

Panera Responsibility Report

2015 - 2016



Panera
BREAD

Food as it should be.™



Years ago we began a never-ending journey to serve delicious food that is better for you, for our associates, and for the world we live in.

**Panera Bread.
Food as it should be.™**

TABLE OF CONTENTS

Introduction

CEO Letter
About Panera Bread Company
Responsibility Strategy
Responsibility Governance

Ally for Wellness

High-Quality, Clean Ingredients
Menu Transparency
Real Food Options and Customization
Good Food Comes from a Good Place

Craveable Food

The Craft of Good Food
Celebrating the Familiar
and Exploring Fresh Flavors

Everyday Oasis

Cafe Experience
Guest Experience
Sustainable Cafes and Operations

Relationships Through Warmth

Warmth in Our Workplace
Warmth in Our Communities
Relationships with Stakeholders

GRI Index

About this Report
GRI Index and Material Topics

Introduction

introduction

ally for wellness

craveable food

everyday oasis

relationships through warmth

GRI index



A NOTE FROM RON

Dear Friends,

One of my greatest joys as Panera's CEO is working with colleagues who share my passion for food that is both good and good for you—food that tastes great, is well-crafted and nourishes the body and soul.

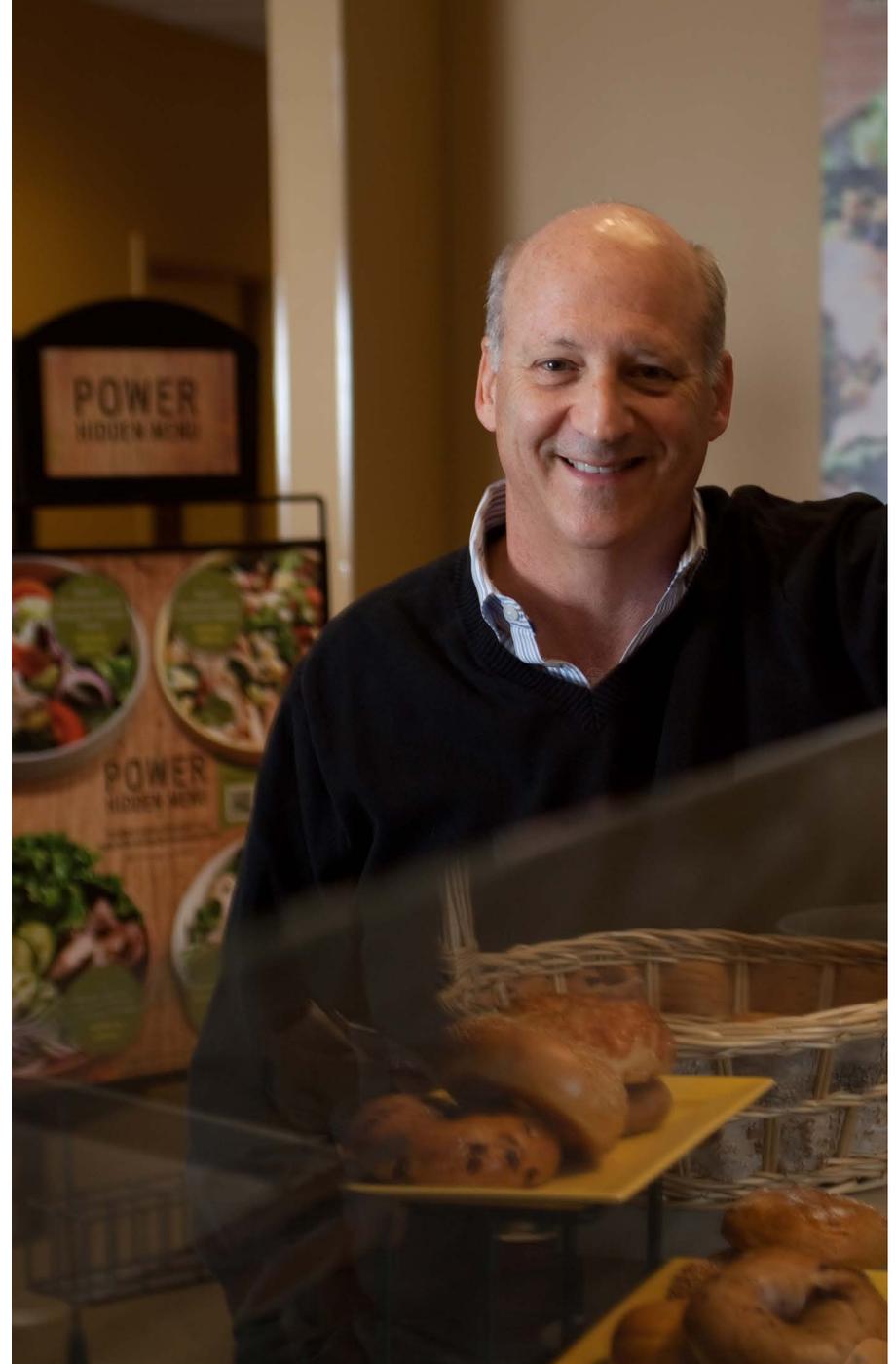
But it takes more than our collective passion to bring this food to our guests. It takes commitment—commitment to serving food that makes a difference in people's lives; food we are proud to eat ourselves; food we are proud to serve our families; and, more importantly, food we are proud to serve the more than 9 million guests who come to Panera each week.

We've been on a journey to offer better food and to have a positive impact on people's lives since Panera's founding. In 2004, we began serving chicken raised without antibiotics. In 2007, we chose to remove all artificial trans fats from our menu items and, three years later, we voluntarily began posting caloric information on all menu boards. In 2014, we pledged to serve only food that was 100 percent clean by the end of 2016. And late last year, we achieved that goal. With each of these achievements, we've also helped to set new standards for the restaurant industry.

Going Clean

Making the commitment to go clean was the easy part. Achieving it was more challenging. Our commitment involved removing artificial flavors, preservatives, sweeteners and colors from artificial sources from our menu items. To get there, we scrutinized some 450 menu items and reformulated 122 different ingredients, resulting in changes to the majority of our bakery-cafe recipes. Our pantry is now filled with only clean, simple ingredients. And many of the major restaurant and food companies are now following our lead.

When we made our clean commitment, we also thought about kids. In 2016, we challenged our industry to provide better options than the typical kids meals found in many places across the country. We committed to continue offering smaller



portions of regular menu items and nutritious side dishes, like yogurt, sprouted grain rolls and apples—all of which are 100 percent clean. And, we spoke out about the use of gimmicks and toys in kids meals, which distract from honest food choices. This is something we have never done, and will not do.

Our clean commitment has also helped us better support our guests in their personal journeys to wellness. Consumers are increasingly concerned about the foods they eat. They want fresh, great-tasting food that is good for them. They want lots of options—from fresh vegetables to whole grains to cage-free eggs—and they want to easily customize what they order. We work hard every day to understand what good food means to our guests. We recognize that eating is very personal—so we make it easy for every single guest to eat the way they want to eat.

Beyond Clean

In addition to being about good food, Panera is also about a warm, convenient and safe experience. We are redesigning our bakery-cafes to be even more welcoming destinations—places where people can enjoy a meal with others or spend a quiet moment during a busy day. We are also making it easier to order what you want when you want it through mobile, in-cafe kiosks and Rapid Pick-Up service. And, in 2016, we began scaling delivery, so that we can bring the foods our guests want straight to them. Our plan is to more than double the number of bakery-cafes offering delivery by the end of this year.

Our commitment to food safety has always been strong, and we've become even more vigilant over time. In 2016, we scrutinized our food safety processes to identify any gaps so we could nip potential problems in the bud, and we are investing even more in our food safety practices going forward.

As neighbors and citizens, we believe we have a responsibility to contribute to the betterment of our local communities and to society-at-large. For instance, our longstanding Day-End Dough-Nation™ program is designed to help feed people who rely on local charities for a meal. When we close our bakery-cafes each evening,

we gather up our unsold breads and bakery goods and donate them to neighborhood shelters and charitable groups. Through our Day-End Dough-Nation program, we donate more than \$100 million worth of food annually, serving hundreds of thousands of people every year through more than 3,500 local community organizations. Since 2010, Panera, through its Panera Cares Foundation, has operated nonprofit community cafes aimed at addressing food insecurity. Menu items at Panera Cares have no prices. Instead, guests are encouraged to pay what they can for their meals, allowing everyone who visits to enjoy delicious and nutritious food in a dignified manner.

Our sense of responsibility also extends to our stance on animal welfare. For years, we have been working to eliminate the use of antibiotics, and we continue to advocate that animals should be raised humanely and without unnecessary confinement.

As long as we have been in business, we have focused on making smart bets, taking leaps of faith and making bold commitments. Leadership is about commitment. Leadership is also about determining what matters, identifying what needs to be changed and taking action. I believe Panera is living up to its commitments, leading in areas that matter to us and to our stakeholders, and embracing our responsibility to be a positive force for good.

I hope our 2016 Responsibility Report conveys the depth of our commitment, as well as what kind of company Panera is, what we've been doing and where we hope to go. And then I hope you will take a moment to share your feedback—including suggestions for how we can do even better—at Responsibility@panerabread.com.

All my best,

A handwritten signature in black ink that reads "Ron Shaich". The signature is written in a cursive, flowing style.

Ron Shaich, Founder, Chairman and CEO

ABOUT PANERA BREAD COMPANY

We began with a simple commitment: to bake fresh bread every day in our bakery-cafes. No short cuts, 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 for wellness for our guests. That means crafting a menu of soups, salads and sandwiches that we would be proud to feed our families. It means serving poultry and pork raised without antibiotics on our salads and sandwiches. It means a commitment to transparency and options that empower our guests to eat the way they want. It also means seasonal flavors and whole grains. And most importantly, it means our commitment to serve clean food: Our entire U.S. food menu and Panera at Home grocery products contain no artificial flavors, sweeteners and preservatives, and no colors from artificial sources.

Panera began more than 30 years ago, at a time when quick service meant low quality. We set out to change that and are still challenging this expectation today. We believe food that is good and that you can feel good about, served in a warm and welcoming environment by people who care, can bring out the best in all of us. To us, that is what good eating is all about and why we exist.

Our History and Evolution

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. After going public in 1991, Au Bon Pain Co. Inc purchased Saint Louis Bread Co., a chain of 20 St. Louis-area bakery-cafes, in 1993.

Throughout the mid-1990s, the Saint Louis Bread Co. concept was studied, modified and renamed Panera. The evolved concept offered guests a high-self-esteem experience that paved the way for the restaurant industry segment that would come to be called "fast casual." In 1999, Au Bon Pain Co. Inc. divested its Au Bon Pain bakery-cafe business unit, ABP International business

unit and manufacturing facilities. It retained the Panera business unit and the public company was renamed Panera Bread Company. 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 and has been working to convert Paradise locations to Panera bakery-cafes.

Since then, Panera has expanded to produce a consumer products line, Panera at Home, which provides refrigerated soups, mac & cheese and salad dressings as well as sliced bread and coffee in grocery retail.

Our business continues to innovate with the expansion of Catering and Delivery. We've focused on improving quality and convenience, with investments in technology and improved operations. We now offer new ways to enjoy Panera favorites—mobile ordering, Rapid Pick-Up, delivery and catering—all designed to make things easier for our guests. We've continued to expand these offerings across our bakery-cafes, and at the end of 2016, delivery was offered in approximately 15 percent of system-wide bakery-cafes.

In 2015, Panera purchased a 50.01 percent share in Tatte, a Boston-based bakery-cafe concept that is equally committed to the craft and quality of food.

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



2016 PANERA BREAD COMPANY AT A GLANCE

2,036 BAKERY-CAFES

902 company-owned
1,134 franchisee-owned



50,800 EMPLOYEES

(company-owned operations)



9 MILLION GUESTS SERVED WEEKLY

(system-wide)



LOCATIONS

in 46 U.S. states, the District of Columbia
and Ontario, Canada



MORE THAN \$100 MILLION

IN ANNUAL COMMUNITY INVESTMENT

(cash and in-kind)



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 bakery-cafe operations and fresh dough facility (FDF) operations.

As of Dec. 27, 2016, there were 2,036 bakery-cafes in 46 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 2,036 bakery-cafes, 902 were company-owned and 1,134 were franchisee-owned. During 2015 and 2016, Panera and our franchisees opened 93 new stores (48 company-owned and 45 franchisee-operated).

We also maintain 24 FDF operations (22 company-owned and two franchisee-operated), located throughout the United States, with one facility in Ontario, Canada. This system is a competitive advantage and key to how we serve high-quality, fresh food. Panera's FDFs supply fresh dough daily for our fresh bread, rolls and bagels, along with tuna salad, cream cheese and much of our fresh produce to nearly all company-owned and franchisee-operated bakery-cafes.

We contract externally for the initial mixing, kneading and rising of the remaining baked goods in the bakery-cafes, referred to as our sweet goods. Then, 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 supplied 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 source the highest quality ingredients, improve purchasing efficiency and negotiate purchase agreements.

Our Financial Results and Economic Impact

In the fiscal year ending Dec. 27, 2016, Panera's net income was \$145.6 million, net company-owned bakery-cafe sales were \$2.4 billion, total operating profit was \$239.8 million and diluted earnings per share were \$6.18. Within our bakery-cafe operations, our employees earned \$678 million in wages and received \$112 million in benefits. We paid \$84.3 million in taxes in the United States and Canada. Our charitable contributions and in-kind donations totaled more than \$100 million.

OUR RESPONSIBILITY STRATEGY:

Fundamental to Panera is our commitment to food that tastes good and is good for you. Our responsibility strategy is structured around the same four key pillars of our business strategy:

- **Ally for Wellness**
Serving as an ally to our guests by providing real information and real options to allow them to eat the way they want
- **Craveable Food**
Honoring the craft of good food and celebrating familiar foods made fantastic, enticing and adventuresome—making wellness a delicious experience
- **Everyday Oasis**
Offering a warm, comfortable, inviting atmosphere for guests while being conscientious about our use of natural resources
- **Relationships Through Warmth**
Building warm relationships based on respect and honesty with guests, associates, local communities, investors and other stakeholders

2015 – 2016 RESPONSIBILITY PROGRESS HIGHLIGHTS

Our responsibility strategy is structured around four key pillars that map to our overall business objectives. Within each of these pillars we have set imperatives for our responsibility and sustainability efforts that align with our key areas of impact. While progress in each of these areas is a multi-year effort, the below highlights some of our accomplishments since our last report.



ALLY FOR WELLNESS

Serve High-Quality Ingredients

Achieved 100% clean for U.S. food menu and Panera at Home products and launched a Kids Meal Promise commitment to clean, high-quality kids meals

Provide Menu Transparency

Began disclosing added sugar and calories at beverage stations

Provide Real Food Options

Launched a new line of moderate to no-added sugar self-serve beverages

Improve Animal Welfare

Sourced 95% of beef, 86% of poultry, 93% of pork and 100% of seafood in accordance with responsibility standards

Source Food in a Responsible Way

Sourced 75% of total palm oil volume from sustainable sources



CRAVEABLE FOOD

Create High-Quality Familiar and Fantastic Offerings Based in Craft

Developed hand-made salad dressings with fresh, inventive ingredients



EVERYDAY OASIS

Provide a Warm and Welcoming Environment for Guests

Piloted new look and feel for bakery-cafes to increase guest enjoyment

Create the Best Guest Experience Through Technology and Operations

Converted almost 70% of company-owned bakery-cafes to Panera 2.0 and introduced a major expansion of small-order delivery

Reduce Environmental Impact of Our Operations

Reduced greenhouse gas (GHG) emissions by 8% and committed to reducing GHG emissions by 15% per square foot by 2022 from 2016 levels*
Reduced water use by 5% since 2014
Increased recycled packaging content by 2%



RELATIONSHIPS THROUGH WARMTH

Foster an Inclusive, Respectful Workplace

Surveyed associates to identify key drivers in engagement and piloted new shift scheduling system

Nourish our Communities

Donated over \$100 million each year through Day-End Dough-Nation™

*Updated and revised goal on August 23, 2017 to reflect a 15% reduction goal per square foot instead of a 15% absolute reduction goal.



RESPONSIBILITY GOVERNANCE

While everyone at Panera is expected to uphold our values and conduct business responsibly, we have a dedicated corporate responsibility team that is charged with managing our overall responsibility strategy, responsibility reporting and stakeholder engagement. This same team drives cross-functional initiatives on key environmental, animal welfare and philanthropy programs. In addition, subject matter experts across the company share accountability for driving other responsibility initiatives, such as our focus on health and wellness, clean ingredients and sustainable packaging, among others.

As our responsibility strategy is threaded throughout our business strategy, senior leaders are held accountable for responsibility metrics in the same way they are for general business performance. Senior managers are responsible for and measured through key initiatives (KIs) for each strategic priority and set goals as part of the KIs they manage. KIs include both business and responsibility metrics.

Although there is no 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 significant stakeholder concerns that may arise.

Material Responsibility Topics

We conducted a full materiality assessment in 2014 to inform our first Responsibility Report and to identify the topics most important to our business, our industry and our stakeholders. For a full description of that materiality process—including the issues that were identified and our findings—please review the [Panera 2014 Responsibility Report](#).

To determine content for our 2016 Responsibility Report, we revisited the 2014 findings of our materiality assessment to see if the topics we identified were still relevant and whether the societal and contextual trends affecting our business

remain the same. We believe the previous findings are still accurate. We base this on the validation process we undertook in 2016, which included discussions with internal leaders and subject matter experts, and with several external stakeholders. For more on the findings from this stakeholder engagement process, please read [here](#).

After carefully considering the importance of each material topic and its impact on Panera's business and stakeholders, we prioritized the topics based on their degree of significance. Please see the [GRI Index](#) for a complete list of our material topics and their corresponding material aspects, aspect boundaries and performance indicators.

Panera's Material Topics

High Priority Topics

- food safety
- health and wellness
- product quality
- data security and consumer privacy
- guest experience
- associate compensation and talent development

Priority Topics

- governance and ethics
- associate engagement
- animal welfare
- food waste
- sustainable packaging
- sustainable and responsible sourcing
- diversity and inclusion
- waste and recycling
- carbon footprint and energy
- associate and guest safety
- food insecurity
- community investments
- operational water use and wastewater

Ally for Wellness

introduction **ally for wellness** craveable food everyday oasis relationships through warmth GRI index





In this section, we describe our approach to being an ally for wellness, including:

food made with high-quality, clean ingredients

transparent menus that provide the information guests need to eat the way they want

real food options throughout the day—for every meal and every moment in between

food that comes from a good place and is prepared safely

WHEN IT COMES TO FOOD

consumers have countless options. But the decision of what food to eat, and why, is very personal. The drivers behind what consumers choose to eat are changing, with a growing emphasis on clean and whole foods, personalized diets and foods that are sustainably and responsibly sourced.

Food is personal to us at Panera, too. That's why we base our food decisions on a simple question: Is this food we would be proud to serve our families and to eat ourselves? We want our guests to come to Panera because they feel that

we support them. Not only by offering great-tasting food, but also real options to support their diet and lifestyle preferences, as well as ways for them to customize their orders, and easy to access information about ingredients and menu items. When we deliver on this, we believe we're being an ally for wellness for our guests.

In 2014, we launched our Food Policy, detailing for the first time our beliefs around food. While our policy continues to evolve, the three basic tenets still guide

our food journey: clean food, transparency and having a positive impact on the food system. As part of our Food Policy, the most important commitment we've made—and achieved—was to serve 100 percent clean food in our U.S. bakery-cafes without artificial preservatives, sweeteners, flavors or colors from artificial sources by the end of 2016. This was just one of many ongoing efforts that would reshape the future of our pantry.

—

HIGH-QUALITY, CLEAN INGREDIENTS

At Panera, we believe high-quality, simple and clean ingredients lead to the best-tasting food. This is why our pantry is stocked with unique ingredients—from our simply prepared sous vide roasted turkey and quinoa sofrito, to roasted nuts and fresh avocados.

100 Percent of Our Food Is 100 Percent Clean

When we announced our commitment to clean in June 2014, our intent was to remove artificial preservatives, sweeteners, flavors and colors from artificial sources from our entire U.S. food menu by the end of 2016. This pledge encompassed Panera's entire U.S. bakery-cafe food menu and also came to include the portfolio of Panera at Home products.

In May of 2015, we published a No No List that itemizes more than 96 separate ingredients and additive classes, which are now permanently eliminated from our food. The No No List also serves to define "clean" for our guests, associates and supply partners. On our path to clean, we reformulated 122 bakery-cafe and FDF ingredients, which required changing the majority of our bakery-cafe recipes and even some methods of preparation. We worked with more than 300 food vendors throughout the entire process.

