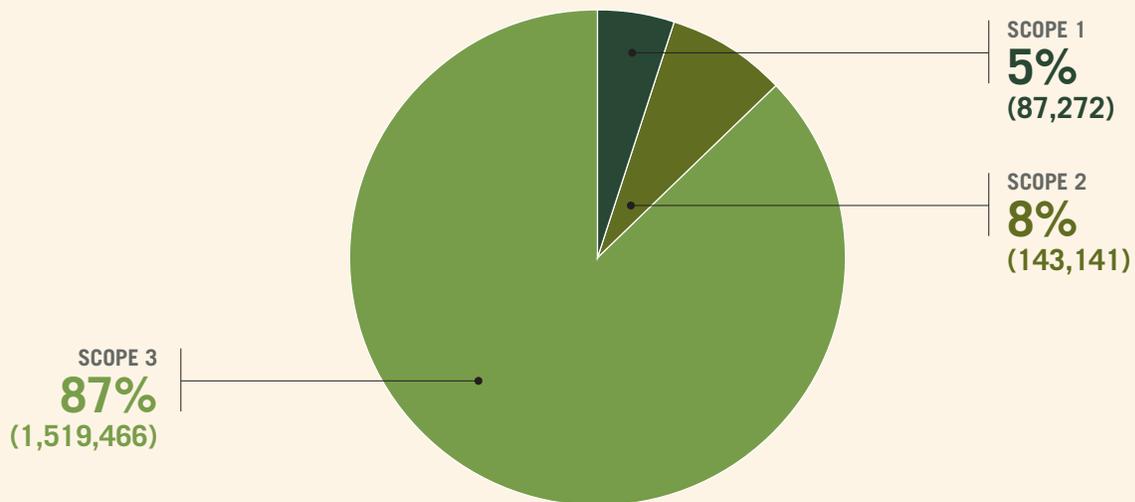
### PANERA'S GHG EMISSIONS INTENSITY: PROGRESS AGAINST 2016 BASELINE

Scope 1&2 GHG Emissions vs. Emissions/Sq. Ft.



### PANERA'S 2020 GHG EMISSIONS FOOTPRINT

(in MT CO<sub>2</sub>e)

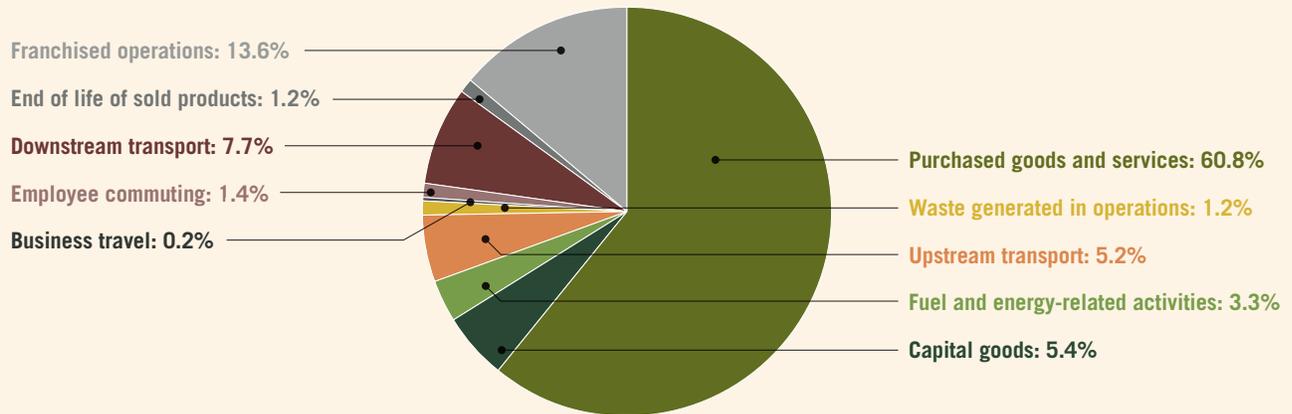


Panera's Scope 3 emissions represent 87% of Panera's overall impact. The most significant portion, over 60%, is attributed to purchased goods and services, which is primarily food ingredients. Among ingredients, the greatest impacts are from meats, eggs and dairy, including those used in our bakery items, soups and Mac & Cheese. Other big contributors to Scope 3 emissions are franchised operations, capital goods and downstream transport.

Similar to the reduction we saw in our Scope 1 and 2 emissions in 2020, we experienced a decline in Scope 3 emissions, which we attribute to the variability in sales during the pandemic. While an increase in downstream transport due to guest travel to pick up food orders at our bakery-cafes and more home deliveries generated additional emissions, these were offset by a decrease in the volume of ingredients purchased and temporary menu changes. Overall, Scope 3 emissions were 19% lower in 2020.

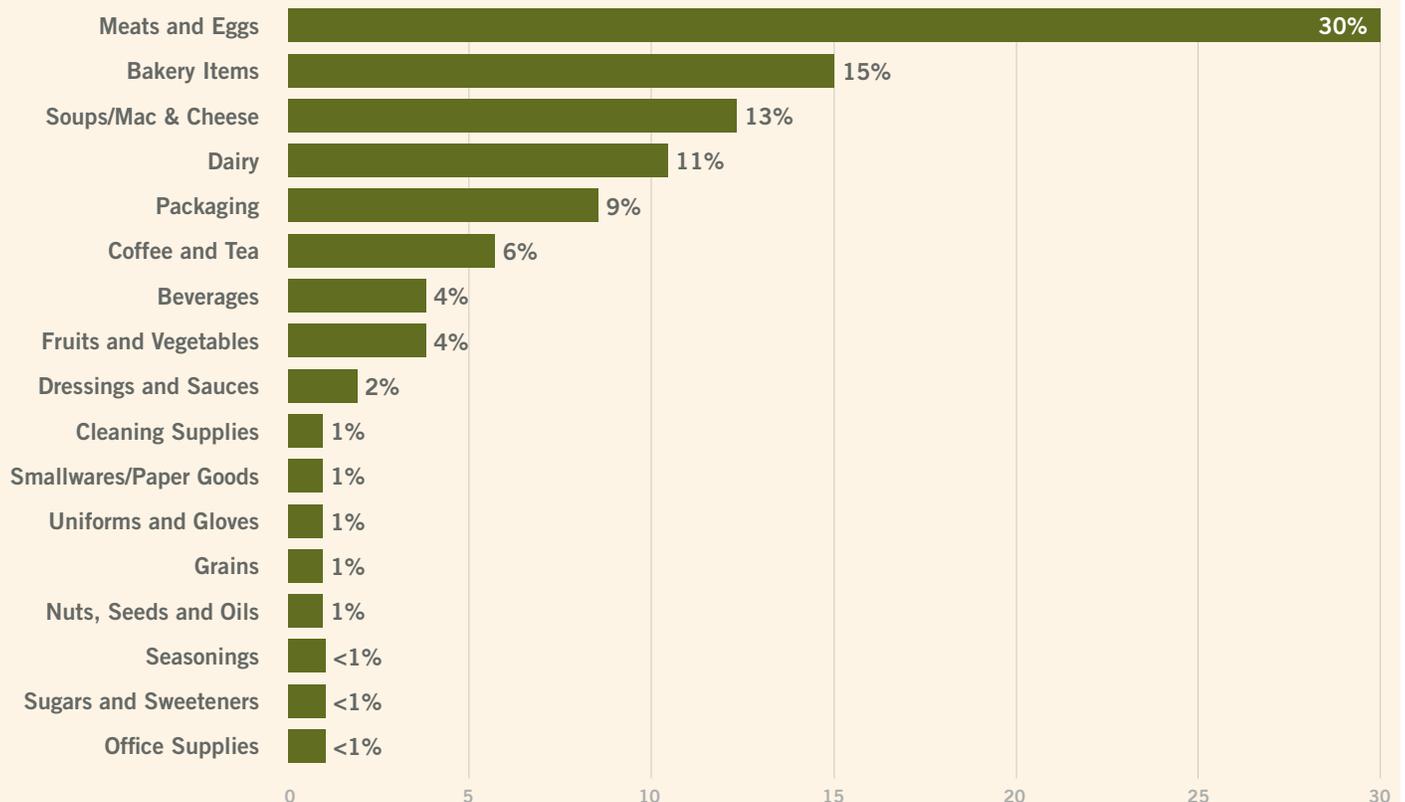
## SCOPE 3 EMISSIONS

Scope 3 by Category



## PURCHASED GOODS AND SERVICES BREAKDOWN

Category Percentage Contribution to Scope 3 Emissions



## Packaging

We are focused on designing to-go packaging that enhances the guest experience and aligns with the four key tenets of our packaging philosophy. This includes creating packaging that is free of certain substances, which could pose potential health risks to guests. We also emphasize sustainable packaging that is efficiently made using less material, constructed with renewable or recyclable materials, and/or is recyclable or compostable after use. Another priority is ensuring the source of our wood fiber doesn't pose risks to high conservation value forests. Finally, our approach includes designing packaging that protects and maintains the quality of the contents, so the dining experience is just as enjoyable off-premises as it is in our bakery-cafes.

