



# 2014 RESPONSIBILITY REPORT



**Food as it should be.™**



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We believe in raising, serving and eating good food that is good and good for you.

Food should be clean. No artificial colors, preservatives, sweeteners, flavors or anything else you wouldn't want to serve your family.

Food should be honest, which is why we are transparent and always let you know exactly what's in your food.

Most of all, food should taste great and be made the way you like it, with this or without that.

Since we started, we've been on a journey to make food, as a whole, better. And you can be sure we will never stop.



**Food as it should be.™**



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# A Note From Ron

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Dear Friends,

For 30 years, Panera has sought to make a positive difference in people's lives by serving good food, providing warm and uplifting environments, creating a rewarding workplace, contributing to our communities and demonstrating integrity through the way we do business. But today, more is expected of companies, especially those in the food and restaurant industry. We live in a country where one-third of our kids are overweight or obese, and one-third of adults are obese. As a result, obesity-related diseases are rampant in America, including chronic conditions like diabetes and heart disease. We are hardly a picture of health. Perhaps the most alarming projection is that today's children may live shorter lives than their parents, according to former Surgeon General Richard Carmona.

This deeply troubles me, not only as the CEO of a national restaurant company, but for personal reasons as well. I'm a father of two and I want to be around for my children and hopefully their children someday. In other words, I care. And so do my colleagues at Panera—we all care.

Fortunately, a lot of other people care, too. Increasingly, consumers want to know where their food comes from, what is in it and what is not. They care about eating for both health and joy. As a result, consumers are demanding more of the companies that provide food. And they should.

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## Being Part of the Solution

I believe we have a responsibility and an opportunity to be part of the solution. While Panera alone cannot solve all the diet-related

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**It's important to understand our entire food system—how food is raised and grown, how it is produced and manufactured, and how it is prepared.**

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problems in our country, I'm confident we can have a positive impact on our supply chain and the 7.8 million customers who visit our bakery-cafes each week.

It's important to understand our entire food system—how food is raised and grown, how it is produced and manufactured, and how it is prepared. The reality is our food system is broken. Much of what we eat is heavily processed and contains far too many unnecessary and artificial additives.

We at Panera have been challenging these conventions for years and have made significant progress in the food we serve. For example, ten years ago we started serving chicken raised without antibiotics—which set a new standard within our industry and is becoming a near-industry norm. Today, we provide a wide

assortment of proteins raised without antibiotics, including ham, breakfast sausage, bacon and roasted turkey. In 2006, we led our industry in removing artificial trans fats from our food. Five years ago, we were the first national restaurant company to voluntarily feature calories on our menu panels in the interest of empowering our guests with transparency.

In 2014, we went one step further by introducing our Food Policy, which outlines our commitments and approach to clean ingredients, transparency and having a positive impact on the food system. Alongside the Food Policy, we also announced our plan to remove all artificial flavors, colors, sweeteners and preservatives from our food menu by the end of 2016, which you can read more about in this Report.

Fulfilling this commitment is not an easy task. We have analyzed more than 450 ingredients on our food menu and reformulated many items to ensure that they will be void of all artificial colors, sweeteners, flavors and preservatives by our commitment date. This continues to be a work in progress. But the end result is and will be worth it, both in terms of taste and quality. And we will be able to serve the kind of food we want to serve to our own families and use our scale to challenge our industry to do the same. We consider this all part of our responsibility journey.

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## Our Responsibilities Go Beyond Good Food

While we view serving food as it should be as a primary responsibility, our journey also encompasses our role as an employer, a restaurateur, a community partner and a business partner. We have created a strategy focused on what's most important to Panera and our greatest opportunities for impact, which we are continuing to fine-tune and evolve. Our plan is to establish meaningful goals in four key areas: crafting craveable food, serving as an ally for wellness, fostering an everyday oasis in our bakery-cafes and building relationships based on warmth.

Crafting craveable food and being an ally for wellness go hand-in-hand: it's all about food that's good and good for you, food that inspires you to eat for both health and joy. Fostering an everyday oasis means creating a warm, comfortable, uplifting refuge for our guests, while also being mindful of our planet's resources. Finally, we focus on building mutually productive relationships with our valued stakeholders: guests, associates, investors, franchisees, suppliers and local communities.

Initiatives like these make our responsibility journey an exciting and dynamic one. I believe this is the right approach for us, and I'm optimistic about our ability to support wellness through the joy of good eating. I see many opportunities to do this and look forward to keeping you up to date on our progress. I invite you to read this Report, our first, and discover more about what type of company Panera is, what we've been doing and where we hope to go. And then, please take a moment to share your feedback— including how we can do even better—at [Responsibility@panerabread.com](mailto:Responsibility@panerabread.com).

All my best,



Ron Shaich  
Founder, Chairman & CEO



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# About This Report

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## Boundary & Scope

This is Panera Bread's first Responsibility Report ("Report"). We plan to issue Responsibility Reports on a biennial basis. The content and data contained in this Report cover activities that occurred in calendar year 2014, as well as some initiatives that may have extended into 2015.

The information in this Report primarily focuses on Panera, LLC operations in the United States, which includes company-owned bakery-cafes operating under the names Panera Bread® and Saint Louis Bread Co®, as well as company-operated fresh dough facilities and Panera Bread Company headquarters in St. Louis, Mo. and corporate offices in Needham, Mass., and Chicago, Ill. Where noted in this Report, the boundaries may also include Panera operations in Canada, Panera franchise locations, Paradise Bakery & Cafe® and/or the Panera Bread Foundation. When the boundaries include all company-owned and franchise cafe locations it is referred to as system-wide. In some instances, such as Panera's Food Policy, the boundaries include Panera, LLC bakery-cafes as well as franchise locations in the U.S. The greenhouse gas inventory includes all Panera, LLC company-owned operations in North America, including Paradise Bakery & Cafe locations, fresh dough facilities, company headquarters and corporate offices; but it does not include franchise locations.

## Content and Materiality

To determine report content, we conducted a materiality assessment to identify the topics most important to our business, our industry and our stakeholders. As part of the assessment,

we sought input from external and internal sources, solicited stakeholder input and reviewed previous stakeholder feedback. We focused the content for this Report on the material topics identified through this process. More detail on our approach to materiality can be found [here](#).

## Disclosure

Panera Bread 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 and our Board of Directors, have reviewed and approved the Report's content and data. This Report has not been externally assured.

To assist with the materiality assessment and this Report's content development, Panera contracted with a consulting firm that specializes in sustainability strategy and reporting. We produced the Report to be in accordance with the Global Reporting Initiative (GRI) G4 Guidelines at the Core level. The GRI framework and reporting approach is a widely accepted global standard that allows companies to measure, evaluate and communicate responsibility-related information in a consistent and comparable manner. The GRI Index for this Report can be found [here](#).

## Contact for This Report

Panera welcomes feedback on our responsibility efforts and on our inaugural Responsibility Report. Please submit questions or feedback regarding this Report to [Responsibility@panerabread.com](mailto:Responsibility@panerabread.com).





# About Panera Bread Company

Thirty years ago, at a time when quick service meant low quality, Panera set out to challenge this expectation. We believed food that was good and that you could feel good about, served in a warm and welcoming environment by people who cared, could bring out the best in all of us. To us, that is what good eating is all about and why we exist. This was the vision behind the Panera Bread Company, a journey that began in 1981. We began with a simple commitment: to bake fresh bread in every bakery-cafe, every day. No artificial preservatives or shortcuts, just bakers with simple ingredients and hot ovens. Each night, any unsold bread and baked goods were shared with neighbors in need. These traditions carry on today, as we have continued to find ways to be an ally to our guests.

Co-founded in Boston in 1981 by Louis Kane and Ron Shaich (our current CEO and chairman), Panera began as Au Bon Pain Co., Inc. By the 1990s, Au Bon Pain was the dominant bakery-cafe concept on the East Coast of the United States. In 1993, after going public, Au Bon Pain purchased Saint Louis Bread Co., a chain of 20 St. Louis-area bakery-cafes.

In 1999, all of Au Bon Pain Co., Inc.'s business units were sold with the exception of Saint Louis Bread Co. and the company was renamed Panera Bread. Since those transactions were completed, the company's stock has grown more than 4,000 percent as of December 2014.

In 2007, Panera Bread purchased a majority stake in Paradise Bakery & Cafe, a Phoenix-based bakery-cafe with more than 70 locations, primarily in the Southwest and West. Panera purchased the balance of Paradise in 2009.

Panera Bread Company is publicly traded on the NASDAQ as PNRA.

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## 2014 Panera Bread Company At-A-Glance

### **Bakery-Cafes:**

925 company-owned, 955 franchisee-owned

### **Locations:**

45 U.S. states, District of Columbia and Ontario, Canada

### **Employees (company-owned operations):**

45,400

### **Number of Guests Served Weekly (system-wide):**

7.8 million

### **Total Value of Community Investment (cash and in-kind):**

\$100 million+ annually



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## Our Operations and Supply Chain

### Scope of Operations

Panera Bread Company is headquartered in St. Louis, Mo., with additional support centers in Needham, Mass. and Chicago, Ill. The company operates as three business segments: company bakery-cafe operations, franchise operations and fresh dough facility operations.

As of December 30, 2014, the company had 1,880 bakery-cafes in 45 U.S. states, the District of Columbia and Ontario, Canada operating under the names Panera Bread, Saint Louis Bread Co. and Paradise Bakery & Cafe, located in urban, suburban, strip mall and regional mall locations. Of these 1,880 bakery-cafes, 925 were company-owned and 955 were franchise-operated. During 2014, Panera and our franchisees opened 114 new locations (65 company-owned and 49 franchise-operated).

Also at the end of 2014, our fresh dough facility (FDF) operations were composed of 24 FDFs (22 company-owned and two franchise-operated), located throughout the U.S., with one facility in Ontario, Canada.

Panera's consumer products business is growing. Panera is now one of the largest purveyors of refrigerated soups in the U.S. With new product innovations and new distribution opportunities in the pipeline, we see considerable potential for continued growth of this division.

### Supply Chain Operations

Panera's unique fresh dough facility system provides a competitive advantage by supplying our bakery-cafes daily with dough for our fresh bread, along with tuna salad, cream cheese and certain produce, to nearly all company-owned and franchise-operated bakery-cafes. Ensuring delivery of fresh produce is essential to crafting our high-quality salads and sandwiches.

We contract externally for the manufacturing of the remaining baked goods in the bakery-cafes, referred to as our sweet goods. Nearly all sweet goods are proofed and baked at each bakery-cafe by our professionally trained bakers. Virtually all other supplies for our bakery-cafes, including coffee, paper goods, trays, bowls, plates and flatware, are delivered by vendors to an independent distributor, who delivers the products to our bakery-cafes. We maintain a list of approved suppliers and distributors from which we and our franchisees make selections. We leverage our size and scale to improve the quality of our ingredients, improve purchasing efficiency and negotiate purchase agreements.

### Our Financial Results and Economic Impact

In the fiscal year ending December 30, 2014, Panera's net income was \$179 million, net company-owned bakery-cafe sales were \$2,230 million, total operating profit was \$275 million and diluted earnings per share were \$6.64. Our employees earned \$582 million in wages and received \$104 million in benefits. We paid \$98 million in taxes in the U.S. and Canada. Our charitable contributions and in-kind donations totaled more than \$100 million.



# Our Responsibility Strategy: Creating Food As It Should Be

Our responsibility strategy is aligned with our overall business strategy as well as our promise to create food that is good and good for you, to build on our leadership in menu transparency, and to continue advancing our animal welfare practices. We have structured our responsibility strategy around four key pillars that tie back to our business strategy:

**Craveable Food:** Celebrating familiar foods made fabulous, engaging and adventuresome—making wellness a delicious experience

**Ally for Wellness:** Serving as an ally to our guests as they choose their path of food wellness

**Everyday Oasis:** Offering a warm, comfortable, inviting atmosphere for guests while being conscientious about our use of natural resources

**Relationships & Warmth:** Building warm relationships based on respect and honesty with guests, associates, local communities, stockholders and other stakeholders

Over the past year, we have developed a road map for advancing our responsibility journey, outlining our focus areas and articulating our commitments and aspirational goals. The next phase of our strategy development will involve establishing more quantitative goals and performance targets.

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## Panera's Responsibility Strategy [View our Material Topics here.](#)

Pillars	Focus Areas	Commitments
Craveable Food	Respect for Food and the Craft of Food	Continue to create new offerings that honor our tradition of artisan breads and wholesome foods that our guests want and can relate to. Read more on how we are doing this <a href="#">here</a> .
	Nutritional Quality That Can Be Seen and Appreciated	Continue to innovate and introduce more menu options that are good and good for you, featuring nutrient-dense ingredients in a creative way while still delivering on taste. Read more <a href="#">here</a> .
		Establish advisors who can provide insights and perspective on our menu offerings, nutritional challenges, emerging issues and stakeholder expectations. Read more <a href="#">here</a> .
	Food Quality & Safety	Ensure our major vendors have been certified by the Global Food Safety Initiative. Read more <a href="#">here</a> .
Ally for Wellness	Clean Food	Remove all artificial colors, sweeteners, flavors and preservatives from our food menu items in all U.S. Panera bakery-cafes by the end of 2016. Read more on our progress <a href="#">here</a> .
	Choice and Transparency	Provide menu transparency to empower guests to choose how they want to eat. Read more <a href="#">here</a> .
		Provide transparency and progress updates on our Food Policy, including our animal welfare practices. Read more <a href="#">here</a> .
	Positive Impact on the Food System	Purchase livestock and poultry that have been raised responsibly, which for us means having been fed vegetarian-based and customized diets without the use of antibiotics ever, and raised in reduced-stress environments. Read more on animal welfare <a href="#">here</a> .
		Adopt and implement new sustainable palm oil sourcing standards throughout our supply chain. Read more <a href="#">here</a> .
		Move to 100% cage-free eggs in U.S. Panera Bread and Saint Louis Bread Co. bakery-cafe food menus. Read more <a href="#">here</a> .
Everyday Oasis	Delivering a Quality Guest Experience	Provide an everyday oasis that is warm and welcoming to all. Read more <a href="#">here</a> .
	Ensuring Our Guest Experience is Safe and Secure	Continually invest in the best possible data and information security technologies to ensure the protection of our guests' and associates' information or data. Read more <a href="#">here</a> .
	Improving the Sustainability of Our Operations	Reduce the impacts that our bakery-cafes and operations have on natural resources. Read more <a href="#">here</a> .
		Increase the number of bakery-cafes that offer recycling, where recycling services are available. Read more <a href="#">here</a> .
		Reduce, when possible, the amount of material used in our packaging; and ensure our packaging materials are recyclable or compostable, whenever feasible. Read more <a href="#">here</a> .
Relationships & Warmth	Warm, Rewarding & Inclusive Workplace	Create an inclusive, respectful environment that allows associates to be themselves and provides opportunities for each associate to grow his or her career. Read more <a href="#">here</a> .
	Spreading Warmth in Our Communities	Continue to find new ways to nourish people's lives by being a responsible member of our communities. Read more <a href="#">here</a> .
	Stakeholder Relationships Built on Trust	Maintain the highest ethical standards in our business conduct, and honesty in all of our relationships. Read more <a href="#">here</a> .

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## Responsibility Governance

While everyone at Panera is expected to uphold our values and conduct business responsibly, we have two dedicated positions, one focused on health and wellness and the other on corporate responsibility, to manage our overall responsibility strategy while keeping our CEO abreast of our related progress. Accountability for driving key responsibility initiatives is shared among a number of subject matter experts across the company. More importantly, each focus area within our responsibility strategy also represents a key business initiative that is led by a senior executive who is accountable for driving performance.

Although there is not a designated subcommittee of the Board of Directors that formally oversees responsibility and sustainability, the Board is regularly briefed on specific social and environmental issues that pertain to the company's operations, as well as any stockholder resolutions that may arise.

## Material Responsibility Topics

In 2014, we conducted a materiality assessment to define the content of our first Responsibility Report and to inform the development of our responsibility strategy and road map.

The topics we identified as most material to Panera and stakeholders are health and wellness; product responsibility; guest experience; associate engagement, compensation and talent development; sustainable agriculture; sustainable sourcing; waste and recycling; data security and consumer privacy; and governance and ethics. Other topics we consider to be material and relevant are included in the **Material Topics table** located in the GRI Index and are covered in this Report along with the topics noted above.

## Materiality Assessment Process

The Global Reporting Initiative (GRI) sets out Principles for Defining Report Content, which include materiality, stakeholder

inclusiveness, sustainability context and completeness. We've used these principles as the basis of our materiality assessment process. Also in keeping with the GRI's guidance, our materiality process followed the three steps discussed here:

- Identify the material topics and their boundaries.
- Prioritize the topics and align them with the material aspects.
- Validate the material aspects.