Cleaning up Panera's menu while maintaining the same taste or making it better presented some challenges. Deli meats, salad dressings and select bakery items were some of the most difficult to reformulate, given the prevalence of additives in these categories. Many of the additives we removed—notably FD&C colors, sodium benzoate, sodium nitrite and sodium phosphate—are still pervasive in the food industry.

In January 2017, we proudly announced that we met our clean commitment at the end of 2016. Panera was the first national restaurant company to make such a comprehensive commitment and, more importantly, to meet it.

Our Food Policy defined our path to clean, and it laid out a roadmap for our ongoing journey.

We're always thrilled to hear that our No No List is making a difference for our guests. On Twitter, Nichole Asquith posted a photo of her daughter enjoying a Pink Heart cookie because it's colored with beet juice, rather than the red dye she is allergic to.



OUR JOURNEY

We're always finding new ways to make every soup, salad, sandwich and sweet treat you eat at Panera the best (and cleanest) it can be.

We open our first location in Kirkwood, Mo.

1987

We introduce chicken raised without antibiotics on our Strawberry Poppyseed Salad with Chicken.

2004

We up our efforts by choosing to remove all artificial trans fats from our menu.

2007

We are the first national restaurant to display calorie information on our menu boards.

2010

March
We make ordering more convenient with mobile ordering kiosks.

2014

June
We announce our plans to remove artificial colors, sweeteners, flavors and preservatives from our food menu by 2016.

December

We share our first annual animal welfare progress report, announcing commitment to reduce confinement for pigs.

May
We unveil our "No No" List and share our first progress report towards our 2016 goal.

2015

November
We release our second annual animal welfare progress report detailing our commitment to reduced confinement including cage-free eggs.

December

We publish our first biennial Responsibility Report.

August
We publish our Kids Meal Promise, committing to real, clean options for kids.

2016

December
We publish our third animal welfare progress report, announcing new efforts to improve broiler hen welfare.

January
We achieve a menu that's 100% clean—free from artificial preservatives, sweeteners, flavors and colors from artificial sources.

2017

March
We add sugar and calorie beverage labeling.





Simpler Soups

We sell over 500,000 servings of soup a day—and we know that our soups, especially our Broccoli Cheddar, are what many guests crave. Given the prominent role soups have on our menu, we had to come up with recipes that would deliver on our clean commitment and, at the same time, deliver the same taste and texture that our guests have come to love. This was no easy task, and it took more than a year for our chefs to refine recipes and remove the No No List ingredients, such as hydrolyzed soy, corn protein and sodium phosphate. In fact, our Broccoli Cheddar soup was revised 60 times before we achieved the recipe that was as creamy, rich and flavorful as the original.

Cleaning Up Panera at Home

Using the learnings from our bakery-cafe work, we decided to do away with the No No List ingredients in our nearly 50 Panera at Home items, including refrigerated soups, mac & cheese, salad dressings, sliced bread and coffee. The packaged goods industry has historically relied on artificial ingredients to extend shelf life by preserving taste and appearance. In committing to clean, we continued to use refrigeration to help extend shelf life and, when it was necessary, we added natural preservatives such as rosemary extract to maintain product freshness.

“It’s often a challenge to find convenient grocery items that contain ingredients I would find in my own kitchen. As a mom and nutritionist, I’m always on the lookout for foods that my kids will love, that are made with ingredients that I am confident serving them. I’m encouraged to see companies like Panera continuing to simplify ingredients and provide full nutritional transparency across all the food they serve and sell.”

Lauren Harris-Pincus, MS, RDN, and founder of Nutrition Starring You LLC

BETTER BACON

In 2016, Panera became the first national restaurant company to offer clean bacon, while at the same time sourcing from pigs that meet Panera's animal welfare standards for reduced confinement and no antibiotics. The journey to clean bacon evolved into a yearlong passion project for the culinary team. They envisioned

a perfect slice with better ingredients, better texture and better flavor. Our clean bacon is applewood-smoked, thicker for added crunch, brined with thyme to create a depth of flavor and cured with celery powder and sea salt instead of sodium nitrate.



Knowing Where Clean Food Comes From

Panera's Food Policy not only affects every associate and guest, it also impacts the suppliers who provide Panera's ingredients. We want to know where our ingredients come from and have a long history of working with and monitoring our suppliers to ensure there is "back-to-source" transparency. Our supplier relationships were critical to helping us achieve our clean commitment—and they are a significant part of how we continue to ensure all elements of our Food Policy are maintained.

"Panera has proven over the course of our long relationship that when the company says something to us or speaks it publicly—it means it. It was clear Panera had been thinking about clean for a long time and was tackling this challenge because it really is in the best interest of the consumer."

Dave Alves, Co-Owner and Vice President, Park 100 Foods

MENU TRANSPARENCY

Our Food Policy 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 where it comes from so they have the information to guide their own wellness journey.

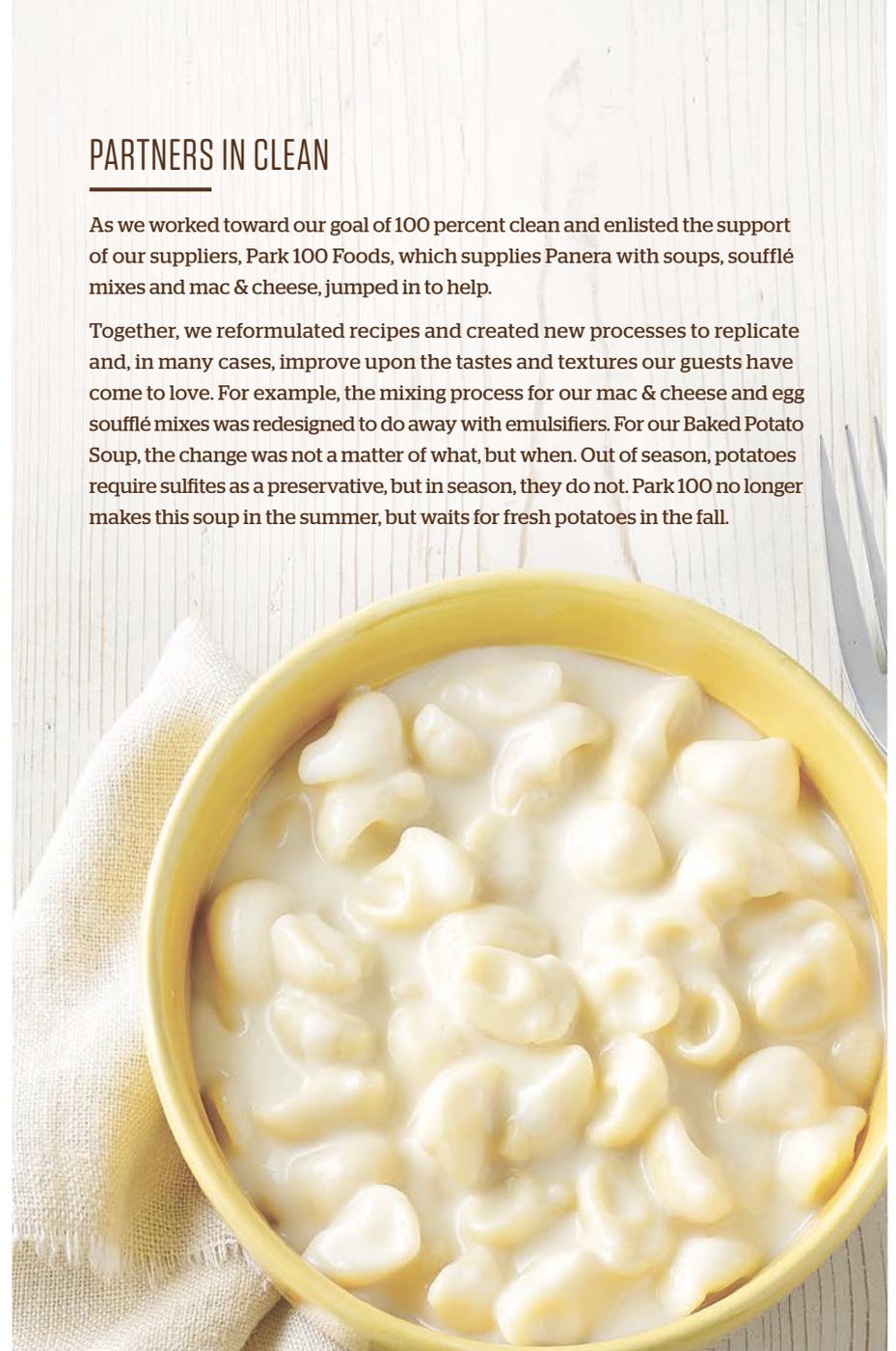
This dedication to transparency is core to who we are as a company. In 2010, Panera began voluntarily disclosing caloric content on our menu boards.

Today, we provide nutrition, allergen and ingredient information for every menu item throughout the customer journey. In addition to our menu boards, we've expanded access to menu information through digital technology, including our website and app. Our website is also full of resources — from great-tasting, wholesome recipes using our Panera at Home ingredients, to information on our approach to food, such as our animal welfare beliefs.

PARTNERS IN CLEAN

As we worked toward our goal of 100 percent clean and enlisted the support of our suppliers, Park 100 Foods, which supplies Panera with soups, soufflé mixes and mac & cheese, jumped in to help.

Together, we reformulated recipes and created new processes to replicate and, in many cases, improve upon the tastes and textures our guests have come to love. For example, the mixing process for our mac & cheese and egg soufflé mixes was redesigned to do away with emulsifiers. For our Baked Potato Soup, the change was not a matter of what, but when. Out of season, potatoes require sulfites as a preservative, but in season, they do not. Park 100 no longer makes this soup in the summer, but waits for fresh potatoes in the fall.



Disclosing Added Sugars

Panera and consumers are increasingly concerned about the connection between sugary, chemical-laden beverages and the prevalence of health issues in America. We know guests are looking to reduce their added sugar consumption, and they need clear information to do so.

In April of 2017, we responded by posting calories and added sugar at the beverage station in our cafes. We also launched a new line of craft, 100 percent clean, non-carbonated beverages. We believe our guests deserve real beverage options and real information to help them make their best beverage choice.

Sodium Labeling in NYC

As long-time advocates of menu transparency, we supported a proposal by the New York City Board of Health to label sodium. The proposal, which was eventually adopted by the city and became law in 2016, affects restaurants with 15 or more locations nationwide. It requires that, in their New York locations, these restaurants post warning labels next to menu items which contain high levels of sodium.

While Panera has always disclosed nutrition information, we used the legislation as an opportunity to reduce sodium in our offerings in New York City. For example, we reduced sodium in our soup bread bowl by 290 mg and we cut sodium in our Bacon Turkey Bravo Sandwich by 740 mg.

While we've made progress on this front, we know there is more work to be done to address sodium across our menu and roll out lower sodium options nationwide.

Craft Beverages

Iced Teas ♦ Lemonades ♦ Frescas



**M A D E
FRESH
D A I L Y**

100%

Clean

**No artificial preservatives,
sweeteners, flavors or
colors from artificial sources**

Made with
REAL FRUIT
and less sugar

An illustration of various fruits including oranges, lemons, and limes, arranged around the text.

REAL FOOD OPTIONS AND CUSTOMIZATION

Part of being an ally for wellness means making it easier for our guests to eat the way they want. Increasingly, consumers are looking to have a personalized meal, and Panera meets this need with our diverse menu and the ability to easily customize orders.

Our goal is to provide real options throughout the day to accommodate whatever our guests are in the mood for. We understand that some guests may prefer a sandwich made with our new Whole Grain pan bread, while others may opt for our Tomato Basil bread. Recognizing the diverse tastes and diets of our guests, we offer a broad spectrum of clean choices—from salads and soups to smoothies and broth bowls. For guests who want more than one choice, the You Pick 2® is a perfect option as it allows them to combine two half-portions.

However, in some cases, our menu offerings are not exactly what a guest is looking for, or they may have specific dietary or wellness needs, such as a dislike

for red onions or an allergy to tomatoes. This is why we make it easy for our guests to customize any menu item. Guests can place their tailored orders via our website, app or kiosks—or in person at the cafe. The increased accessibility of Panera's ordering technology improves efficiency and accuracy, which is especially important for individualized orders.

We also offer curated menus on Panerabread.com—called Eat Well, Your Way—for guests with specific dietary or lifestyle preferences. Eat Well, Your Way provides options for people who are gluten-conscious, vegetarian, vegan, sodium-conscious or seeking protein-rich items. These curated menus allow guests to make a quick decision with few to no customizations required. We are working to expand these specialized menus into our other ordering channels as we further develop this aspect of customization.



Beyond Soda

A traditional soda fountain filled with added sugar and artificial colors, preservatives and flavors does not provide guests with real options. In April of 2017, we sought to change this with a line of six new craft, 100 percent clean, non-carbonated beverages that will be available nationwide by September. These additions provide guests with a broader range of sweetness from moderate to no added sugar.

Made fresh daily, the beverage line features new flavors like our unsweetened Plum Ginger Hibiscus Tea and our Prickly Pear Hibiscus Fresca, which is lightly sweetened with fruit juice. We also reformulated our Green Tea and Lemonade to contain less than 35 grams of added sugar.

“Panera is unique among fast-casual dining and the leader in transparency. Consumers want to be informed, and they want to have choices that let them enjoy delicious and good for you food all the time. With menu items that span the range from good for you to celebratory, Panera helps people forge a personal path to wellness. As a next step, Panera needs to better leverage collaboration between registered dietitians and chefs to devise menu options that line up with the latest information about health-enhancing, yet delicious food choices.”

**Dr. David Eisenberg, Director, Culinary Nutrition,
Department of Nutrition, Harvard T. H. Chan School of Public Health**





COOKIES FOR ALL APPETITES

Sometimes nothing satisfies like a great cookie. While our longstanding line-up of cookies was certainly mouth-watering, in 2016 we decided to rethink our offerings and ensure we have all the options our guests want. Early in 2017, we celebrated a refreshed platform of cookies, which introduced new flavors such as the Raspberry Almond Thumbprint

cookie. We also improved on a classic by heating up our beloved Chocolate Chipper cookie and serving it warm. And we considered portion size as a way to provide guests with more options, which led to a shareable 800-calorie Kitchen Sink cookie and inspired a two-bite, 140-calorie Coconut Macaroon.





Kids Meal Promise

Since launching our kids menu over 10 years ago, we've believed kids deserve the same great food as adults, just in the right portion size. Like the adult menu, our kids menu today features an array of clean soups, salads, pasta and sandwiches that allow kids to choose what they like best.

In 2016, we went one step further and issued a Kids Meal Promise. With this commitment, we rejected the entire concept of "kid food"—and challenged our industry peers to do the same. We believe our industry has room to improve, as the typical restaurant kids meal does not serve our children well. Kids meals often come with poor options like fries and sugary beverages, which is why we've committed to offering nutritious side dishes, like yogurt, sprouted grain rolls and apples. What's more, drinks are optional, not a given, for a Panera Kids Meal.

We also committed to crafting a clean meal for children that is worthy of trust. Marketing to children through kids meals distracts from honest food choices and a child's ability to develop healthy relationships with food, which is why we've never enticed kids with gimmicks and distractions. This means no cartoon characters, crazy colors, toys or toy-shaped food. And it also means not marketing through channels where children make up more than 20 percent of the audience—a commitment we enacted in January 2017.

GOOD FOOD COMES FROM A GOOD PLACE

Fresh, clean ingredients are key to how Panera acts as an ally for wellness for our guests. We seek out high-quality ingredients, harvested at their peak, to lock in flavor and taste. But sourcing the very best ingredients requires a dedication to examining the journey that food takes from farm to fork. That journey can be complex and have a sizeable impact.

Panera's Commitment to Societal Impact on the Food System

Our Food Policy articulates our deeply held belief that our responsibility extends beyond our bakery-cafes to reach our guests, investors, associates and the communities where we operate. We have always challenged the accepted notion of what "big food" looks like and worked to change the way people eat by offering something better—something people could feel good about. Our Food Policy serves as our roadmap and holds us accountable for continuous improvement.

Part of how we ensure we meet our Food Policy commitments is through collaborating with our partners and vendors. With their help, we work to source ingredients responsibly, ensure transparency about what goes into our menu items and explore ways we can improve the food system.

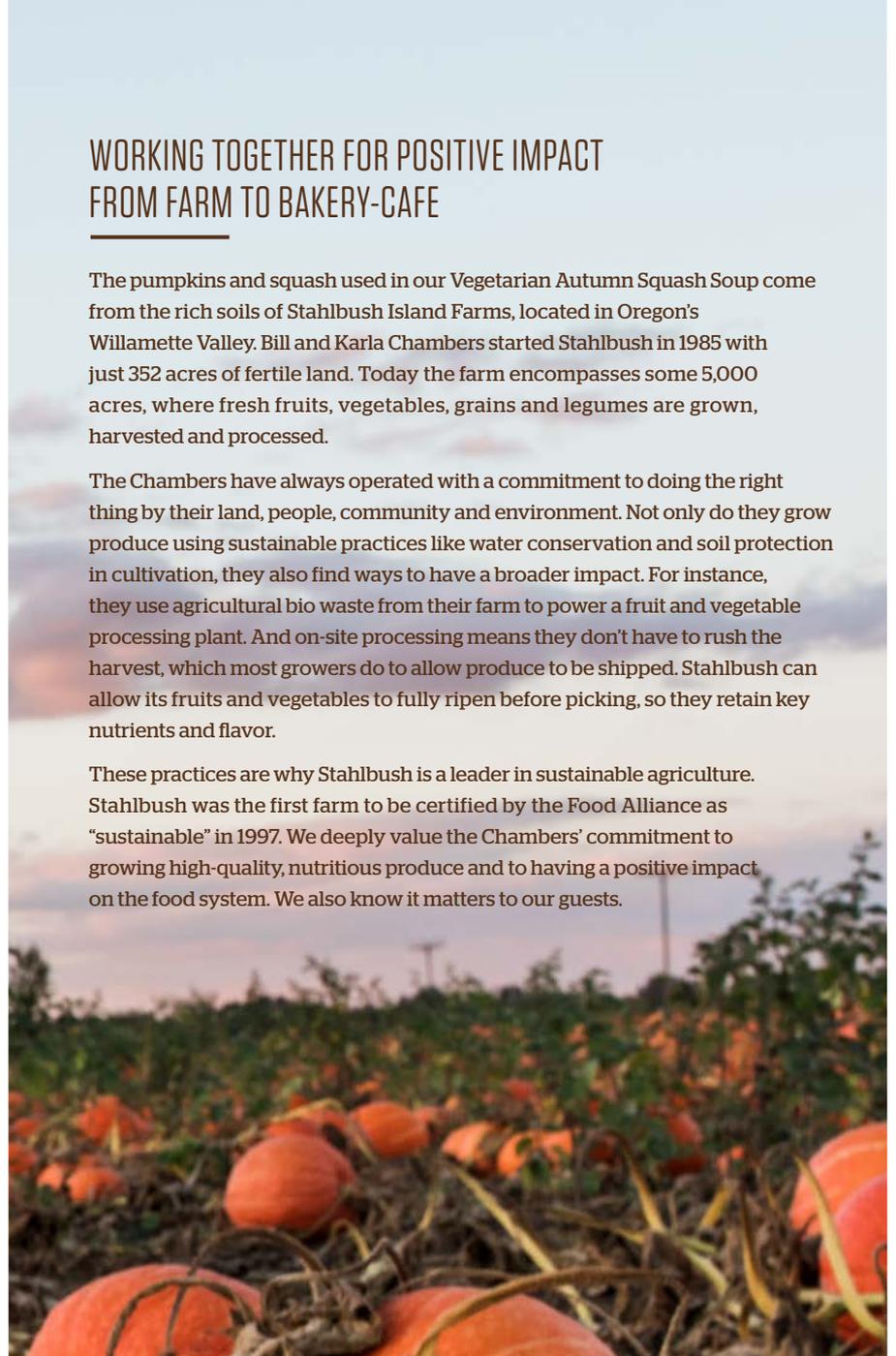
We also develop close, long-term relationships with those who grow our key ingredients and set high standards for them. Many of our vendor relationships go back 20 years, pre-dating our Food Policy. Over the years, we have regularly visited both processor and field locations to ensure both product quality and food safety standards remain high. In 2016, we released a new supplier expectations manual outlining regulatory and corporate requirements for food safety, food quality and certain sustainability measures. We are currently in the process of implementing our requirements and confirming their compliance.