In the past five years, our service model has evolved and our need for to-go packaging has increased. It used to be that the vast majority of our guests dined at our bakery-cafes, enjoying table service and food served on real plates with flatware. Then off-premises dining started to gain favor with guests who wanted more flexibility in how they accessed Panera and where they enjoyed their meal. Things changed dramatically in 2020 when in-restaurant dining came to a near halt because of COVID-19. Service quickly pivoted to Drive-Thru, Rapid Pick-Up®, Grab-and-Go, Delivery and even Curbside pick-up. When dining was available in our bakery-cafes, we provided guests single-use plateware for safety reasons. As the pandemic subsides, we expect dine-in traffic to pick up along with a return to reusable plateware. But we also anticipate the demand for off-premises dining will stay strong.

In light of this trend, we continued to take steps to improve the material health and environmental sustainability of our packaging portfolio.

### *Material Health and Safety*

Panera restricts the use of certain substances in our to-go food packaging including, but not limited to, ingredients of concern, such as BPA, perfluorinated substances (PFAS), heavy metals and ortho-phthalates. Today, all of Panera's newly designed packaging complies with our requirements. Our legacy packaging is also in compliance except for a few remaining items that contain PFAS. We are actively working to reformulate these items or switch them to a different packaging format that is PFAS-free. In 2020, we removed PFAS from our baguette bags, and are committed to removing PFAS from all of our to-go packaging by the end of 2022.



### *Reducing Packaging Waste*

In 2020, we undertook measures to reduce the amount of material in certain packages by redesigning them. And we continued to improve messaging on our packaging to help guests understand how to properly dispose of different materials.

Early in the year, we reimagined the packaging for most of our hot sandwiches, which eliminated individual boxes and introduced a compostable thermal wrap. The result was a 60% reduction in material use, plus a package that improved heat retention and helped our sandwiches travel better. We also redesigned our napkins. Rather than having a tri-fold, we opted for a bi-fold napkin, which cut 30% of the raw material needed.

Another measure taken was to create a means for guests to opt-out of receiving cutlery, as most guests were eating meals at home. An "opt-out" option for single-use cutlery was added in our mobile app, kiosks and via third-party delivery services. We estimate this saved 125,000 pounds in cutlery just in the last quarter of 2020.

### *How2Recycle*

To increase recycling of our to-go packaging, we continued to add the How2Recycle symbol on more of our packages. The How2Recycle symbol is a standardized label that provides guests with recycling instructions for what can be recycled and, just as important, what items are not recyclable. These cues are intended to reduce contamination of the recycling waste streams.

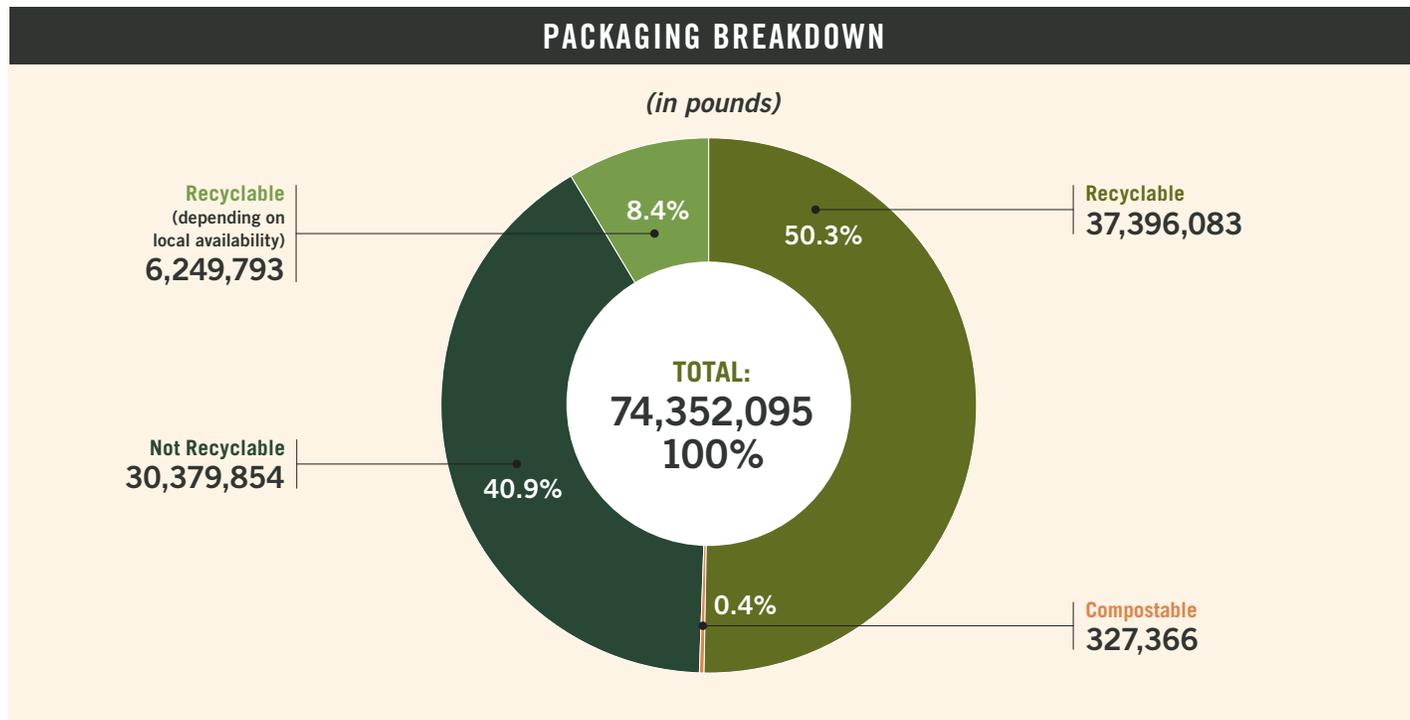
As of the end of 2020, 12% of our branded packaging, which is roughly 25% of our total to-go packaging by weight, carried the How2Recycle label. This included our to-go bags and coffee sleeves. We anticipate using this symbol on additional Panera-branded packaging in the future.



### Packaging Footprint

Our to-go packaging footprint decreased by 21% in 2020, compared to the previous year, totaling just over 74 million pounds. The decrease was largely due to cafe closures, including decreases in catering volume, during the pandemic.

We know that guest expectations around packaging will continue to evolve. In late 2020, we initiated a refresh of our packaging portfolio to better showcase the mouthwatering appeal of Panera's food and reduce our environmental footprint. We plan to finalize these new guidelines in 2021.



### Waste

There are two primary types of waste that occur in restaurant operations: food waste and material waste, which is mostly from the packaging that is used to protect the ingredients delivered to the kitchen. We continually work to identify and reduce sources of waste and to recycle items where feasible so less ends up in the landfill.

#### Food Waste

We prepare every menu item when it's ordered, allowing our guests to customize their orders and ensuring freshness is delivered in every bite. And there is another advantage: It helps to reduce food waste. We also tightly manage inventory, prepping just what we anticipate we'll need on any given day. The one area where we often have leftovers is in our bakery. To reduce potential food waste and serve our communities, unsold bakery items at the end of the day are donated to community nonprofits through [Panera's Day-End Dough-Nation®](#) program.



In some municipalities, composting is not only available, it's mandated. In these locations, which account for 10% of our company-owned and franchised Panera cafes, we dispose of our kitchen food waste via the composting waste stream and make composting available to our dine-in guests.

### Material Waste

In 2020, our sourcing teams found opportunities to reduce and simplify some of our processes, resulting in lower costs and less waste. For example, we were sending 10-pound boxes of grilled chicken to our cafes so frequently that we realized we could double the volume being sent and decrease cardboard waste by 50%, as a 20-pound box uses less cardboard per unit. Similarly, we transitioned to loose case packs for produce by removing internal dividers, which substantially reduced the amount of cardboard per box.

Over the past several years, we analyzed gaps in our recycling processes and have been working to address these gaps at our company-owned bakery-cafes. Single-stream or cardboard recycling is currently in 85% of these cafes, and is implemented in all new cafes where it's commercially available. Cardboard is the majority of our recyclable waste. However, only about half of company-owned cafes provide recycling receptacles for guests, so most of what gets recycled in our cafes occurs in the back-of-house. We aim to expand recycling programs that provide better access to guests and help associates determine what can and cannot be recycled. Our goal is to have a recycling program implemented in all company-owned cafes, where feasible, by the end of 2021.

Our waste-to-landfill volume decreased by 11% in 2020, mainly due to decreased service levels when cafes were temporarily closed during the pandemic. As the country reopens, we expect volumes to increase.