Conducting a stakeholder review of the previous Report, which is the GRI's recommended fourth step in the materiality process, was not applicable as this is Panera's first Responsibility Report.

### Identify Material Topics and Their Boundaries

We gathered input from a wide range of internal stakeholders and reviewed source documents as well as internal and external communications. These inputs covered a broad range of topics—from sustainable sourcing and health and wellness, to guest satisfaction and employee engagement.

Examples of source documents and company communications we reviewed include but are not limited to:

- Panera's 2014 Annual Report to Stockholders and Proxy Statement
- Company website
- Press releases
- CEO communications, including speeches
- Policy statements
- Business plans
- Panera's social media channels
- Employee surveys and internal communications
- Guest feedback



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We also conducted external research to assess emerging issues specific to Panera and to the food and restaurant industries. We explored how significant issues are influencing stakeholder expectations and what competitors and corporate peers are doing to address these or similar issues, including how companies report on them. Finally, we examined what impact the issues are having on society and/or on Panera.

Some of the specific activities used to capture external perspectives included:

- Reviewing the GRI material aspects and performance indicators
- Benchmarking competitors in the food and restaurant industries, as well as corporate peers in other industries, on their sustainability priorities, strategies and transparency
- Auditing media coverage of sustainability issues related to the food and restaurant industries
- Examining the sustainability-related perspectives of and actions taken by stockholders invested in the food and restaurant industries
- Reviewing the criteria and performance data considered to be meaningful by different rating indices

The external research also focused on establishing the broader sustainability context as it pertains to Panera. Four mega trends surfaced that were relevant to Panera: economic opportunity, carbon footprint and energy, health and wellness, and data security and consumer privacy.

To ensure stakeholder inclusiveness, we reviewed the inputs we had received earlier through our ongoing and more focused engagements. We also interviewed a number of external experts and asked them to share their perspective on specific issues and the best practices for addressing them. These stakeholder inputs covered a range of topics, such as retail employment issues, sustainable agriculture, food waste and environmental

sustainability within restaurant operations. The key insights gained from these discussions are summarized here:

- A labor and employment expert, who has studied the impact of wages in the service industry, emphasized that other benefits are often as important to workers, including schedule flexibility, career development opportunities and health care and education.
- A sustainable agriculture expert recommended we identify our agricultural risks, impacts and opportunities; and that we focus on addressing our highest priority issues and communicating our progress.
- An expert with a focus in environmental sustainability in restaurant operations gave us guidance on assessing our impacts throughout our value chain and underscored the need to prioritize which impacts to address, based on their significance and importance to our guests and associates.
- A food waste expert spoke about the challenges of addressing this impact because of the lack of commercial composting services and general confusion over what is compostable. Panera was advised to continue to salvage and donate usable food and to expand composting programs in states where it is mandatory.

Giving consideration to all the input we gathered from stakeholders, we developed a list of topics that we determined to be material to Panera, and which could substantially influence stakeholders' decisions and/or assessments of the company.

Next, we analyzed the boundaries associated with each material issue to determine whether the impact occurs inside or outside the company, which stakeholders are impacted by the issue and the level of control Panera has over a given issue.

More information on our approach to stakeholder engagement is available [here](#).



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## Prioritize the Topics and Align with Material Aspects

A discussion of the material topics was held with internal subject matter experts and a team of external consultants. Careful consideration was given to each topic and its relative environmental, social and economic impact as well as its impact on Panera's business and stakeholders. We then prioritized the material topics based on the degree of significance, identifying nine topic areas as most significant, as described above. During this process, each material topic was also aligned with its corresponding material aspect, as defined by the GRI G4 Framework and the Food Processing Sector Supplement. Finally, we determined the most appropriate GRI performance indicator(s) corresponding to each material aspect. A chart containing our material topics, aspect boundaries, material aspects and performance indicators is provided in the GRI Index [here](#).

## Validate the Material Aspects

To validate the material topics, the findings were presented to the company's CEO and senior leadership team for review and approval. Throughout the development of this Report, the disclosures and performance indicators were continually reviewed to ensure the information was as complete and up-to-date as possible. Drafts of this Report were reviewed and approved by many of the company's senior leaders, as well as by our Board, prior to publication.

Some material topics are less quantifiable or more subjective than others, and topics may not correspond perfectly to specific material aspects and/or performance indicators. We identified some material aspects and performance indicators that are relevant, but could not report fully because data is unavailable. We used the GRI Implementation Manual for guidance and applied our best judgment to report on the specific material topics to the fullest extent we could.





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# Craveable Food

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We spend every day not only thinking about food, but also about our guests and their evolving needs and preferences. Our guests increasingly care about the food they eat, and so do we. No matter what, we always come back to the same place: food should be good, so good it is worth going out of your way.

In our opinion, good food has flavor and flair; it is well-crafted and curated, with nutritious ingredients; it is clean and simple; and it meets our quality and safety standards. These are the drivers behind what we strive for.

In this section, we describe the underlying aspirations behind our approach to making good food that people crave, including:

- Our respect for food and the craft of food
- The nutritional qualities that can be seen and appreciated
- The high standards we maintain for quality and safety





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## Respect for Food and the Craft of Food

The food industry is quickly evolving. Consumers are more conscious today about what’s in their food and where it comes from. People still want convenience, but they also want food that contributes to their sense of well-being. Our food teams are constantly out in the marketplace, studying current and emerging trends in order to stay relevant and anticipate changing consumer needs. They often come back with new insights and ideas that feed into the innovation and product development process. Whatever direction these ideas may take, our first priority for any new menu item is that it must taste great—it has to be something people will crave and want to eat.

We apply other criteria to our product development as well. New menu items must be engaging and adventuresome, and push the imaginative edges of our core offering of soups, salads and sandwiches; they must be familiar to our guests, but fabulous at the same time; they must be innovative yet able to be replicated in each bakery-cafe; and they must meet our requirements for clean food as outlined in our Food Policy (more on clean food and our Food Policy [here](#)).

Wellness is an overarching consideration in everything we create. Our guests are interested in eating well, although people define good eating in different ways. The qualities consumers often associate with foods that are good for you include whole grains, lean proteins, fresh vegetables and fruits, good fats, limited natural sweeteners and reasonable portion sizes, among others.

With this in mind, a number of new menu items were incubated and/or introduced in 2014, including Broth Bowls and Flatbread Sandwiches. Our goal is to continue working to create new offerings that honor our tradition of artisan breads and wholesome foods; feature fresh, seasonal and clean ingredients; and are foods our guests want and can relate to. Ultimately, we believe wellness should be a delicious experience.

## New Rules For Menu Items

- Engaging
- Adventuresome
- Push edges of core offerings
- Familiar, but fabulous
- Innovative, yet replicable
- Must meet clean food requirements



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## Broth Bowls

After months of research and travels to the far reaches of Asia, our food team returned inspired and excited. They put on their aprons and worked to refine their recipes. Before introducing Panera's Broth Bowls, the team tested the concept and tinkered with it some more. Broth Bowls formally launched in early 2015 and so far, these items are proving to be popular with our guests.

The appeal behind these meals-in-a-bowl is the core ingredients: cage-free hard-boiled eggs, chicken raised without antibiotics and/or fresh vegetables paired with either soba noodles or lentils, organic quinoa and brown rice, all steeped together in a traditional Japanese-style umami soy-miso broth. The meal delivers adventuresome, global flavors and exudes cues of wellness. This is just one example of how Panera is creating wholesome food that tastes good.

We launched with four varieties of Broth Bowls; two vegetarian and all containing less than 400 calories.



## Flatbread Sandwiches

Sandwiches are a core offering at Panera. In 2014, we wanted to create a new twist on the traditional sandwich, one that is a slimmer version with interesting, bold flavors. The result is inspired by the Indian flatbread naan and comes in seasonal varieties, such as Southwestern, Roasted Turkey Cranberry and Tomato Mozzarella, among others. They feature flavors from around the world and are prepared using fresh, clean ingredients. Each flatbread sandwich contains between 300 and 380 calories.





## Nutritional Quality That Can Be Seen and Appreciated

We all know that the nutrients our bodies need to grow and thrive come mostly from the foods we eat. Some foods provide more nutrients than others, such as fresh fruits and vegetables, whole grains and lean meats, among others. A healthy diet should be balanced and include enough nutrient-dense foods to ensure we get all of our essential vitamins and minerals as well as a proper amount of fiber.

A century ago, the American diet was based on nutrient-dense foods that were simply prepared at home<sup>1</sup>. But our diets changed over the years, gravitating toward convenient foods that also tasted good. Processed foods were quickly developed and introduced at grocery stores and into our diets. But processed foods may contain high levels of salt and artificial sweeteners, added fats, chemical preservatives, and artificial flavors and colorings. Moreover, processing tends to remove many of the nutrients we get from whole foods.

While consumers still value convenience, they are increasingly drawn to nutritious foods today—ones that are made with fresh, nutrient-dense, less processed and clean ingredients that they can see and taste. This trend is consistent with our belief that a wholesome diet supports a person's well-being.

At Panera, we are proud that readers of *Consumer Reports* ranked us high in 2014 for having healthful menu choices<sup>2</sup>. Our plan going forward is to continue to innovate and introduce more options that are good and good for you, featuring nutrient-dense ingredients in a creative way while still delivering great taste. One example is a new seasonal offering, our Ancient Grain, Arugula & Chicken Salad; and the introduction of sprouted grains is another.

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<sup>1</sup> [Marketplace.org](http://Marketplace.org), March 2013

<sup>2</sup> [Consumer Reports](#), July 2014





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## Taking on Sprouted Grains

Sprouted grains are essentially that—grains that have sprouted. Grains are the seeds of edible grasses such as wheat, rye and spelt, among others. Every seed begins as a whole grain, complete with its germ, bran and endosperm. When a seed begins to germinate, it sprouts before developing into a plant.

At the point when a grain sprouts, it's believed the starch is converted into a simpler form that some people report is easier for them to digest. What's more, the sprouting process slightly increases some of the grain's nutrients, including vitamins B and C, and iron<sup>3</sup>.

With bread as our core, it's natural for us to experiment with grains and contribute new innovations to the good bread movement.

While the sprouting process has always occurred in nature, today there is a way to intentionally sprout grains and use them in products. When we first started testing sprouted grains, they weren't widely available for purchase. But through our relationships with millers, we have been able to grow the supply and become one of the first restaurant chains to offer sprouted grain bread products to our guests.

### Breakfast Power Sandwiches

With bread as our core, it's natural for us to experiment with grains and contribute new innovations to the good bread movement. Sprouted grains were a new frontier for us, and we embraced the challenge. We spent months in the kitchen testing different recipes and finally came up with a thin, flat bagel made with sprouted grains that tasted great and would provide an excellent source of fiber. In May 2014, we introduced two versions of our Egg White and Spinach Breakfast Power Sandwich, both of which are presented on a sprouted grain bagel and contain no more than 400 calories.

<sup>3</sup> Monica Reinagel, M.S., L.D./N., [Nutrition Diva](#)





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## Assessing Our Menu with Nutrition in Mind

With the emphasis today on nutrition, we have been re-examining our existing menu offerings and asking ourselves whether and how they can be improved. We consider many factors that are on the minds of consumers and nutrition advocates today, such as portion size—is it too big?—as well as the amount and/or type of sweeteners, fats and sodium used. Our commitment to clean ingredients and removal of all artificial colors, sweeteners, flavors and preservatives is just one lens we use to examine our menu items.

Reducing the calories in our offerings is a continued focus, especially calories that are coming from less nutritious ingredients. However, not all calories are the same. There are some foods that are higher in calories but also highly nutritious, such as quinoa, avocados and whole grain breads. In 2015, we changed our Tomato Mozzarella Panini to a flatbread sandwich, which retained the exciting flavors in a smaller portion size with fewer calories. Meanwhile, we are continuing to integrate better-for-you ingredients, such as whole grain flour in our flatbreads.

In 2014, all of our existing menu items were assessed as part of the implementation of our Food Policy and commitment to clean ingredients. As we moved to reformulate items to ensure clean

ingredients, we also tried to maintain the nutrient content whenever possible, and in some cases, even made improvements.

As we look to the future, our goal is to establish a group of external expert advisors who can provide insights and perspective on our menu offerings, nutritional challenges, emerging issues and

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**In 2014, all of our existing menu items were assessed as part of the implementation of our Food Policy and commitment to clean ingredients.**

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stakeholder expectations. We will also need to consider whether it makes sense to develop a more formalized framework for nutrition based on best practices and benchmarks for certain types of ingredients, such as sodium and sugar.

**“As we continue to make conscious choices about the food we source and serve, we realize it’s also important to share what we’ve accomplished and where we’re going.”**

—Ron Shaich, founder, Chairman and CEO





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Photo courtesy of Davidson's Safest Choice™



## Food Quality and Safety

Food quality and safety has been and will always be a priority at Panera. We have a rigorous process in place and follow industry-standard practices for quality and safety, leveraging the Global Food Safety Initiative and other certifications, to ensure we are serving safe, wholesome food at all our bakery-cafes.

Our commitment to food quality and safety begins before food even reaches the bakery-cafes. Each step of the supply chain—from the source through shipping, manufacturing and distribution, all the way to the bakery-cafes where the final food preparation is done—is carefully monitored by members of our quality assurance team to help ensure that quality and safety are maintained. We also keep track of evolving best practices in food safety and work with our vendors to implement them.

Our fresh dough facilities (FDFs) are audited by third parties against the Good Manufacturing Practices standard, which was established by the Food & Drug Administration (FDA), while our bakery-cafes use a third party to ensure compliance with the FDA's Food Code. Our vendors use the Global Food Safety Initiative (GFSI), a best-in-class, industry-driven program that provides guidance

## Taking Extra Precaution With Eggs

For added food safety protection, Panera uses eggs that are pasteurized in-shell. Traditional shell eggs may contain bacteria, such as salmonella, that could potentially sicken a guest or contaminate our kitchen environment. This unique pasteurization process eliminates salmonella bacteria.

on food safety management systems through a detailed and rigorous process. Utilized by companies in Europe, North America and Asia, GFSI is an integral part of Panera's food quality and safety system. While the vast majority (92 percent) of our vendors are GFSI certified or in the process of being certified, we've set a goal to ensure that all of our major vendors have GFSI certification. The remaining vendors not covered by GFSI are also audited by third parties against other industry-accepted standards. In order to ensure that vendors stay compliant and up-to-date with their certifications, we track due dates for audits.

Testing is another important component of our approach to quality and safety. Since the quality and safety of every ingredient is governed by a strict specification, vendors are required to conduct routine testing and provide certificates of analysis. Our cafes are required to immediately report any quality or performance issues, however small, to Panera's Quality Assurance team, which then follows up with the vendor. This helps to ensure that customers have a positive experience during their visits to Panera bakery-cafes.



## 3 ALLY FOR WELLNESS

3.1 Clean Food

3.2 Choice & Transparency

3.3 Our Point of View on Wellness





# Ally for Wellness

All of us make choices at each meal, deciding what foods to eat as well as when and where to eat. The drivers behind the choices people make are changing, with more emphasis today on clean and whole foods, customized diets—like vegetarian, gluten-free or Paleo, among others—and foods that are sustainably and responsibly sourced. These attributes have also become wellness cues for many of us.

That is to say, food is very personal and used to support personalized paths to wellness. Food is personal to us at Panera, too. It's important to us to make food that we would be proud to serve our guests, our families and eat ourselves.

To us, this means serving high-quality, great tasting foods that are clean and simple—without artificial colors, flavors, sweeteners and preservatives; providing transparency on our menu items so our guests can make informed decisions; and striving to source ingredients in a manner that creates a positive impact on the food system. These are the aspirations of our Food Policy, which was a long time in the making.

But in many ways, we have been supporting a path to wellness for our guests for many years. Panera was a pioneer among restaurant chains to serve chicken raised without antibiotics, and we were the first national chain to disclose caloric content on menu panels.

Today we are advancing our wellness journey even further and want to share it with the millions of guests who visit Panera each week. Simply put, we want to be an ally that empowers and enables our guests to choose their own path of wellness.

In this section, we describe what we are doing to be a wellness ally and share the details of our own wellness journey.

Our commitment  
to clean food

Our focus on choice  
and transparency

Our point-of-view  
on wellness

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## Clean Food

In 2014, we announced the formal launch of Panera's Food Policy and our commitment to remove all artificial colors, sweeteners, flavors and preservatives from our food menu items in all U.S. Panera bakery-cafes by the end of 2016. And while the announcement made headlines, behind the scenes we have been working for years to provide our customers with food they can trust.