WORKING TOGETHER FOR POSITIVE IMPACT FROM FARM TO BAKERY-CAFE

The pumpkins and squash used in our Vegetarian Autumn Squash Soup come from the rich soils of Stahlbush Island Farms, located in Oregon's Willamette Valley. Bill and Karla Chambers started Stahlbush in 1985 with just 352 acres of fertile land. Today the farm encompasses some 5,000 acres, where fresh fruits, vegetables, grains and legumes are grown, harvested and processed.

The Chambers have always operated with a commitment to doing the right thing by their land, people, community and environment. Not only do they grow produce using sustainable practices like water conservation and soil protection in cultivation, they also find ways to have a broader impact. For instance, they use agricultural bio waste from their farm to power a fruit and vegetable processing plant. And on-site processing means they don't have to rush the harvest, which most growers do to allow produce to be shipped. Stahlbush can allow its fruits and vegetables to fully ripen before picking, so they retain key nutrients and flavor.

These practices are why Stahlbush is a leader in sustainable agriculture. Stahlbush was the first farm to be certified by the Food Alliance as "sustainable" in 1997. We deeply value the Chambers' commitment to growing high-quality, nutritious produce and to having a positive impact on the food system. We also know it matters to our guests.



Animal Welfare

Fundamental to our Food Policy is improving welfare for the animals in our supply chain and our industry. Panera believes in the humane treatment of livestock and poultry because it is better for animal and human health and because it results in better products for our guests.

Our commitment to animal welfare began 13 years ago, when we started serving chicken raised without antibiotics. We have since expanded our purchase of proteins raised without antibiotics to turkey and select pork products and have worked to eliminate unacceptable forms of confinement, including gestation crates and battery cages.

Yet we recognize that more needs to be done. In 2016, we launched a comprehensive [beliefs statement](#) to clearly define our approach to animal care in alignment with the UK Farm Animal Welfare Committee's Five Freedoms. The Five Freedoms maintain that farm animals should have a good quality of life, one that supports physical and mental well-being and enables animals to express natural behaviors. The beliefs statement also includes expectations for suppliers to adopt our principles in their own operations and work toward third-party validation of their practices. The beliefs statement will help us chart a path forward for the continued expansion of our animal welfare work.

We also reached several important milestones in 2016 with our responsible sourcing. More than 93 percent of our pork supply—and 100 percent of our bacon, breakfast sausage and ham served on sandwiches and salads—is now raised without antibiotics and without the use of gestation crates for pregnant sows. The remaining 7 percent is a Chianti wine salami introduced with the launch of our new Italian sandwich in 2016. This all-pork salami does not yet meet our antibiotics or gestation standards, but we are exploring the possibility of transitioning it in the future.

Ninety-five percent of our beef—or approximately 4 million pounds—is grass fed and finished, which is up from 89 percent in 2015. Additionally, we are committed

to converting our U.S. egg supply to 100 percent cage-free by 2020. And, in 2016, we extended this commitment to our Canadian bakery-cafes, with the aim of reaching cage-free there by 2025. Currently, cage-free eggs make up 28 percent of the 70 million eggs used on sandwiches and salads, up from 21 percent in 2015, and 16 percent of all 120 million eggs used system-wide. Lastly, 100 percent of fish and seafood, including lobster, clams and yellowfin and albacore tuna, continues to be wild-caught.

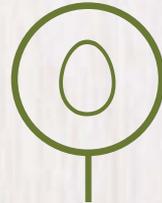
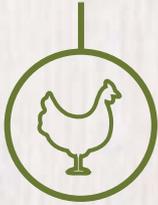


PANERA'S 2016 ANIMAL WELFARE PROGRESS REPORT

For more information on our Animal Welfare record, click [here](#).

86% OF OUR POULTRY

vegetarian fed
raised without antibiotics



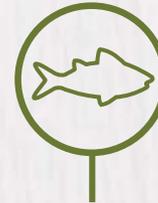
16% OF OUR EGGS

cage-free
vegetarian fed
raised without antibiotics

commitment to be 100%
cage-free in the U.S. by 2020
and in Canada by 2025

93% OF OUR PORK

no gestation crates for pregnant sows
no antibiotics for pregnant sows
vegetarian fed
raised without antibiotics



100% OF OUR SEAFOOD

wild-caught

95% OF OUR BEEF

grass fed and finished
pasture-raised



Meats and Poultry Raised without Antibiotics

Antibiotics are often used in healthy farm animals to promote growth and prevent infection, which can contribute to antibiotic resistance in animals as well as humans. Since 2004, when we first began serving chicken raised without antibiotics, we've worked to increase the amount and types of meats and poultry we buy that are raised without antibiotics. As of the end of 2016, all chicken, ham, turkey, bacon, and Italian and breakfast sausages used in our salads and sandwiches are raised without antibiotics. This now includes deli turkey raised without antibiotics, which we introduced in September 2016. Additionally, 86 percent of our entire poultry supply is raised without antibiotics.

As a result of these efforts, in 2016, we received an "A" grade for our comprehensive policies restricting the use of antibiotics across our meat and poultry supply as part of a national survey and scorecard on antibiotic use in the restaurant industry. The scorecard, which is administered by the Natural Resources Defense Council, Friends of the Earth, Center for Food Safety, the Consumers Union and Food Animal Concerns Trust, highlights food companies that are responding to the public health crisis of antibiotic resistance by adopting strong policies that prohibit the routine use of antibiotics.

“Panera is one of just two restaurant chains to receive consecutive ‘A’ grades on the *Chain Reaction* antibiotics scorecard since the project’s inception in 2015. The company’s comprehensive commitment to serving meat and poultry almost exclusively raised without antibiotics makes Panera a clear restaurant industry leader in the fight to protect these critical medicines.”

Lena Brook,
Food Policy Advocate, Natural Resources Defense Council

Improving Conditions for Broiler Chickens

As the next step in our animal welfare journey, we committed to enhancing welfare for broiler chickens—chickens raised specifically for their meat—in December 2016.

Our commitment builds on our past animal welfare efforts by extending our work beyond Panera to our supply chain and our industry. Past progress has taught us that positive change can sometimes mean significant expense. We know that significant impact will be realized only by industry-wide change, and no one business can shoulder the entire investment required to enact evolved welfare practices. In other words, we can't do this alone. As such, we plan to partner with animal welfare experts, growers, suppliers, competitors and other market participants to identify cost-effective solutions for the entire restaurant industry. Together, we hope to achieve the following industry-wide by 2024:

- Use new broiler breeds recognized as having higher welfare outcomes
- Provide birds with more space (i.e., reduced stocking density)
- Offer improved environments, including litter, lighting and enrichment
- Ensure birds are rendered unconscious using multistep controlled atmospheric stunning, which reduces pain, fear and distress during slaughter

These advancements will align with the new requirements of the Global Animal Partnership's Broiler Chicken Standard—a standard developed by a leading nonprofit organization on animal welfare—and all suppliers will be asked to seek third-party verification of these practices.

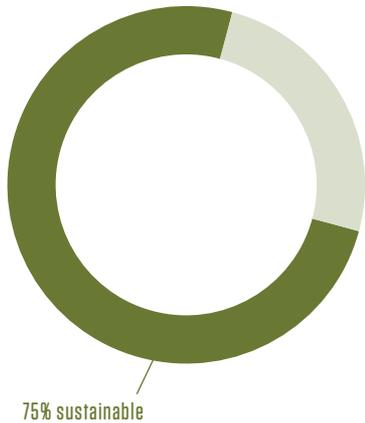
In 2016, Panera was recognized by the Humane Society of the United States with the Henry Spira Humane Corporate Progress Award for our commitment to drive change within our industry and specifically our work on broiler chickens. Panera was the only restaurant chain to receive this honor.

Sustainable Palm Oil

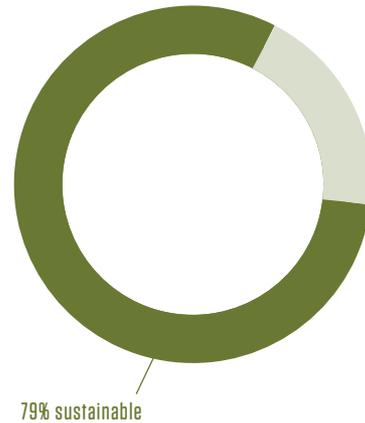
In 2014, we committed to adopting and implementing new sustainable palm oil standards throughout our supply chain in an effort to reduce the negative consequences of sourcing this product. As Panera does not directly purchase palm oil, our biggest opportunity to make an impact is through supplier standards. Our standards require that palm oil and palm oil derivatives in current and new products, consistent with available supply, come from certified sources that meet the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO) or an equivalent. Since 2014, we have been working to ensure compliance for both palm oil and its derivatives in our products, which is unique in our industry.

Panera's Sustainable Palm Oil

Volume of palm oil and/or derivatives



Ingredients containing palm oil and/or derivatives



In 2016, we sourced an estimated 2,500 tons of palm oil out of an industry that produces almost 65 million tons. This figure has dropped by 38 percent since 2014, largely due to achieving our 100 percent clean commitment.

As a result of refining our recipes to go clean, we eliminated roughly half of the ingredients that contained palm oil or its derivatives.

As of the end of 2016, approximately 75 percent of the total palm oil and palm oil derivative volume sourced for Panera meets a certification as rigorous as the principles and criteria of RSPO. Moreover, of the 29 ingredients that include palm oil or its derivatives, 79 percent meet this same standard.

Partnering to Promote Plant-Based Protein

We know that guests are increasingly seeking plant-based proteins for personal health reasons or to reduce their environmental impact. To that end, we have been adding plant-based proteins like edamame and organic quinoa to our pantry, so all guests can eat well the way they want. With offerings like the Low-Fat Vegetarian Black Bean Soup or the Modern Greek Salad with Quinoa, we aim to meet the unique dietary needs of our guests, without compromising on flavor.

In addition, Panera has begun working with the Better Buying Lab—a project of the nonprofit organization World Resources Institute, which focuses on sustaining our planet's resources. The Better Buying Lab convenes companies from food service and food manufacturing, along with experts in marketing, consumer research, food and behavioral economics, to design, test and scale initiatives that encourage increased consumption of plant-based foods. Panera's role will be to test language and marketing content that would invite people to try plant-based foods. We see this work as a vital part of our efforts to provide a spectrum of food options for our guests and support a food system that limits its impact on the world around us.

Food Safety

Food safety is paramount for us—our guests rely on Panera to provide meals that are not only nourishing, but also thoughtfully sourced and safely prepared. As we manage a complex supply chain of ingredients, including an increasing amount of fresh produce, we have become especially vigilant in how we process, transport and handle food. We take the greatest care to ensure food safety through a combination of reliable sourcing, quality assurance and safe handling processes.

Our corporate quality assurance team oversees a rigorous program from farm to fork. Since our 2014 report, the team has improved traceability of ingredients, increased field visits, and implemented higher standards for food quality and food handling in our bakery-cafes and our fresh dough facilities (FDFs), and for our vendors. We also continue to require that all vendors be certified under the Global Food Safety Initiative.

Beyond our corporate team of professionals who oversee our food safety processes and systems, every bakery-cafe manager and associate understands he or she has a part to play in ensuring the safety and quality of the food we serve our guests. All of our associates undergo food safety training as part of their onboarding process and receive ongoing training to reinforce the importance of proper food handling practices. In addition, all bakery-cafe managers and shift supervisors are ServSafe-certified to ensure their familiarity with all aspects of our food safety program. Our bakery-cafes are audited multiple times per year for food safety by a third party.

Given heightened public attention to food safety issues in the last two years, Panera engaged a national food safety expert, Dr. David Acheson, and The Acheson Group LLC, to benchmark best practices and conduct a full-scale evaluation of our FDFs, bakery-cafe operations and supply chain. Prior to establishing his own consultancy in food safety, Dr. Acheson worked on initiatives that led to the Food Safety Modernization Act of 2011, which was prompted after many problems with foodborne illnesses during the early 2000s. We are now using his recommendations to further strengthen our practices.

“In the food industry, consumers have a baseline expectation that the food is wholesome and safe. There are more risks for all brands, including Panera, due to the increase in fresh produce used in cafe food preparation. That said, Panera has worked tirelessly to ensure its guests are protected and has made real progress in enhancing food safety throughout its supply chain and preparations to react immediately to any food safety concern.”

Dr. David Acheson, Founder and CEO of the Acheson Group and former Associate Commissioner for Foods at the U.S. Food and Drug Administration



Craveable Food

introduction

ally for wellness

craveable food

everyday oasis

relationships through warmth

GRI index





FOOD SHOULD

excite, satisfy and deliver an experience worth going out of your way for. Simply put, food should taste great. At Panera, we are dedicated to creating delicious food, without sacrificing the values that are important to us and our guests. That's why our menu balances our passion for the craft of good food with our promise to serve the wellness preferences of our guests.

Our in-house team of professionally trained chefs and bakers approach every item on our menu as an opportunity to create an engaging and often adventurous eating experience. Our culinary team keeps a constant eye on evolving food trends and consumer preferences, and leverages these insights to push the imaginative edges of our core offerings of soups,

salads and sandwiches. The result is innovative menu items that can be replicated in every bakery-cafe.

In this section, we discuss our culinary philosophy and approach, including:

honoring the craft of good food

celebrating familiar tastes and exploring new flavors

THE CRAFT OF GOOD FOOD

Our chefs and bakers know that a great meal is crafted through the careful selection of clean, high-quality ingredients and thoughtful preparation used to transform them into craveable menu items. In our pursuit to create exciting offerings, our team travels the country, seeking out the best ingredients, and then experiments with different recipes and culinary techniques to deliver timeless favorites and novel pairings to guests.

Bread at Our Core

Panera began with a promise: to bake fresh bread every day in our bakery-cafes. For us, this is where our focus on craft started—with the time-honored tradition of artisan breads. Our bakers still hand-shape, knead, score and bake to ensure our guests are greeted with fresh bread at every Panera, every day. Whether it's a sprouted grain roll to complement a salad or a Bread Bowl accompanying our Broccoli Cheddar soup, we believe each serving of bread should be enjoyed for its comfort as much as for its craft.

Because bread plays such a prominent role at Panera, we are always experimenting with grains and working to contribute innovations to the good bread movement. Our philosophy about good bread is intertwined with our views on wellness: We believe it's key to begin with the very best in high-quality grains, with an emphasis on incorporating whole, ancient and sprouted grains where possible, and to stick to traditional, long-fermentation methods.

In 2016, we introduced something new to our menu—a **Whole Grain pan bread**. Made from cracked wheat, rye meal, spelt, oat, flax and amaranth, this new bread has less sodium and more fiber than our other traditional artisan breads, which aligns with growing consumer interest in high-fiber, whole grain options.



STARTING FROM SCRATCH WITH SOURDOUGH

We make traditional sourdough in our bakery-cafes every day, using the same sourdough starter that we purchased in San Francisco back in 1972. The 45-year-old starter—which we affectionately refer to as “Mother”—is used in all our sourdough breads and is the base for our entire line of bagels. Through natural fermentation processes, wild yeast and natural bacteria in Mother help the bread rise, while imparting the yeasty, slightly sour smell that gives sourdough its name.

Mother is now many pieces of starter dough that live at each of our fresh dough facilities. Every night, each Mother is mixed with water and flour and then left to rise at room temperature for over five hours. Half of the dough is used in that day’s sourdough products at each bakery-cafe, and the other half becomes the new Mother to be used the next day.



Sous Vide Meats

We focus on sourcing high-quality meats, like our turkey raised without antibiotics and grass fed, pasture raised steak, because of the better taste it lends our menu items. We have also worked to develop cooking methods that make them juicy and tender, showcasing their flavor. In 2015, we began experimenting with a number of preparation techniques for our roasted turkey and eventually piloted sous vide, a French preparation technique meaning “under vacuum.” We seared the turkey to bring out a deep, caramelized flavor. We then sliced and seasoned the turkey before vacuum-sealing it in a special bag and submerging it in a temperature-controlled water bath to slowly cook—locking in flavor and juiciness.

The Craft of Oven-Roasting

In recent years, kale has become a star ingredient in several of our salads and bowls. But we wanted to go further with this flavorful, high-fiber, nutrient-dense vegetable and use it in a new way—on a sandwich. After we experimented with roughly 10 different styles of preparation—including raw, chopped and marinated—the solution became clear: We would roast the kale using the same ovens we use to bake our bread in each bakery-cafe.

Roasting the kale caramelizes and crisps it, transforming the once bitter flavor into a smoky, sweet richness. Prepped with olive oil, salt and pepper, the roasted kale is then tossed with our sofrito—a blend of roasted tomato and thyme—for added flavor. With this intensified flavor profile, we found it combined perfectly with our sous vide turkey. We then added a fresh mozzarella and served it all on our black pepper focaccia bread for what is now our **Roasted Turkey and Caramelized Kale Panini**.



Better Salads with House-Made Dressings

In 2015, we began a journey to evolve our line of salads by redefining the makings of a great salad experience. We started by taking all of the ingredients from our pantry and laying everything out on a table, so we could see what we had and what was missing. As a great salad begins with fresh and distinctive greens, we pushed beyond the classic bed of romaine and experimented with arugula, kale and radicchio to add more bite, heartiness and crunch. We also played with different grains, nuts, fruits and vegetables to add more texture, color and nutritional punch to each salad bowl.

Lastly, our chefs topped these new salads with freshly made dressings. At that time, salads could be made to order in each bakery-cafe, however we did not have the capability to make dressings from scratch. Yet we strongly believed freshly made dressings could elevate a salad to a new level, prompting us to embark on an effort to bring house-made dressings to every bakery-cafe. Together, our culinary, operations and quality assurance teams developed the recipes, equipment and training to deliver house-made dressings to our guests, fresh every day. A sampling of our new creations is below.

Our **Green Goddess Cobb salad**, launched in summer of 2016, is a modern take on a classic Cobb. Starting with a base of fresh seasonal greens, this salad is topped with pickled onion, bites of bacon, fresh avocado, vine-ripened tomatoes, a hard-boiled cage-free egg and our house-made Green Goddess Dressing. This bold, bright and creamy dressing, hand-crafted from scratch in our bakery-cafes every day, includes Greek yogurt, tender basil, basil pesto, mayonnaise, high-quality olive oil and a champagne Dijon vinegar.

Our **Watermelon Feta and Arugula salad** features fresh, distinctive, seasonal ingredients. Instead of greens as the mainstay in this recipe, the cornerstone is fresh, juicy watermelon. The sweetness of the fruit is balanced with salty, tangy

feta, sliced almonds and a handful of spicy arugula. We hand toss it in olive oil and a champagne Dijon vinegar—a light dressing that doesn't interfere with the bold flavors in this summer treat.

Launched in Spring 2017, our **Southwest Chile Lime salad** exudes authentic southwestern appeal and features a new hand-crafted Chile Lime Rojo Ranch Dressing made with Greek yogurt, basil pesto, chipotle mayonnaise, chile lime rojo vinegar, giardiniera, cilantro and Peppadew peppers. This smoky, slightly spicy and citrusy dressing perfectly compliments smoked chicken, quinoa sofrito, adobo corn, avocado and masa crisps.



CELEBRATING THE FAMILIAR AND EXPLORING FRESH FLAVORS

At Panera, our menu celebrates many time-honored classics that have an interesting twist, like the Roasted Turkey & Avocado BLT. This item is our take on a BLT, offering a blend of the traditional with a contemporary flair. At the same time, we invite our guests to explore and taste completely new, inventive, food-forward creations.

Elevated Sandwich Offerings

When we began serving sous vide roasted turkey in 2015, we wanted to develop a new sandwich to highlight its juiciness and depth of flavor. When our chefs thought about their best turkey-eating experiences, they always came back to Thanksgiving. As we looked ahead to autumn and the holiday season, our chefs and bakers imagined a turkey sandwich that would encapsulate the Thanksgiving experience.

With Thanksgiving as inspiration, and the perfect turkey, we turned to the second most critical ingredient: the bread. We wanted a bread with a long, natural fermentation period to develop deep flavors and aroma, and high-quality ingredients, including whole, ancient and sprouted grains. It was also important to craft something reminiscent of big holiday flavors, like plump and juicy cranberries and crunchy walnuts, to compliment the roasted turkey. The result was our **Cranberry Walnut bread**.

In Fall 2015, we introduced our **Roasted Turkey, Apple & Cheddar Sandwich** as a seasonal offering that pairs the roasted turkey and Cranberry Walnut bread with sharp Vermont white cheddar, fresh apple and cabbage slaw, peppery arugula and mustard horseradish. This sandwich became a fast favorite, especially the Cranberry Walnut bread, and our guests have made it clear—they want the bread year-round. Beginning in 2017, it became a permanent item on Panera's menu.