WASTE	2017	2018	2019	2020
Solid Waste	1,862,122	1,888,201	1,663,031	1,483,628
Recycling – Mixed	1,024,916	1,084,730	1,048,626	765,202
Composting	412	330	6,594	28,589
<b>Total Solid Waste</b>	<b>2,887,450</b>	<b>2,973,261</b>	<b>2,718,251</b>	<b>2,277,419</b>

*\*All measurements are in cubic yards*

## Responsibly RAISED

When our guests opt for meat in their meal, we aim to serve high-quality, tasty lean cuts from animals that are responsibly raised. This goes for all our meats in salads, sandwiches, Flatbread Pizzas and Warm Bowls — from the marinated and roasted chicken thighs used in our Teriyaki Chicken & Broccoli Bowl to the fork-tender, sous vide turkey on our Roasted Turkey & Avocado BLT.

Our commitment to animal welfare goes back 17 years, when Panera became the first in our industry to introduce chicken raised without antibiotics. Originally, we did so because we believed the meat simply tasted better. As more evidence emerged about the potential harmful effects to both farm animals and humans from the overuse of antibiotics and the impacts of inhumane confinement on animal well-being, we doubled down on our commitments to reduce confinement and antibiotic use. Our support for the U.K. Animal Welfare Committee and its Five Freedoms, which call for a good quality of life for farm animals, plus our other related commitments are articulated in our [Beliefs on Animal Welfare](#) statement.

In addition to chicken raised without antibiotics, our high standards of animal care extend to turkey and pork raised without antibiotics; cage-free eggs; grass-fed and grass-finished steak; and sows raised in group housing once pregnancy is confirmed. In 2020, 100% of animal proteins served on salads, sandwiches, Flatbread Pizzas and Warm Bowls in our U.S. Panera bakery-cafes met our Panera's animal welfare requirements. This figure is 99.8% when Au Bon Pain U.S. cafes are included.



## PANERA'S 2020 ANIMAL WELFARE PROGRESS UPDATE

**100%**  
OF POULTRY

*raised without antibiotics*

33.5M pounds



**11%**  
OF EGGS

*cage-free*

93.7M eggs<sup>1</sup>



**99%**  
OF PORK

*raised without antibiotics<sup>2</sup>,  
vegetarian-fed, group  
housing for sows once  
pregnancy is confirmed*

5.9M pounds



**100%**  
OF BEEF

*grass-fed and  
grass-finished,  
pasture-raised*

3M pounds



*Note, the above totals include proteins used in salads, sandwiches, Flatbread Pizzas and Warm Bowls in U.S. company-owned and franchised Panera and Au Bon Pain operations.*

*In 2020, we had a significant decrease in overall volumes of animal protein due to the pandemic's impact on our business and related menu simplification. Several menu items that feature pork and beef were temporarily discontinued during the height of COVID-19 or removed from the menu altogether. Shortages in supply also brought about by the pandemic required us to evolve our supplier mix, which in some cases had an impact on our animal welfare progress.*

<sup>1</sup>*The number of eggs in our system in 2020 was significantly less than 2019 for several reasons. First, sales were lower during the pandemic. We also temporarily reduced our menu, removing several items like souffles that required a large number of eggs. In addition, in 2019, we overreported the number of eggs we used in our secondary supply. This was due to a combination of incorrect data and estimated, rather than actual, data from vendors.*

<sup>2</sup>*The remaining 1% of our pork is raised without antibiotics that are medically important for human use.*



## Cage-Free Egg Commitment

In June 2021, Panera completed the transition to cage-free eggs for our primary egg supply (those on our salads, bowls and sandwiches). Primary supply represents approximately 65% of Panera's total egg supply in our U.S. bakery-cafes.

With our cage-free conversion complete for all primary eggs, we are now working to accelerate procurement of cage-free eggs in our secondary supply in order to achieve 100% cage-free eggs across all products by the end of 2025. Secondary supply includes eggs used as an ingredient in foods such as our baked goods and salad dressings. These eggs make up approximately 35% of our current total annual volume in six ingredient categories. To accelerate this transition, we are targeting cage-free egg conversion of at least two ingredient categories per year in 2023, 2024 and 2025. We also remain committed to fully transitioning to cage-free eggs in our Canadian Panera Bread bakery-cafes by the end of 2025. We will report our progress annually.

As of the end of 2020, 11% of eggs, and 32% of our primary egg supply, were cage-free, similar to figures in 2019.

## Broiler Chicken Welfare

We want to ensure that broiler chickens, our most common animal protein, meet our standards for responsibly raised proteins. While our chicken today meets our standards for raised without antibiotics, we committed to higher welfare standards for broiler chickens in 2016, including breeds with higher welfare outcomes, better growing environments and more humane slaughter.

We are awaiting publication of a new animal welfare protocol developed by the Global Animal Partnership. This protocol will define what breeds are acceptable for use and the management methods for raising chickens quickly, efficiently and ethically. Our commitment is to achieve compliance with requirements for stocking density, environment and humane slaughter by 2024, and to source only higher welfare breeds by 2026, per timelines agreed to by leading animal welfare groups.

# Culinary BELIEFS

Panera's greatest connection to our guests is through our food. Starting with select fresh and Clean ingredients, our chefs and bakers craft irresistible food bursting with flavor. Our food is tempting without regret. Panera's menu revolves around four fundamental culinary inspirations:

CLASSIC, FAMILIAR DISHES  
TRANSFORMED INTO  
SOMETHING FANTASTIC

THE FRESHNESS AND  
ABUNDANCE OF THE  
SEASONS

FLAVORS AND  
TEXTURES UNIQUE  
TO PANERA

FRESH-BAKED BREAD  
AS THE CORNERSTONE  
OF ALL WE DO

## FAMILIAR MADE *Fantastic*

Our menu features classic, comforting dishes, each with an intriguing twist. It's this combination of culinary favorites and something unexpected that draws people in. Take our Turkey Chili: This contemporary stew has many traditional flavors, like bright tomato and spicy cumin, but also features surprise ingredients like bright green edamame and nutty chickpeas. Everything is slow cooked in an ancho chile and pastilla stock with dark meat turkey raised without antibiotics, tomatillos, carrots, cilantro and lime. An added bonus is its low-carbon profile, meaning it's better for the planet and qualifies as a Cool Food Meal.

Another example is our Teriyaki Chicken & Broccoli Bowl, which we introduced in 2020. This dish is made with seared chicken thighs raised without antibiotics, paired with steamed broccoli florets, then tossed in a soy-based teriyaki sauce that adds umami richness. Everything is piled onto a bed of our savory cilantro lime brown rice and quinoa blend and finished with sesame seeds and fresh cilantro. The end result is a globally inspired creation that respectfully honors the chicken, prominently shows off the hearty broccoli and comforts the soul with satisfying grains. It's also a Cool Food Meal.

One of the more interesting additions to our menu in 2020 was the fusion of two of our most popular and comforting dishes. Our famous Mac & Cheese and our Broccoli Cheddar Soup teamed up to become Broccoli Cheddar Mac & Cheese. In this dish, pasta is covered in a creamy cheese sauce made with tangy white cheddar and then simmered with tender broccoli and carrots. The flavors are reminiscent of dishes our guests know and love, but together they become something extra special.



# CRAFTING *Feel Good* INDULGENCE

**CLAES PETERSSON**

Head Chef, Panera



Claes Petersson's love affair with food began at the age of 20 while working in some of the best restaurants in his native Sweden. He was especially drawn to simple yet artfully prepared dishes that showcased fresh, high-quality, locally grown and seasonal ingredients. By the time he was 24, he was running his own farm-to-table restaurant.

Claes later moved to the U.S., leading food innovation for iconic brands known for everything from soup to luxury chocolate to pizza.

While living in the U.S., one of his favorite places to grab a bite was Panera because he liked the Clean quality, seasonal freshness and interesting flavor combinations of the dishes. "Honestly, I was impressed, especially because Panera was considered 'fast-casual' food," Claes said. "I respected Panera for being able to deliver such a great eating experience and replicate it everywhere."

Ten years later, Claes returned to Sweden to head innovation for his homeland's favorite burger chain. There he pioneered Plant-based alternatives, supporting the chain's commitment to carbon neutrality. Not long after his return to Sweden, Panera called. Having learned of Claes' culinary talents, his love of the farm-to-table concept, his belief in environmental sustainability and his innate creativity, Panera knew his culinary passion was a perfect match.

Claes is now Panera's head chef and chief food innovation officer and is rocking the kitchen. He has already launched an entirely new category of easy-to-travel Flatbread Pizzas and he fused two Panera classics into one with our Broccoli Cheddar Mac & Cheese. "Both innovations are comfort foods, something Americans have been hungry for during this recent period of stress. But I also plan to experiment with more Plant-based ingredients that create a farm-to-table sensory experience and are equally as delicious in the cafe or enjoyed as takeout," Claes shared.

## INSPIRED BY THE *Seasons*

A hallmark of Panera's menu is the special offerings that align with the natural cycle of the seasons. We take advantage of fruits and vegetables that are harvested at their peak ripeness, right when they are bursting with flavor. We also bring forth seasonal offerings that satisfy guests' natural inclinations for comforting foods in colder seasons — like Warm Bowls — and fresh, bright flavors in the warmer months, such as our Strawberry Poppysseed Salad with Chicken or the Mediterranean Veggie Sandwich.