The core tenets of our Food Policy extend back to our earliest days, when we set out to be the antithesis of heavily processed and commercial food and to change the way people eat by offering

While our Food Policy sets the standard for our clean ingredients, it also reaffirms our commitment to good ingredients—those that are minimally processed, nutrient dense, flavorful and colorful.

something better, something people could feel good about. Most importantly, our Food Policy is an expression of our values and underscores our intention to serve clean food. It provides a road map and accountability for continuous improvement. It is not, however, an end point: we are far from done and fully expect our commitment to advance.

While our Food Policy sets the standard for our clean ingredients, it also reaffirms our commitment to good ingredients—those that are minimally processed, nutrient dense, flavorful and colorful. The reality is that clean food still needs to taste delicious and look appealing to be worth going out of your way.



## We Began With a Simple Commitment

To bake fresh bread from fresh dough each day in our bakery-cafes. That single, powerful commitment set the stage for a series of conscious, challenging decisions that have essentially made Panera what it is today.



# Our Journey

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**2004**

- Introduced chicken raised without antibiotics on select menu items.



**2010**

- Became first major chain to voluntarily disclose calories on menu.
- Removed MSG and high fructose corn syrup from a number of items on our cafe menu, without compromising on taste.



**2013**

- Became one of the first national restaurants to introduce sprouted grains.



**2015**

- Unveiled our No-No List of ingredients we are eliminating.
- Continued to make good progress and plan to meet our 2016 goal.

**2005**

- Committed to remove all artificial trans fats from our menu.



**2011**

- Completed project to reduce sodium levels in key ingredients by 25% to 57%.

**2012-2013**

- Began work on what would become our Food Policy, developing internal standards, ingredient and vendor audits, and more.



**2014**

- Announced Food Policy and commitment to eliminate all artificial colors, sweeteners, flavors and preservatives from our food menu by 2016.
- Shared update on our animal welfare progress and celebrated 10 years of serving proteins raised without antibiotics.



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## Cleaning Up Our Ingredients

Clean food starts with clean ingredients. Our perspective on this is straightforward: high-quality, simple ingredients lead to great tasting food. We believe the elimination of all artificial colors, sweeteners, flavors and preservatives brings out flavors that are deep and rich, creating menu items that are craveable.

Even before announcing our Food Policy in June 2014, the process of evaluating our ingredients as a first step in our clean food journey had already begun. In 2012, we began unpacking our menu items and evaluated each ingredient based on its source and processing. This helped us identify where we needed to focus our efforts in order to move toward a pantry of clean ingredients.

By the end of 2014, all of our ingredients (more than 450) had been assessed, at which time we determined that more than 150 ingredients would be impacted. We got to work on reformulating and in May 2015, we announced that 85 percent of the ingredients on Panera’s U.S. bakery-cafe food menus were being tested or have rolled out nationally without artificial colors, sweeteners, flavors and preservatives, including an assortment of clean salad dressings.

Prior to this, we had already discontinued serving deli-style roast beef, which contained artificial caramel color, and



## Salad Dressings Get Cleaned Up

Some artificial additives do not add value and can be easily eliminated. Other artificial ingredients serve a function, in which case a clean alternative must be found. Our chefs encountered this when they tackled our salad dressings. In 2014, they began deconstructing each dressing to its sub-ingredients and in some cases, swapped out the artificial additives for clean alternatives, and then put them back together again. In other instances, preservatives were removed, which created a cleaner dressing but with a much shorter shelf life. And some dressings, like our tzatziki sauce made with seasonings and organic Greek yogurt, are now mixed together right at the bakery-cafes instead of using a manufactured sauce.

The makeover of our dressings took more than a year to get just right, but it was all worth it. We tested them and our customers told us that they are just as tasty, but now cleaner and simply better.



“By removing artificial and unnecessary ingredients from its food today, together with an industry-leading commitment to antibiotic-free and ethical meat practices, Panera is demonstrating that healthy, accessible and equitable food can also be good business.”

—Ricardo Salvador, Director and Senior Scientist  
Food & Environment Program, Union of Concerned Scientists

replaced it with a grass-fed, sous vide cooked sirloin steak that is seasoned with just oil, salt and spices. And by the end of 2016, all our deli meats, including salami, ham and turkey, will be clean.

As part of our assessment, we reconfirmed that all menu items at Panera’s U.S. bakery-cafe locations were free of artificial trans fats, except for one, which will be off the menu in late 2015. And that our core breads, which are baked daily in our bakery-cafes using the fresh dough that arrives early each morning, are made with unbleached flour and contain no artificial preservatives. The same delivery system that brings fresh dough to our bakery-cafes also brings our produce, including fresh tomatoes. Because of our rapid delivery system, our tomatoes are able to mature longer in the fields, thus eliminating the need for gassing to artificially ripen them.

### The No No List

The assessment we conducted on our menu items allowed us to examine each ingredient and determine its function, how it is processed and where it came from. We asked ourselves two key questions about each ingredient: Is it necessary and can it be found in the home pantry? If the answer to either was no, it was added to our No No List and targeted for elimination or replacement.

450+  
ingredients  
assessed

81  
items on  
No No List

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Our **No No List**, which was formally unveiled in 2015, currently contains 81 items, including categories of additives as well as specific artificial colors, sweeteners, flavors and/or preservatives, which we no longer want in our food. Beyond these, there are other items on the list that we didn't want on our menu, such as artificial trans fats, high fructose corn syrup and dough conditioners like azodicarbonamide.

The work of creating the list wasn't done in isolation—it was a collaborative effort. Internally, we established a cross-functional working group of nutrition, sourcing and culinary experts at Panera who developed our new standards and are overseeing their implementation and continual evolution. Knowing that we don't have all the solutions within Panera, we also reached out to some of the top food and nutrition experts in the U.S., as well as a number of respected environmental advocacy groups. They were all willing to provide input and candid feedback on our Food Policy and No No List, as well as on the continual progress we've made over the years to promote foods made with cleaner ingredients.

### Engaging Suppliers Around Clean Ingredients

The launch of the Food Policy touches every associate at Panera. It also involves the suppliers who provide Panera's ingredients. We have a long history of working with and monitoring our suppliers, which not only provides us with traceability to the source, but it also gave us the belief that our suppliers would be able to comply with our Food Policy standards.

Prior to launching our Food Policy, we reached out to our suppliers through one-on-one meetings and webinars to inform them of changes that may impact them. As a matter of process, our suppliers were specifically asked about their ability to comply with our Food Policy. As of the end of 2014, 100 percent of our suppliers had responded and provided assurances they will work to meet our requirements, except for one supplier that chose to exit the business.





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## Choice and Transparency

While the restaurant industry has long been seen as a contributor to our country’s obesity epidemic, we believe Panera offers a solution by providing guests more options and the ability to customize orders based on individual wellness goals. The key to all of this is transparency: giving guests access to information about what’s in their food.

### Choice, Curation & Customization

Our guests have always been able to modify their orders, but today they have more menu options and customization tools at Panera to satisfy just about any dietary preference. They can place their tailored orders via our website, app, kiosks or in-person at our bakery-cafes, asking that certain ingredients be removed or added, depending on personal preferences.

We offer menu options for guests with specific dietary needs or for those who just want to try out a new way of eating. For instance, vegetarian guests can easily access menu information to see all the meatless offerings available, or customize a meal to remove the meat. We also have curated menus for people who are avoiding gluten or watching calories, or seek vegan or protein rich menu options. Our vision is to be able to meet the unique dietary needs of our guests, without compromising on flavor, in an effort to support guests on their path to wellness.

### Transparent Menu

Our Food Policy articulates our commitments to clean food and to having a positive impact on the food system. It also affirms our commitment to transparency, which stems from our belief that people should have access to information about what’s in their food, and ideally where it comes from, in order to make informed choices.

This is not a new belief for us. In 2010, Panera led the way among national restaurants by voluntarily disclosing caloric content on our menu boards. Today, we provide nutritional, allergen and ingredient information for every menu item, which can be accessed in Panera’s U.S. bakery-cafes, on our website or via our apps.

We have also pioneered by disclosing our comprehensive Food Policy, and have provided updates on our progress. This includes publishing our No No List in 2015, which details the artificial colors, flavors, sweeteners and preservatives that we are removing from our food. And we have been transparent about our **animal welfare** practices. The publication of this Report also speaks to our broader commitment to transparency.



## Lentil Quinoa Bowl with Chicken

### Ingredients

Chicken raised without antibiotics, organic quinoa and organic brown rice, lentil blend, tomato sofrito, fresh kale and spinach with a lemon wheel in our umami soy-miso broth.

### Nutrition

390 Calories

8g Total Fat

1390mg Sodium

49g Total Carb

10g Fiber

34g Protein

### Allergens

Contains Soy, Wheat, Sesame.



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## Our Point of View on Wellness

We focus on the journey that food takes from the farm to table, as well as the quality and preparation of food, to ensure the best offerings. This includes recognizing that not all calories are created equal: some are more nutritious than others. This also includes our commitment to create a positive impact on the food system in ways that reflect our values.

### A Calorie is Not a Calorie

It’s not a new concept, but it’s one we embrace: the idea that some calories are worth your while more than others because they provide more nourishment for your body, like the calories that come from good fats—mono- and polyunsaturated fats—such as those found in avocados and olive oil. With that comes the knowledge that it’s best to minimize the amounts of trans and saturated fats consumed. In terms of proteins, leaner is better, especially those proteins raised without antibiotics and that are grass- or vegetarian-fed wherever possible. Finally, as a company founded on the goodness of freshly baked bread, we think a lot about nutritious carbs (yes, they exist!), which is why we have integrated more whole and sprouted grains into our offerings. (Read more about this [here.](#))

### Positive Impact on the Food System

Due to the nature of their business, food companies have an impact on the food system. We want our impact to be a positive one that’s shaped by our values and through our engagement with suppliers. We believe it’s important to know where our food comes from. We are advocates for animal welfare and believe this is key to creating a positive impact. Sustainable agriculture and food insecurity are two other issues that impact our food system.





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“Food companies have the power to make a big difference in the lives of farm animals, and that begins with examining their supply chain and identifying opportunities where welfare standards can be improved. We commend Panera Bread for their transparency and look forward to seeing their progress over time.”

—Leah Garces, USA Director, Compassion in World Farming

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### Animal Welfare

We believe that livestock and poultry raised humanely produces higher quality, better tasting food. Panera’s commitment to animal welfare goes back ten years when we first began serving chicken that was raised with no antibiotics ever. At the time, we conducted a taste panel and based on taste alone, the chicken raised with no antibiotics was selected. Our current strategy focuses on antibiotics use and confinement, which we believe are the foundation of an animal welfare program and where we can have the greatest impact.

### Antibiotics

Antibiotics are used in farm animals to promote growth and prevent future infection. Use of antibiotics in this manner—for healthy animals instead of sick ones—contributes to antibiotic resistance in animals as well as humans<sup>4</sup>. Since we began serving chicken raised without antibiotics, we’ve continued to make progress on our journey of expanding our offerings of meats and poultry that received no antibiotics through their entire lifetime. Though the U.S. Department of Agriculture must approve all “raised without antibiotics” claims made by our vendors, we also work with a third-party vendor to audit the entire supply chain, from the farm to the feed mill to production, to ensure the accuracy of these claims.

### Confinement

We have engaged with animal welfare experts and advocacy groups and have consistently heard that confinement is a pervasive issue, including the use of battery cages for laying hens and gestation crates used in the U.S. for pregnant sows. Some confinement of livestock and poultry is a necessary part of raising animals, but Panera seeks suppliers that create environments which allow animals to exhibit their natural behaviors and support their health, freedom and fitness. Not only is improving conditions the right thing to do for the animals’ sake, but it leads to higher quality, better tasting food.

<sup>4</sup> [The Atlantic](#), March 2015



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Today, all chicken, ham, roasted turkey, bacon, and Italian and breakfast sausages used in our salads and sandwiches meet our standards for antibiotics and confinement. The specific ways we address antibiotics use, confinement and vegetarian feed for different types of proteins include the following:

**Poultry:** As of the end of 2014, 100 percent of our chicken served in sandwiches and salads met the standard of receiving no antibiotics ever and fed a vegetarian diet. Nearly all of our roasted turkey also met this standard, which accounts for about one-third of the turkey in our sandwiches and salads. The remaining two-thirds of turkey served at Panera is deli turkey. Our intent is to make substantial progress in 2016 in transitioning our deli turkey to be raised without antibiotics.

**Laying Hens:** In 2014, 100 percent of chicken that produced the 70 million eggs Panera served in our salads and sandwiches—eggs in-shell, hard boiled eggs and liquid egg whites—were raised receiving no antibiotics ever and fed a vegetarian diet. Also in 2014, 18 percent of the eggs served in our bakery-cafes came from hens in cage-free environments, which means they have full range of movement in an indoor space, such as a barn. And beginning in 2015, in compliance with laws in the state of California, 100 percent of our shell eggs served there are cage-free. Going forward, Panera is making a public commitment

that by 2020, 100 percent of all eggs we source for our U.S. Panera Bread and Saint Louis Bread Co. bakery-cafes will be from hens in cage-free environments. This will include shell eggs, hard-boiled and liquid egg whites in addition to those used in sweet goods, soufflés and dressings, which will total more than 120 million eggs system-wide annually.

**Pigs:** 100 percent of the pigs that provide our bacon, ham and pork breakfast sausage are fed a vegetarian diet and receive no antibiotics ever. Several years ago, we began working with suppliers to reduce the use of gestation crates, which prevent pregnant sows from moving around. In early 2015, we achieved our goal of sourcing 100 percent of our pork from producers that do not use gestation crates.

**Beef Cattle:** To the extent that available supply allows, we purchase grass-fed beef. In 2014, 80 percent of our beef was grass-fed.

**Fish & Seafood:** We work with suppliers and fishers to ensure that our sockeye salmon, shrimp, lobster, and yellowfin and albacore tuna are wild-caught, using available sustainable practices. In 2014, 100 percent of the fish and seafood served at Panera was wild-caught.

In the future, we hope to develop a more comprehensive and formal animal welfare policy to continue driving our leadership in these areas.



Photo courtesy of Niman Ranch

## Panera's 2014 Animal Welfare Record

### Chicken

100% received no antibiotics ever, fed a vegetarian diet

### Roasted Turkey

98% received no antibiotics ever

### Laying Hens

100% received no antibiotics ever, fed a vegetarian diet

### Pigs

100% received no antibiotics ever, fed a vegetarian diet, no gestation crates

### Beef Cattle

80% grass-fed

### Fish & Seafood

100% wild-caught

See our recent progress report on Panera's animal welfare commitments [here](#)



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### Sustainable Agriculture

With an estimated global population of 8.3 billion people by 2030, the need for food to feed the world is projected to increase by 35 percent<sup>5</sup>. There is a growing concern today that the affects of climate change will impact agricultural resources, including fresh water supplies, which is relevant to every food company. This is a complex issue with long-term consequences, which is why we believe it's imperative to promote sustainable agriculture practices within our supply chain.

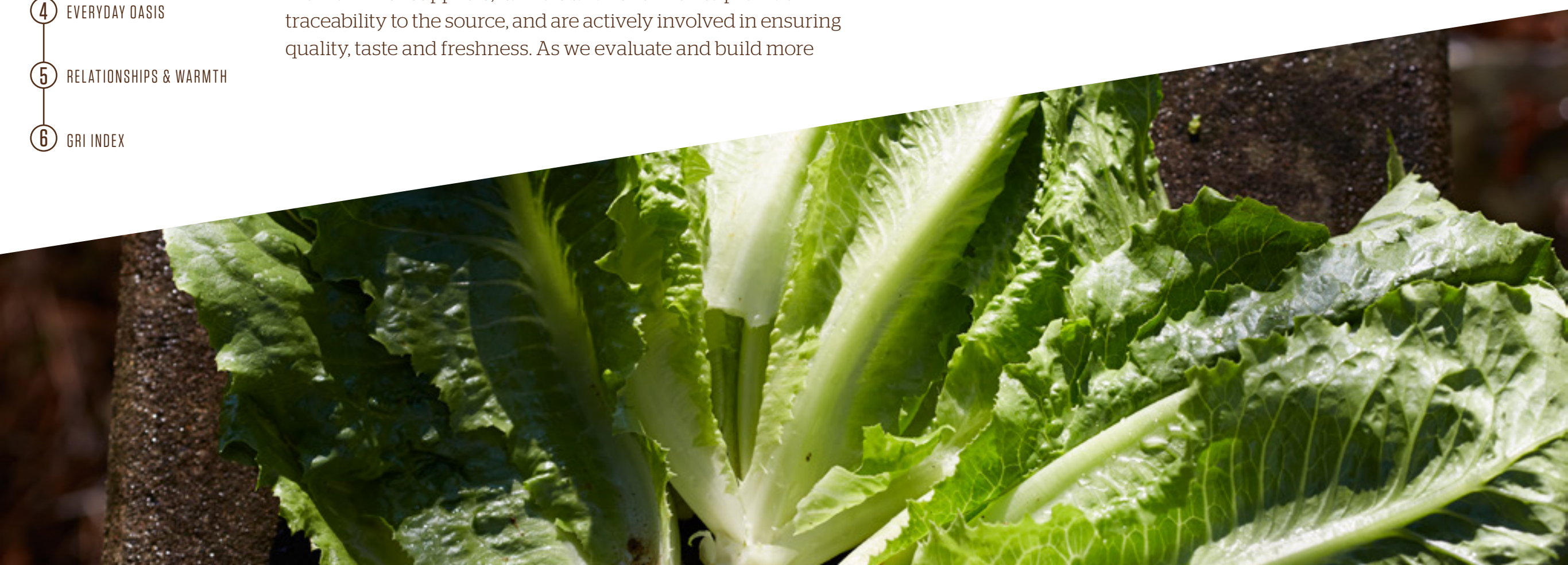
As we evaluate and build more strategic supplier relationships, we plan to make sustainable agriculture practices a stronger focus.