We've taken a similar approach to rethinking other timeless classics. In Fall 2016, we recrafted our Italian sandwich with unique ingredients and thoughtful preparation. We started with a variety of first-class Italian cured meats—including a new spicy sopressa, smoked, lean ham and a Chianti wine all-pork salami—and then we added fresh arugula, a traditional giardiniera, provolone cheese and a bright basil mayonnaise. **The Italian** is served on our new hoagie roll—its crisp outside and soft inside provide the perfect foundation for this savory creation.

Our **Chipotle Chicken Avocado Melt** was also met with rave reviews when it debuted in 2016, providing a modern update to a classic grilled chicken sandwich. It marries creamy avocado and fresh cilantro with smoky chicken, smoked Gouda and the slow heat of chipotle mayonnaise. We finish it off with sweet Peppadew™ piquant peppers and serve it on our Black Pepper Focaccia.



Refreshing Drinks—Frescas and Updated Lemonades

Every great meal deserves to be paired with a refreshing beverage. And as far as beverages go, we know guests are looking for creative, unique flavors, clean ingredients and less added sugar.

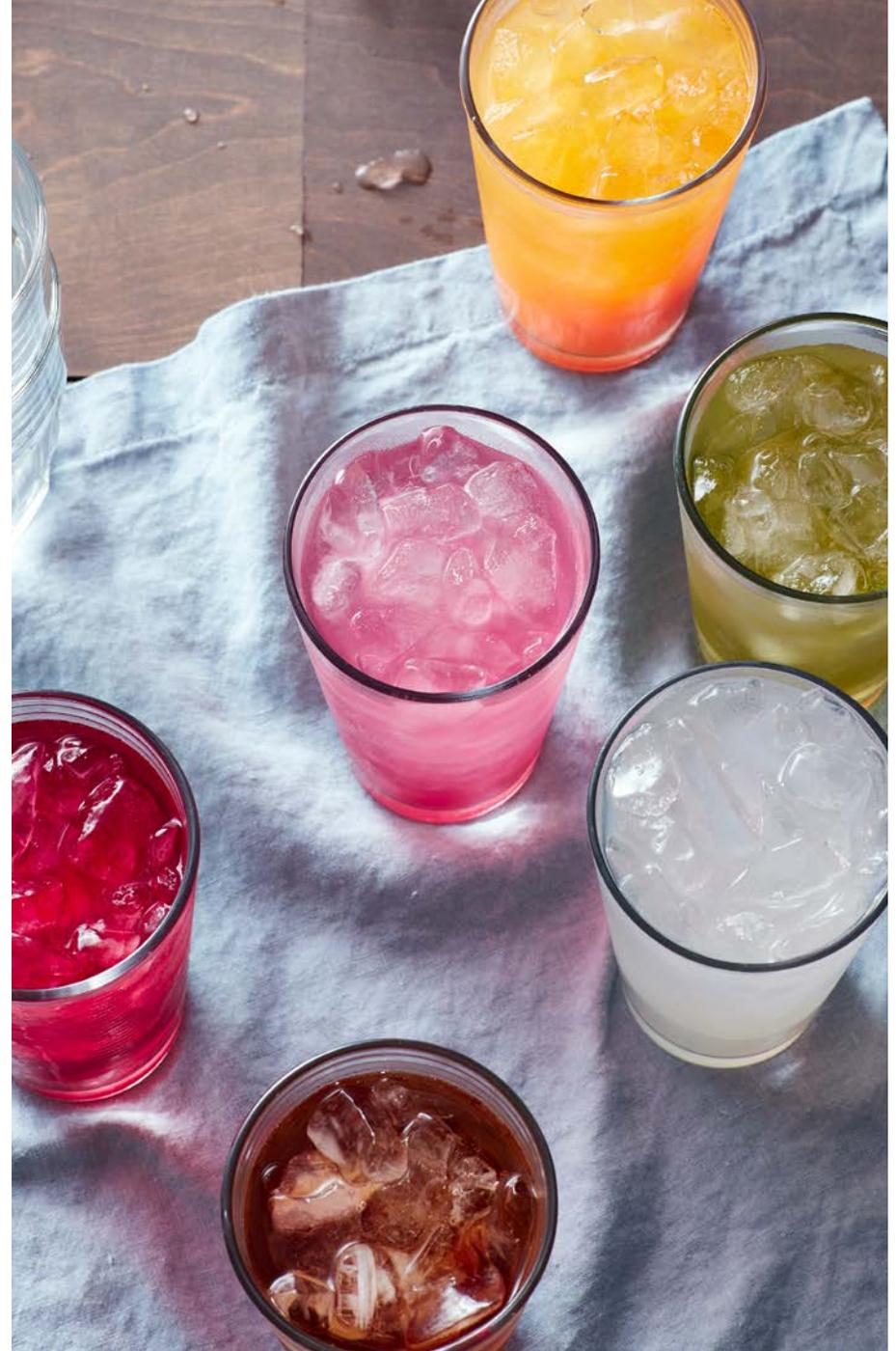
In reviewing our beverages, we found that we weren't providing enough options—or even the right options—for our guests. Our chefs developed a new line of non-carbonated beverages that go beyond soda and traditional iced teas and lemonades with new flavors, varying degrees of sweetness and lighter formats, such as frescas. With the roll-out of the new beverages in early 2017, we also began to label calories and added sugar to better inform our guests at the point of pour. (For more on our beverage menu labeling, please read [here](#).)

In place of our classic lemonade, we now offer an **Agave Lemonade** made with only four ingredients: lemon juice, cane sugar, agave syrup and water. Using a balance of cane sugar and agave syrup helped us to reduce added sugar by over 40 percent, and relying on fresh juice rather than concentrate keeps the recipe grounded in real, high-quality ingredients.

We also introduced a new category of light frescas—beverages made with fresh, seasonal juices and sweetened only with fruits and vegetables. The **Prickly Pear Hibiscus Fresca** is made from prickly pear puree, white grape juice, hibiscus extract and lime juice—all with no added sugar.

Drawing from the popularity of fresh juice bars, we combined blood orange and carrot juices, ginger, turmeric, and cold-pressed lemon juice and cane sugar to create our refreshing **Blood Orange Lemonade**. Building on guests' love for our classic lemonade, this new recipe offers a bold twist on a summer favorite.

We see beverages as an ongoing opportunity to celebrate great ingredients and offer a broad range of options, just as we are doing with our food menu. To this end, we plan to offer seasonal beverage selections, rotating in new flavors featuring food-forward ingredients.



Everyday Oasis

introduction

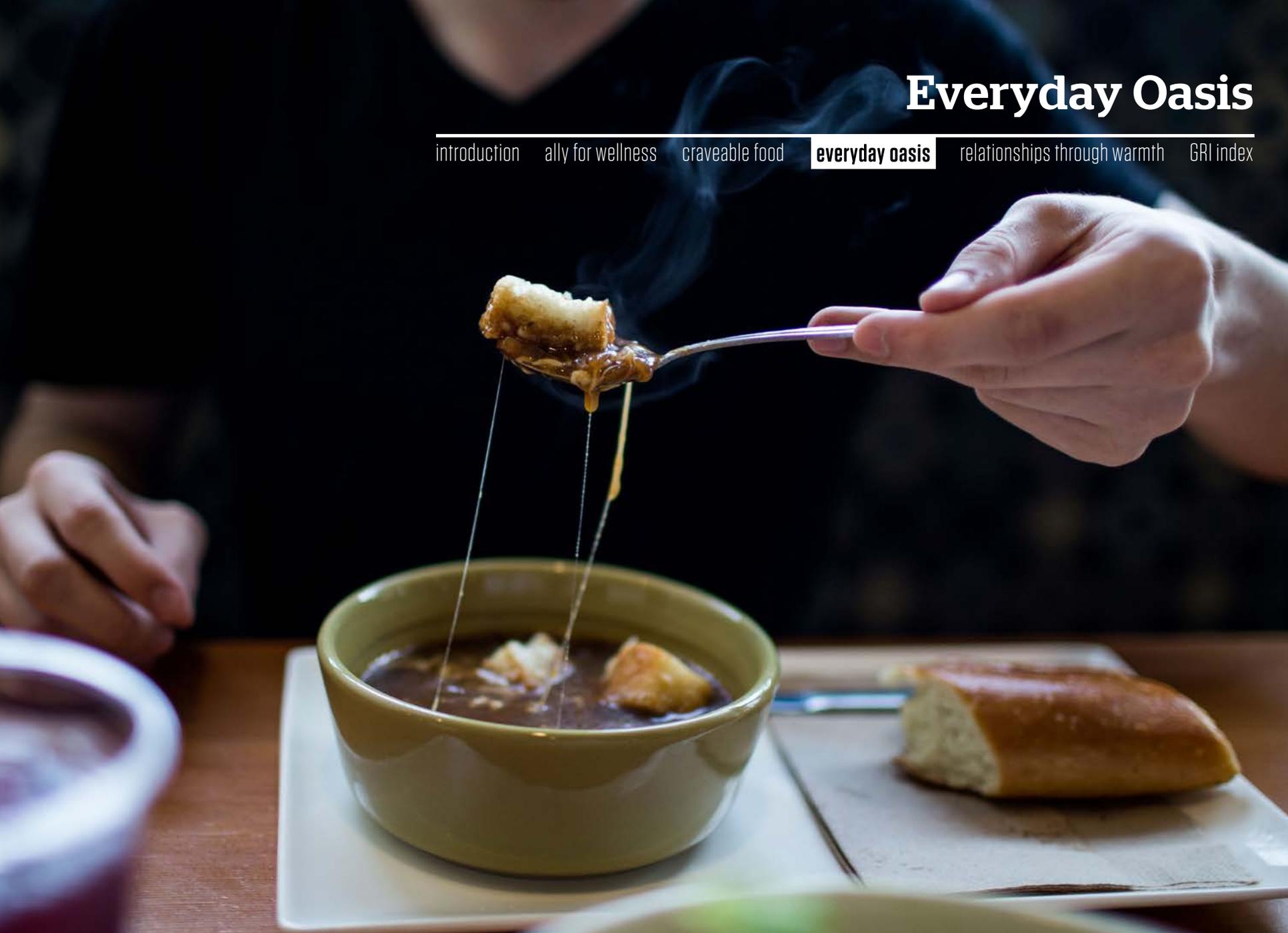
ally for wellness

craveable food

everyday oasis

relationships through warmth

GRI index





WE BELIEVE GOOD EATING

is not only about the quality and taste of the food, but also an experience rooted in the comfort and warmth of the surroundings. We want to create a place where people want to be—a welcoming environment where guests can relax and enjoy a good, clean meal in the company of friends or family, or while spending a quiet moment on their own.

Over the past two years, we have listened carefully to our guests on how we can improve service. We invested in technologies to make it easier for them to place and customize orders, and we have increased the ways our guests can bring Panera into their homes and workplaces. We have also looked closely at the environmental footprint associated with our bakery-cafes

In this section, we describe our approach to creating an everyday oasis, including:

designing a warm and comfortable cafe environment

developing an easy and welcoming guest experience that includes many ways to enjoy Panera

prioritizing operational efficiencies that minimize our environmental impact

and are pursuing a range of operational efficiencies to minimize our collective impact.

CAFE EXPERIENCE

Whether at breakfast, lunch or dinner, or any time in between, Panera is a gathering spot for families, friends and individuals who seek the comfort and warmth of a friendly oasis. All day long, we see guests come and go, such as retirees catching up with lifelong friends, college students cramming for an exam and parents having lunch with their young kids. We design our bakery-cafes to offer a welcoming and comfortable setting for everyone.

Panera's bakery-cafes also highlight the commitment we've made to wellness. Good, clean food is respected, elevated and enjoyed, and the smell of freshly baked breads and sweet goods welcomes guests. As we transition to a new design for our bakery-cafes, we want our guests to feel further connected to the experience of good food, served in an environment surrounded by warmth.

New Bakery-Cafe Designs

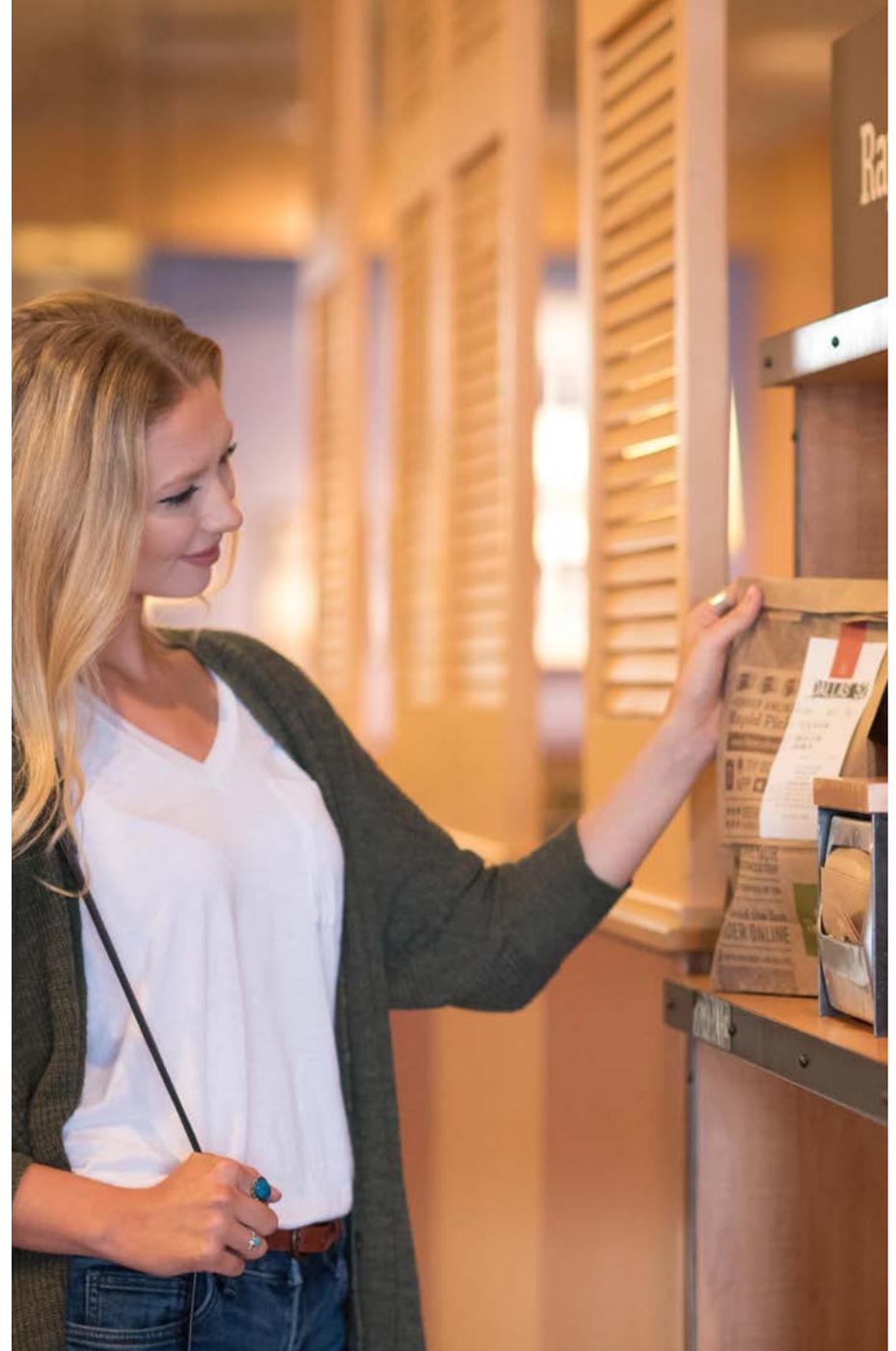
In 2015, we began re-evaluating the design of our bakery-cafes with the goal of making them easier to navigate, and more comfortable and relevant for our guests. A new design prototype was developed and piloted in 2016, and as we continue to update our look and feel in 2017 and 2018, we will focus on several key elements, including:

- **Showcasing the Craft of Good Food**

Drawing on our roots as a bakery, the new design welcomes guests by showcasing the craft of good food with displays of fresh produce and freshly baked breads. Guests will be able to see bakers at work by the ovens, and photography of farmers and their farms will decorate the walls of the bakery-cafe, bringing to life the story of our ingredients.

- **Easing Friction**

The new layout is designed to create less "friction" for guests by reducing wait times, making it easy to locate their Rapid Pick-Up orders and eliminating crowded areas of the cafe.





- **Emphasis on Natural**

Prioritizing natural finishes for our furnishings and more sustainable equipment and appliances will continue to be a focus. For instance, our tables, chairs and booths will be made of wood rather than plastic or laminate materials. All kitchen appliances will be Energy Star-rated, and lighting will be energy efficient LEDs. We plan to allocate space for recycling in all locations. More information on our sustainable operations is [here](#).

Rather than settling for a one-size-fits-all format, we will work from a familiar prototype and tailor the design to each bakery-cafe location. We want our designers to experiment with core elements and leverage a broader color palette to allow for regional customization that reflects local climate and heritage. We believe this approach will lead to bakery-cafes that are locally relevant and more engaging environments for guests.

GUEST EXPERIENCE

At the end of the day, guests are at the heart of everything we do. We see every interaction with guests—whether they are ordering a bagel at our bakery-cafe counter or clicking on a sandwich in our app—as an opportunity to deliver an optimal experience that exudes warmth and eases friction.

Taking the Guest Experience to the Next Level

Five years ago, we began rethinking how we could leverage technology and operational excellence to improve how our guests interact with Panera. This culminated in the launch of Panera 2.0 in 2014, which revolutionized the guest experience.

A key priority of Panera 2.0 was to make it easier for guests to access Panera through technology and digital channels. Guests can now order and pay at self-service kiosks or through our website and app, in addition to being

A GLIMPSE OF THE NEW PANERA

Guests visiting our bakery-cafe in Downers Grove, Ill., will get a peek at the next-generation Panera, where the craft of wholesome, fresh food is on full display and friction is almost nonexistent. At Downers Grove—a bakery-cafe featuring one of our new prototype designs—there are big spaces furnished with comfy chairs where guests can unwind, and the walls are adorned with artwork showcasing our commitments to sustainable sourcing and animal welfare.



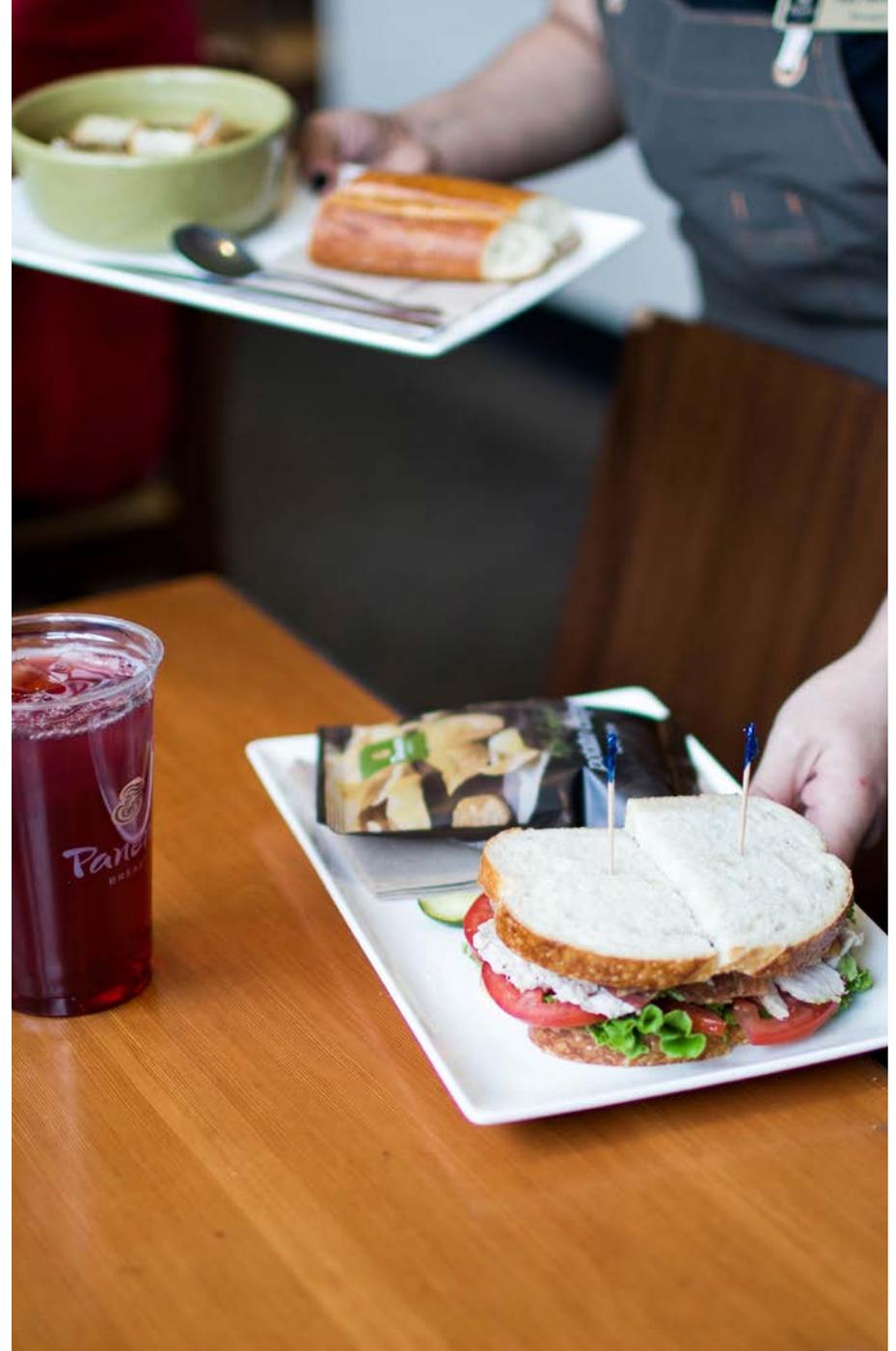
able to order at the counter. Guests can also store their order history to reduce data entry the next time they order. At the end of 2016, 24 percent of our total sales were through a digital channel.