For example, our Strawberry Lemonade uses vine-ripe, red strawberries that are flash frozen so we can offer this delightful beverage throughout the late spring and summer seasons when guests are craving a sweet yet refreshingly tart beverage. Similarly, our Autumn Squash Soup takes advantage of the early fall butternut squash and pumpkin harvests, blending them together into a silky smooth dish. And by flash freezing the squash and pumpkin, we are able to offer this comforting soup throughout the colder months. Even our hand-decorated sugar cookies celebrate the seasons, moving from tulip shapes to flip flops to pumpkins to mittens as the seasons change.



## *Uniquely* PANERA

Another way our menu stands apart is through flavors and textures that guests won't find anywhere else. We are able to develop such unique creations mainly because of our extensive pantry, which houses roughly 350 items, making it the largest of its kind. Panera's cuisine is further inspired by our artful use of special seasonings; our celebration of fresh, crisp greens, veggies and herbs; and our freshly baked, satisfying breads and irresistible baked goods packed with surprising flavors. We start with extraordinary ingredients and then elevate them through the talented craft of our chefs and bakers to make every dish shine.

When developing our Toasted Frontega Chicken Sandwich, we were taken with the flavor complexity of the chipotle chile pepper. This smoke-dried spicy pepper has a mild sweetness that adds a perfect kick. Our Chipotle Chicken Avocado Melt benefits from our chipotle sauce, which blends the taste of the red chipotle in adobo with creamy avocado, smoked pulled chicken, smoked gouda, thick-sliced red onion, freshly chopped cilantro and Peppadew peppers. The unique flavor of the chipotle pepper inspired us to create a chipotle aioli that provides a finishing touch on our new Chipotle Chicken & Bacon Flatbread Pizza.

Having such a broad selection of quality, fresh produce at our fingertips is how we make our dishes stand out. We build our salads with an array of fresh ingredients — arugula, baby kale and red leaf lettuces — rather than relying on just standard romaine. Then we add a medley of toppings like crunchy apple chips, creamy avocado, black bean corn salsa or pickled onions to complete the meal.

Given our heritage as a bakery and access to a fully stocked pantry, we experiment with different ingredients in our breads and baked goods. Our Tomato Basil Bread is one such example. It's a traditional miche with a twist of added diced tomatoes and garlic. Another creation is our Cinnamon Crunch Bagel, which is made with cinnamon- and vanilla-flavored chips in the dough, and then topped with a sweet, crunchy shell of cinnamon and sugar.

Our responsibly raised proteins offer superior quality and flavor, and our creative chefs and bakers transform them into delicious and uniquely Panera specialties. We use a sous vide preparation for our responsibly raised roasted turkey and steak to lock in moisture, maintaining the juicy, tender and flavorful essence of the meat. Our grass-fed sous vide steak is the headliner in our Toasted Steak & White Cheddar Sandwich, combining white cheddar, pickled red onions and horseradish sauce on Artisan Ciabatta Bread.



## Creating More Affordable Options

We believe good food should be accessible to all. This mindset has consistently informed who we are as a company and how we give back to our communities. It also informs our menu development — we work to offer unique Panera flavors with a value-centered mindset. MyPanera+ Coffee subscription, Value Duets and Family Feast Value Meals are new offerings that provide a range of affordable options intended to satisfy an individual guest or an entire family.

In 2019, we undertook an extensive overhaul of our coffee offering, reformulating how we roast our beans and changing cafe equipment so we could grind on-site and extract a better cup. After we perfected the flavor profiles, we launched an unlimited coffee subscription for \$8.99 per month in 2020. Nearly 561,000 guests were subscribers at the end of 2020.

Our Value Duets launched in summer 2020 as a less expensive option of our You Pick Two® entree pairings, which combine two half-portion menu items together to create a satisfying meal. Among the pairings are our Caesar Salad and Homestyle Chicken Noodle Soup; Grilled Cheese and Creamy Tomato Soup; Tuna Sandwich and Ten Vegetable Soup; and Greek Salad and Creamy Tomato Soup.

In addition, we introduced Family Feast Value Meal bundles, which are hearty and nourishing meals for the whole family. We offer bundles perfect for breakfast, lunch and dinner, including options with our Flatbread Pizzas, salads, Mac & Cheese and even kid's sandwiches. The meals have provided a delicious and easy option for many families during the pandemic, at a time when they needed a way to share wholesome food together while staying safe.

## BREAD IS OUR *Superpower*

At our core, Panera is a bakery. We believe in the power of hearty grains and breads as a wholesome, comforting part of every meal.

Our bakers shape, score and bake our breads and bagels in our bakery-cafes every night. We use grains intentionally to impart flavor and texture — such as sprouted wheat, spelt, rye and oats that show up in items like our Sprouted Whole Grain Bagel Flat. We sprinkle in flavorings like black pepper or asiago cheese to make our focaccia breads irresistible. We also rely on time-honored baking techniques like our over 30-year-old sourdough starter and hand-shaping loaves that make our breads taste better. And because we are confident about our baking, we're not shy about making bread a foundational element throughout our menu, from our sandwiches to bread bowls for soups and even the croutons crowning our salads.

In 2020, we went one step further and extended our bakery magic to a new category — Flatbread Pizzas. The secret ingredient is finely ground flour for a delicate yet crisp crust, which we finish on a pizza stone. We launched three tempting flavors in fall 2020, and two more in early 2021, all of which come with an assortment of delectable toppings. Our new Pepperoni Flatbread Pizza features Panera's signature crisp crust topped with a tomato bell pepper sauce, mozzarella and pepperoni made from responsibly raised pork. And our Chipotle Chicken & Bacon Flatbread Pizza includes smoked pulled chicken raised without antibiotics, chopped bacon, grape tomatoes and our fontina and mozzarella cheese blend with garlic-flavored cream sauce.

Introducing this new line of Flatbread Pizzas during a pandemic meant they had to be portable. We took great care in perfecting the packaging so they would travel easily and arrive warm, knowing that the comfort of bread, or pizza crust, would provide extra delight to our guests during a time of such uncertainty and stress.



# A *Guest-worthy* EXPERIENCE

We hear two consistent themes from our guests: They love our food and they love the warm Panera experience. Traditionally, a big part of this experience has occurred in our bakery-cafes, where our guests feel genuine friendliness and authenticity the moment they enter; the service they receive is personalized; and their senses are awakened with the sights, smells and sounds of a bustling kitchen and tempting bakery.

In 2020, our cafe business was upended as we modified our operations to protect our team members, guests and communities during the pandemic. This led to a major shift in the guest experience, pivoting from in-person dining to mostly contactless touchpoints as we pioneered new ways for guests to access Panera and implemented safety measures.

Panera was named one of  
**FAST COMPANY'S  
2021 TOP 50 MOST  
INNOVATIVE COMPANIES**

for finding creative solutions for getting coffee, groceries and meals to our guests during the pandemic.

## GUEST-CENTERED *Innovation*

At the start of 2020, our strategic focus was on making Panera the most guest-responsive company in our industry through efforts like improving personalized digital ordering experiences. By March, we were responding to a global pandemic and in many ways, accelerating innovation as we reinvented numerous parts of the guest journey.

### Prioritizing Safety

As the realities of COVID-19 sank in, our immediate priority was safety. We established onsite protocols in our bakery-cafes and fresh dough facilities. We implemented enhanced cleaning and sanitizing practices, installed social distancing cues and required guests to wear masks at all times, except while eating and drinking. We also promoted Rapid Pick-Up, Drive-Thru, Curbside and Delivery so guests could access Panera when dining rooms were closed and to reduce contact time between guests and associates.

### Broadening Guest Access Points

With in-cafe dining closed in many places and Drive-Thru limited to approximately half of our locations, we immediately expanded our to-go options to make it easier for guests to get the food they love. A new service, Panera Curbside, was launched in just two weeks, allowing guests to order in advance and receive their items in the parking lot while staying socially distanced in their cars. With a single tap in the app stating "I'm here" or via an email confirmation link, guests can quickly inform the bakery-cafe of their arrival.



We expanded partnerships with third-party delivery aggregators so guests could order Panera across all major platforms. We also imposed new protocols for Delivery, making drop-offs contactless to eliminate potential exposure for both guests and drivers. All off-premises orders were packed and sealed shut. In 2020, we grew off-premises sales to 83%, and during the pandemic, 47% of sales were completed with ease through our digital channels. And while Rapid Pick-Up and Curbside remained the most popular options, we saw a 62% increase in Delivery and a 22% increase in Drive-Thru orders over 2019.