We work with suppliers, farmers and fishermen to provide traceability to the source, and are actively involved in ensuring quality, taste and freshness. As we evaluate and build more

strategic supplier relationships, we plan to make sustainable agriculture practices a stronger focus. We also engage with leading experts and nonprofits to better understand the sustainability issues and the long term impacts on agricultural production, including specific ingredients such as palm oil.

One important sustainability factor is how far food must travel from the farm to our plates. With our large footprint of bakery-cafes in 45 states and Ontario, it's generally not feasible to source locally. Instead, we source our core ingredients from ideal growing regions mostly within North America, including our spring wheat, which is grown in Minnesota, the Dakotas, Montana and Idaho, as well as in Canada. Our source of eggs can be traced to farms throughout the Midwest and in California, and our romaine lettuce is primarily grown in the fields of Arizona and California.

<sup>5</sup> PwC, April 2014





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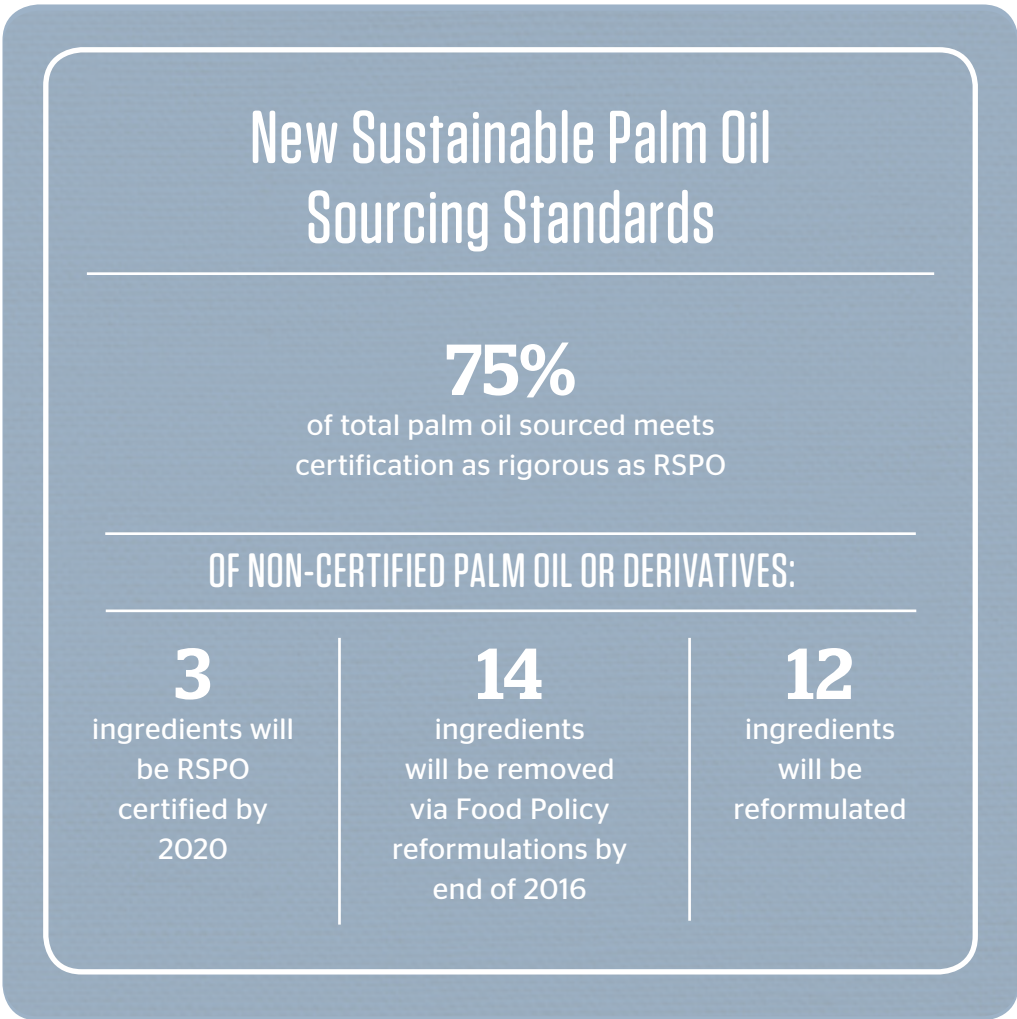
### Sustainable Palm Oil

As part of our Food Policy, we have been engaging with leading experts, NGOs and suppliers to understand how we can best reduce the impacts of palm oil. While Panera does not directly purchase palm oil, we recognize the current environmental and societal impacts of sourcing palm oil and/or palm oil derivatives.

In 2014, we committed to adopting and implementing new sustainable palm oil sourcing standards throughout our supply chain. Our commitment involved auditing hundreds of menu items to identify all sources of palm oil and derivatives; working with suppliers and sub-suppliers to provide transparency about how and by which standards palm oil is sourced; requesting information on palm oil sourcing for new ingredients; working toward finalizing new supplier standards that will require compliance by the end of 2016; and ultimately finding ways to replace or reformulate ingredients when necessary.

**In 2014, we committed to adopting and implementing new sustainable palm oil sourcing standards throughout our supply chain.**

Through our research, we found that our suppliers and vendors purchase a relatively small volume of palm oil, but it cuts across many of our bakery products. Approximately 75 percent of the total palm oil sourced for Panera currently meets a certification as rigorous as the principles and criteria of RSPO. Among the non-certified palm oil or palm oil derivatives found in Panera’s menu items, 14 ingredients will be removed due to Food Policy reformulations by the end of 2016; three ingredients are committed to be RSPO certified by 2020; and the remaining 12 ingredients will be reformulated.



During our initial process, we identified challenges around the availability of the sustainable palm derivative supply in the U.S., despite the limited use of palm oil and derivatives across our supply chain. While we have made progress over the past year, we recognize the difficult work ahead, especially in regard to palm oil derivatives. Moving forward, Panera will exclusively source palm oil that meets a certification as rigorous as the principles and criteria of RSPO for all new products. In addition, by the end of 2016, consistent with available supply, we will also work aggressively toward ensuring that all existing palm oil ingredients and/or derivatives used across the menu meet the following criteria:



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- Have independent verification they have not contributed to the degradation of peatlands, High Carbon Stock forests or High Conservation Value areas
- Do not have significant conflicts related to land tenure
- Come from sources that do not use forced or child labor, slavery or human trafficking
- Support the protection of indigenous rights throughout our palm oil supply chain

### Food Insecurity

While there is an abundance of food grown in the U.S., there are still many people who do not have consistent access to nutritious foods or the ability to prepare them. In 2014, more than 48 million Americans lived in food insecure households, including more than 15 million children<sup>6</sup>. Fighting the issues associated with food insecurity—including awareness of the issue, access to food and minimizing food waste—is another way we can share our values with our guests and our communities while striving to create a positive impact on the food system. Read more about Panera’s commitment, strategy and initiatives around food insecurity [here](#).

### Sharing Our Values Through Food

We value the relationship we have with our guests and want them to feel Panera is an ally for their wellness. We know our guests want food that tastes good and makes them feel good—especially clean food that is responsibly and sustainably sourced. Sharing information with our guests on our values and the commitments we make is a continuous process. We provide information on our website, in our bakery-cafes and through press updates.

As a result, our guests are aware of our Food Policy and our commitment to clean food, a journey that may be hard, but is worthwhile because it supports Panera’s values. And guests know our position on animal welfare and our advocacy on food insecurity issues.

Our guests also know Panera is a warm and welcoming environment where they are empowered to choose their own path to wellness. An estimated 70 percent of orders are customized to include more of the ingredients that our guests desire, or to avoid items that they don’t want to eat. Nutritional, allergen and ingredient information for our menu items is easily accessible in the U.S. on PaneraBread.com, in our bakery-cafes

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Fighting the issues associated with food insecurity—including awareness of the issue, access to food and minimizing waste—is another way we can share our values with our guests and our communities.

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and via our mobile apps. Our website is also full of resources designed for our guests—from great-tasting, healthful recipes to wellness-related stories and articles that inspire people to live and eat healthier. These are some of the ways we are supporting our guests today, with plans to be an even stronger ally for their wellness in the future.

<sup>6</sup> Feeding America





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- 4.1 Quality Guest Experience
- 4.2 Safe & Secure Guest Experience
- 4.3 Sustainability of Our Operations



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# Everyday Oasis

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We have designed our bakery-cafes to be an everyday oasis where people come together to enjoy good food. Good food served by people who care, on real plates with real utensils. Good food enjoyed with family and friends, or sometimes alone to relax in the midst of a busy day. The experience of good eating is as much about the surrounding environment as it is about the quality and taste of the food. We want to create a place where people want to be. We also believe we have a responsibility to manage our bakery-cafes with sustainability in mind, not only to foster a more meaningful experience for our guests, but to reduce our environmental impact on our local communities and conserve our use of natural resources as well.

When it comes to cultivating an everyday oasis, our priorities are:

- Delivering an engaging guest experience
- Ensuring the guest experience is safe and secure
- Improving the sustainability of our operations





## Delivering a Quality Guest Experience

Simply put, our guests are the focus of everything we do. In 2014, we served nearly 7.8 million people each week throughout our system-wide network of 1,880 bakery-cafes. We view every transaction as an opportunity to deliver a quality experience—one that continually strengthens the trust our guests have in us. If we fall short of their expectations, we want to know immediately.

That's why it's important to listen to our customers and let them know they've been heard. Our Customer Care Team can be reached by phone, online chat or email. We also maintain a presence on Facebook, Instagram and Twitter and are pleased that our guests use social media to reach out to us.

In addition to the feedback we receive from customers, our Cafe Health survey solicits monthly feedback from members of MyPanera, our loyalty program. With a reach of 200,000 guests each month, the survey helps us keep tabs on what matters most to our guests and whether we're meeting their expectations. We also survey customers regularly via links given at the bottom of receipts. In the past, we've heard from guests on a range of topics, from what they want to see on the menu at Panera, to feedback about their experience at a bakery-cafe.

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### The Panera Bread Customer Care Team Commitments

#### We make it easy to connect:

We engage with our customers however they choose (through email, phone, live chat or social media), provide help along the way and ensure speedy responses.

#### We are warm, authentic and effective:

We build all resolutions on Panera warmth, while working effectively and efficiently to ensure a world class customer service experience.

#### We advocate:

We collect and circulate valuable feedback for our organization to ensure our customers' voices are heard.



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Our Customer Care team is dedicated to making sure our customers know that we hear their concerns (and compliments!) and that we take their feedback into consideration. For instance, in 2014, our guests let us know that they missed our BBQ Chicken Salad when we took it off the menu. So we brought it back.

On a broader scale, we heard from guests that their bakery-cafe experience wasn't as easy as they hoped. Prompted by this feedback and other considerations, we introduced Panera 2.0 to refocus our efforts to ensure a frictionless experience that demonstrates the deep respect and appreciation we have for our guests and for their loyalty.

## Panera 2.0

In 2014, after several years of testing, we launched Panera 2.0, a new initiative that is based on a series of integrated user-friendly technologies and improved operational processes to enhance the guest experience, whether our guests are dining in or taking out. The main elements of Panera 2.0 provide our customers with the following benefits:

**A better way to order:** Like to-go orders that can be placed online or via a mobile device, dine-in guests at some Panera locations can use a similar method to order and have their meal delivered right to their table (avoiding the line). In some locations, guests also have the option of using

kiosks to place their orders. These technology improvements are designed so that our customers can easily customize their orders based on personal preferences.

**A better way to pay:** The Panera 2.0 technology is designed to make ordering and payment an easy process by allowing guests to store their favorites, as well as their purchase history and payment information.

**A better way to receive food:** Guests can place their to-go order in advance and enjoy the benefit of Rapid Pick-Up, which ensures their order is ready at the designated time and placed in a special pick-up area. For guests dining at our bakery-cafes with fully integrated Panera 2.0 systems, they will either receive a pager notification when their order is ready or their meal will be delivered to their table—whether the order is placed at the kiosk, with the cashier or at their table.

Select elements of Panera 2.0, such as Rapid Pick-Up, are now available in nearly all bakery-cafes. About 100 locations offered the fully integrated Panera 2.0 experience at the end of 2014, which includes Rapid Pick-Up and digital ordering options, as well as improved delivery of orders to the customer. We hope to convert approximately 300 more company owned bakery-cafes to Panera 2.0 in 2015.





## Ensuring the Guest Experience is Safe and Secure

We want our guests to feel comfortable and at home when they are in our bakery-cafes and/or engaging with us through any of our online platforms. Ensuring their safety and security is a fundamental part of this experience and something we take very seriously.

We are continually assessing the guest experience in our bakery-cafes to identify potential safety risks and ways to mitigate them, such as evaluating soup and hot beverage packaging that could potentially cause burns, or installing slip-free entry mats to reduce slickness when wet.

At times, we may take other measures to ensure a safe and welcoming environment for our customers. In 2014, we asked that guns not be brought into this environment unless carried by an authorized law enforcement officer. We respect the rights of gun owners, but asked our customers to help preserve the environment we are working to create for our guests and associates.

### Data Security & Customer Privacy

Our efforts behind safety and security include not only our bakery-cafes, but also our information technology systems. As reports of data breaches and cyber-crimes have increased in frequency, companies everywhere are on high alert. As the majority of our sales are paid for with credit or debit cards, we are committed to continually investing in the best possible data and information security technologies in order to maintain the highest levels of security and trust with our guests.

In 2014, we took a number of steps to enhance our data security program and ensure that the personal and financial information of our guests and associates is protected. These measures included:

**Leveraging innovative payment methods:** We were one of the first companies to partner with Apple Pay®, which is a feature of the Panera Bread iOS App as well as a payment option at the point of sale. Apple Pay enables our guests to conveniently and securely place an order and pay for it from their iPhone 6, iPhone 6 Plus or Apple Watch. In addition to its convenience, Apple Pay offers a high level of data protection, as payment card information is not transmitted through Panera's systems. Instead, Apple Pay uses single-use card numbers and dynamic security codes that cannot be traced back to the customer. Whether using Apple Pay or other payment mechanisms, we do not store consumer credit card information on our systems.

**Strengthening our team:** We expanded our internal team of IT specialists, including a core group with deep industry experience who are focused solely on information security.

### Using best-in-class employee data encryption techniques:

We partnered with an HR software vendor to ensure that sensitive employee data is maintained in a secured manner. But even when information like Social Security numbers have to be used, it is always encrypted with the most secured methods available.

When our guests choose to share their personal information, such as names, email addresses or phone numbers, we take every precaution to safeguard it, and we never sell or rent this information to third parties. Though we may share information with our vendors, it is only done to improve the guest experience. We do not authorize any external party to make independent use of our guests' information for marketing or other purposes without their consent.





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## Improving the Sustainability of Our Operations

With 925 company-owned bakery-cafes in 2014, 22 FDFs with distribution networks throughout the U.S. and Ontario, and three support centers, we recognize that our operational footprint has an impact on the environment. We are working to better understand and measure our impact in order to establish the right goals, targets and strategies aimed at reducing or mitigating our most significant effects.

Given the scale of our bakery-cafe operations, we believe the best opportunity for reducing our environmental impact is by focusing on this segment in the near term. We are in the process of developing an environmental strategy aimed at reducing our greenhouse gas (GHG) emissions and energy use. Our packaging, waste and water use are also important, but we are still working to fully understand our impact in these areas before developing long term reduction strategies. In the meantime, we have introduced several initiatives aimed at addressing these factors in the short term.