At all of our bakery-cafes, we also now offer Rapid Pick-Up service, which allows guests to preorder and set a specific time for their food to be ready for pick-up. We also integrated the use of Apple Pay and Google Wallet to make payment seamless for guests. Lastly, we expanded our MyPanera® customer loyalty program and associated app, which now reaches 25 million users. MyPanera tracks and remembers guests' ordering history, so based on their menu preferences, we can offer them new suggestions about menu items they may enjoy and provide rewards that are relevant to them.

Panera 2.0 also enables people to easily customize their orders according to their own dietary and wellness preferences. In 2016, guests customized their orders about 70 percent of the time, a sizable increase compared to the pre-Panera 2.0 days.

With an increase in digital and customized ordering, we have been hyper-focused on creating the right systems and processes to ensure order accuracy—today every order is triple checked to make sure that it's correct—while continuing to deliver warmth in our cafes. By increasing the number of associate hours per shift, we took service to a new level. And in some locations, guests dining in our bakery-cafes are now served their orders at their table, which has helped to relieve congestion at the pick-up counter and to create a more pleasant experience for those dining in.

The results speak volumes: Our bakery-cafes that converted early on to Panera 2.0 outperformed their traditional counterparts in both sales and customer satisfaction scores. As of the end of 2016, we had converted 620 company-owned bakery-cafes—almost 70 percent—to Panera 2.0.





Catering and Delivery

In addition to Panera 2.0, we are focused on growing our channels of access through both catering—primarily group orders for business meetings—and small-order delivery of individual orders straight to a guest's home or office.

Since our last report, we made investments in our catering operations to better serve our customers and reduce friction. Many catering customers are executive assistants or salespeople juggling diverse demands and tight timelines. Some prefer a personal connection they can call on time and again, while others need a quick online option. We responded to these different needs by expanding the size of our catering sales team to provide a more personalized experience, and by updating our catering website to make online ordering faster and easier. We also launched a catering loyalty program to provide customers with rewards for their purchases.

While the traditional model of small-order home delivery has been primarily limited to pizza and Chinese food, consumers want more options. Seeing an opportunity, Panera has begun direct delivery of high-quality, fresh food facilitated through online ordering. We are currently piloting functionality to allow guests to track the progress of their order from bakery-cafe to their home or office. This feature will alert them prior to and at arrival so that they can greet their meal at their door or office lobby. By the end of 2016, small-order delivery was offered in 15 percent of bakery-cafes system-wide and we have plans to grow to 40 percent by the end of 2017.

Guest Feedback and Satisfaction

We want every experience with Panera to be one that leaves guests happy and satisfied and, even better, one that surpasses their expectations. If we fall short, we want to know about it.

Our Customer Care Team is always available for guest concerns and feedback, and can be reached by email, online chat, phone and social media. Our team is committed to making sure that guest concerns are heard, acknowledged and

acted upon. For example, in 2016 when we introduced delivery in several of our bakery-cafes, many guests began calling about delivery status. It became clear that we needed to provide more visibility about delivery orders. As described in the previous section, we are working to develop digital functionality that will allow all delivery guests to track the progress of their order.

We also heard feedback from guests in 2016 when we launched a new sandwich, The Italian. While the new sandwich tasted great, it was not quite as filling as our former Italian Combo. We reformulated this recipe to provide a more satisfying portion.

We solicit feedback from the members of our MyPanera® loyalty program. The results of the monthly survey are collated into Cafe Health, which helps us track what matters most to our guests and determine if we're meeting their expectations. In the past two years, we've focused on analyzing the Cafe Health data to better understand the factors that impact the guest experience, such as time of day, day of the week and specific menu items. Cafe Health provides managers a diagnostic tool to compare their bakery-cafe's results with indicator benchmarks and identify areas to improve the guest experience.

In 2016, we learned that one of our guests' biggest frustrations is finding that their favorite baked good is sold out. We have worked to correct this issue by increasing the amount of certain baked goods and soufflés we prepare each day. Our surveys also indicated that guests love table service, so we expanded to an additional 357 cafes in 2015 and 2016. Today, roughly half of company-owned bakery-cafes have table service.

Between 2014 and 2016, we increased Cafe Health scores by 360 basis points because of our focus on high-quality food, order accuracy, speed of service and personalized warmth. As we continue to match feedback to patterns of customer preferences, we will implement changes system-wide.



Guest Safety and Security

Ensuring guest safety is essential to our promise of providing a warm and welcoming oasis. We continually assess the guest experience in our bakery-cafes to identify potential safety risks and ways to mitigate them. While it is impossible to prevent all potential accidents, we have instituted best practices to reduce safety risks and trained our associates and managers in treating on-site injuries.

We are also vigilant about external threats—it's unfortunate and rare, but crime can happen in and around our stores. To safeguard our guests and associates, we ensure our associates and managers are fully trained about on-site procedures, threat prevention and crisis scenarios.

Data Security and Customer Privacy

As Panera's business model continues to include more digital platforms to engage guests, we recognize that data security and customer privacy are critically important.

Our efforts to keep our guests' information safe begin with system design, where we ensure that important technical security measures are interwoven into every

platform. We've developed a clear policy for handling private guest information (e.g., name, email address, phone numbers, etc.) and give guests the ability to opt out of communications from Panera. We never sell or rent this information and only share it with vendors in order to improve the guest experience. Private information is always protected using advanced encryption tools that are ever-evolving to ensure we maintain the highest industry standards. Panera never stores guest credit card information. Instead, it is stored in external data vaults operated by a recognized global payments processing industry leader. This method ensures full separation of credit card data from all other guest information used in Panera's loyalty and digital ordering mechanisms.

Additionally, in 2016 we made significant investments in upgrading our bakery-cafe WiFi infrastructure. Many people come to Panera because they can access the Internet while enjoying a meal. Offering free and safe WiFi is a critical part of our bakery-cafe experience. These WiFi system upgrades are designed to offer better performance and protections, adding safeguards for guests so that they can trust their experience at Panera.



SUSTAINABLE BAKERY-CAFES AND OPERATIONS

We believe that our natural environment should be treasured and respected. For us, stewardship begins by better understanding and measuring our most significant impacts—energy, waste and water use—and working to address them. With 2,036 bakery-cafes, 24 fresh dough facilities (FDFs), three support centers system-wide and a sizable distribution network throughout the U.S. and Ontario, our focus is on operational efficiencies that reduce our environmental footprint.

The following describes our key sustainability initiatives and provides environmental data related to our company-owned bakery-cafes and operations. Franchised operations are not included, unless otherwise noted.

Energy Use and Greenhouse Gas Emissions

Energy, whether it be electricity, natural gas or diesel fuel, is vital for our operations and the transport of our supplies and goods. Yet we know that energy must be used wisely and not wasted. With investments in HVAC systems, improved lighting, efficient kitchen equipment, IT infrastructure, and our fleet and logistics network, we will be better able to manage our energy footprint over the long term.

We believe the best way to measure the success of our investments in energy efficiency is by tracking our GHG emissions against a baseline we established in 2016. We also believe having a reduction goal is essential to help drive our performance. Our goal is to reduce GHG emissions by 15 percent per square foot by 2022 compared to our 2016 baseline.*

Energy Efficiency

Knowing that electricity is our biggest utility expenditure, we established a baseline to track against and have begun testing and implementing efforts to cut our energy use. Looking ahead to 2017 and 2018, we expect to expand the most successful

solutions into more bakery-cafes and FDFs, while continuing to innovate and test new energy efficiency opportunities. The most notable programs we've focused on in 2016 include:

- **HVAC Efficiency**

In our bakery-cafes, we are reprogramming thermostats to standardize set points so that heating and cooling match the hours when the cafes are open, reducing overall energy usage. These settings are checked quarterly by our facilities team.

Our facilities team is also evaluating improved HVAC systems to replace those aging out, particularly as HVAC technologies are becoming more energy efficient. For newer models, we have piloted variable frequency drives (VFDs) in units in several bakery-cafes and FDFs. VFDs ensure that fan motor speeds are adjusted as needed, which has reduced energy usage in bakery-cafes. In the FDFs, we're also working on swapping out the evaporation fan motors in our dough refrigeration units with electronically controlled motors that use less energy.

- **Lighting**

Since the 1990s, Panera has made steady improvements in lighting efficiency, moving from traditional incandescent to metal halide to LED options as technologies have advanced. In early 2016, we switched track lighting above our bakery, menu boards and bread wall to new fixtures that use 15 watt LED bulbs instead of 75 watt incandescent bulbs. These new fixtures are estimated to use almost 80 percent less electricity when compared to the original incandescent lamps.

*Updated and revised goal on August 23, 2017 to reflect a 15 percent reduction goal per square foot instead of a 15 percent absolute reduction.

As new bakery-cafes have been developed and with our new bakery-cafe design (read more [here](#)), we are using mostly LED fixtures in our outdoor and parking lot lighting. The new lights require fewer poles and bulbs because the light emitted from LEDs is brighter and more easily directed. In addition to being more efficient, they have a longer life, requiring less maintenance.

Given the success we've seen thus far, we are testing new LED lighting for our recessed lighting and back-of-house linear lighting in our bakery-cafes as well as in FDFs to replace compact and linear fluorescent bulbs. Compared to their fluorescent predecessors, LED linear bulbs are made almost entirely of plastic, making them shatterproof and reducing the health and safety risk of shards of glass and mercury from a dropped bulb. We're also revamping our ordering system so that whenever an LED bulb could be used, managers are limited to ordering that option.

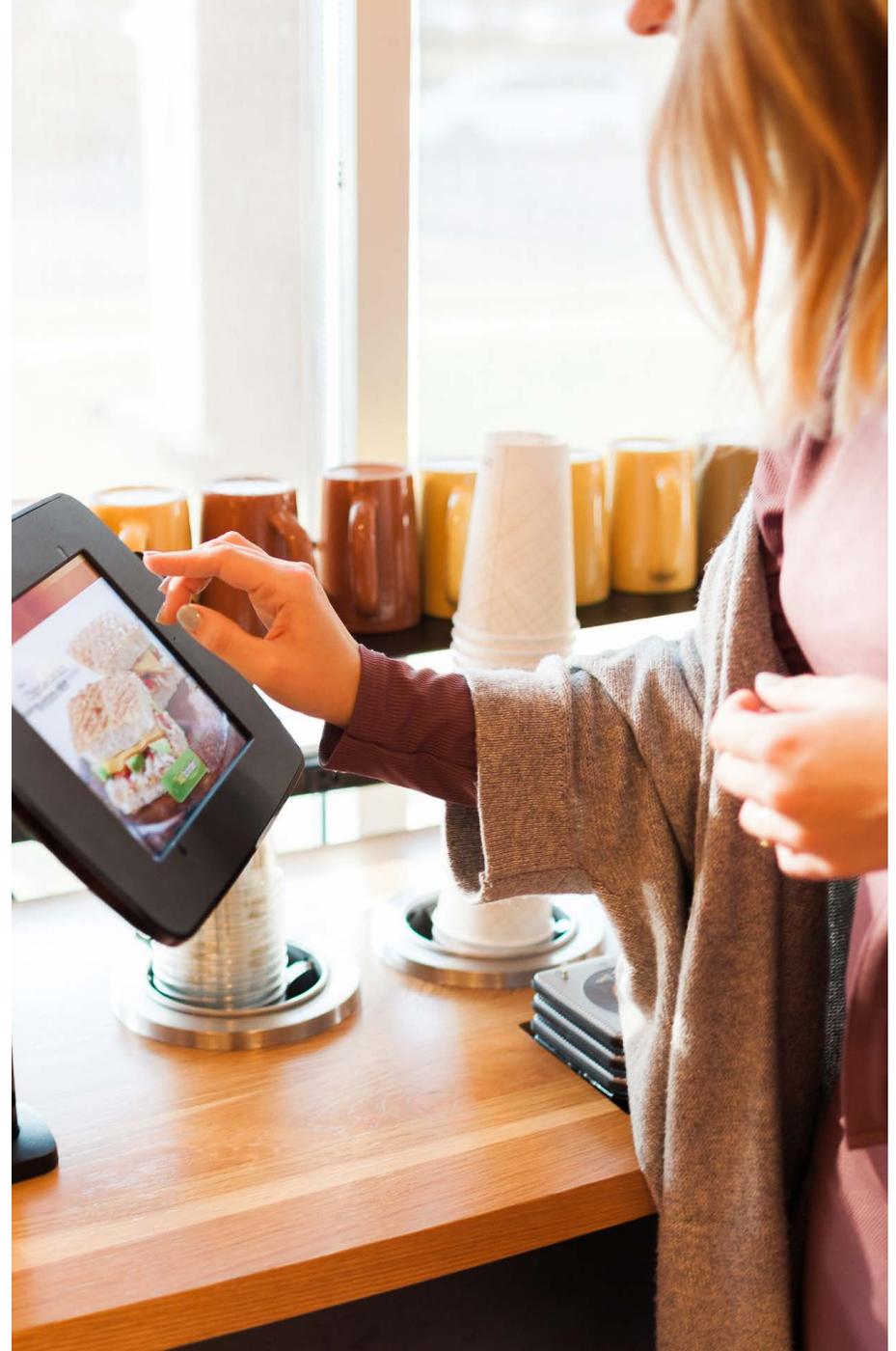
- **Kitchen Equipment**

Early in 2016, we metered many types of equipment in bakery-cafes to identify which pieces use the most energy. For the highest energy users, we have begun to test more efficient models. If these models meet our operational needs and save substantial energy, we will work to expand their use to additional bakery-cafes.

- **IT Infrastructure**

Over the past several years, we transitioned a significant portion of our physical IT hardware to a virtual cloud infrastructure. In the past, we operated with 1,400 physical servers, which we've winnowed to 80 host systems, creating a 94 percent reduction in heating and cooling power demands.

This change has helped us to lower operational costs, boost employee productivity, better manage systems migrations and reduce our energy use. We also adopted new storage systems with improved data compression technology that halved storage hardware requirements and hosting center energy use and cooling requirements.



Transportation

The scale of Panera's operations across North America—and our commitment to the freshest possible ingredients—means that our distribution system is a complex network that transports fresh dough and other ingredients daily from our FDFs to all of our bakery-cafes. As Panera continues to grow, so will our transportation fleet. For every 10 to 12 new cafes, we add a new truck to our fleet. In 2016, our fleet consisted of 268 leased trucks, with a maximum distribution range of 300 miles, consuming 3.1 million gallons of fuel.

We recognize that transportation and the consumption of fuel have an impact on the environment, so we look to improve our practices where we can. Our team reviews new vehicle specifications annually and improves efficiency with

turnover—tractors are replaced every six years and trailers every seven. Some of these new specifications include air fairings on top of trucks and side skirts on trailers that log significant highway miles, both of which reduce drag. We also employ route optimization software to make routes as efficient as possible and limit speed and idle times to reduce fuel burn.

In 2016, our new delivery trailers were equipped with solar panels to charge the battery that operates the liftgate. Today, we have approximately 20 of these solar-powered trailers in service. We anticipate that we will upgrade a significant portion of our trailers in 2018 and 2019 and install the solar panels as we go.



Greenhouse Gas Emissions

In 2014, we reported initial GHG baseline data for the company and over the past two years, we have worked to source more detailed information on our impacts to refine the baseline and inform our GHG emissions goal.

Our process to establish the baseline included collecting more accurate invoice data for landlord-controlled bakery-cafes, which represent about one-third of company-owned bakery-cafes; gathering more accurate estimates for our fresh dough, delivery and catering fleets; and including emissions from refrigerants for bakery-cafes, FDFs and mobile transit. Most notably, we have now estimated Scope 3 emissions—emissions from our indirect impacts, such as the energy use by our franchisees, impacts of purchased goods and services and upstream transport—in our inventory baseline and will continue to report them going forward.

Since 2014, our total energy use has decreased almost 4 percent and our total emissions are down by almost 8 percent. These changes are due to four main factors: improvements in lighting efficiency, better accounting of landlord-controlled bakery-cafe electricity and natural gas use, refranchising of bakery-cafes, and a more efficient electricity grid.

CLIMATE CHANGE AND OUR BUSINESS

Because we recognize its impacts, we vigilantly track how climate change could affect our business.

Risks to our business due to climate change include:

Physical risks from severe weather events or changes in weather patterns

- Disruptions or fluctuations in the price or availability of commodities.
- Disruptions to the transport of goods to our bakery-cafes—our business depends on daily deliveries of fresh ingredients.
- Damage to bakery-cafes, support centers and FDFs.
- Loss of power to our IT systems.
- Reduction in guest traffic.

Regulatory risks

- Carbon regulation could impact costs as we rely on fuel-intensive transport, an agricultural supply chain and meat and dairy production.

Opportunities for our business due to climate change include:

Physical benefits from changes in weather patterns

- Milder climates could extend the growing season or agricultural zones, increasing supply, and reducing distance and transport costs.
- More suppliers could adopt sustainable agricultural practices, reducing costs for these types of products

Regulatory benefits

- Uniform carbon regulation would improve long-term planning opportunities.

Other

- Our sustainability efforts could build increasing consumer trust and affinity.

2014 – 2016 SCOPE 1 AND 2 EMISSIONS

SCOPE/SOURCE	CONSUMPTION (GJ)			% CHANGE	GHG (CO2e)			% CHANGE
	2014	2015	2016		2014	2015	2016	
Scope 1								
Natural Gas	970,307	997,516	845,100	-14.82%	48,833	50,204	42,537	-14.80%
Fleet - Diesel - Heavy Duty	461,952	430,648	486,808	5.11%	32,044	30,290	33,768	5.11%
Catering Delivery Vehicles	-	289	289	-	-	122	259	-
Refrigerants - Stationary	-	-	-	-	-	13,363	15,126	-
Refrigerants - Mobile	-	-	-	-	-	808	434	-
Scope 2								
Electric Power	1,243,276	1,303,518	1,246,592	0.27%	185,961	179,306	169,470	-9.73%
Totals								
Total Scope 1 & 2 Only	2,675,535	2,731,682	2,578,500	-	266,837	259,801	245,775	-
Scope 3								
Franchise Natural Gas	-	946,412	996,003	-	-	47,643	50,142	-
Franchise Electric Power	-	1,155,507	1,400,084	-	-	165,482	198,104	-
Jet Fuel	-	9,401	5,854	-	-	646	402	-

The 2014 values presented in this table contain small corrections in data resulting in the minor updates.