In mid-March, we recognized a new consumer need as many people across the nation struggled to access basic groceries like bread, milk and fresh produce. To meet this need and offer convenience at a time when guests were making fewer trips to grocery stores, we temporarily launched Panera Grocery. When placing an order for Panera meals, guests could add high-demand pantry items. For the five months Panera Grocery was active in 2020, an estimated 300,000 guests made over 465,000 purchases.



# COMFORTING *Food* AND AN EXPERIENCE FILLED WITH *Warmth*

FATIMA  
Panera Guest

In 2014, Fatima responded to an offer to sample one of Panera's scrumptious cookies, compliments of the baker. It was delight at first bite. That was the genesis of what has become a long-term relationship between a self-described "superfan" and Panera Bread.

Today as a working mom of two, Fatima is drawn to Panera nearly once a week, especially at breakfast time, because of the generous selection of freshly baked pastries and the Strawberry Banana Smoothie. Her trips not only satisfy her cravings, but also those of her kids and husband. "There's something on the menu that everyone loves, including the pickiest eater in my family," she explained.

What really impresses Fatima is Panera's food, which she describes as a blend between fresh, homey and delicious. As a lifelong vegetarian, she appreciates the growing emphasis on Plant-based dishes, from Panera's home-style soups featuring seasonal ingredients to the new vegetarian Flatbread Pizzas that Panera introduced in 2020. And she likes the frequent MyPanera offers, which she uses to try new dishes.

During the pandemic, Fatima continued to rely on her local Panera, appreciating that it remained open and had adapted to her needs. She relied on Panera's app to place and customize orders and discovered the ease of Curbside pick-up, which she viewed as a quick and safe way to receive her meals. She even used Panera for light grocery shopping, picking up cheese, milk, bread and other staples in the early days of the COVID-19 shutdown.

Beyond the culinary experience, Fatima also favors Panera because of the human connection. She has bonded with the staff at her local cafe and is on a first-name basis with the general manager. One day during the height of the pandemic, Fatima pulled up to her designated Curbside parking space and the manager came out to greet her. "She wanted to thank me for my loyalty and support, especially during the pandemic," recalled Fatima. "But I felt she and Panera deserved the thanks for consistently being there for all of us customers and for supporting our community in this time of tremendous need."

## Technology and Personalization

The ramping up of new and existing off-premises channels required swift changes to our app and website functionality so our guests could place orders quickly, customize their selections easily and let us know how they wanted to receive their orders. We also continually worked to keep guests apprised of what dining options were available at each cafe, including indoor or outdoor dining or to-go only.

We added geofencing technology around many locations to allow guests free access to Wi-Fi while waiting for or enjoying their Panera order. This technology also sends an automated notice to the bakery-cafe that a Curbside guest has arrived, if the guest has opted into this service. In some locations, guests can even select their Curbside parking spot ahead of time and receive an email or text notification when their order is ready.

Throughout 2020, we continued to refine and optimize our digital properties to make them more user-friendly. A new digital guest experience launched nationwide in early 2021. It provides a simpler, faster way to access Panera, complete with a re-order capability, easy customization features and all the personalized touches that evoke warmth and a sense of belonging, something that took on new meaning during the pandemic.

## Transparency AND OPENNESS

Trust is built over time, and we value the trust our guests have in Panera. We recognize it can be lost instantly if we fail to live up to our promises. One promise we made long ago was to provide our guests with full transparency and honest information about our ingredients.

In 2003, we began disclosing ingredient and nutrition information on our menu items. Seven years later, we were the first in our industry to voluntarily label calories on our menu boards, which at the time was counter to the prevailing industry practice of not disclosing this information. We have since gone on to provide complete nutrition, caloric, allergen and ingredient information, making this information available on our website. More recently, we became the first national restaurant company to post the amount of added sugars contained in all self-serve beverages offered in our bakery-cafes. This move encouraged a shift in beverage selection as a growing number of guests opted for beverages with less added sugar.

In 2020, we took another step forward by labeling low-carbon [Cool Food Meals](#), in partnership with WRI.

## Guest Response

Being a transparent company is also about being open and responsive to feedback. In the early days of the pandemic, we experienced a 5% dip in our Cafe Health scores, a metric we use to track bakery-cafe performance and guest feedback. This was due to some of the operating challenges we faced that resulted in occasional product shortages as well as less-than-perfect execution.

Throughout the second half of 2020, we worked to reduce friction within the guest journey and improve guest satisfaction. We used guest feedback to enhance safety protocols and further inform our off-premises strategy as well as our ongoing technology and personalization innovations.

As a result, our Cafe Health scores bounced back and then some. By the first quarter of 2021, scores in key areas of the overall experience — warmth and speed of service — rose above pre-pandemic levels.

We also heard directly from guests about their sincere appreciation for our Curbside, Rapid Pick-Up and Drive-Thru services, which allowed them to continue enjoying Panera. And as dining rooms started reopening, guests consistently praised associates for their adherence to our mask policy and their acute focus on cafe cleanliness. Most importantly, we continued to hear examples of our staff members going above and beyond in providing superior service and making personal connections despite a challenging year.



## SUPPORTING OUR *Communities*

The values that guide our relationships with guests are the same that underpin our community connections. We build lasting relationships by extending Panera warmth to organizations and community leaders. In 2020, we not only continued serving our communities through programs like our Day-End Dough-Nation program, but also created new programs to serve school children, families and essential workers as needs increased across the nation.

### Food Insecurity

For many years, our main community giving focus has been to address hunger and food insecurity because we believe that good, nutritious food should be accessible to all. We could not ignore the growing need and devastating impact of COVID-19 in our communities, especially among children and their families. As the public health and economic crises of 2020 unfolded, our Panera team members came together to do what we do best by providing freshly made, nutrient-rich and delicious foods.

### *Nourishing Students*

In April 2020, we launched a partnership with the U.S. Department of Agriculture (USDA) and the Children's Hunger Alliance (CHA) to provide freshly prepared and wholesome meals to children in need in Ohio. CHA, which typically provides meals for after-school and summer meal programs, began providing meals to children who were no longer able to access school lunch programs. Panera worked with CHA to adapt our menu in order to meet USDA nutritional guidelines and used CHA's distribution network to deliver meals to those in need. The menu featured 10 kid-friendly meals, including freshly made salads and sandwiches served with whole grain bread, and veggie and hummus snack boxes.

Throughout 2020, we expanded our partnership with the USDA to a number of school districts in Indiana, Illinois, Michigan, Missouri, Nebraska and South Carolina. In total, we helped to provide more than 132,000 school lunches nationwide during the year.



### Providing School Lunches in a Time of Need

For over 15 years, Karen Kempf has poured her heart and soul into feeding school kids with meals that are as good as homemade. Karen oversees all of the kitchens at the Fairview and Niles school districts in Illinois, where food is made largely from scratch every day.

When COVID-19 forced her school districts to close and move to remote learning, it left many kids without the usual hot lunches they so depend on. Karen and her team quickly transitioned to a grab-and-go operation, but it wasn't easy. She needed to figure out how to feed some 350 families and their children who signed up to receive a week's worth of kids' lunches and one family-portioned meal.

Karen was grateful when Panera stepped up and offered to provide meals one day per week at a substantial discount through the USDA National School Lunch Program. Panera's menu was adapted to align with USDA nutrition guidelines, and the items were varied weekly to feature fresh fruits, veggies, grains and lean meats in combinations that appealed to kids. The feedback from students was overwhelmingly positive. The kids especially loved Panera's Southwest Chicken Salad with corn, salsa and black beans, and the hummus cups.

When in-person learning resumed in the fall, not all students were able to return. About 20% of the students in both school districts were still learning remotely. Karen continues to prepare 150 to-go lunches for these students, including one Panera meal each week.

"I'm really touched by how much the meals mean to the students," Karen said. "They are so appreciative of the help they are receiving, and for many of them, getting a meal from a restaurant is a real treat. I especially appreciate that the meals are fresh and nutritious. From the bottom of my heart, thank you — Panera's partnership and support are especially meaningful during this very challenging time."

## Together Without Hunger

In the early months of the pandemic, Panera recognized an opportunity to raise awareness about hunger in America and provide meals to families in need. Panera launched the #SeeAPlateFillAPlate Challenge to raise funds for Together Without Hunger — a campaign in partnership with Feeding America to help provide freshly prepared meals to children and families facing hunger during the pandemic.

We encouraged our guests and community members to make an online donation of \$3 to Feeding America and then post a photo of an empty plate on social media with a challenge to five friends to do the same. Panera committed to helping provide up to 500,000 family meals, which included sandwiches made with high-quality meats and cheeses on whole grain bread, freshly prepared with care and delivered to local partners in communities across the U.S.

Five days per week during the three-week campaign, Panera bakery-cafes around the country busily prepared and delivered meals to Feeding America member food banks. When the campaign was over, we had achieved our goal, all made possible through company and individual contributions.