The environmental data and initiatives described over the next several pages are for our company-owned bakery-cafes and operations, and exclude franchised operations, unless otherwise noted.



## Climate Change Risks to Our Business

We recognize that changes in the Earth's climate, caused by rising greenhouse gas emissions, are posing a threat to crop production, especially in regions where persistent drought conditions exist. As a food company that depends on healthy crops for our supply of ingredients, we have a vested interest in ensuring the long-term sustainability of agricultural resources in order to maintain a resilient supply of high-quality raw ingredients.

Risks to our business due to climate change include disruptions in the sourcing of produce and other core ingredients, especially those products for which there are limited suppliers, such as our proteins that are raised without antibiotics. Other potential disruptions include adverse weather events, such as major storms that impede the transport of goods. Our business depends on daily deliveries of fresh dough and regularly scheduled deliveries of other ingredients to our bakery-cafes. Severe weather events could damage bakery-cafes and/or reduce guest traffic, or cause physical damage to our support centers and FDFs. As a related issue, droughts and floods can lead to higher prices for commodities such as fuel, wheat and dairy, to name just a few.

Information technology is an integral part of Panera's operations, including order and delivery from FDFs, point of sale processes, online business and data storage. To the extent that weather events can result in a loss of power, our IT systems may be at temporary risk of malfunction.



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## GHG Emissions and Energy Use

To understand our carbon footprint, we engaged a third-party expert to conduct a GHG inventory of our operations, including emissions resulting from our North American company-owned bakery-cafes, including Paradise Bakery & Cafe locations; our company-operated fresh dough facilities (FDFs); distribution fleet; and our support centers.

The process involved collecting energy data from the above mentioned operations representing our usage in 2014, and then calculating the emissions. The emissions and energy data for 2014 will serve as our baseline, since this is the most complete and accurate data we have captured to date. Energy usage and GHG emissions data are presented in the chart at right.

Our next step will be to establish targets aimed at reducing our GHG emissions and energy usage, which we hope to announce in our next Responsibility Report.

### Energy Reduction

We know that the best way to reduce our carbon footprint is through energy reduction. Despite not having a comprehensive picture of our energy usage prior to 2014, we still invested in measures that we believed would help us conserve energy, focusing on areas that delivered the best return on investment and/or could be achieved through changes in behavior.

For instance, in 2010, we began engaging our associates in company-owned bakery-cafes in energy-conscious activities, such as turning off ovens and disconnecting dish hoods when not in use. We started to see an immediate pay-off from the energy data we had available. We also began installing efficient lighting in our bakery-cafes, including LED lighting on menu boards and retrofitting our track lighting with LEDs, a roll-out which began in 2010. With these lighting projects and by encouraging energy conservation behaviors, we saw an estimated 17 percent reduction in our energy usage between 2010 and 2014.

2014 Energy Consumption and Greenhouse Gas Emissions by Source and Scope		
Energy Source	Consumption (GJ)	CO <sub>2</sub> Equivalents by Weight <sup>1</sup> (metric tons)
SCOPE 1 - DIRECT		
Natural Gas <sup>2</sup>	962,674	48,464
Diesel (fleet) <sup>3</sup>	461,952	32,044
<b>Total Scope 1</b>	<b>1,424,626</b>	<b>80,508</b>
SCOPE 2 - INDIRECT		
Electricity <sup>4</sup>	1,257,475	188,012
<b>Total Scopes 1 &amp; 2</b>	<b>2,682,101</b>	<b>268,520</b>

<sup>1</sup>Inventory prepared in accordance with industry best practices and the accounting and reporting principles outlined in the Greenhouse Gas Protocol published by the World Resources Institute and World Business Council for Sustainable Development. Additional technical guidance was sourced from U.S. EPA Climate Leaders Program Design Principles (2008) and The Climate Registry General Reporting Protocol 2.0 for specific core modules (such as stationary and mobile consumption). Boundaries include locations in North America, including company-owned stores, fresh dough facilities, catering hubs and corporate offices—all sites where Panera has operational control. The boundaries do not include franchise locations. 2014 is the first year measuring Panera's GHG emissions and therefore it represents our base year.

<sup>2</sup>Natural gas used for boilers for heating facilities and/or generating hot water; space heating.

<sup>3</sup>Diesel used for owned/leased fleet to transport products from fresh dough facilities to bakery-cafes. Assumption made that all trucks use diesel.

<sup>4</sup>Purchased electricity for on-site use.





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As we design and construct new bakery-cafes, we are investing in even more LED lighting throughout, as well as installing energy efficient HVAC systems. When the older HVAC systems in our existing stores wear out, they are replaced with more energy efficient models.

### Transportation

Panera's distribution network is busy transporting fresh dough daily and other ingredients from our FDFs to nearly all of our bakery-cafes around the U.S. and in Ontario, Canada. In 2014, our fleet consisted of 224 leased trucks, which consumed a total of 3.05 million gallons of fuel, covering a distance of 21 million miles.

The distribution of our goods undoubtedly contributes to our carbon footprint and we are seeking ways to reduce this impact. For example, in 2014 we installed new on-board computers on our trucks, which allow us to reduce miles driven through real-time guidance on the best routes. The new system also allows us to print reports each day so drivers can see their performance in the area of fuel efficiency as well as specific feedback about miles per hour and idling time, both of which contribute to higher rates of fuel consumption. In 2015, we will evaluate the feasibility in key markets of leasing trucks that are fueled by compressed natural gas.

We have also worked with vendors to reduce transportation impacts when possible. For example, we partner extensively with one supplier to distribute many supplies to our bakery-cafes, from plates and napkins to packaging. This method of distribution

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**In 2014, we installed new on-board computers on our trucks, which allow us to reduce miles driven through real-time guidance on the best routes.**

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helped our bakery-cafes consolidate their orders to decrease the amount of trips made by delivery trucks. It also ensures use of correctly sized shipping boxes to reduce packaging waste. In 2014, we integrated this approach into our franchised bakery-cafes as well.



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## Water Use

Water is an essential resource that all forms of life need to live and thrive. While the supply of fresh water is abundant in many regions, it is scarce in other areas. Severe droughts and overuse of water resources have diminished the supply even further, prompting the need for more judicious use of this resource. We are mindful of the need to reduce our own water footprint and are taking steps to better understand our usage patterns, which will allow us to identify more opportunities for conservation.

In 2014, we began collecting data on our water usage in our company-owned bakery-cafes, the FDFs and our support centers. Based on the data we have available, we estimate that our total usage in 2014 was 824.75 million gallons, with the majority used in our bakery-cafes. All of our water is sourced from municipal water supplies.

Wherever possible, we are working to reduce the amount of water used in our operations. For example, in 2014, we asked our supplier of tuna to begin packaging and shipping the fish in large, laminated vacuum-packed pouches instead of individual cans. The change provided many advantages, including some environmental benefits. For one, the canned tuna came packed in water, which was discarded as wastewater. In addition, the used tuna cans had to be rinsed thoroughly with water before they could be recycled. And, the cans contained bisphenol-A (BPA). The switch to pouches resolved the exposure to BPA and reduced both the amount of wastewater and the amount of fresh water used for rinsing.



## A Champion for Sustainability

Jeremiah, the assistant manager of our Redmond, Washington bakery-cafe, is passionate about sustainability, saying, “It’s our duty to feel a responsibility to the planet.” Jeremiah focuses on reducing energy use and waste through recycling and composting at his location and the 20 other bakery-cafes he works with in the Seattle area. And he’s not afraid to get creative, like instituting an on/off schedule for ovens to cut down on energy costs. In 2014, he measured a 12.9 percent reduction in gas usage in his bakery-cafe. He has also turned waste disposal into a sport by challenging his co-workers to choose the correct bin (recycling, composting or trash) and using games, gift cards and mantras like “paper is never trash” to make the point. It’s helping—in 2014, his bakery-cafe saved nearly \$8,000 in trash hauling.



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## Waste, Recycling and Composting

As a restaurant company, we recognize the responsibility we have to provide all available options for waste disposal in our bakery-cafes. There are two main types of waste in our bakery-cafes: packaging and food waste, both of which are generated in the guest areas and back-of-house.

Packaging waste ranges from paperboard to aluminum and glass, all of which are recyclable in most areas of the U.S. Other packaging waste includes coated paper goods, such as hot beverage and soup containers, and a variety of plastics, some of which are recyclable. The collection of recycled materials varies greatly from community to community, with some areas collecting a wide array of recyclables, while other areas have minimal or no recycling pick-up service.

We are committed to increasing the number of bakery-cafes that offer recycling, where service is available. However, there are some constraints. For some bakery-cafes, we are responsible for contracting directly with waste and recycling haulers, but for others, the landlord owns this responsibility. But even where we offer recycling in bakery-cafes, guest confusion over which packaging items are recyclable can lead to lower rates of recycling. We hope to continue increasing the number of locations with table service. Guests will enjoy the added service, and they will no longer need to bus their dishes or dispose of their own waste. This will allow our associates to correctly dispose of recyclables.

### Food Waste

Food waste is a different story. One solution for dealing with food waste is to divert it to composting. Unfortunately, collection of compost waste is not widespread across the U.S., with commercial composting available in relatively few markets. One way we avoid food waste is through our Day-End Dough-Nation™ program, which provides leftover bread and other foods to local charities. More details on this program can be found [here](#).



One of our bakery-cafe associates brainstormed another opportunity to reduce food waste as part of our Crumbs to Cake program, which has inspired some 700 ideas from associates across the company. This particular idea was quite simple: streamline the way we prep fruit to reduce food waste and prep time. The idea was among the nearly 100 submissions that were selected, earning each winning associate a monetary award.

When feasible and available, recycling and composting options are provided in the bakery-cafes and/or in the back-of-house. At the end of 2014, approximately 50 percent of our company-owned bakery-cafes, including Paradise Bakery & Cafes and Panera locations in Canada, were offering some recycling options; and approximately 70 percent of our franchised bakery-cafes had recycling. Composting is available in 25 of our company-owned bakery-cafes and at our St. Louis support center.





**40 Tons** of paperboard & plastic material used

**84%**  
is recyclable

**32%**  
is recycled material

**76%**  
is paperboard from  
sustainable forests

**76%**  
contains a renewable  
resource

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## Packaging

Panera has always used real plates and utensils to serve guests who dine in. We estimate that 50 percent of orders served in 2014 were to dine-in guests using reusable tableware. Not only do we believe that good food tastes and presents better on a real plate, it also reduces the volume of disposable packaging we use and prevents the resulting packaging waste.

For our to-go guests, and in some bakery-cafes where all food must be prepackaged, we use packaging to protect the product while being transported. Our priority has always been to design packaging that maintains the product's integrity, and we do so with a lens toward sustainability. This will be even more of an imperative as our Rapid Pick-Up service grows and more meals are ordered to-go.

Our focus to date has been on converting multiple types of packaging to be recyclable system-wide. For example, we were one of the first companies in the fast casual industry to offer a recyclable lid for soup containers. We also phased out expanded polystyrene packaging (commonly known as Styrofoam) in 2006. In 2012, we removed bisphenol-A (BPA) from our receipts and are now working to remove a similar chemical, bisphenol-S.

We are currently working to reduce, when possible, the amount of material used in our packaging, and we're committed to ensuring our packaging materials are recyclable or compostable, whenever feasible. We also aim to reduce the use of rigid containers where it makes environmental and economic sense.

One priority in 2014 was to explore how to integrate polypropylene cutlery, which can be recycled, into our bakery-cafes and catering centers. Also in 2014, we began laying the foundation for a new line of compostable packaging for our fresh salads and soups. We hope to introduce this new packaging in our catering business in 2015 and in our bakery-cafes in 2016. However, the limited availability of commercial composting facilities in the U.S. makes compostable packaging a less feasible option on a grand scale, so at this time we are concentrating mostly on recyclable packaging.

As of December 30, 2014, Panera packaging used approximately 40 tons of paperboard and plastic material, of which 84 percent is recyclable, 76 percent used a renewable resource, 32 percent is recycled material and 76 percent of the paperboard is from certified sustainable forests. In the future, we hope to conduct a packaging assessment to spot more opportunities for increasing the use of recycled materials and reducing the overall environmental footprint of our packaging.



## Greener Bakery-Cafe Design

Our bakery-cafe design team considers how to integrate sustainable features and materials throughout the design process. The team is currently designing the next generation of our bakery-cafes, for which sustainable materials will play a big role. For example, in 15 percent of bakery-cafes (both company-owned and franchised), 80 percent of the wood used in chairs, booths and tables is Forest Stewardship Council (FSC)-certified, which means the wood is sourced from forests that are responsibly managed. We are also in the process of discontinuing the use of laminate table tops, beginning with our new locations, and replacing them with solid ash wood. We use reclaimed wood in wall finishes in select bakery-cafes, and hope to expand our usage of this and other reclaimed materials.

Leadership in Environmental and Energy Design (LEED) certification is a well-regarded credential from the U.S. Green Building Council, symbolizing that the building was constructed to certain sustainability specifications. The process of certification

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**We use reclaimed wood in wall finishes in select bakery-cafes, and hope to expand our usage of this and other reclaimed materials.**

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takes time and can be costly. Like other retailers and restaurant chains with hundreds of locations opening yearly, we are incorporating many of the specifications into our design and construction process, but are not actively seeking certification of all these sites. One example of a LEED specification is electric vehicle charging stations. Some of our bakery-cafes, such as our Corvallis, Ore., location, have installed charging stations so guests can recharge their cars while they dine at their leisure.

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- 5.2 Spreading Warmth in Our Communities
- 5.3 Stakeholder Relationships Built on Trust





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# Relationships & Warmth

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We strive to be a symbol of warmth and welcome. Whether our guests come to Panera to enjoy a long lunch with an old friend or to share stories over dinner with family, we want to provide comfortable, uplifting environments where they can feel at home. We want our associates to be proud of where they work and to know their efforts contribute to the warmth and enjoyment of our guests. We want our local communities to benefit from Panera's presence and to see us as a warm and caring neighbor. And we want our stockholders and other stakeholders to recognize us for the honest way we conduct business.

Our cultural values serve as our guideposts in all our interactions. We define our values as:

- No Jerks: fostering relationships based on respect and honesty
- Rule #1: forming a connection through authenticity and service
- No Shortcuts: getting the tough stuff done with optimism and mastery
- Profit Drives Possibilities: driving profit to sustain the growth of our concept and our people

In this section, we report on the approach and measures we take to create a culture that is aligned with our core values, including:

- Creating a warm, rewarding and inclusive workplace
- Spreading warmth in our communities
- Building stakeholder relationships based on trust

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## Warm, Rewarding & Inclusive Workplace

The most essential ingredient to Panera’s guest experience is our associates. They are the face of the company and the connection to our guests. What attracts our associates to Panera is our culture of warmth—an inclusive, respectful environment that allows them to be themselves (as long as they comply with our No Jerks policy, which means that relationships are based on respect and honesty). Having opportunities to grow their career is another reason our associates choose to work at Panera.

We are invested in making sure our culture is sustained, knowing that when our associates are surrounded by warmth, this warmth is naturally conveyed to our guests.

A workplace culture built on warmth and strong values doesn’t happen by itself. We are invested in making sure our culture is sustained, knowing that when our associates are surrounded by warmth, this warmth is naturally conveyed to our guests. The most important factor in maintaining our culture is listening to what our associates tell us about what is going well for them at Panera and what areas need improvement, and responding to their concerns.

### Associate Feedback

We solicit feedback from our associates through a variety of methods, from chats between associates and their managers to more formal channels. In 2014, we conducted feedback sessions in bakery-cafes, FDFs and support centers, giving smaller groups of associates the opportunity to discuss what’s on their minds with their leaders.



## Panera Workforce Snapshot

At the end of 2014, Panera employed approximately 45,400 associates in company-owned operations, of whom 25,500 worked an average of at least 25 hours per week. Approximately 42,700 associates were employed in our bakery-cafe operations as bakers, managers and associates, approximately 1,400 were employed in our fresh dough facilities and approximately 1,300 were employed in general or administrative functions, primarily in our support centers. During 2014, Panera hired approximately 37,000 new associates, of whom approximately 36,000 were hired to work on our bakery-cafe operations, more than 400 in our fresh dough facility operations and more than 300 in our support centers. Approximately 62 percent of new hires are female.



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Surveys are another formal channel; they serve as the voice of associates and measure levels of engagement. In 2014, we shortened our survey to encourage more participation and administered it twice during the year. We saw high levels of survey participation at the bakery-cafe associate level, with approximately 70 percent of bakery-cafe associates participating. More than 90 percent of support center and FDF associates responded to the survey.

We believe that being responsive to associate feedback improves retention. While this is important for all companies, it's often challenging in the restaurant industry where median turnover for hourly employees exceeded 100 percent in 2014.