2016 GHG EMISSIONS BY SOURCE AND SCOPE

SCOPE/SOURCE	METRIC TONS CO2e	% OF TOTAL
Scope 1	86,850.1	4%
Natural Gas	42,537.1	2%
Refrigerants - Stationary	9,514.5	0%
Fleet	33,767.7	2%
Catering Delivery	259.4	0%
Refrigerants - Mobile	771.3	0%
Scope 2	169,470.0	8%
Electric Power	169,470.0	8%
Scope 3	1,898,784	88%
Franchise Natural Gas	50,141.9	2%
Franchise Electric Power	198,104.4	9%
Solid Waste	203,048	9%
Recycling - Mixed	-127,777	-6%
Delivery Vehicles	2,654.4	<1%
Business Travel (air, car, hotel)	9,342.4	<1%
Upstream Transportation	21,109.0	1%
Purchased Goods and Services	1,545,655	72%
Totals		
Total Scope 1 & 2 Only	256,320.0	12%
Total All Scopes	2,158,597.8	100%



Waste, Recycling and Composting

As a restaurant chain, we recognize the responsibility we have to reduce waste from our operations—both packaging and food waste that occur in the preparation of our food and in its consumption.

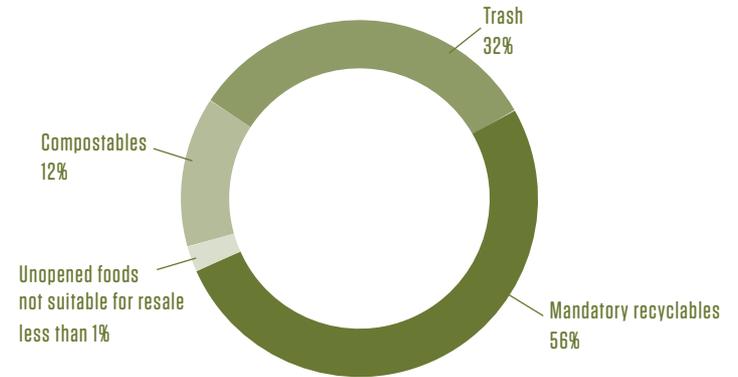
We spent the last year establishing a baseline of our waste volume and contents—in 2016, we generated an estimated 1,630 cubic yards of trash and 845,000 cubic yards of recycling. We are confirming these findings in collaboration with our waste haulers and working to “right-size” our containers at every bakery-cafe to ensure that our baseline accurately reflects our impacts.

We also conducted several waste audits in partnership with Chittenden Solid Waste District in Burlington, Vermont; with the National Resources Defense Council in Nashville, Tenn., New York City, and Denver, Colo.; and with our new national hauler. Findings from these sample sites are providing a clearer picture of our waste. We now have a better understanding of how much of our waste is trash, recyclables and compostables and what element of our cafe operations—the front of the house (things guests dispose of) or the back of house (waste resulting from food preparation)—creates the most waste.

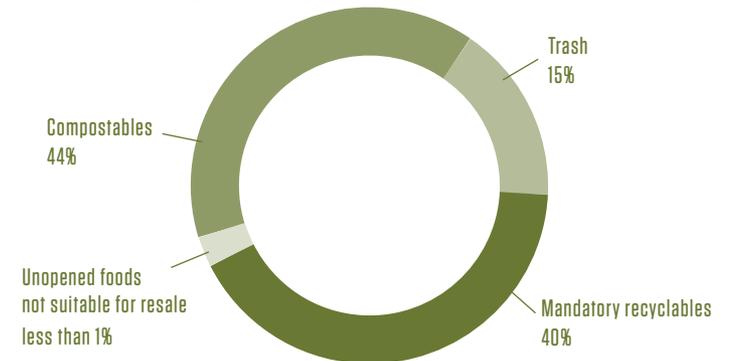
Using this information, we plan to identify ways to reduce the waste we generate, increase recycling and, where economically viable and mandated by law, pursue composting as a means of diverting waste that goes to landfill. At the end of 2016, approximately 50 percent of our company-owned bakery-cafes offered some recycling options. Composting is available in 10 of our company-owned bakery-cafes and at our St. Louis support center.

Findings from Waste Audit in Burlington, Vermont

Total Waste By Volume



Total Waste By Weight



*Three days' worth of bakery-cafe trash and composting

Food Waste

Food waste is a concern for all restaurant companies. Keeping food safe requires that some be disposed of, and relying on fresh, clean ingredients means shorter shelf lives for many items in our operations. In addition, guests may throw away food at the end of a meal. These are realities of the business we're in.

Nonetheless, we continue to improve our performance by eliminating food waste and reducing costs. Preparing each dish at the time the customer places the order ensures we use ingredients only when needed. Customization in ordering also reduces food waste, as dishes can be modified to leave out unwanted items that could have ended up in the trash. Guests can order half sandwiches or salads, selecting their desired portion size and therefore eliminating the extra helping that might have become waste.

In back-of-house operations, we've reduced food waste by improving our forecasting. Utilizing a fully integrated technology platform for back-of-house food systems, we now have better data about what we're using and wasting. The system helps us more accurately predict sales, food and labor costs, and cash flow, and helps associates better understand daily prep needs.

In our efforts to reduce food waste, we also acknowledge the realities of creating a welcoming and inviting bakery-cafe environment. Panera plans for a certain amount of baked goods over our daily sell amount so that the bakery always looks full and inviting and guests never face an empty display case. Because Panera sells only goods baked fresh that day, there are almost always leftover bakery items at closing.

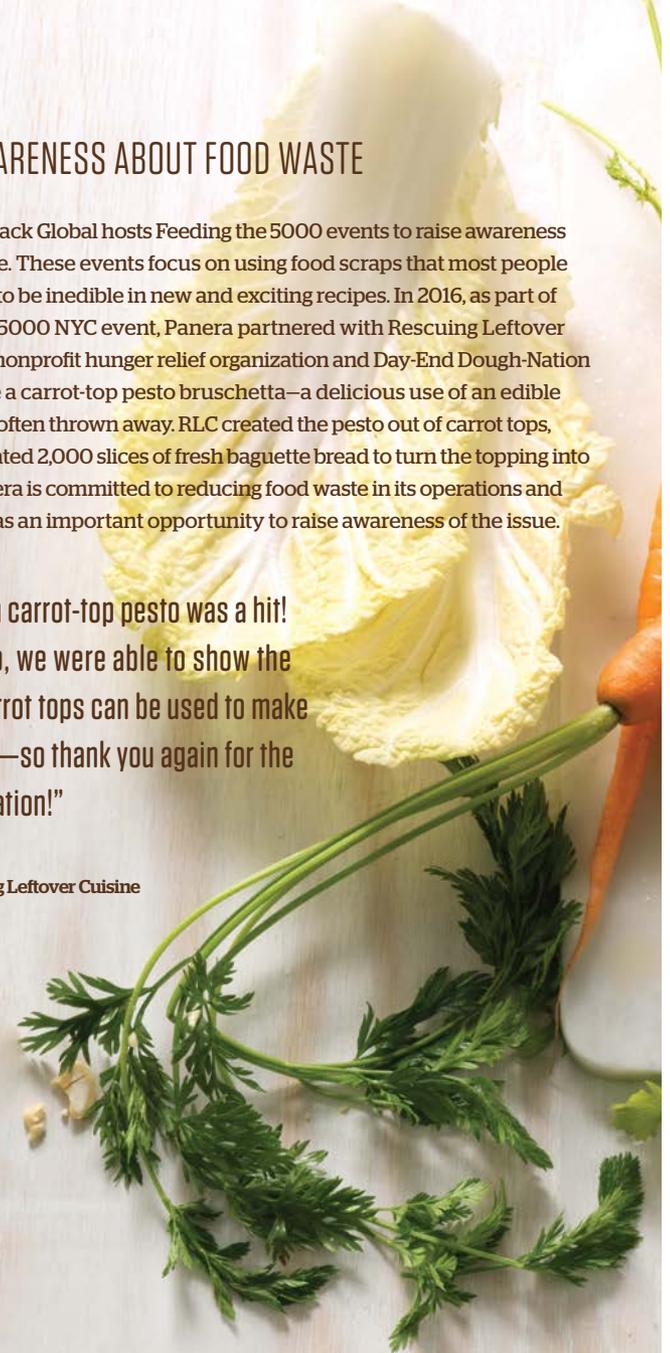
This excess is not wasted. Rather, associates carefully package up the unsold breads, bagels, muffins and pastries for nonprofits that distribute it to those who need them through our Day-End Dough Nation™ program. This effort is part of our commitment to fighting hunger and food insecurity. In 2016, we donated over \$100 million in baked goods, estimated to weigh approximately 24 million pounds. Learn more about this program [here](#).

RAISING AWARENESS ABOUT FOOD WASTE

Each year Feedback Global hosts Feeding the 5000 events to raise awareness about food waste. These events focus on using food scraps that most people would consider to be inedible in new and exciting recipes. In 2016, as part of the Feeding the 5000 NYC event, Panera partnered with Rescuing Leftover Cuisine (RLC), a nonprofit hunger relief organization and Day-End Dough-Nation partner, to serve a carrot-top pesto bruschetta—a delicious use of an edible green that is too often thrown away. RLC created the pesto out of carrot tops, and Panera donated 2,000 slices of fresh baguette bread to turn the topping into a full snack. Panera is committed to reducing food waste in its operations and recognized this as an important opportunity to raise awareness of the issue.

**“The bread with carrot-top pesto was a hit!
With your help, we were able to show the
public how carrot tops can be used to make
delicious food—so thank you again for the
generous donation!”**

Robert Lee
Founder, Rescuing Leftover Cuisine



Packaging

How our food is presented—either on plateware for dine-in guests or packaged to go—is key to the guest experience.

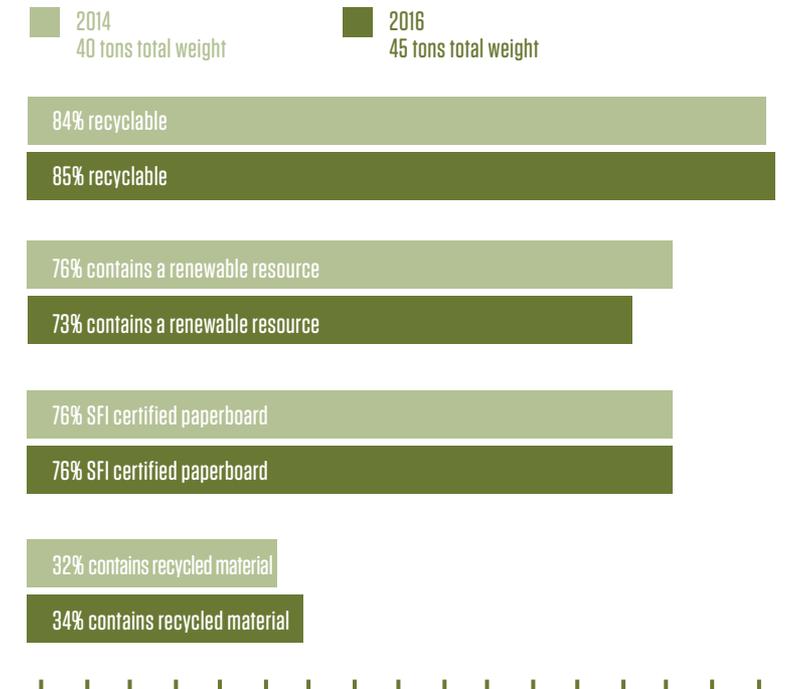
From the beginning, Panera has always used real plates and utensils to serve guests who eat in our bakery-cafes. Reusable dinnerware reduces the volume of disposable packaging we use and waste. In 2016, roughly 60 percent of orders were served on reusable plateware. We also changed our plateware to melamine from ceramic china, which can more easily chip or break.

For guests who eat outside our bakery-cafes, we have been working over the past several years on a comprehensive update and overhaul to our to-go retail packaging. This effort stemmed from a belief that our packaging could better represent Panera’s commitment to clean, high-quality food and be more durable and functional as items are increasingly enjoyed elsewhere. This was also an opportunity to reduce our environmental impact by selecting more sustainable and recyclable options as part of the redesign.

In 2016, we focused on reducing the number of packaging components and selecting better materials for retail packaging and, where possible, for catering and delivery packaging as well. Overall, we eliminated 10 percent of all packaging SKUs, reducing the amount produced and wasted. We also redesigned several items including sturdier bags to accommodate more items, downsized catering salad containers, and eliminated an extra outer catering box to reduce paper usage. We also shifted from black to clear polystyrene plastic in our catering tongs as the material is recyclable. Lastly, we are now providing fewer disposable napkins with bakery items—one for the first item and two for the second rather than two with every item. We anticipate this will eliminate the need for approximately 34 million napkins.

All of Panera’s packaging is in compliance with FDA regulations. We maintain a restricted substances list as well as track emerging issues. We also actively engage experts including our suppliers and non-governmental organizations. Most recently, we were made aware of concerns regarding short-chain perfluorinated chemicals in packaging and are working with external stakeholders like the Environmental Working Group to understand their impact and to identify potential alternatives for the future.

Panera’s Packaging Waste



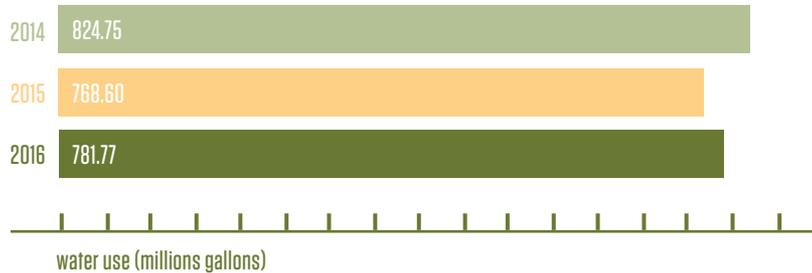
Water

Water is essential for bakery-cafe and FDF operations—and significant for companies reliant on agricultural supply chains. At Panera, we've made an effort to reduce our water usage across our operations. Compared to other industries, our bakery-cafes do not use a significant amount of water. But we do require water for food preparation, dishwashing and other sanitation purposes. In 2016, our estimated total usage was 781.77 million gallons, all of which was sourced from municipal water supplies.

In 2015, we initiated water efficiency measures to address the extended drought in California. In our California bakery-cafes, we installed low-flow faucets and dual-flush toilets that greatly reduced water use. The measures were so effective—while also saving money—that we rolled them out across the country. This initiative reduced water use from the 824.75 million gallons reported in 2014 to 781.77 in 2016, a 5 percent savings.

Although a well-intentioned plan, there were some unanticipated consequences. The water from low-flow faucets in hand and prep sinks was not always hot enough during cold winter months nor did it have enough pressure for certain tasks, like washing smoothie containers. As a result, the faucets were removed at many of our bakery-cafes. In the next several years, we anticipate that water use may tick up again both from the removal of the low-flow fixtures and with the addition of more bakery-cafes.

Water Use



Relationships Through Warmth

introduction

ally for wellness

craveable food

everyday oasis

relationships through warmth

GRI index





BUILT ON RESPECT,

trust and warmth, the relationships people develop with each other are essential to their well-being. Panera's business has thrived because of the bonds we've created over the years with our guests, associates, community partners and other important stakeholders. In fact, we view every interaction as an opportunity to make people feel supported and at home at Panera.

The relationships we have with our associates are especially important and fundamental to the guest experience. When our associates feel cared for and appreciated, they convey this same feeling of warmth to our guests. Therefore, we want our associates to be proud of where they work and to know their efforts contribute to the joy our guests experience every time they visit Panera.

In this section, we describe our approach to building relationships through warmth, including:

fostering a warm, rewarding and inclusive workplace

supporting our local communities

building trust with external stakeholders

We also want our local communities to benefit from Panera's presence and to see us as a warm and caring neighbor. And we want our stakeholders to recognize us for the honest way we conduct business. Warmth, honesty and respect are values that run deep at Panera.

WARMTH IN OUR WORKPLACE

Warmth in our bakery-cafes starts with warmth in our workplace. To us, this means investing in a culture where associates can be themselves; develop their careers; be acknowledged, heard and supported; and feel grounded in strong values.

Engaging Our Associates

Not surprisingly, when our associates are engaged and happy, so are our guests. We focus on ensuring our associates feel recognized, rewarded and listened to. Feedback channels, such as employee surveys, outreach to external stakeholders, including socially responsible investment and NGOs, are used at Panera to understand what matters to associates, what they're passionate about and what they need to thrive. Their feedback helps us to build a supportive and engaging workplace.

For instance, in 2016, we surveyed and held focus groups with high-performers to better understand what makes them happy and productive at Panera —and we discovered several common themes. First, we were gratified to learn that many of them work at Panera because they love the craft of good food and feel good about serving it to our guests. Associates also shared that their relationships with their managers are central to creating a positive work environment where they feel valued and supported. Additionally, associates desire career development opportunities as well as frequent feedback on their performance.

Feedback from all associates has helped us to better tailor workplace engagement, procedures and opportunities, including:

- **Coaching and Training**

We are exploring new ways to improve coaching, feedback and communication, including training and direct interaction with

leadership for general managers. And we supplement these internal efforts by providing discounts for associates at several academic institutions.

- **Shift Scheduling**

Currently, bakery-cafe managers post a hard-copy shift schedule that can be cumbersome to revise and has been a source of frustration for associates. Based on associate feedback, we will transition to a scheduling app in 2017 and 2018. Managers will be able to digitally share the schedule with all associates through email or text, and the app interface will make it easy for associates to swap schedules with each other as needed.

PANERA'S CULTURAL VALUES

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



FRIENDS IN KNEAD

Panera's Cultural Value Rule #1—forming a connection through authenticity and service—extends to the relationships associates have with each other. Established in 2011, the Friends in Knead fund is a 501(c)(3) organization made possible by Panera associates who support each other by giving back. Participating associates contribute from their paycheck—even as little as 50 cents per pay period—to help fellow associates who experience

an unexpected hardship. Eligible associates can apply for grants to assist with hardships, such as funeral expenses for an immediate family member, emergency travel expenses or recovery expenses from a natural or household disaster. In 2015 and 2016 combined, the fund assisted over 270 associates with more than \$390,000 in grants.

- **More Associates Per Shift**

With the continued expansion of Panera 2.0 operations and technology, as well as catering and delivery, there have been increased demands on our associates—from integrating new technologies to preparing more to-go orders. Rather than waiting for this expanded workload to become a larger challenge, we added more associate hours per shift in 2016, improving both the associate and the guest experience.

By engaging our associates through these and other efforts, we hope to help managers support associates and encourage them to build careers at Panera. For example, at the beginning of 2017, we began the process of developing a new employee survey that measures cafe-specific performance information to help managers know how their associates are feeling about their work and where they may need more support.

We also work to conduct performance reviews and career development conversations with our associates. For our hourly retail associates, we complete performance reviews and development conversations two times per year. For our managers, we do both once per year. In our FDF system, hourly associates receive performance reviews once per year and salaried associates twice per year. Ninety-eight percent of FDFs participate in conducting performance reviews for associates, however only 35 percent of FDFs hold career development conversations. We are currently working to engage more FDFs in participating. In our support centers, we provide a mid-year and a year-end review and assessment.

As an indicator of associate engagement, we track retention. As of November 2016, Panera's annual turnover for hourly workers was approximately 91 percent versus an industry average of 122 percent. An indication that we are on the right track occurred in August 2016 when, for the first time in many years, we avoided the staffing drop our industry regularly experiences at the end of the summer.





Compensation and Benefits

We believe in investing in our associates. Compensation and benefits are an important part of our associates' quality of life and experience working at Panera.

After analyzing our wages in 2014, we found that we were not as competitive as we wanted to be. Since then, we have increased compensation at the bakery-cafe level and added the ability for guests to tip our bakery-cafe associate team. Tips are shared among associates and provide an additional benefit to hourly wages. We also implemented digital tipping capabilities in January of 2017.

While wages are a key part of that, so are benefits. 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 access to certain well-being services.

We know that expectations about support and flexibility at work are changing. We provide benefits for 50,800 individuals, all of whom have unique needs. In the last year, we've worked to increase their options in benefits through new tools, resources, programs and training, allowing each associate to more easily select the types of insurance coverage and benefits that work for them.

We also continually strive to improve what we offer. For instance, we joined a corporate health care exchange that allows us to provide more coverage options and additional healthcare decision tools and services than we could afford as a standalone company. In addition, we provide associates with on-shift meal discounts, and every month we offer them \$150 gift cards at half-price to use at Panera while off-shift.

Health and Safety in the Workplace

We aim to create a safe working environment in all of our operations. Our fresh dough facilities (FDFs) are environments with higher safety risks than our bakery-cafes or offices. In 2014, we set two goals: to reduce our total incident rate (TIR) in company-owned FDFs by 10 percent in the next year and to be consistently below the Bureau of Labor Statistics' industry average. In fact, we reduced our TIR by 36 percent in 2015, and then by another 14 percent in 2016—even as Panera experienced an 11 percent increase in the number of hours that associates worked.