## Food Bank Assistance

The pandemic has led to an unprecedented demand for food assistance. In 2020, 80% of U.S. food banks served more people than ever before.<sup>3</sup> This led to a coordinated effort among local food banks and Feeding America to meet this demand. Eager to do our part, Panera partnered with Feeding America to raise funds to combat food insecurity through our #SeeAPlateFillAPlate Challenge. We donated ingredients from our supply chain and collaborated with our supply partners and vendors to send their excess food to Feeding America. Through both company and guest donations, Panera provided over 930,000 freshly prepared meals in 2020. In January 2021, the Panera Bread Foundation donated nearly 400,000 bowls of Homestyle Chicken Noodle Soup to feed people in need.

## Supporting Frontline Medical Workers

To recognize the ongoing service of medical professionals who work tirelessly to save lives, Panera contacted two hospital systems that were at the epicenter of the pandemic early on. We arranged to deliver nearly 730,000 discounted meals to feed these health care workers.

Then we launched the Meals for Heroes program so our guests could order lunch from Panera and have it sent to health care workers at more than 1,000 participating U.S. hospitals or medical facilities. Throughout 2020, roughly 7,000 Meals for Heroes were delivered thanks to the generosity of our guests and other individuals.

In February 2021, Panera wanted to thank frontline vaccination workers for their important service. Along with a generous donation from our new board member, Scott Galloway, we provided \$200,000 in Panera Gift Cards to COVID-19 vaccine workers in hospitals and clinics across the nation.

## HELPING THOSE IN NEED DURING THE PANDEMIC

**930,000+**

freshly prepared meals and in-kind donations to Feeding America food banks

**132,000+**

lunches made for school food programs

**730,000**

meals provided to frontline workers

**21,000**

bakery-cafe associate hours in helping prepare meals for COVID-19 relief

<sup>3</sup>"The food bank response to COVID, by the numbers," Feeding America, March 12, 2021

### Engaging Associates

Our associates take pride in the role Panera plays in our communities. During the pandemic, our bakery-cafe associates spent close to 21,000 hours in just the first three months of the pandemic helping to prepare meals as part of Panera's partnership with the USDA, the Together Without Hunger campaign and the Meals for Heroes program.

To further support our associates' commitment to volunteering in our communities, we implemented a paid-time off program in early 2021. This gives eligible Support Center associates eight hours of paid time annually for volunteering.

### Day-End Dough-Nation

Beyond the many special initiatives we engaged in to address the unique challenges of the pandemic, we also provide freshly baked breads and other baked goods to those in need. Our longest-standing community program, Day-End Dough-Nation, connects bakery-cafes to one or more local charities to provide them with unsold baked goods at the end of each day. Donated breads and baked goods go to food rescue agencies, food pantries, senior centers, meal delivery programs and many other organizations serving our neighbors in need. Volunteers from local organizations typically come to Panera bakery-cafes at closing time to pick up the unsold items — everything from sweet Cinnamon Crunch Bagels to loaves of Country Rustic Sourdough — which would otherwise go to waste.

We did our best to maintain these donations during the pandemic, despite the challenging circumstances. In some places, especially early in the pandemic, safety protocols limited our nonprofit partners' activities and/or made it difficult for them to collect donated goods. In communities where our charitable partners were no longer able to accept donations, we gave the items directly to our associates and their families. In 2020, Panera donated over \$70 million worth of bakery products to more than 3,500 nonprofit organizations.



In 2020, Panera became a founding member of the **HEALTHY LIVING COALITION**, an alliance of corporate and nonprofit partners working to address global nutrition and food insecurity by improving food systems and helping close nutrition gaps that disproportionately impact underserved communities.

### Ongoing Community Support

For many years, our bakery-cafes have supported their local communities through different partnerships and programs, including Panera Gives®, Panera Fundraising® and Scrip Fundraising. But 2020 was not a normal year, and we had to modify some programs as a result.

In March 2020, we suspended Panera Gives and Panera Fundraising as many dining rooms closed and events were canceled. Fortunately, in July, we were able to resume Panera Fundraising, hosting 3,689 events that raised \$270,000 in donations for local nonprofits. To encourage social distancing, the program used digital codes so guests could place orders and pick them up through Drive-Thru, Curbside, Delivery or Rapid Pick-Up. Throughout the year, we also supported Scrip Fundraising events, helping to raise \$430,000 for nearly 10,000 nonprofits in 2020.



# Associate EXPERIENCE

When we envision the workplace experience we want for our associates, we focus on four key principles. We value *warmth*, which happens when we establish meaningful relationships with our teams and our guests. We believe that all of our relationships should be rooted in respect, creating a sense of *belonging* where everyone can express their authentic selves. We create opportunities for *growth* so our associates can dare to dream and reach their full potential. And we know that *trust* is essential for healthy relationships and earned through honesty and integrity.

These principles were put to the test throughout 2020, as we collectively faced two significant challenges. The first was dealing with the huge impacts of COVID-19. The second was responding to and supporting our workforce as the country experienced an outpouring of emotion over issues of racial inequality. Throughout this challenging year, we have worked to support our team members and to keep our relationships alive and our work environment filled with Panera warmth.

## Warmth SUPPORTING ASSOCIATES DURING COVID-19

A significant number of our bakery-cafes were temporarily closed during the pandemic, leaving many of our cafe associates with reduced hours or without a workplace. The cafe closures led to a slowdown in our overall operations and a substantial reduction in revenues. Due to cafe closures and reduced hours, we furloughed 45% of our cafe associates for approximately three months, which affected roughly 35,000 people. We also made the difficult decision to temporarily reduce salaries among some Support Center associates and cafe general managers.

The pandemic also pushed us to completely reinvent the guest journey through an expansion of off-premises options, requiring employees to adapt to a new set of operating standards — from new health and safety protocols, to new offerings like Panera Curbside and Panera Grocery, to new management structures. Getting our business back up and safely running was paramount, as it meant we could begin bringing our furloughed associates back to work. By the end of June 2020, more than 80% of the furloughed associates who wanted to return had been rehired and full salaries were restored. That said, roughly one-third of furloughed associates chose not to return, and some roles within the company were eliminated due to changes in our operating model.

## Operating in a New Reality

Our No. 1 priority during the pandemic was to help keep people safe. We immediately established new protocols for both the bakery-cafes and fresh dough facilities including:

- Mask requirements for associates and guests
- Reconfiguration of workflow operations to allow for social distancing
- Increased hand washing and sanitization efforts, such as new procedures using advanced cleaning chemicals for dining areas and restrooms
- Wellness and temperature checks at the start of every shift
- Limited associate movement between bakery-cafes, especially for area operating partners who oversee multiple cafes

We installed plexiglass barriers to provide separation between associates and guests, and put in place hand-sanitizer stations and antimicrobial screen covers on electronic devices in cafes. We also rolled out a new training program to help associates know what safety precautions to follow in the workplace and even when not at work. When feasible, we also moved new-hire orientations and other trainings to digital platforms so our associates could take part remotely. Lastly, new operational guidelines helped cafes adapt to differing local mandates — from takeout-only to locations where outside and/or inside dining was permitted but limited.

# TAKING CARE OF OUR *Panera Family*

When Dorothy Meighan sat down for her initial interview at Panera in 2017, she sensed something was different. She had lots of experience working in the restaurant industry, including at another fast-casual chain. “The vibe was special,” Dorothy said about the interview. “It felt more like a friendly chat on the patio of a Panera bakery-cafe, and the complete opposite of a corporate interview.” When she started her new job as assistant manager, she was struck by how valued she felt as an individual. It reminded her of years earlier when she worked in her parents’ family-owned restaurant.

Right away, Dorothy’s managers spotted her talent and saw a path for her to develop her obvious skills. She was increasingly given more responsibilities, which suited her as a hands-on learner and allowed her to flourish. Eleven months into the job, Dorothy was promoted to general manager.

Now she is running the bakery-cafe on her own and cultivating a strong team of associates. She is especially focused on fostering a supportive and inclusive atmosphere that exudes the same feelings of trust, warmth and personal connection that drew her to Panera. “I want my team to know they belong here and don’t need to hide who they are,” Dorothy said. “As a Black woman, I know what acceptance feels like. I want each member of my team to feel accepted for who they are and that there is a path here for them to grow.”

This past year reinforced for Dorothy the benefit of having such a strong bond with her team. When she contracted COVID-19 through an extended family member, her Panera family checked in on her every day, and brought her meals and groceries. “It’s been an extraordinary time, and everyone has had their struggles,” she said. “But when I was the one who needed support, my team had my back and really took care of me.”



## Adjusting Health Benefits

Knowing that health insurance was even more critical during the pandemic, we maintained health insurance coverage and reduced the associate share of premiums by 50% for those who were furloughed. We also reduced costs for PPO single coverage health care plans, which is the most commonly selected option by Panera general managers, and we ensured 2020 health care premiums for other plans were held flat by covering the increase in these costs.