In the second survey, we experienced similar levels of participation, with approximately 55 percent of bakery-cafe associates and 80 percent of support center and FDF associates responding.

Our survey found that our bakery-cafe associates and general managers are proud to be part of Panera and enjoy serving our guests. However, bakery-cafe associates reported feeling too stretched on the job at times, and both groups indicated they wanted more recognition and feedback—two key drivers behind higher levels of engagement. To respond to associate and manager concerns and continue to build a warm workplace, we put a number of initiatives in place. For example, we responded to bakery-cafe associates' feedback about feeling stretched by increasing our labor model by 30 hours per week in each location.

We believe that being responsive to associate feedback improves retention. While this is important for all companies, it's often challenging in the restaurant industry where median turnover for hourly employees exceeded 100 percent in 2014<sup>7</sup>. Turnover among Panera bakery-cafe hourly associates was 79.6 percent in 2014.

<sup>7</sup> QSR Magazine report on restaurant industry in Q4 2014





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“My husband passed away of a sudden heart attack. We had no life insurance. I have to thank Friends in Knead as they helped me out so much. It’s good to know that there are still a lot of good people out there.”

—Susan, bakery-cafe associate, Greenfield, Wisc.

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### Benefits and Compensation

Benefits are an important part of our associates’ experience at Panera. We offer all associates health care options (including medical, dental, vision and disability plans), childcare and college tuition discounts, a tax-advantaged commuter benefit plan and access to a special fund for associate hardships called Friends in Knead, a 501(c)(3) organization. Associates who meet eligibility requirements also may participate in a 401(k) retirement savings plan, receive paid vacation, and have the ability to purchase Panera stock at discount, as well as have access to certain well-being services. In 2014, we surveyed associates to understand how they perceive the total value of employment at Panera. We are currently analyzing the survey results and developing plans to strengthen our benefits package, such as education support and paid time off programs.

As Panera strives to be an ally for our guests in their health and wellness journey, so must we be an ally for our associates. Providing health benefits, in compliance with the Affordable Care Act, is one way we are doing this, beginning in 2015. Our full-time associates can choose coverage under a traditional or high-deductible medical plan, whichever one best fits their needs. We also provide a preventive medical plan to part-time hourly associates in our bakery-cafes, which is available the month after



## Friends in Knead: Helping Our Fellow Associates

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Established in 2011, the Friends in Knead 501(c)(3) organization is made possible by the 4,600 Panera associates who donate as little as 50 cents per paycheck to give a helping hand to their fellow associates who experience a hardship, such as a natural disaster, household fire or flood, or a death in the family. Associates apply for grants and use the funds to help cover hardship-related expenses. In 2014, Friends in Knead increased the maximum award amount from \$1,500 to \$2,500 for family member funerals, recognizing that 40 percent of recipients were requesting assistance for that purpose.

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*“I have two words to say: thank you. From this day I’ll recommend that everyone at Panera make an effort and join Friends in Knead. Thank you so much.”*

—Fredrick, FDF, Beltsville, Md.

*“Panera has many ways to help its associates. Many are scared to speak up when they need a helping hand, but with the help that Panera provides, associates know that our employer cares for us and our families.”*

—Anonymous, bakery-cafe associate

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hire if they choose to participate. Hourly associates who work an average of 30 or more hours per week over 11 months become eligible to enroll in the same medical plan as full-time associates. In addition, all associates are eligible for other health-related benefits including critical illness, accident, hospital indemnity and life insurance. At the end of 2014 we added a comprehensive discount program, which includes fitness and other healthy lifestyle resources. We plan to launch an associate portal in 2015 that will elevate awareness of our suite of health and well-being benefits and programs.

Our bakery-cafe associates also receive a generous discount on Panera's soups, salads, sandwiches and baked goods whenever they are working, and we are testing ways to improve this benefit. For instance, we are piloting a program that offers our bakery-cafe associates and their families a 35 percent discount when eating at Panera on their days off. We plan to implement the discount across our company-owned bakery-cafes by the end of 2016.

While our warm workplace culture and good benefits package are big draws for working at Panera, compensation is also important. Many restaurant and retail jobs pay minimum wage, a rate that differs around the country depending on individual states and sometimes even local minimum wage laws. The federal government has established \$7.25 per hour as the national minimum wage. Many states have gone above this, and some cities have gone further. The debate about increasing the minimum wage has been lively in recent years and touches everyone. Our view is that the wages we pay need to be competitive when compared to prevailing local wages for similar jobs and/or wages paid among our competitive set. In 2014, the average new hire pay rate for bakery-cafe hourly associates is approximately 10 percent or greater than the minimum wage, with no discernable distinction between males and females.

Our Compensation team has benchmarked Panera's wages against competitors and by zip code. In some cases, we found that we are not competitive enough relative to where we want to be. One measure we took was to give managers more flexibility on hiring

wages. In the meantime, we have been exploring ways to increase wages as well as determine what the financial implications would be from doing so.

Beyond wages, many hourly workers deal with scheduling issues that may or may not allow them flexibility or enough hours per week. During our fireside chats, we have heard from our associates that they appreciate having flexibility in their schedules, which we believe is due to an increased number of hours they can choose to work and having managers willing to work with them on their schedules. Our associates also want opportunities to grow within the company, which we worked to improve in 2014.

## Fostering Associate Development

We have a talent plan in place for each and every associate in our bakery-cafes with the intent of providing training and new opportunities so associates can grow in their jobs and advance to the next level. The results are encouraging, with about 40 percent of our bakery-cafe assistant managers promoted from the role of associate in 2014. The associates have access to one-on-one coaching, development workbooks, and classes to help them grow into this role. Additionally, more than 90 percent of our shift supervisors have been promoted from the associate level.

Our bakery-cafe and FDF associates alike receive on-the-job training related to their specific roles, while bakery-cafe associates also have access to extensive online training to help them master a variety of tasks. Our support center associates have access to our Learning & Development classes including Time Management, Situational Leadership, Project Management, and Mastering Performance; as well as external courses related to their field, and group and individual mentoring.

All bakery-cafe hourly associates receive a performance discussion twice yearly, while all other Panera associates are reviewed once per year. Supervisors do "heartchecks" with their associates more frequently to gauge how they are feeling about their jobs, career development and the overall work environment in their bakery-cafe.





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## Health and Safety in the Workplace

Our goal is to prevent workplace injuries and create a safe working environment throughout our operations. In our support centers, we have committees to support workplace safety and security along with associates trained in CPR.

**In our FDFs, which are food production environments with higher safety risks than bakery-cafes, we have focused on improving safety measures to reduce potential risks.**

In our bakery-cafes, we include safety topics as part of the ongoing training our associates receive. We believe injuries, such as slips and falls on wet floors, can be avoided with proper training and practices. Our Shoes for Crews program provides associates with a discount for work shoes that are designed for comfort and have anti-slip features.

In our FDFs, which are food production environments with higher safety risks than bakery-cafes, we have focused on improving safety measures to reduce potential risks. In 2014, we began taking a more strategic approach to injury prevention among our company-owned FDFs. Our goal is to reduce our injury incident

rate in company-owned FDFs to be consistently below the Bureau of Labor Statistics' industry average for Panera's classification, with an initial target of achieving a 10 percent reduction in 2015, from our 2014 Total Incident Rate of 5.14.

To achieve our 2015 target, we have introduced a new process to help us investigate injury incidents and implemented monthly safety goals and quarterly safety meetings. Our new incident investigation process will help determine the root causes of the incidents and implement corrective actions to prevent reoccurrence. Not only will it assist us in reducing injuries, but it also will ensure accurate recordkeeping with the Occupational Health and Safety Act of 1970, as required by law.

Going forward, we plan to put more focus on the role that safety coordinators play. Safety coordinators are managers and select associates who serve as safety champions at each FDF, in addition to their other job responsibilities. By providing them with additional training, they will be equipped and empowered to teach their colleagues how to prevent injury. We have also set a goal to implement safety committees and make our monthly OSHA safety meetings more exciting. These meetings are used to provide information on OSHA requirements and are conducted in both English and Spanish; our goal is to have 100 percent associate participation in 2015.



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## Diversity and Inclusion

Panera’s culture of warmth and respect encourages all associates to be themselves, while embracing diverse backgrounds, values and beliefs. We believe that diversity and inclusion are an important part of our overall strategy, and we aim to ensure diversity at all levels of the organization. We are proud that the diversity at our bakery-cafes and FDFs generally represents the communities in which we operate. In our support centers, we track how women and people of color are represented at all levels, including director-level positions and above.

To increase diversity, we are working to expand the diversity of our candidate pool and have requested that our recruiters source more diverse candidates for consideration. We are especially focused on recruiting diverse candidates for senior manager positions, and supporting them within Panera so they can grow their careers and stay for many years. While diversity at the director level and above has improved over the last few years, we know there is more to be done to increase the number of women and people of color at the highest levels of the organization.

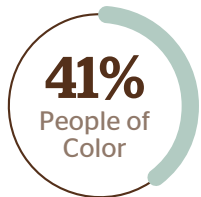
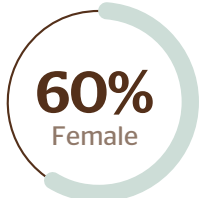
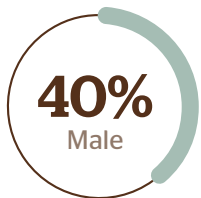
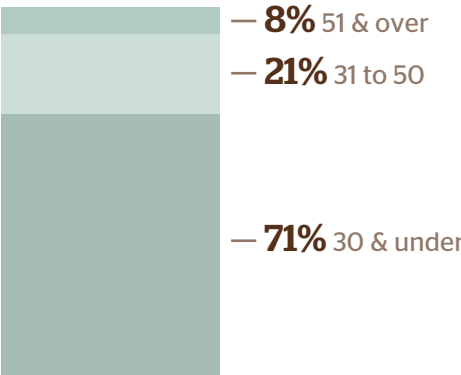
To encourage inclusion, Panera’s networking groups for people of color and women allow individuals to network and support each other throughout the company. Our Multicultural Network Group is focused on nurturing diversity and developing individuals as role models, while the Panera Women’s Network Group works to develop and enhance the career growth of female leaders.

Beyond our workplace, we believe supplier diversity may be another opportunity for Panera to be more inclusive. We hope to expand our supplier diversity initiatives in the future and begin reporting progress in subsequent Responsibility Reports.

## Panera Workforce Totals

**47,129**  
Total Employee Count

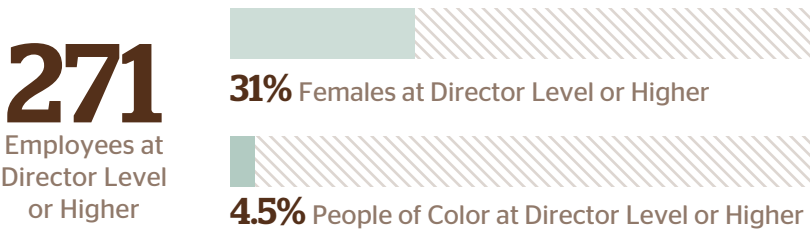
### Workforce Age



### Non-Exempt Workforce



### Workforce Position



*All data in this chart applies to company-owned operations as of December 31, 2014.*



## Spreading Warmth in Our Communities

Giving back to our communities is something we are passionate about, and we're especially passionate about helping to feed those in need with high-quality, nutritious food. We've worked hard on this issue for more than 25 years. We approach food insecurity issues through several community programs, along with the Panera Bread Foundation's nonprofit Panera Cares® Community Cafes. Our bakery-cafes participate in the Panera Cares Community

**Giving back to our communities is something we are passionate about, and we're especially passionate about helping to feed those in need.**

Breadbox™ and Day-End Dough-Nation™ programs, while our support centers are involved in Hunger Action Month and other volunteer activities. We will continue to find new ways to nourish people's lives by being a responsible member of our communities.

### Panera Cares Community Cafes

Though cash and in-kind donations are important, we are always looking for more direct ways to leverage our competencies and support our communities in combating food insecurity. It was out of this desire that the first Panera Cares Community Cafe was born in 2010. This donate-what-you-can model is based on the concept of shared responsibility. The nonprofit venture is operated by the Panera Bread Foundation and includes four community cafes located in Clayton, Mo., (the first Panera Cares to open) Boston, Mass.; Dearborn, Mich.; and Portland, Ore. The Panera Cares Community Cafes, which resemble any other Panera location, are designed to help raise awareness about the pervasive problem of food insecurity in our country while serving approximately one million guests each year, regardless of their ability to donate for their meal.



## Spreading Warmth in Our Communities

**Retail Value of Day-End Dough-Nation Since 2010:**  
\$500 million\*

**Panera Cares Community Cafe  
Guests Served Since 2010:**  
4 million

**Community Breadbox Funds Raised for Local  
Feeding America Food Banks Since 2012:**  
\$3.6 million, which has helped provide the equivalent  
of about 18 million meals\*\*

*All figures are approximate.*

*\*Includes franchised bakery-cafes*

*\*\*Of the total \$3.6 million, \$1.8 million is a monetary donation to Feeding America and its local member food banks. The other half (\$1.8 million) supports Panera's procurement of soup for food banks. For the years 2012–2014, Feeding America estimates that one dollar helps provide between 8 and 10 meals on behalf of member food banks and that 1.2 pounds of food donated provides one meal.*

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From the beginning, it was important that these nonprofit community cafes could have a long-term presence in the community. We estimate that 60 percent of guests leave the suggested donation amount, about 20 percent of guests pay it forward with an additional donation and the remaining 20 percent donate what they can. Guests are also welcome to volunteer in the bakery-cafes in exchange for a meal.

In 2011, job training programs started in each Panera Cares location to address the need for economic opportunity in these communities and for long-term solutions to food insecurity through job skills. We partner with local organizations, including high schools, nonprofits and faith communities, to support four- to six-week programs that include job training and shadowing of the bakery-cafes' management teams. After successful completion of the program, participants have the opportunity to interview at Panera Cares, at a traditional Panera bakery-cafe, or to use the Panera Cares general manager as a reference to obtain employment elsewhere.

For example, Rick came to Panera Cares with no work experience and entered the job training program through our partnership with Covenant House, a nonprofit serving homeless and at-risk youth. Following completion of the program, he worked at Panera Cares for two years before obtaining a full-time job at a local hospital and completing nursing school.

In Shante's case, she was hired through Morgan Memorial Goodwill Industries—Massachusetts' Goodwill branch—after completing the joint job training program with Panera Cares. While she has more than 10 years of customer service experience, working at the cafe is her first experience in food service. Her favorite part of working at Panera Cares is putting all her customer service experience to use every day.

## Nourishing Communities

**“Nutrition and access to food should not be a privilege when it is an absolute necessity.**

*From the woman who walks a mile from her senior living facility, to the man who struggles with Parkinson's disease, to the couple supporting their four children on minimum wage—the fact that we are able to feed them makes me smile from ear to ear.”*

—Colleen Kincaid, General Manager, Panera Cares, Dearborn, Mich.

**“At the end of a challenging day, I stopped by a table to thank a woman and her son for supporting our mission at Panera Cares.**

*Instead, she said, ‘Thank you for being here! Today is my son's sixth birthday. I recently lost my job and no way could I have made his day special without you.’ I gave them treats from the bakery to help them celebrate, and their reaction to this small gesture made me feel like I'd won the lottery.”*

—Brooke Porter, General Manager, Saint Louis Bread Co. Cares, Clayton, Mo.



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### Day-End Dough-Nation™

At the end of each day, Panera bakery-cafes donate the unsold baked goods to organizations that provide hunger relief in their local communities. Donation partners are required to be a 501(c)(3) charitable organization, or a tax-exempt church or religious organization or public school, serving those who are food insecure. In 2014, Panera bakery-cafes donated a retail value of approximately \$100 million worth of unsold baked goods to those in need. We are always seeking ways to grow our Day-End Dough-Nation program and continue to further our relationships with hunger relief agencies, like Feeding America, to increase our impact in the communities we serve.

## Day-End Dough-Nation™ Partners

### Food For Thought Outreach

When Food For Thought Outreach began partnering with Panera, its goal was to bring good, wholesome food to Walton Academy, a DeFuniak Springs, Fla., charter school with a large at-risk student population. Ninety percent of the students are eligible for free breakfast, but without a cafeteria, the school was unable to meet this need. “We are thrilled to partner with Panera because it means we can provide breakfast to about 100 of the most at-risk children we serve,” said Tiffanie Nelson, the organization’s founder and president. “We know these kids do not get much to eat at home and arrive at school hungry, so they look forward to the breakfast food and snacks from Panera every week—some of them had never even seen a bagel or pastry before. Ultimately, the donation is providing much-needed nourishment to these kids and making a significant difference in their lives at school.”