We accomplished these reductions through our long-standing efforts to proactively identify and address workplace hazards before incidents occur. Additionally, we focus on investigating incidents, setting monthly safety goals and holding quarterly safety meetings. In 2016, we also began conducting internal Health and Safety Compliance audits to ensure compliance with Panera and regulatory requirements. Through these on-going efforts, we aim to meet a TIR of 3 percent in 2017, down from 5.14 percent in 2014.

In our support centers and bakery-cafes, we have committees to support workplace safety and security along with safety and CPR training for associates. Our Shoes for Crews program provides associates with a discount for work shoes that are designed for comfort and have anti-slip features.



Diversity and Inclusion

Our culture of warmth is inclusive of everyone—from all backgrounds, values, beliefs and experiences—and we encourage all associates to be themselves. Diversity and inclusion are an important part of our overall strategy, and we work to ensure diversity at all levels of the organization.

In our bakery-cafes and FDFs, our associates tend to reflect their local communities. Nonetheless, we work to continually diversify the candidate hiring pool, especially for senior positions. And as we welcome diverse associates, we focus on their career development and engagement. Recently, we have purposefully recruited a diverse mix of participants to our emerging talent program, which trains managers to advance to managing multiple bakery-cafes.

For our support centers, we make similar efforts to attract, retain and support diverse talent. We track how women and people of color are represented at all levels, including director-level positions and above. While some of our metrics have improved since 2014, we will continue to focus on these initiatives.

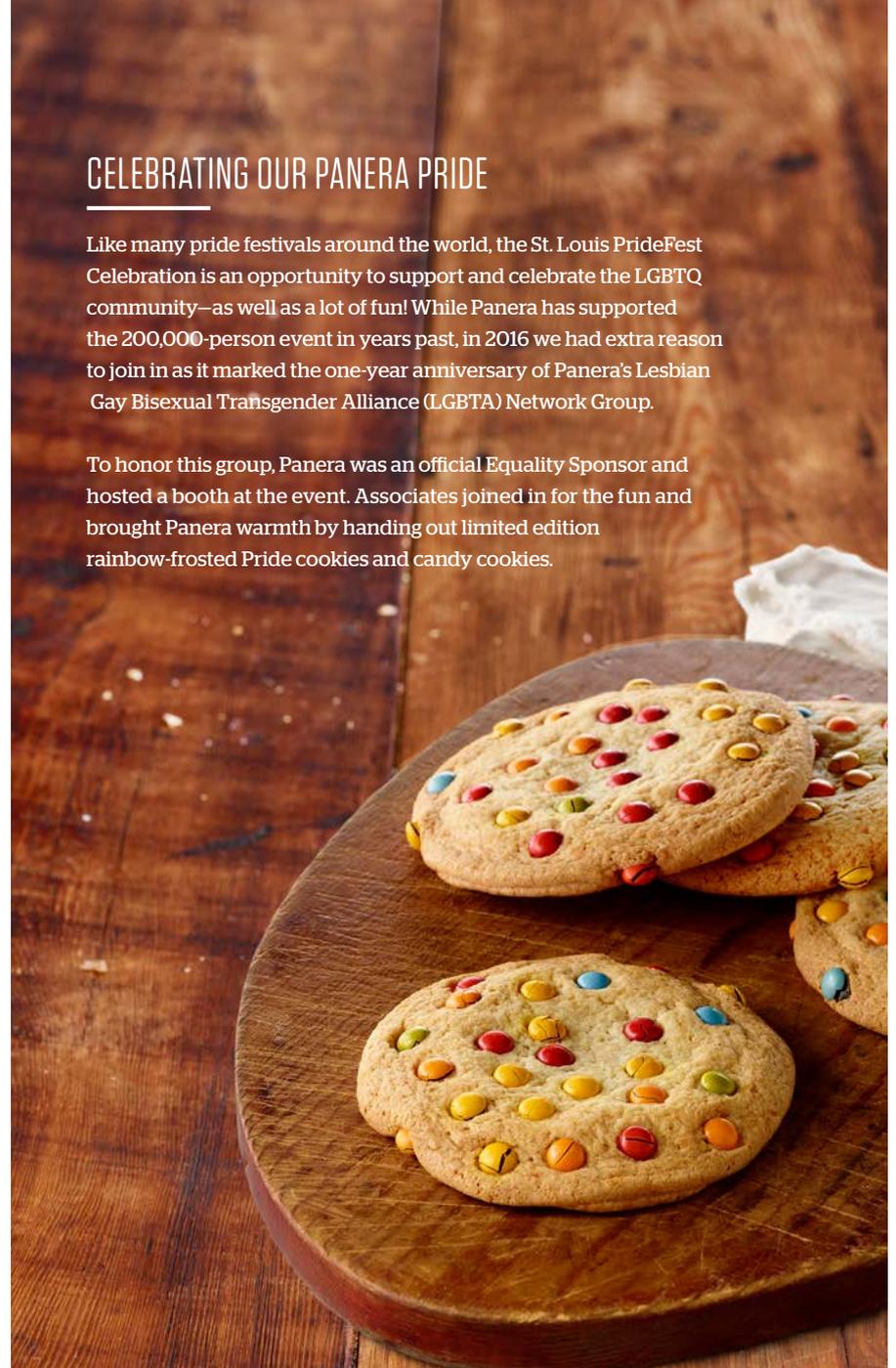
Panera supports an inclusive environment through networking groups that bring together associates from similar backgrounds and experiences. In addition to established groups for women and people from different cultures and ethnicities, two new groups—for military service members and for members of the LGBTQ community—were founded in the past two years. Diversity and inclusion are also of significance among the broader workforce. In January 2017, all cafe associates and managers were trained on the Americans with Disabilities Act to ensure we deliver an elevated experience to all of our guests, including those with disabilities.

Our Board does not have a formal diversity policy, yet we do strive to bring a variety of perspectives, skills and experiences to the table. Board nominees must have appropriate qualifications and reflect a range of personal and professional experiences and backgrounds, including age, gender, culture, race and national origin. We believe diversity helps the Board to better deliver on our strategic objectives. Since 2012, we have added three new board members, two of which increase the Board's diversity. (Read more on our approach to governance [here](#).)

CELEBRATING OUR PANERA PRIDE

Like many pride festivals around the world, the St. Louis PrideFest Celebration is an opportunity to support and celebrate the LGBTQ community—as well as a lot of fun! While Panera has supported the 200,000-person event in years past, in 2016 we had extra reason to join in as it marked the one-year anniversary of Panera's Lesbian Gay Bisexual Transgender Alliance (LGBTQA) Network Group.

To honor this group, Panera was an official Equality Sponsor and hosted a booth at the event. Associates joined in for the fun and brought Panera warmth by handing out limited edition rainbow-frosted Pride cookies and candy cookies.



PANERA WORKFORCE SNAPSHOT

	2014	2016	
EMPLOYEES			
total number of employees	47,129	50,800	
male employees	40%	40%	
female employees	60%	60%	
people of color employees	41%	43%	
WORKFORCE AGE			
age 30 and under	71%	71%	
age 31 – 50	21%	21%	
age 51 and over	8%	9%	
NON-EXEMPT WORKFORCE			
total percentage non-exempt employees	91%	96%	
non-exempt female employees	51%	58%	
non-exempt people of color employees	31%	43%	
WORKFORCE POSITION			
employees at director level or above	217	307	
female employees at director level or above	31%	28.7%	
people of color employees at director level or above	4.5%	6.5%	

WARMTH IN OUR COMMUNITIES

Spreading warmth in our communities is an ongoing passion and commitment at Panera—we want our local communities to benefit from our presence. Through our community initiatives, we seek to engage and support local organizations working to make a difference in the lives of our neighbors.

Focus on Food Insecurity

For more than 25 years, we have endeavored to make a positive impact on the issue of food insecurity. Recent statistics show that food insecurity, or the uncertainty that people face when they cannot consistently access or afford food, affects 42 million Americans, including 13 million children. We believe good food—the most basic human need—should be accessible to all.

Day-End Dough-Nation™

At the end of each day, Panera bakery-cafes across the U.S. donate unsold baked goods to local organizations that address food insecurity and provide food to people in need. Each year, Panera bakery-cafes donate a retail value of approximately \$100 million of unsold bread and baked goods to those in need. While we currently partner with more than 3,500 local organizations, we continue to further our relationships with hunger relief agencies and increase our impact in the communities we serve.

Panera Cares® Community Cafes

Panera Cares® Community Cafes, a nonprofit venture operated by the Panera Bread Foundation, are designed to help raise awareness about the pervasive problem of food insecurity. Using a donate-what-you-can model, Panera Cares operates community bakery-cafes where everyone can eat with dignity, no matter what they can afford. These cafes also run a job training program that gives participants either the opportunity to interview at any Panera bakery-cafe or a reference for employment elsewhere. Over the last two years, we have focused our community cafe efforts on our two locations in Clayton, Mo. and Boston, Mass., and remain committed to helping our communities fight food insecurity.



“Our mission is to alleviate hunger and malnutrition; Panera helps with both. We reach more than 1,500 people each year, providing 246,000 meals, and the hearty, preservative-free bread provided through the Day-End Dough-Nation™ program is a significant part of those meals.”

**Dawn L. Smith, Program Director,
Menifee Valley Community Cupboard**

Giving Back

Nourishing our communities isn't just about serving high-quality, nutritious food. We value our opportunity to help local organizations through our giving initiatives.

Panera Gives

Each year, we support nonprofit events focused on important causes, such as food insecurity, disease awareness and at-risk youth services. Through our Panera Gives program, we provide Salad for a Year and Bread for a Year certificates and fresh bakery products to organizations serving those in need in our local communities. In 2015 and 2016, Panera donated over \$60,000 in fresh bakery products to local events.

Panera Fundraising

Panera bakery-cafes are not only a destination for good food, but also a place to raise money for schools and community organizations. Panera Fundraising is simple: An organization seeking to raise money schedules time for its supporters to eat at Panera and, based on the amount purchased, the organization receives up to 20 percent of net food and beverage sales. More than 7,000 fundraisers were held in 2015 and 2016, yielding close to \$650,000 in funds donated back to these worthy organizations.

Scrip Fundraising

Scrip is a gift card fundraising program that enables nonprofit organizations to earn a percentage of sales from retail gift cards purchased by their supporters. Panera is proud to partner with several Scrip vendors to offer this program to local community organizations. In 2015 and 2016 combined, we helped participating nonprofits raise more than \$1.6 million.

Breast Cancer Awareness Bagel

The Pink Ribbon Bagel[®] began in 2001 when Sue Stees, co-owner of Panera Bread franchise locations in Oklahoma and a breast cancer survivor, began searching for ways to help others who were battling the disease. Her search led to the kitchen, where she developed the Pink Ribbon Bagel to raise funds for research. She sold 27,000 bagels in her bakery-cafes that first year, and the Pink Ribbon Bagel has since become a guest favorite that reappears at Panera Bread locations nationwide every October for Breast Cancer Awareness Month. In 2015 and 2016, company-owned bakery-cafes donated more than \$82,000 from Pink Ribbon Bagel sales, primarily to the National Breast Cancer Foundation.

HELPING A NEIGHBOR IN NEED

Officer Michael Flamion was shot in the line of duty in Ballwin, Mo., during a routine traffic stop in summer 2016. He was paralyzed from the neck down, and he and his family faced a long and difficult road ahead. Using Panera Fundraising, along with many other generous donors, the Gary Sinise Foundation's R.I.S.E. Program (*Restoring Independence Supporting Empowerment*) is providing Michael and his wife Sarah a specially adapted smart home to ease their daily burdens. R.I.S.E. is dedicated to providing resources for America's most severely wounded heroes during their time of need.



RELATIONSHIPS WITH STAKEHOLDERS

We know that trust is earned, not given. Every day, we work hard to ensure we are fulfilling the promises we make and meeting the external expectations of Panera. We have a variety of mechanisms in place to build and maintain the trust our stakeholders have in Panera to run our business ethically, ensure good governance and management, and be open and receptive to their concerns.

Business Integrity and Ethics

Panera is dedicated to maintaining the highest ethical standards in our business conduct and practicing honesty in all our relationships. We measure our ethical practices against the principles outlined in our Standards of Business Conduct. Everyone at Panera adheres to these standards, including all newly-hired associates. Our quick rule of thumb to evaluate our ethical conduct is to ask ourselves if we would be proud to see an action publicized. If not, we know it's not an action that has integrity.

If associates have any concerns related to our business conduct, or any activity they perceive as potentially unethical, they can access an ethics hotline, maintained by an outside party to ensure confidentiality. Most calls made to the ethics hotline are related to personnel or employment-related matters rather than ethical issues covered in our Standards of Business Conduct. But if an ethical issue is reported, it is investigated and, if warranted, appropriate action is taken. Reports about financial malfeasance are reviewed immediately by our controller. We share updates on any reports of misconduct to our Board of Directors quarterly, and the chair of our audit committee receives details about any alleged violations of our Standards.

Since the last report, we have expanded our Standards to include a new conflict of interest protocol that addresses stakeholder concerns about how we alert associates to potential conflicts of interest, including the very serious matter of insider trading. We rely on associates to make business decisions uninfluenced by any considerations other than what they honestly believe to be in the best interest of the company and its stakeholders.



Governance

Our nine-member Board of Directors is chaired by Ron Shaich, our founder, chairman and chief executive officer. Domenic Colasacco, the lead independent director, has served in that role since 2008. The Board oversees the management team to ensure the company meets its goals and objectives, conducts business legally and ethically, adds economic value, and maximizes returns. The Board evaluates itself annually against Panera's Corporate Governance Principles and Practices. As part of our ongoing commitment to diverse perspectives in managing Panera, we added another director in 2016 who increases the Board's diversity. (For more on our commitment to diversity, please read [here](#).)

There is no specific Board committee to oversee corporate responsibility and sustainability, but the Board is regularly briefed on relevant social and environmental issues as well as any stockholder resolutions that may arise. The Board reviewed this Responsibility Report prior to its publication.

Stakeholder Engagement Approach

Working with stakeholders helps us to better understand the various perspectives on our business, our industry and the broader food system. We solicit feedback and engage our stakeholders on an ongoing basis through various channels.

We drew on the knowledge of experts and academics to continue improving several major initiatives, including our clean commitment, ongoing dedication to animal welfare and associate compensation. Our stakeholders also reach out to us 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. Our memberships in trade groups, including the National Restaurant Association and Sustainable Brands, are also opportunities to gain external viewpoints.



In 2016, as part of our materiality update, we asked several external experts to share their perspective on specific issues and the best practices for addressing them. (For more on our materiality process for this reporting cycle, read [here](#)). We also asked them to evaluate Panera's current efforts and our transparency and reporting. These stakeholder inputs covered a range of topics, including food safety; sustainable agriculture and sourcing; data security and privacy; sustainable packaging; health and wellness; and food safety. Several key insights gained from these discussions are summarized below:

- A **responsible supply chain** and sourcing expert emphasized the opportunity to meet increasing consumer expectations for a transparent supply chain that eliminates negative impacts on the environment and workers. In 2016, as part of our effort to improve our GHG inventory, we included Scope 3 emissions from purchased goods and services, which constitute more than 70 percent of our emissions. This has prompted a broader risk assessment into our supply chain, which we will undertake in 2017, to understand areas of high-impact—such as sourcing dairy and meat—and where we can look for opportunities to reduce negative impacts, both environmental and social. Read more about our efforts [here](#).

- A **sustainable packaging** expert advised that companies must move beyond the limited focus on sourcing recycled content in packaging and think system-wide to examine product lifecycle and purpose. In 2017, Panera joined the Sustainable Packaging Coalition to help inform our strategy. Read more about our ongoing efforts [here](#).
- An expert on **data security and privacy** recommended establishing a transparent and upfront privacy policy that gives consumers options about information sharing and communicates the company's practices and intentions with sensitive information. Read more about Panera's policy and our ongoing work to safeguard guest privacy [here](#).
- A **food safety** expert emphasized the importance of managing this issue from both an operational standpoint—applied food safety practices—and a reputation and communications standpoint—ensuring customers receive accurate and timely information. In 2016, Panera undertook a full-scale evaluation of our FDFs, bakery-cafe operations and supply chain to further strengthen our practices. Read more on our food safety efforts [here](#).



TYPES OF STAKEHOLDER ENGAGEMENT IN 2015 AND 2016

Associates	Semiannual and pulse surveys, internal social media, feedback sessions
Guests	Email, phone, social media, frequent surveys through the MyPanera® loyalty program.
Local Communities	Community engagement programs, event participation, volunteerism, speeches, local fundraising events held in our bakery-cafes.
Stockholders	Annual Report and annual meeting, Investor Day, quarterly conference calls, investor pages on website, investor email updates, dedicated email address (Investor@panerabread.com), stockholder proposals, proxy voting.
Suppliers	Contracts, webinars, meetings.
Franchises	Meetings and sharing of best practices and tools, regular phone calls, field visits.
Industry Associations	Meetings, conferences, workshops.
NGOs, Universities, Third Parties, Experts	One-on-one meetings, conferences, roundtables, partnerships.
Media	Proactive outreach to media, dedicated email address (MediaContact@panerabread.com), phone.



KID'S Meal SHOULD Be:

Today's kids meals have lost their way.

They neglect the very people they were meant to feed. Growing people.

Quick to trust. Full of imagination. At Panera we believe kids shouldn't have to imagine what's in their food.

PaneraKids.com

Clean

No artificial flavors, preservatives, sweeteners or colors from artificial sources.

Full of Delicious Options

Let kids be kids. Let them be picky. Let them make their own choices from a menu full of tasty, wholesome options.

Worthy of Trust

No gimmicks. No distractions. No cartoon characters, crazy colors, toys, or toy-shaped food.

Nutritiously Paired

Growing bodies need a meal complete with nutritious sides. Not fries, not onion rings. Options like organic yogurt, sprouted grain rolls or apples.

Drink Optional

Kids meals shouldn't encourage kids to drink a sugary beverage. Ours never have, never will. Water first, or you can add on organic milk or 100% juice.

Kids Meal Promise

In August 2016, we issued a commitment to provide clean, high-quality kids meals that allow children to enjoy good food, just as our adult guests do. This commitment, our Kids Meal Promise, is a challenge to the industry because we believe there is an opportunity for all of us to do better by children. (Read more about our Kids Meal Promise menu options [here](#).)

In developing the Kids Meal Promise, we invited nutritionists, dieticians and several NGOs to review our menu offerings and tell us what they would like to see. They made clear that in addition to providing better food, our industry needs to stop marketing to children. Experts felt targeting children can be exploitive and makes it difficult for them to develop their own sense of healthy eating. In addition to keeping gimmicks out of our kids meals, we committed to stop advertising through channels where children make up more than 20 percent of the audience as of January 2017. Effective stakeholder engagement was key in our ability to ask for and receive feedback we could act on. With the help of trusted experts, we have enabled children to choose good food without commercial interference.

“We applaud Panera’s Kids Meal Promise, especially the pledge to avoid gimmicks, giveaways and other marketing techniques that exploit children’s developmental vulnerabilities. By letting their food speak for itself, Panera allows children to learn how to make food choices for the right reasons. And parents will appreciate a dining experience where the focus is family and food, not cartoon characters and toys.”

Josh Golin, Executive Director, Campaign for a Commercial-Free Childhood

GRI Index

introduction ally for wellness craveable food everyday oasis relationships through warmth

GRI index



ABOUT THIS REPORT

Boundary and Scope

This is Panera Bread's second Responsibility Report ("Report"), in keeping with our commitment to share our progress every other year. The content and data contained in it cover activities that occurred in 2015 and 2016, as well as some initiatives that extended into early 2017.

The information primarily focuses on Panera LLC operations in the U.S., which include 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 franchised cafe locations, information 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 United States. In 2016, we expanded our greenhouse gas inventory to include many Scope 3 emissions categories for the first time including franchisees, distribution and purchased good and services. The boundaries do not include Tatte, a Boston-area restaurant chain in which Panera purchased a 50.01 percent ownership stake in 2015 but does not have operational control.

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, have reviewed and approved the Report's content and data. Note that this Report was not externally assured and there are currently no plans to seek external assurance. The GRI Index in the subsequent section therefore does not include a column for external assurance.

The Report was produced 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 corporate responsibility information in a consistent and comparable manner.

Contact for this Report

Panera welcomes feedback on our responsibility efforts and this Report. Please submit questions or feedback to responsibility@panerabread.com.



GENERAL STANDARD DISCLOSURES

STRATEGY AND ANALYSIS

G4-1 CEO statement Page 1

ORGANIZATIONAL PROFILE

G4-3 Name of reporting organization Panera Bread Company

G4-4 Products Page 3

G4-5 Location of organization's headquarters St. Louis, Mo.