Panera enacted a new sick leave policy that covers the costs of doctor-ordered COVID-19 testing. If associates become ill, are diagnosed with COVID-19 or need to care for a sick family member, Panera provides two weeks of paid sick leave to cafe associates so they can stay home. The policy also allows cafe associates to follow through with required self-isolation or quarantine, without losing pay, in the event of exposure to someone with a suspected or confirmed case of COVID-19. In 2020, nearly 16,500 associates accessed these benefits, accruing approximately 484,000 hours of emergency sick leave. The policy will remain in effect until the pandemic is over.

## Partnering with Retailers

When stay-at-home orders led to restaurant closures around the country, Panera reached out to two major national retailers to see if they planned to hire more retail staff, sensing that some of Panera's recently furloughed associates would likely need jobs. Fortunately, these retailers were planning to hire and a mutual collaboration took hold. Through these partnerships, some furloughed Panera associates were able to find temporary employment during the early stages of the pandemic.

## Feeding Our Family

Panera's efforts in our community have long focused on getting good food to those in need. In 2020, many of Panera's associates were facing their own financial hardships and needed our help. We provided furloughed cafe associates free weekly meals centered around wholesome soups and fresh bread. The weekly meal not only provided nourishment, but was also a great way for our general managers to stay connected to furloughed associates.

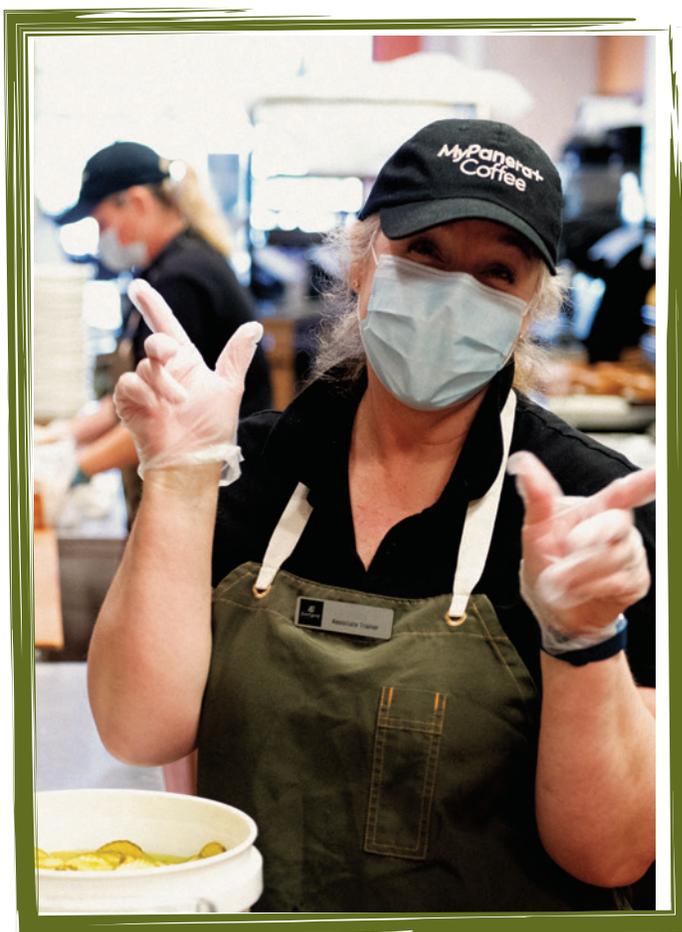
Approximately 60,000 meals were provided to furloughed associates between March and August 2020. After that, we stopped tracking but kept the new tradition going — even expanding the reach so all associates could take part during the fall of 2020 and into 2021.

## Friends in Knead Grants and COVID-19 Relief Fund

Friends in Knead was first established in 2011 as a 501(c)(3) organization to provide critically needed assistance to Panera associates who faced unexpected hardships such as household disasters, funeral expenses or emergency travel expenses. It has traditionally been funded through voluntary donations made by associates. Over the course of 2020, 116 associates were granted a total of just over \$186,000.

Since its inception, the Friends in Knead fund has assisted over 1,300 associates with more than \$1.6 million in grants. As we mark the 10-year anniversary of Friends in Knead, we are very grateful for the generosity of our Panera family members who have supported these efforts to assist fellow associates in need.

In April 2020, it became clear that some associates affected by the pandemic needed extra help with bills and expenses. Friends in Knead was expanded to accommodate a special COVID-19 Relief Fund that provides one-time grants of \$250 to qualifying associates. Panera made a \$1 million donation to the fund, and together with almost \$248,000 in associate contributions, just over 3,000 associates were given these special COVID-19 grants.



## Support Center Associates: Flexibility and Relief

Providing flexibility for our associates became critical in 2020. Support Center associates were scrambling to pioneer new ways of working to support the bakery-cafes, while also juggling other priorities, such as taking care of kids or relatives. Knowing that almost everyone was facing personal challenges, we relaxed schedules so these associates could work where and when they were able, while taking advantage of a more flexible work week and limiting meetings on Fridays. For some Support Center functions, we moved to a four and a half-day work week with longer hours each day. We also formed a working group to study the future of work and ways to maintain flexibility to better support work-life balance in anticipation of our associates returning to the Support Center.

The extra work our teams put in to reconfigure our operating model in the bakery-cafes has not been overlooked. To help compensate our team members, cafe associates received an additional week of vacation in 2020 while Support Center associates were given several extra days of vacation in 2020 and an extra week in 2021. We also extended the amount of vacation and sick time that general managers and operating partners can carry over from year to year.

## *Belonging* ADVANCING DIVERSITY, EQUITY & INCLUSION

We have always tried to cultivate an inclusive, diverse workplace where our associates feel a sense of belonging. However, the events surrounding the death of George Floyd revealed a profound anguish in our society and among our associates over racial injustice and inequities. In response, we reaffirmed our longstanding commitment to diversity, equity and inclusion (DE&I) and then took further action toward making our company even more inclusive, tolerant, respectful and compassionate.

Beginning in June 2020, we articulated our vision and made key organizational commitments. We also established a multiyear DE&I strategy led by our new Vice President of DE&I. Priorities include building an inclusive culture, recruiting and hiring diverse talent, developing and retaining diverse talent, partnering with franchisees to advance DE&I within their organizations and increasing engagement with community partners.

### Fostering an Inclusive Culture

To attract and retain a diverse employee base, our workplace must be a place where everyone feels they are valued, supported, have growth opportunities and belong. Cultivating the culture we want requires each of us to be aware of our own biases and have the tools to confront bias when it occurs. Being able to solicit feedback from one another, engage in open dialogue on tough subjects and have supportive spaces for associates to connect are all essential ingredients of an inclusive culture of belonging.

### *Striving for Cultural Competence*

It's not unusual for people to have some type of bias, including unconscious bias, which may unintentionally occur in the workplace. We've worked to raise our associates' awareness about bias through special trainings, including at the beginning of an associate's journey during new-hire onboarding. The trainings give associates the tools to recognize their own biases as well as how to address and de-escalate conflict that may arise around issues of race and gender with their teams and/or guests.



### **Associate Feedback**

Feedback is key in identifying and breaking down barriers in our culture and organization that may be preventing our associates from thriving. We encourage everyone at Panera to let their voices be heard through formal and informal channels of communication. One way we collect feedback is through our associate engagement surveys. A new question was introduced to our Associate Health Check survey in 2019 to specifically measure our culture of belonging. Recent results show an increase in associates who feel they belong at Panera — from 73% at the end of 2019 to more than 75% at the end of 2020.

We hosted associate listening sessions in the aftermath of George Floyd's death. From the several hundred attendees, we heard about their experiences working at Panera and how we could accelerate our DE&I strategy. Ongoing listening sessions continue to be an important channel to capture associate feedback.

### **Business Resource Groups**

For many years, Panera's employee resource groups served as a forum to connect associates with common experiences so they could provide support for one another. In 2020, these forums were rebranded as Business Resource Groups (BRG) to better reflect the value they provide in helping the company solve business challenges. For example, Salute, our veterans resource group, shared valuable insights that gave Panera a better understanding of the unique perspectives of military guests. Our Pride Alliance provided important input on gender identity terms, our Enabled BRG highlighted ways we could improve the experience of associates with disabilities and we were advised

on gender parity by our Women's BRG. The BRGs also revised their charters in 2020 to ensure their work is better integrated with our DE&I goals and business objectives.

Our newest BRG, BLAAC (Black, Latinx, African American, African, Caribbean), was a direct outcome of the listening sessions we hosted in the aftermath of George Floyd's death. BLAAC played a role in reviewing organizational communications and responses related to race and hosted specific heart-to-heart associate check-ins during 2020. We will continue to support and rely on the BRGs as an important mechanism for empowering our associates and guiding our ongoing DE&I efforts.

### **Increasing Diverse Representation**

We recognize that to create a workplace where everyone feels they belong, we must recruit, train and promote diverse leaders. Therefore, we are focused on recruitment of candidates who represent racial and gender diversity, especially for more senior-level positions. Another focus is developing, promoting and retaining diverse talent within our organization at the management and leadership levels. In 2020, 34% of our leaders at director level or above were women and 9% were Black, indigenous and/or people of color (BIPOC), with both categories increasing 2% since 2019. In addition, women and BIPOC made up 49% and 23% of general managers, up 4% and 8% respectively. We believe these metrics indicate that our efforts to shape and create an inclusive and diverse culture are achieving results.