### Craine House

Craine House is a unique residential work release program providing an alternative to traditional incarceration for non-violent female offenders with preschool-aged children. Located in Indianapolis, Ind., Craine House is the only facility of its kind in the state. It provides job training as well as substance abuse counseling and educational programs for the children residing with their moms at Craine House. Executive Director Suzy Pierce notes that Craine House plays an important role in strengthening the mother-child bond through parenting and life skills training, and by providing them with a safe environment as they complete their sentences. Each week, the residents of Craine House look forward to Thursday morning, when they receive Panera bagels and pastries for breakfast—which Pierce calls a “huge treat,” saying: “The Panera relationship is a privilege and highly valued by everyone at Craine House.”





# FUNDRAISING NIGHT

## Panera Cares Community Breadbox

Through Panera's relationship with Feeding America, the nation's leading anti-hunger organization, participating member food banks in more than 75 U.S. markets are able to provide the same soup served in Panera's cafes to local food pantries and other organizations serving those in need. The program is sponsored by the Panera Bread Foundation and supported by cash donations from Panera customers through the Panera Cares Community Breadbox program in participating bakery-cafes. Half of the funds are used by Panera to procure soup from our vendors at cost and then distribute it to Feeding America member food banks through our distributor. The other half is donated as cash to support Feeding America food banks in their effort to provide quality, nutritious food. A portion of cash donations made by customers in participating bakery-cafes may be matched by Panera or our franchisees. In 2014, donations raised through Community Breadbox provided 1.7 million meals to clients served by Feeding America food banks.

## Fundraising Nights

On any given Monday through Thursday night, a local Panera bakery-cafe is not only a destination for dinner, but also a place to raise money for a school, nonprofit or community organization. Our fundraising nights are simple: an organization needing to raise money arranges a date with Panera for a time when they will bring their supporters in for dinner. Based on the number of dinners purchased by the supporters, the organization receives a percentage of the total tab, from 10 to 20 percent. More than 1,900 fundraising nights were held in 2014, yielding more than \$187,000 in funds donated back to these worthy organizations.

## Hunger Action Month

Our support centers in St. Louis and Needham participate in Feeding America's Hunger Action Month campaign, which mobilizes Americans to take action on hunger. In 2013 and 2014, our associates embraced a different kind of opportunity; they participated in the SNAP Challenge, along with our CEO Ron Shaich. SNAP stands for Supplemental Nutrition Assistance Program, the federal government's initiative to support low-income and food insecure individuals and families with access to food. SNAP Challenge participants agree to spend no more than \$4.50 per day on food, which is the amount typically provided through SNAP subsidies. By doing the challenge, our associates and CEO were able to empathize with the constraints people face when living on a SNAP food budget.

Our support center associates also got involved in Hunger Action Month in 2014 through Let's Do Dinner, a program from Family-to-Family, a nonprofit connecting people with local organizations fighting food insecurity. As part of Let's Do Dinner, our associates gathered the ingredients needed to make some nutritious recipes, such as pasta with broccoli, and distributed the groceries to local families in need.

During each Hunger Action Month, our support center teams are encouraged to volunteer at their local food bank, with groups from Needham frequently visiting the Greater Boston Food Bank and teams from St. Louis visiting the St. Louis Area Food Bank and Operation Food Search.

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## Bakers-In-Training

Our Bakers-in-Training program is designed to give kids ages 5 to 12 a behind-the-scenes experience in a Panera bakery-cafe. The kids learn about the art of baking bread and pastries, then end their visit by baking their own baguettes—one for them to take home to their families and one to donate to a local partner through our Day-End Dough-Nation program. More than 9,000 children donated their handcrafted bread in 2014.

## In-Kind Donations

In addition to Day-End Dough-Nation, we give back to our communities through in-kind product and certificate donations to charities and organizations that are working to fight food insecurity in their communities through fundraising events. In addition to freshly baked bread and bakery items, we also donate Bread-For-A-Year and Bagels-For-A-Year certificates, which organizations may auction off as a fundraiser. In 2014, Panera gave a total of \$27,000 worth of in-kind donations to qualifying nonprofits and tax-exempt government agencies, schools and religious organizations focused on fighting hunger.



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## Stakeholder Relationships Built on Trust

To build trusting relationships with our stakeholders, we focus on three key areas: business integrity and ethics, governance and stakeholder engagement. Business integrity and ethics, formalized via our Standards of Business Conduct, provides a framework to support our core beliefs about the right way to do business. Governance, overseen by our Board of Directors, ensures that we operate in ways that meet the expectations of stakeholders with whom we have trusting relationships, especially stockholders. Stakeholder engagement allows us to gather feedback, understand and reach alignment on important issues, and most of all, build lasting relationships. Finally, our relationships with our guests are key to the success of our business. Learn more about how we build relationships with guests [here](#).

Stakeholder engagement allows us to gather feedback, understand and reach alignment on important issues, and most of all, build lasting relationships.

### Business Integrity and Ethics

We are committed to maintaining the highest ethical standards in our business conduct, and honesty in all of our relationships. The formal approach used to evaluate our ethical practices is to measure them against the principles outlined in our Standards of Business Conduct. These principles apply to everyone at Panera—from our officers and directors, to all associates working in company-owned operations. As a part of our new hire orientation process, our associates are expected to read and acknowledge these Standards.



A more informal filter we use to guide our ethical conduct is to ask ourselves whether we would be proud to see our actions in print. If there is any hesitation, we know the conduct would not match our Standards.

We also have an ethics hotline, which associates can access via phone or electronically to express their concerns related to our business conduct, or any activity they perceive as potentially unethical. Both of these channels are maintained by an outside party to ensure confidentiality, and complaints on malfeasance of a financial nature are reviewed immediately by our controller. Most complaints that are reported through the hotline are related to personnel/employment related issues and not of an ethical nature covered in our Standards of Business Conduct. Any complaints of an ethical nature are investigated and appropriate action is taken, as warranted. Each quarter, our Board of Directors receives a report on complaint activity and our Audit Committee, through its Chair, receives details regarding complaints that allege violations of our Standards of Business Conduct.



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## Governance

Our Board of Directors has seven members and is chaired by Ron Shaich, our founder, chairman and chief executive officer. Our Board has a lead independent director, Domenic Colasacco, who has served in that role since 2008. The Board’s responsibilities include overseeing management to ensure that the company’s business is managed to meet its stated goals and objectives, and to ensure the company’s business activities are conducted in a legal and ethical manner with the goal of adding economic value and maximizing stockholder returns. Our Board is required to perform a self-evaluation annually under its Corporate Governance Principles and Practices.

While the Board has not formally designated a committee to oversee corporate responsibility and sustainability, it is regularly briefed on specific social and environmental issues that pertain to the company’s operations, as well as any stockholder resolutions that may arise. For example, the Board reviewed this Responsibility Report prior to its publication.

## Stakeholder Engagement

We value the input and feedback we receive from our stakeholders, including our associates; guests; franchisees; local community and charitable partners; industry and trade groups; nongovernmental (NGO) or advocacy organizations; suppliers; business partners and stockholders.

We solicit feedback and engage with our stakeholders on an ongoing basis through various channels, such as surveys, formal meetings, roundtables, conferences and advisory boards; as well as over email, on the phone and through social media platforms. Our memberships in trade groups, including the Association of National Advertisers, National Restaurant Association, National

## Board Committees

### Audit Committee

Oversees the accounting and financial reporting processes as well as audits of Panera’s financial statements

### Compensation and Management Development Committee

Establishes appropriate compensation practices; determines compensation and other benefits for senior vice president and above; oversees management development plans and succession planning practices

### Nominations and Corporate Governance Committee

Develops and implements policies and procedures to ensure appropriate Board composition and organization to meet its obligations to Panera and its stockholders



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Counsel of Chain Restaurants, National Retail Federation and Sustainable Brands, offer more opportunities to gain external viewpoints.

Our stakeholders also reach out to us at times to share their perspectives on our activities or make specific inquiries. These types of engagements can present an opportunity to listen, discuss and reach alignment on important issues. For example, we had constructive discussions with a socially responsible investment group regarding our commitments to animal welfare. We also received a resolution from a similar group requesting that we produce a sustainability report. The resolution was withdrawn after we informed the group of our plans to produce our first Report in 2015. We also engaged with a stockholder group who asked about our position on palm oil. We addressed this topic in our Food Policy, sharing our intention to engage leading experts, NGOs and suppliers to understand how we can best reduce the environmental and societal impacts of palm oil. The resolution was subsequently withdrawn. Read more about our commitment around palm oil [here](#).

We also proactively engage with key influencers, asking them to share their insights and points of view on topics important to Panera. As we developed our Food Policy and advanced our work in this area, we engaged with a number of external experts and advocates and invited their feedback.

Type of Stakeholder Engagement in 2014	
<b>Associates</b>	Semiannual surveys, feedback sessions (fireside chats at bakery-cafes, roundtables at FDFs, coffee talk and Lunch & Learns at support centers)
<b>Guests</b>	Email, phone, social media, frequent surveys conducted via email, on receipts and via the MyPanera loyalty program
<b>Local Communities</b>	Community engagement programs, event participation, volunteerism, speeches, local fundraising events held in our bakery-cafes
<b>Stockholders</b>	Annual Report and annual meeting, Investor Day, quarterly conference calls, investor pages on website, investor email updates, dedicated email address ( <a href="mailto:Investor@panerabread.com">Investor@panerabread.com</a> ), stockholder proposals, proxy voting
<b>Suppliers</b>	Contracts, webinars, meetings
<b>Franchises</b>	Meetings and sharing of best practices and tools, regular phone calls, field visits
<b>Industry Associations</b>	Meetings, conferences, workshops
<b>NGOs, Universities, Third Party Experts</b>	One-on-one meetings, conferences, roundtables, partnerships
<b>Media</b>	Dedicated email address ( <a href="mailto:MediaContact@panerabread.com">MediaContact@panerabread.com</a> ), phone



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### Stakeholder Engagement: Food Policy

One of our key accomplishments in 2014 was the launch of our Food Policy, which was many years in the making. In our Food Policy, Panera took a stand in three key areas: developing clean ingredients, committing to menu transparency and creating a

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In our Food Policy, Panera took a stand in three key areas: developing clean ingredients, committing to menu transparency and creating a positive impact on the food system.

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positive impact on the food system. To develop our Food Policy, we proactively engaged with food and nutrition experts, including a number of NGOs, academic institutions, government agencies and consumer advocacy groups, and sought their advice and perspective on the scope and details of our policy. And we have continued to reach out to these and other external experts as we have evolved our policy. For example, in advance of our December 2014 animal welfare announcement, we met with a rancher, various animal welfare organizations and our own vendors on the issue of confinement, and are now incorporating their feedback in our approach.

Learn more about our Food Policy [here](#).





## 6 GRI INDEX





G4	General Standard Disclosures	Response/Page/Link	External Assurance
STRATEGY AND ANALYSIS			
G4-1	CEO statement	CEO Letter, <a href="#">page 3</a> .	
ORGANIZATIONAL PROFILE			
G4-3	Name of reporting organization	Panera Bread Company.	
G4-4	Products	About Panera Bread Company, <a href="#">pages 7-8</a> .	
G4-5	HQ location	St. Louis, Mo.	
G4-6	Countries of operation	About Panera Bread Company, <a href="#">pages 7-8</a> .	
G4-7	Nature of ownership and legal form	Panera Bread Company is a publicly traded company listed on the NASDAQ as PNRA.	
G4-8	Markets served	Panera Bread Company operates fast casual restaurants in the United States and Ontario, Canada.	
G4-9	Report the scale of the organization, including: <ul style="list-style-type: none"> <li>- Total number of employees</li> <li>- Total number of operations</li> <li>- Net sales (for private sector organizations) or net revenues (for public sector organizations)</li> <li>- Total capitalization broken down in terms of debt and equity (for private sector organization)</li> <li>- Quantity of products or services provided</li> </ul>	About Panera Bread Company, <a href="#">pages 7-8</a> .	
G4-10	<ul style="list-style-type: none"> <li>- Report the total number of employees by employment contract and gender.</li> <li>- Report the total number of permanent employees by employment type and gender.</li> <li>- Report the total workforce by employees and supervised workers and by gender.</li> <li>- Report the total workforce by region and gender.</li> <li>- Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</li> <li>- Report any significant variations in employment numbers.</li> </ul>	<a href="#">Pages 50-55</a> . Region not material.  There is not a substantial portion of contract workers at Panera.	
G4-11	Report the percentage of employees covered by collective bargaining agreements.	None of our associates in company-owned operations are covered by collective bargaining agreements.	
G4-12	Describe the organization's supply chain.	About Panera Bread Company, <a href="#">pages 7-8</a> .	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain.	Not applicable as this is Panera's first Responsibility Report.	



G4	General Standard Disclosures	Response/Page/Link	External Assurance
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Panera has not formally adopted the precautionary approach. Our Food Policy commits the company to removing all artificial colors, sweeteners, flavorings and preservatives from existing and new menu items, as a way to improve food quality. Wellness Ally, <a href="#">pages 24-28</a> .	
G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses.	Panera does not formally subscribe or endorse any external charters or principles at this time.	
G4-16	<p>List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:</p> <ul style="list-style-type: none"> <li>- Holds a position on the governance body.</li> <li>- Participates in projects or committees.</li> <li>- Provides substantive funding beyond routine membership due.</li> <li>- Views membership as strategic.</li> <li>- This refers primarily to memberships maintained at the organizational level.</li> </ul>	<a href="#">Pages 62-63</a> .	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	<p>List all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	About this Report, <a href="#">page 6</a> .	
G4-18	<p>Explain the process for defining the report content and the Aspect Boundaries.</p> <p>Explain how the organization has implemented the Reporting Principles for Defining Report Content.</p>	<a href="#">Pages 11-13</a> .	
G4-19	List all the material Aspects identified in the process for defining report content.	GRI Index, <a href="#">pages 78-80</a> .	
G4-20	<p>For each material Aspect, report the Aspect Boundary within the organization, as follows:</p> <ul style="list-style-type: none"> <li>- Report whether the Aspect is material within the organization.</li> <li>- If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> <li>a. The list of entities or groups of entities included in G4-17 for which the Aspect is not material or</li> <li>b. The list of entities or groups of entities included in G4-17 for which the Aspects is material</li> </ul> </li> <li>- Report any specific limitation regarding the Aspect Boundary within the organization.</li> </ul>	GRI Index, <a href="#">pages 78-80</a> .	



G4	General Standard Disclosures	Response/Page/Link	External Assurance
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> <li>- Report whether the Aspect is material outside of the organization.</li> <li>- If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified.</li> <li>- Report any specific limitation regarding the Aspect Boundary outside the organization.</li> </ul>	GRI Index, <a href="#">pages 78-80</a> .	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Not applicable as this is Panera's first Responsibility Report.	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Not applicable as this is Panera's first Responsibility Report.	
STAKEHOLDER ENGAGEMENT			
G4-24	Provide a list of stakeholder groups engaged by the organization.	<a href="#">Page 63</a> .	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	<a href="#">Pages 62-64</a> .	
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<a href="#">Pages 62-64</a> .	
G4-27	<ul style="list-style-type: none"> <li>- Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.</li> <li>- Report the stakeholder groups that raised each of the key topics and concerns.</li> </ul>	<a href="#">Pages 12, 62-64</a> .	
REPORT PROFILE			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Fiscal year 2014; ended December 30, 2014.	
G4-29	Date of most recent previous report (if any).	Not applicable as this is Panera's first Responsibility Report.	
G4-30	Reporting cycle (such as annual, biennial).	Biennial.	
G4-31	Provide the contact point for questions regarding the report or its contents.	<a href="mailto:Responsibility@panerabread.com">Responsibility@panerabread.com</a> .	
G4-32	<ul style="list-style-type: none"> <li>- Report the 'in accordance' option the organization has chosen.</li> <li>- Report the GRI Content Index for the chosen option.</li> <li>- Report the reference to the External Assurance Report, if the report has been externally assured.</li> </ul>	This Report has been produced in accordance with the Global Reporting Initiative (GRI) G4 Guidelines at the Core level. The Report was not externally assured.	