## **DE&I LEADERSHIP** *Targets*

Our aspirational goal is for levels of leadership to mirror our total population. To ensure future progress, we aspire to:

- 100% diverse candidate slates for VP+ roles
- ~50% female leaders by the end of 2023
- ~30% BIPOC leaders by 2026
- 40% increase in Support Center promotions of diverse talent

## PANERA'S WORKFORCE

	2018	2019	2020
<b>ASSOCIATES</b>	57,750	61,777	51,858
Males	41%	42%	40%
Females	59%	58%	60%
BIPOC	46%	47%	45%

WORKFORCE AGE			
30 and Under	70%	69%	71%
31-50	21%	21%	20%
51 and over	9%	10%	9%

	2018	2019	2020
<b>NON-EXEMPT WORKFORCE</b>			
Total	96%	96%	96%
Females	57%	56%	58%
BIPOC	45%	46%	44%

BY POSITION			
Director level & above	347	354	331
Female director level & above	31%	32%	34%
BIPOC director level & above	7%	7%	9%
General manager	995	1,039	969
Female general manager	44%	45%	49%
BIPOC general manager	20%	15%	23%

## SUPPORTING OUR HOMETOWN IN *Partnership with the Urban League*

For over 100 years, the Urban League has supported the African American community through partnerships with a variety of corporations, community leaders and governmental and civic institutions. Locally, the League serves more than 125,000 people annually and stands on the front lines of strengthening communities and bridging racial tensions by supporting education, economic opportunity and civil rights.

In 2020, the Urban League and Panera launched a \$500,000, five-year partnership focused on expanding employment opportunities and food access. Panera will work with the League's young professionals and workforce development divisions to post job announcements, help with writing resumes, host targeted job fairs and provide career counseling. A Panera Pantry, which offers fresh produce and bread for those in need, is planned for the League's new headquarters — an important hub for service delivery and anchor in the historic Kingsway East/Academy neighborhood.

As part of the partnership, Panera associates will be able to give back through League volunteer opportunities. Panera's Vice President of Diversity, Equity and Inclusion joined the Urban League's board in fall 2020.



## Broader Engagement

Our DE&I strategy is also focused on creating an impact outside of our direct operations to learn from, engage and inspire both our franchisees and other brands in the marketplace. High on our priority list is working directly with our franchisees. Our DE&I Committee, comprised of company leaders and franchise owners and operators, is a new forum to share lessons learned and explore ways we can make a larger impact through collaboration. We're continuing to advance inclusivity in the broader business community through our involvement with the Business for Inclusive Growth initiative. It's an important coalition that allows us to share our best practices while learning from other global brands. We also meet regularly with other JAB brands to discuss our DE&I strategies.

In 2020, as part of our community engagement strategy, we formalized three important partnerships with nonprofits supporting a more inclusive society. These organizations are working to strengthen diverse communities and confront deeply rooted discrimination and equity issues. The first, the Urban League of Metropolitan St. Louis, is focused on empowering African Americans through economic self-reliance, education, social equality and civil rights. In 2020, Panera committed \$500,000 over five years to expand employment opportunities and food access in partnership with the Urban League. Panera donated \$50,000 to our second partner, The Trevor Project, the world's largest suicide prevention and crisis intervention organization for LGBTQ young people.

In 2021, Panera contributed \$25,000 to Girls Incorporated of St. Louis. Girls Inc. inspires girls aged 5 to 18 to value their whole selves, develop their strengths and navigate their challenges. Through this partnership, Panera provided 100 laptops for under-resourced students who, until now, lacked the technology needed to access educational opportunities beyond school walls.

All three partnerships reflect our commitment to building more diverse and resilient communities.



## Growth

### SIMPLIFYING BAKERY-CAFE OPERATIONS

At Panera, we are lucky to have exceptionally ambitious associates who are eager for growth opportunities. To support them, we have equipped our general managers to better train and develop their associates and help them with career pathing. Key here are Quarterly Heart Checks, one-on-one interactive performance management conversations between general managers and each of their associates. These conversations are designed to encourage two-way dialogue about role expectations and help associates reach their full potential.

In mid-2020, we restructured some roles and teams to streamline our bakery-cafe operations and create a more seamless experience for associates and guests. Instead of having several assistant managers oversee general bakery-cafe operations, roles were shifted to focus on specific aspects of cafe operations, such as people management, cafe facility, food preparation or channel growth. This change provides opportunities for associates to learn about and manage different aspects of bakery-cafe operations, ensuring they gain a deeper understanding of each function. The new structure also establishes a clear development path to becoming a general manager.

## Trust

### VALUES, COMMUNICATION AND FEEDBACK

Trust is a cornerstone of Panera's culture and is fundamental to the way we do business. In the workplace, trust is built between associates, with their direct managers and within broader teams. Trust is strengthened when people live up to their commitments, are open in their communications and are responsive to feedback.

### The Panera Way

After the challenges we faced in 2020, we recognized that the shared strengths of our associates were what helped Panera successfully emerge from this crisis and position the company for a promising future. We wanted to capture what makes our culture so special in a new set of core principles and values. Throughout 2020, we collected input from associates and franchisees across the business, culminating in "The Panera Way." The Panera Way articulates our guiding values and behaviors in a common language. In 2021, the Panera Way is being shared with our associates to help enhance and develop a shared culture.



## The Panera Way

### OUR GUIDING VALUES AND BEHAVIORS

- Warmth for guests
- Win together
- Bold thoughts, brave actions
- Inspire & celebrate
- Own it
- Rooted in respect

## Communicating Through Crisis

A key attribute of a workplace rooted in trust is open and honest communication. Over the course of the pandemic, we worked to provide clear information on important topics and keep an open and ongoing dialogue with our associates. Much of our communications focused on how to keep our associates safe, but also included many other topics, from new operational procedures to personal well-being.

For furloughed associates, we hosted virtual meetings to keep them updated on the situation at work and to provide guidance and resources, including helping them navigate the complexities of filing for unemployment. General managers were also encouraged to stay connected to their furloughed team members via calls and texts.

As associates returned to work in the bakery-cafes, we reinitiated Quarterly Heart Checks, tailoring these discussions to be even more focused on associate well-being. We also initiated onboarding sessions and informal check-ins to ensure our Support Center associates were well informed as they returned.

## Reemerging Stronger

We know the road to fostering a rewarding workplace for associates will continue on. We regularly ask our associates for feedback about their experience so we can gauge where we are doing well and where we can improve. Our Associate Health surveys provide insight into how we are doing throughout the year and track performance over time.

As expected, in mid-2020 we saw a dip in some indicators, mostly due to stress and uncertainty caused by the pandemic. This was especially true for certain functions that experienced a significant amount of change as we evolved bakery-cafe operations. However, by the fourth quarter overall engagement and experience scores were above pre-pandemic levels.

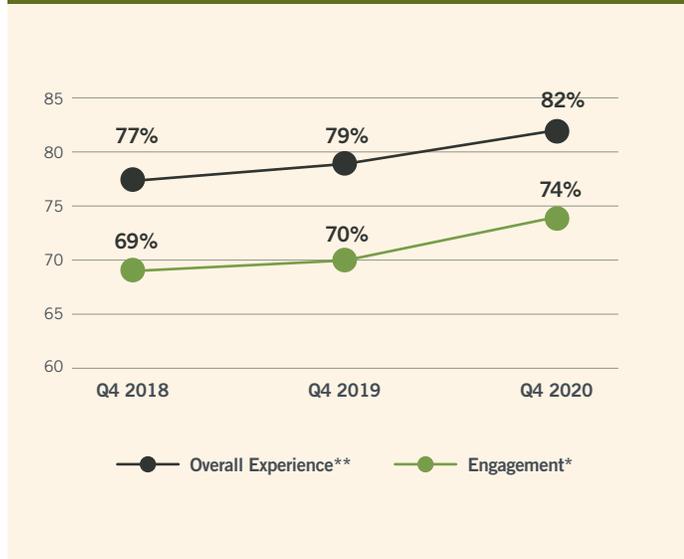
On another positive note, workplace safety — a new survey question for 2020 — received one of the highest scores and continued to rise over the course of the year, indicating associates felt our safety measures were effective.

These improvements reflect our continued commitment to our associates. We are pleased that our efforts to support associates as we weathered this crisis together have ultimately strengthened our workplace and culture.



## ASSOCIATE HEALTH SURVEY

### 2018-2020 ENGAGEMENT AND OVERALL EXPERIENCE



### 2020 RECOVERY: OVERALL EXPERIENCE\*\*



\* Represents the percentage of respondents who are considered engaged based on an aggregate of several indicators.

\*\* Represents the percentage of respondents who would speak highly of their job at Panera to family and friends.



Panera  
BREAD®