G4	General Standard Disclosures	Response/Page/Link	External Assurance
G4-33	<ul style="list-style-type: none"> <li>- Report the organization's policy and current practice with regard to seeking external assurance for the report.</li> <li>- If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.</li> <li>- Report the relationship between the organization and the assurance providers.</li> <li>- Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.</li> </ul>	This Report was not externally assured and there are currently no plans to seek external assurance. The Report content was thoroughly reviewed by internal subject matter experts and senior management to ensure accuracy of statements and data. The Board of Directors reviewed the finished Report before publication.	
GOVERNANCE			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	<a href="#">Page 62.</a>	
ETHICS AND INTEGRITY			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	<a href="#">Page 49, 61.</a>	



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## GRI Indicators by Panera's Material Topics

Material Topic	Material Aspect	Indicator	Indicator Detail	Response/Pg./DMA Link and Indicators	Omissions	External Assurance
<b>Climate Change</b>	Economic Performance	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<a href="#">Page 41.</a>		
<b>Community Investments, Food Insecurity</b>	Economic Performance	EC1	Direct economic value generated and distributed	<a href="#">Page 8.</a>		
	Indirect Economic Impact	EC8	Significant indirect economic impacts, including the extent of impacts	Panera Cares Community Cafes, <a href="#">Pages 56-57.</a>		
<b>Compensation and Talent Development</b>	Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	<a href="#">Pages 50-51.</a>	Age group breakdown was not included in new hires or turnover data; gender breakdown was also not included in turnover. However, for both new hires and turnover, the majority are younger employees under 30. There is no evidence gender is a factor for those leaving the company.	
	Employment	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	<a href="#">Pages 52-53.</a>		
	Training and Education	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<a href="#">Page 53.</a>		
	Training and Education	LA11	Percentage of employees receiving regular performance and career development reviews, by employee category	<a href="#">Page 53.</a>		



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Material Topic	Material Aspect	Indicator	Indicator Detail	Response/Pg./DMA Link and Indicators	Omissions	External Assurance
<b>Data Security and Consumer Privacy</b>	Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Panera had no significant or substantiated complaints related to breaches of customer privacy or loss of customer data in 2014. DMA, <a href="#">page 40</a> .		
	Diversity and Equal Opportunity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	There are seven directors of the Board; six men and one woman. All are Caucasian and between the ages of 55 and 74. Associates, <a href="#">page 55</a> .		
<b>Energy</b>	Energy	EN3	Energy consumption within the organization	<a href="#">Page 42</a> .  All energy is from non-renewable sources; no energy was sold.  The primary units of gallons, therms, and kWh were converted to Gigajoules (GJ)		
	Energy	EN4	Energy consumption outside of the organization	<a href="#">Page 42</a> .  The primary units of gallons, therms, and kWh were converted to Gigajoules (GJ)		



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Material Topic	Material Aspect	Indicator	Indicator Detail	Response/Pg./DMA Link and Indicators	Omissions	External Assurance
Greenhouse Gas Emissions	Emissions	EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	<p><a href="#">Page 42.</a></p> <p>All GHG emissions are calculated in metric tons (MT) of pollutant (CO2, CH4, N2O) and converted to MT of CO2 equivalents (or "CO2-e") using the global warming potentials (GWPs), which are taken from the Intergovernmental Panel on Climate Change (IPCC) Second Assessment Report (SAR) 1995 using 100 year values.</p> <p><b>Emissions Factors</b>            Natural Gas: U.S. EPA MMR Final Rule (40 CFR 98)</p> <p>Commercial Sector Diesel (Fleet): Environment Canada 2014 National Inventory Report</p>		
	Emissions	EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	<p><a href="#">Page 42.</a></p> <p>All GHG emissions are calculated in metric tons (MT) of pollutant (CO2, CH4, N2O) and converted to MT of CO2 equivalents (or "CO2-e") using the global warming potentials (GWPs), which are taken from the Intergovernmental Panel on Climate Change (IPCC) Second Assessment Report (SAR) 1995 using 100 year values.</p> <p><b>Emissions Factors</b>            Electric Power: U.S. EPA eGRID 2014 v1.0 IEA CO2</p> <p>Emissions from Fuel Combustion 2012 (Year 2010): Environment Canada 2014 National Inventory Report</p>		



Material Topic	Material Aspect	Indicator	Indicator Detail	Response/Pg./DMA Link and Indicators	Omissions	External Assurance
<b>Greenhouse Gas Emissions (continued)</b>	Transport	EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	<a href="#">Page 43.</a>		
<b>Guest Satisfaction</b>	Product and Service Labeling	PR5	Results of surveys measuring customer satisfaction	<a href="#">Pages 38-39.</a>	Panera does not survey specifically for a customer satisfaction metric, but does collect customer feedback through surveys and other contact points.	
<b>Health and Wellness, Product Responsibility</b>	Customer Health and Safety	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	<a href="#">Pages 20, 26.</a>		
<b>Labeling and Transparency</b>	Product and Service Labeling	PR3	Type of product and service information required by the organization's procedures for products and service information and labeling, and percentage of significant product and service categories subject to such information requirements	<a href="#">Page 29.</a>		
<b>Operational Water Use and Wastewater</b>	Water	EN8	Total water withdrawal by source	<a href="#">Page 44.</a>		
<b>Sustainable Agriculture</b>	Supplier Environmental Assessment	EN32	Percentage of new suppliers that were screened using environmental criteria		Panera works closely with suppliers to ensure quality and safety, as well as ensuring alignment with the company's standards and requirements. Currently, there are no formal environmental criteria used to screen existing or new suppliers.	
<b>Sustainable Packaging</b>	Materials	EN2	Percentage of materials used that are recycled input materials	<a href="#">Page 46.</a>		
<b>Waste and Recycling</b>	Effluents and Waste	EN23	Total weight of waste by type and disposal method	<a href="#">DMA, page 45.</a>	Currently, Panera is unable to measure its various and total waste outputs due to the lack of control it has over waste collection at its hundreds of company-owned bakery-cafes in North America.	
	Products and Services	EN28	Percentage of products sold and their packaging materials that are reclaimed by category	<a href="#">Page 46.</a>		

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Material Topic	Food Processing Indicator	Indicator Detail	Response/Pg./DMA Link and Indicators	Omissions	External Assurance
CATEGORY: SOURCING					
MATERIAL ASPECT: SOURCING					
Sustainably Sourced	FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	<a href="#">Page 28.</a>		
	FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	<a href="#">Page 34.</a>		
CATEGORY: SOCIAL					
MATERIAL ASPECT: HEALTHY AND AFFORDABLE FOOD					
Health and Wellness, Community Investments, Food Insecurity	FP4	Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote access to healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need	<a href="#">Pages 35, 56-59.</a>		
SUBCATEGORY: PRODUCT RESPONSIBILITY					
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY					
Product Responsibility	FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	<a href="#">Page 21.</a>		
Health and Wellness	FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	Trans fats, <a href="#">page 27.</a>	Except for trans fats, Panera does not calculate the percentage of products sold that are lowered in saturated fat, sodium or added sugars.	
	FP7	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives	DMA, <a href="#">page 18-20.</a>	Panera does not calculate the percentage of products sold that contain increased nutritious ingredients as covered in FP7, although it does have an approach to product development that is mindful of these nutritional attributes.	



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Material Topic	Food Processing Indicator	Indicator Detail	Response/Pg./DMA Link and Indicators	Omissions	External Assurance
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING					
Product Responsibility	FP8	Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements	<a href="#">Page 29.</a>		
SUBCATEGORY: ANIMAL WELFARE					
MATERIAL ASPECT: BREEDING AND GENETICS					
Sustainably Sourced	FP9	Percentage and total of animals raised and/or processed, by species and breed type	<p><b>Salmon:</b> 47,369 lbs.</p> <p><b>Shrimp:</b> 393,890 lbs.</p> <p><b>Lobster:</b> 170,820 lbs.</p> <p><b>Tuna</b> (yellowfin and albacore): 1,000,000 lbs.</p> <p><b>Chicken:</b> 20 million chickens.</p> <p><b>Turkey:</b> 1.8 million birds for roasted turkey and turkey sausage combined; 1.25 million birds for deli turkey; 132,488 lbs. of turkey purchased for Italian Turkey Sausage Crumbles.</p> <p><b>Pork:</b> 607,000 pigs for bacon and ham.</p> <p><b>Dairy:</b> 4,065,501 gal.</p>	Panera was unable to obtain the total number of cows and pigs processed from its suppliers.	

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Material Topic	Food Processing Indicator	Indicator Detail	Response/Pg./DMA Link and Indicators	Omissions	External Assurance
MATERIAL ASPECT: ANIMAL HUSBANDRY					
Sustainably Sourced	FP10	Policies and practices, by species and breed type, related to physical alterations and the use of anesthetic	<p><b>Chicken:</b> Broiler chickens receive no alterations. Breeding chickens receive toenail trimming, comb dubbing and beak conditioning.</p> <p><b>Beef:</b> Alterations occur on calves. No policy on anesthetic.</p> <p><b>Beef/pork salami:</b> Pigs castrated before 14 days without anesthetic, after 14 days with anesthetic/veterinarian oversight. Beef cattle receive no debudding/dehorning/tail docking unless medically necessary.</p> <p><b>Pork:</b> Tail docking and neutering of males at five days or less. No policy specific to anesthetic; set procedure for minimizing pain and ensuring animal health.</p> <p><b>Dairy:</b> One supplier follows organic standards: no tail docking and debudding with anesthetic only. Three remaining suppliers debud; new suppliers will be implemented in 2015 with tail docking and debudding performed only when necessary.</p>	Turkey is not included as we were unable to obtain this information from our suppliers.	



Material Topic	Food Processing Indicator	Indicator Detail	Response/Pg./DMA Link and Indicators	Omissions	External Assurance
<b>MATERIAL ASPECT: ANIMAL HUSBANDRY (continued)</b>					
<b>Sustainably Sourced</b>	FP11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type	<p><b>Chicken:</b> Indoor extensive housing.</p> <p><b>Turkey:</b> 100% indoor extensive.</p> <p><b>Beef:</b> 80% outdoor, free range, 20% indoor extensive. Beef/pork salami: Indoor extensive 7%; indoor intensive 93%.</p> <p><b>Pork:</b> 100% indoor extensive housing.</p> <p><b>Dairy:</b> One supplier follows National Organic Program standards (free range with shelter during inclement weather). Remaining three suppliers follow Farmers Assuring Responsible Management dairy cow housing guidelines from the National Dairy Farm Program; styles range from indoor intensive to free range.</p>		
<b>MATERIAL ASPECT: TRANSPORTATION, HANDLING AND SLAUGHTER</b>					
<b>Sustainably Sourced</b>	FP12	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type	<a href="#">Pages 31-32.</a>		
<b>Sustainably Sourced</b>	FP13	Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling and slaughter practices for live terrestrial and aquatic animals	None		

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Panera's Material Topics (G4-19, G4-20, G4-21)		
Panera's Material Topics	Aspect Boundaries	Material Aspects & Performance Indicators
GRI CATEGORY: ECONOMIC		
<b>Community Investments, Food Insecurity</b>	<b>Within Panera:</b> All company-owned operations <b>Outside Panera:</b> Local communities	<b>Economic Performance EC1:</b> Direct economic value generated and distributed, including community investments. <b>Indirect Economic Impacts EC8:</b> Significant indirect economic impacts, including the extent of positive and/or negative impacts.
<b>Climate Change</b>	<b>Within Panera:</b> All operations, including transportation/distribution <b>Outside Panera:</b> Farmers and producers, local communities	<b>Economic Performance EC2:</b> Financial implications and other risks and opportunities for the organization's activities due to climate change.
GRI CATEGORY: ENVIRONMENTAL		
<b>Energy</b>	<b>Within Panera:</b> All company-owned operations	<b>Energy EN3:</b> Energy consumption within the organization.
<b>Energy</b>	<b>Outside Panera:</b> Suppliers	<b>Energy EN4:</b> Energy consumption outside of the organization.
<b>Greenhouse Gas Emissions</b>	<b>Within Panera:</b> All company-owned operations, including transportation/distribution <b>Outside Panera:</b> Farmers and producers, local communities	<b>Emissions EN15:</b> Direct greenhouse gas (GHG) emissions (Scope 1). <b>Emissions EN16:</b> Energy indirect greenhouse gas (GHG) emissions (Scope 2). <b>Transportation EN30:</b> Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.
<b>Operational Water Use and Wastewater</b>	<b>Within Panera:</b> Company-owned bakery-cafe and fresh dough facility operations <b>Outside Panera:</b> Farmers and producers, local communities	<b>Water EN8:</b> Total water withdrawal by source.
<b>Sustainable Packaging</b>	<b>Within Panera:</b> Bakery-cafe and fresh dough facility operations <b>Outside Panera:</b> Guests, waste haulers	<b>Materials EN2:</b> Percentage of materials used that are recycled input materials.
<b>Waste and Recycling</b>	<b>Within Panera:</b> Company-owned bakery-cafe and fresh dough facility operations, support centers <b>Outside Panera:</b> Guests, waste haulers	<b>Effluents and Waste EN23:</b> Total weight of waste by type and disposal method. <b>Products and Services EN28:</b> Percentage of products sold and their packaging materials that are reclaimed by category.



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Panera's Material Topics (G4-19, G4-20, G4-21)		
Panera's Material Topics	Aspect Boundaries	Material Aspects & Performance Indicators
GRI CATEGORY: SOCIAL		
<b>Compensation and Talent Development</b>	<b>Within Panera:</b> All company-owned operations <b>Outside Panera:</b> Local communities	<b>Employment LA1:</b> Total number and rates of new employee hires and employee turnover by age group, gender and region. <b>Employment LA2:</b> Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation. <b>Training and Education LA10:</b> Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
<b>Diversity and Inclusion</b>	<b>Within Panera:</b> All company-owned operations, including Board of Directors <b>Outside Panera:</b> Local communities	<b>Diversity and Equal Opportunity LA12:</b> Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.
<b>Health and Wellness, Product Responsibility</b>	<b>Within Panera:</b> All operations <b>Outside Panera:</b> Guests	<b>Customer Health and Safety PR1:</b> Percentage of significant product and service categories for which health and safety impacts are assessed for improvement. <b>Product and Service Labeling PR3:</b> Type of product and service information required by the organization's procedures for products and service information and labeling, and percentage of significant product and service categories subject to such information requirements.
<b>Guest Satisfaction</b>	<b>Within Panera:</b> Company-owned bakery-cafe operations <b>Outside Panera:</b> Guests	<b>Product and Service Labeling PR5:</b> Results of surveys measuring customer satisfaction.
<b>Data Security and Consumer Privacy</b>	<b>Within Panera:</b> All operations <b>Outside Panera:</b> Guests	<b>Customer Privacy PR8:</b> Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.
FOOD PROCESSING SECTOR SUPPLEMENT		
CATEGORY: SOURCING		
<b>Sustainably Sourced</b>	<b>Within Panera:</b> All operations <b>Outside Panera:</b> Suppliers	<b>Sourcing FP1:</b> Percentage of purchased volume from suppliers compliant with company's sourcing policy. <b>Sourcing FP2:</b> Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard.

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Panera's Material Topics (G4-19, G4-20, G4-21)		
Panera's Material Topics	Aspect Boundaries	Material Aspects & Performance Indicators
CATEGORY: SOCIAL		
<b>Health and Wellness, Community Investments, Food Insecurity</b>	<b>Within Panera:</b> All operations <b>Outside Panera:</b> Local communities, guests	<b>Healthy and Affordable Food FP4:</b> Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote access to healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need.
SUBCATEGORY: PRODUCT RESPONSIBILITY		
<b>Product Responsibility</b>	<b>Within Panera:</b> Fresh dough facilities <b>Outside Panera:</b> Suppliers	<b>Customer Health and Safety FP5:</b> Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.
<b>Health and Wellness</b>	<b>Within Panera:</b> All operations <b>Outside Panera:</b> Guests	<b>Customer Health and Safety FP6:</b> Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars.  <b>Customer Health and Safety FP7:</b> Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives.
<b>Product Responsibility</b>	<b>Within Panera:</b> All operations <b>Outside Panera:</b> Guests	<b>Product and Service Labeling FP8:</b> Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements.
SUBCATEGORY: ANIMAL WELFARE		
<b>Sustainably Sourced</b>	<b>Outside Panera:</b> Suppliers	<b>Breeding and Genetics FP9:</b> Percentage and total of animals raised and/or processed, by species and breed type.
<b>Sustainably Sourced</b>	<b>Outside Panera:</b> Suppliers	<b>Animal Husbandry FP10:</b> Policies and practices, by species and breed type, related to physical alterations and the use of anesthetic.  <b>Animal Husbandry FP11:</b> Percentage and total of animals raised and/or processed, by species and breed type, per housing type.  <b>Animal Husbandry FP12:</b> Policies and practices on antibiotic, anti-inflammatory, hormone and/or growth promotion treatments, by species and breed type.
<b>Sustainably Sourced</b>	<b>Outside Panera:</b> Suppliers	<b>Transportation, Handling and Slaughter FP13:</b> Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling and slaughter practices for live terrestrial and aquatic animals.