G4-6 Countries of operation Page 4

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 U.S. and Ontario, Canada.

G4-9 Report the scale of the organization, including: Pages 3-4

- Total number of employees
- Total number of operations
- Net sales (for private sector organizations) or net revenues (for public sector organizations)
- Total capitalization broken down in terms of debt and equity (for private sector organization)
- Quantity of products or services provided

GENERAL STANDARD DISCLOSURES

ORGANIZATIONAL PROFILE

G4-10	<ul style="list-style-type: none"> • Report the total number of employees by employment contract and gender. • Report the total number of permanent employees by employment type and gender. • Report the total workforce by employees and supervised workers and by gender. • 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. • Report any significant variations in employment numbers. 	Region not material. The majority of Panera's work is not performed by self-employed workers or by individuals other than employees. Page 62
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.	Page 5
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain.	There were no significant changes during the reporting period.
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Panera has not formally adopted the precautionary approach. As part of Panera's clean commitment, we removed artificial sweeteners, flavorings and preservatives, and colors from artificial sources, as a way to improve food quality from all U.S. food menu items and Panera At Home products. Page 10
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 to or endorse any external charters or principles at this time.

GENERAL STANDARD DISCLOSURES

ORGANIZATIONAL PROFILE

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">Holds a position on the governance bodyParticipates in projects or committeesProvides substantive funding beyond routine membership duesViews membership as strategic. <p>This refers primarily to memberships maintained at the organizational level.</p>	Page 66, Stakeholder Engagement Approach
-------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------

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>	Page 71
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>	Page 5 and page 71, Responsibility Strategy
G4-19	<p>List all the material Aspects identified in the process for defining report content.</p>	Pages 78-84, Disclosures by Material Topic

GENERAL STANDARD DISCLOSURES

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-20	<p>For each material Aspect, report the Aspect Boundary within the organization, as follows:</p> <ul style="list-style-type: none"> • Report whether the Aspect is material within the organization. • 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"> a. The list of entities or groups of entities included in G4-17 for which the Aspect is not material or b. The list of entities or groups of entities included in G4-17 for which the Aspect is material • Report any specific limitation regarding the Aspect Boundary within the organization. 	Pages 78-84, Disclosures by Material Topic
G4-21	<p>For each material Aspect, report the Aspect Boundary outside the organization, as follows:</p> <ul style="list-style-type: none"> • Report whether the Aspect is material outside of the organization. • 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. • Report any specific limitation regarding the Aspect Boundary outside the organization. 	Pages 78-84, Disclosures by Material Topic
G4-22	<p>Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.</p>	Not applicable as there were no restatements of information.
G4-23	<p>Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.</p>	There were no significant changes from the previous reporting period. Page 71

GENERAL STANDARD DISCLOSURES

STAKEHOLDER ENGAGEMENT

G4-24	Provide a list of stakeholder groups engaged by the organization.	Page 68
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Page 7, Material Responsibility Topics Pages 66-67, Stakeholder Engagement Approach
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.	Pages 67-68, Stakeholder Engagement Approach
G4-27	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. Report the stakeholder groups that raised each of the key topics and concerns.	Page 67

REPORT PROFILE

G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Data covers fiscal years 2015 and 2016; ending December 31, 2016. Some activities from 2017 are also included.
G4-29	Date of most recent previous report (if any).	Fiscal year 2014
G4-30	Reporting cycle (such as annual, biennial) .	Biennial
G4-31	Provide the contact point for questions regarding the report or its contents.	Responsibility@panerabread.com

GENERAL STANDARD DISCLOSURES

REPORT PROFILE

G4-32	<ul style="list-style-type: none">• Report the "in accordance" option the organization has chosen.• Report the GRI Content Index for the chosen option.• Report the reference to the External Assurance Report, if the report has been externally assured.	Page 71
-------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

G4-33	<ul style="list-style-type: none">• Report the organization's policy and current practice with regard to seeking external assurance for the report.• If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.• Report the relationship between the organization and the assurance providers.• Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	Page 71
-------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

GOVERNANCE

G4-34	<ul style="list-style-type: none">• 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.	Page 66, Governance
-------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------

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.	Page 56, Panera's Cultural Values Page 65, Business Integrity and Ethics
-------	-------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------

GRI SPECIFIC STANDARD DISCLOSURES BY PANERA'S MATERIAL TOPICS

GRI MATERIAL ASPECT, INDICATOR AND INDICATOR DETAIL	RESPONSE PAGE/LINK FOR DMA AND INDICATORS AND OMISSIONS	ASPECT BOUNDARIES
PANERA MATERIAL TOPIC: ASSOCIATE COMPENSATION AND TALENT DEVELOPMENT		
Employment, LA1: Total number and rates of new employee hires and employee turnover by age group, gender and region	<p>Response: Page 62</p> <p>Omissions: 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 employees age 30 and under.</p>	<p>Within Panera: All company-owned operations</p> <p>Outside Panera: Local communities</p>
Employment, LA2: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	Page 59	<p>Within Panera: All company-owned operations</p> <p>Outside Panera: Local communities</p>
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	<p>Page 56, Engaging Our Associates</p> <p>Internal Hires: 46.36% for all support center positions and field management positions.</p> <p>Career endings: Panera offers outplacement services at the support center level (includes multi-unit managers and above in the field).</p>	<p>Within Panera: All company-owned operations</p> <p>Outside Panera: Local communities</p>
PANERA MATERIAL TOPIC: ASSOCIATE ENGAGEMENT		
Training and Education, LA11: Percentage of employees receiving regular performance and career development reviews, by employee category	Page 58, Engaging Our Associates	<p>Within Panera: All company-owned operations</p> <p>Outside Panera: Local communities</p>

GRI SPECIFIC STANDARD DISCLOSURES BY PANERA'S MATERIAL TOPICS

GRI MATERIAL ASPECT, INDICATOR AND INDICATOR DETAIL	RESPONSE PAGE/LINK FOR DMA AND INDICATORS AND OMISSIONS	ASPECT BOUNDARIES
PANERA MATERIAL TOPIC: ASSOCIATE COMPENSATION AND GUEST SAFETY		
Occupational Health and Safety, LA6: Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and gender	<p>Region and gender not material.</p> <p>Injury Incident Rate (Total Incident Rate): 2015: 3.27 2016: 2.81 This is a 54.5% improvement from 2014 with a 11% increase in man-hours worked.</p> <p>Days Away Case Rate: 2015: Did not track 2016: 2.17</p> <p>Fatalities: 2015 and 2016: 0</p> <p>Common injuries and any measures taken to address them: Most common types of injuries in 2015 and 2016 include cuts/lacerations, bruises and sprains/strains. The common contact type is struck by/struck against and contact with. Started a new process in 2016, Incident Projection Techniques, where associates and managers are required to identify hazards in the workplace and fix them.</p>	<p>Within Panera: All company-owned operations</p> <p>Outside Panera: Local communities</p>
PANERA MATERIAL TOPIC: CARBON FOOTPRINT AND ENERGY USAGE		
Economic Performance, EC2: Financial implications and other risks and opportunities for the organizations activities due to climate change	Page 46, Climate Change and Our Business	<p>Within Panera: All company-owned operations</p> <p>Outside Panera: Local communities</p>
Energy, EN3: Energy consumption within the organization	<p>Page 47</p> <p>All energy is from non-renewable sources; no energy was sold. The primary units of gallons, therms, and kWh were converted to gigajoules (GJ).</p>	<p>Within Panera: All company-owned operations</p>

GRI SPECIFIC STANDARD DISCLOSURES BY PANERA'S MATERIAL TOPICS

GRI MATERIAL ASPECT, INDICATOR AND INDICATOR DETAIL	RESPONSE PAGE/LINK FOR DMA AND INDICATORS AND OMISSIONS	ASPECT BOUNDARIES
PANERA MATERIAL TOPIC: CARBON FOOTPRINT AND ENERGY USAGE		
Energy, EN4: Energy consumption outside of the organization	Page 47 Energy consumption data are estimated based upon miles driven by our dedicated, leased trucking and catering fleets.	Outside Panera: Suppliers
Emissions, EN15: Direct Greenhouse gas (GHG) emissions (Scope 1)	Page 48 Where landlords pay for utilities, estimates for energy use were made based upon landlord billings. All GHG emissions are calculated in metric tons (MT) of pollutant (CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs) and converted to MT of CO ₂ equivalents (or "CO ₂ -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. The inventory was prepared in accordance with the WRI/WBCSD Greenhouse Gas (GHG) Protocol —A Corporate Accounting and Reporting Standard (Revised Edition 2004) as well as supporting technical guidance from the U.S. EPA Climate Leaders Program Design Principles (2008) and The Climate Registry General Reporting Protocol 2.0 for specific core modules (e.g., stationary and mobile combustion), which were used to support the general inventory development process. Emissions Factors: Natural Gas: U.S. EPA MMR Final Rule (40 CFR 98) Commercial Sector: Diesel (Fleet): Environment Canada 2016 National Inventory Report	Within Panera: All company-owned operations, including transportation/distribution Outside Panera: Farmers and producers, local communities, catering hubs and corporate offices
Emissions, EN16: Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Page 48 All GHG emissions are calculated in metric tons (MT) of pollutant (CO ₂ , CH ₄ , N ₂ O) and converted to MT of CO ₂ equivalents (or "CO ₂ -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. The inventory was prepared in accordance with the WRI/WBCSD Greenhouse Gas (GHG) Protocol —A Corporate Accounting and Reporting Standard (Revised Edition 2004) as well as supporting technical guidance from the U.S. EPA Climate Leaders Program Design Principles (2008) and The Climate Registry General Reporting Protocol 2.0 for specific core modules (e.g., stationary and mobile combustion), which were used to support the general inventory development process. Emissions Factors: Electric Power: U.S. EPA eGRID2014 v1.0 IEA CO ₂ Emissions from Fuel Combustion 2012 (Year 2010): Environment Canada 2016 National Inventory Report	Within Panera: All company-owned operations, including transportation/distribution Outside Panera: Farmers and producers, local communities

GRI SPECIFIC STANDARD DISCLOSURES BY PANERA'S MATERIAL TOPICS

GRI MATERIAL ASPECT, INDICATOR AND INDICATOR DETAIL	RESPONSE PAGE/LINK FOR DMA AND INDICATORS AND OMISSIONS	ASPECT BOUNDARIES
PANERA MATERIAL TOPIC: CARBON FOOTPRINT AND ENERGY USAGE		
Emissions, EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3)	<p>Page 48</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>The inventory was prepared in accordance with the WRI/WBCSD Greenhouse Gas (GHG) Protocol—A Corporate Accounting and Reporting Standard (Revised Edition 2004) as well as supporting technical guidance from the U.S. EPA Climate Leaders Program Design Principles (2008) and The Climate Registry General Reporting Protocol 2.0 for specific core modules (e.g., stationary and mobile combustion), which were used to support the general inventory development process.</p> <p>Emissions Factors Air Travel: Department for Environment, Food and Rural Affairs (DEFRA) Rental Cars, Upstream Transportation, Delivery Vehicles: U.S. Environmental Protection Agency's Climate Leaders—Commuting, Business Travel and Product Transport Business Travel - Hotel Stays: CHP Potential in the Hotel and Casino Market Sectors Recycling and Solid Waste: U.S. EPA Solid Waste Management and Greenhouse Gases Purchased Goods and Services: Carnegie Mellon's Economic Input Output Life Cycle Assessment</p>	Outside Panera: Franchisees, suppliers, farmers and producers, local communities
Transport, EN30: Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	<p>Page 45</p> <p>Omissions: Employee commuting.</p>	<p>Within Panera: All company-owned operations, including transportation/distribution</p> <p>Outside Panera: Farmers and producers, local communities</p>

GRI SPECIFIC STANDARD DISCLOSURES BY PANERA'S MATERIAL TOPICS

GRI MATERIAL ASPECT, INDICATOR AND INDICATOR DETAIL	RESPONSE PAGE/LINK FOR DMA AND INDICATORS AND OMISSIONS	ASPECT BOUNDARIES
PANERA MATERIAL TOPIC: COMMUNITY INVESTMENTS, FOOD INSECURITY		
Economic Performance, EC1: Direct economic value generated and distributed	Page 5, Our Financial Results and Economic Impact	Within Panera: All company-owned operations Outside Panera: Local communities
Indirect Economic Impact, EC8: Significant indirect economic impacts, including the extent of impacts	Page 63, Panera Cares Community Cafes	Within Panera: All company owned operations Outside Panera: Local communities
PANERA MATERIAL TOPIC: DATA SECURITY AND CONSUMER PRIVACY		
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 2015 or 2016. Page 42, DMA, Data Security and Customer Privacy	Within Panera: All operations Outside Panera: Guests
PANERA MATERIAL TOPIC: DIVERSITY AND INCLUSION		
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 nine directors of the Board; eight men and one woman. Eight are Caucasian and one is African-American; all are between the ages of 48 and 74. Page 62, Associates Panera also supports diversity through networking groups. They include: Panera Women's Network, Multi-Cultural Network Group, Lesbian Gay Bisexual Transgender Alliance and Panera Support Mission, which is focused on military members and first responders.	Within Panera: All company-owned operations, including Board of Directors Outside Panera: Local communities

GRI SPECIFIC STANDARD DISCLOSURES BY PANERA'S MATERIAL TOPICS

GRI MATERIAL ASPECT, INDICATOR AND INDICATOR DETAIL	RESPONSE PAGE/LINK FOR DMA AND INDICATORS AND OMISSIONS	ASPECT BOUNDARIES
PANERA MATERIAL TOPIC: GUEST EXPERIENCE, PRODUCT QUALITY		
Product and Service Labeling, PR5: Results of surveys measuring customer satisfaction	Page 40. Guest Feedback and Satisfaction	<p>Within Panera: Company-owned bakery-cafe operations</p> <p>Outside Panera: Guests</p>
PANERA MATERIAL TOPIC: OPERATIONAL WATER USE AND WASTEWATER		
Water, EN8: Total water withdrawal by source	Page 53	<p>Within Panera: Company-owned bakery-cafe and fresh dough facility operations</p> <p>Outside Panera: Farmers and producers, local communities</p>
PANERA MATERIAL TOPIC: SUSTAINABLE PACKAGING		
Materials, EN2: Percentage of materials used that are recycled input materials	Panera tracks recycled content use in packaging. Page 52	<p>Within Panera: Bakery-cafe and fresh dough facility operations</p> <p>Outside Panera: Guests, local communities</p>

GRI SPECIFIC STANDARD DISCLOSURES BY PANERA'S MATERIAL TOPICS

GRI MATERIAL ASPECT, INDICATOR AND INDICATOR DETAIL	RESPONSE PAGE/LINK FOR DMA AND INDICATORS AND OMISSIONS	ASPECT BOUNDARIES
PANERA MATERIAL TOPIC: SUSTAINABLE AND RESPONSIBLE SOURCING		
Supplier Environmental Assessment, EN32: Percentage of new suppliers that were screened using environmental criteria	Page 14, DMA, Knowing Where Clean Food Comes From Page 20, Panera's Commitment to Societal Impact on the Food System 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.	Outside Panera: Suppliers
Materials, EN1: Materials used by weight or volume; raw materials (that is, seafood including wild caught and farmed, palm oil, soy and meat, endangered species, natural resources used for conversion to products or services such as ores, minerals, wood)	Page 24, Palm oil Page 22, Seafood Page 22, Meat and Poultry Soy is primarily used in animal feed for domestic pork and poultry production. Due to transport costs, we estimate that little, if any, soy originates from Latin or South America. Endangered species and natural resources not material	Within Panera: All operations Outside Panera: Suppliers, communities
PANERA MATERIAL TOPIC: WASTE AND RECYCLING, FOOD WASTE		
Effluents and Waste, EN23: Total weight of waste by type and disposal method	Page 50	Within Panera: Company-owned bakery-cafe and fresh dough facility operations, support centers Outside Panera: Guests, local communities
Products and Services, EN28: Percentage of products sold and their packaging materials that are reclaimed by category	Page 52	Within Panera: Company-owned bakery-cafe and fresh dough facility operations, support centers Outside Panera: Guests, local communities

GRI FOOD PROCESSING SECTOR DISCLOSURES BY PANERA'S MATERIAL TOPICS

GRI MATERIAL ASPECT, INDICATOR AND INDICATOR DETAIL	RESPONSE PAGE/LINK FOR DMA AND INDICATORS AND OMISSIONS	ASPECT BOUNDARIES
GRI SUBCATEGORY: SOURCING		
Panera Material Topic: Sustainable and Responsible Sourcing		
Sourcing, FP1: Percentage of purchased volume from suppliers compliant with company's sourcing policy	Page 14, Knowing Where Clean Food Comes From Page 20, Panera's Commitment to Societal Impact on the Food System	Within Panera: All operations Outside Panera: Suppliers
Sourcing, FP2: Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	Page 24, Sustainable Palm Oil	Within Panera: All operations Outside Panera: Suppliers
GRI SUBCATEGORY: SOCIAL		
Panera Material Topic: Health and Wellness, Community Investments, Food Insecurity		
Healthy and Affordable Food, G4-DMA: 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	Page 63, Panera Cares Community Cafes	Within Panera: All operations Outside Panera: Local communities, guests

GRI FOOD PROCESSING SECTOR DISCLOSURES BY PANERA'S MATERIAL TOPICS

GRI MATERIAL ASPECT, INDICATOR AND INDICATOR DETAIL	RESPONSE PAGE/LINK FOR DMA AND INDICATORS AND OMISSIONS	ASPECT BOUNDARIES
GRI SUBCATEGORY: PRODUCT RESPONSIBILITY Panera Material Topic: Food Safety		
Customer Health and Safety, FP5: Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	Page 25	Within Panera: Fresh dough facilities Outside Panera: Suppliers
GRI SUBCATEGORY: PRODUCT RESPONSIBILITY Panera Material Topic: Health and Wellness		
Customer Health and Safety, FP6: Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	100% of Panera products are free of trans fats. DMA on added sugars in beverages. Page 15, Disclosing Added Sugars Omissions: Panera does not calculate the percentage of products sold that are lower in saturated fat and sodium.	Within Panera: All operations Outside Panera: Guests
Customer Health and Safety, 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.	Pages 28-31, DMA, The Craft of Good Food Omissions: 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.	Within Panera: All operations Outside Panera: Guests
Product and Service Labeling, G4-DMA: Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements	Page 14, Menu Transparency	Within Panera: All operations Outside Panera: Guests

GRI FOOD PROCESSING SECTOR DISCLOSURES BY PANERA'S MATERIAL TOPICS

GRI MATERIAL ASPECT, INDICATOR AND INDICATOR DETAIL	RESPONSE PAGE/LINK FOR DMA AND INDICATORS AND OMISSIONS	ASPECT BOUNDARIES
<p>GRI SUBCATEGORY: ANIMAL WELFARE Panera Material Topic: Animal Welfare</p>		
<p>Breeding and Genetics, FPg: Percentage and total of animals raised and/or processed, by species and breed type</p>	<p>Poultry (chicken and turkey): 39.5 million pounds</p> <p>Pork: 8.3 million pounds</p> <p>Beef: 4.2 million pounds</p> <p>Dairy: 53.9 million pounds</p> <p>Lobster: 138,000 pounds</p> <p>Clams: 129,000 pounds</p> <p>Tuna (yellowfin and albacore): 184,000 pounds</p>	<p>Outside Panera: Suppliers</p>
<p>Animal Husbandry, FP10: Policies and practices, by species and breed type, related to physical alterations and the use of anesthetic</p>	<p>Chicken: Broiler chickens receive no alterations. Laying hens receive beak conditioning.</p> <p>Turkey: Beak trimming and toe-nail conditioning is performed by two suppliers, one of which also performs de-snooding.</p> <p>Beef: Alterations occur on calves. No policy on anesthetic. Beef cattle receive no disbudding, dehorning, or tail docking unless medically necessary.</p> <p>Beef/Pork Salami: Pigs castrated before 14 days without anesthetic; after 14 days with anesthetic/veterinarian oversight.</p> <p>Pork Salami: Unknown</p> <p>Pork: Two suppliers practice tail docking, teeth clipping, and castration on baby pigs. No policy specific to anesthetic. One supplier does not conduct any alterations.</p> <p>Dairy: One supplier follows organic standards: no tail docking and disbudding with anesthetic only. Others practice disbudding. No policy on anesthetic. Tail docking is being phased out under Farmers Assuring Responsible Management dairy cow housing guidelines from the National Dairy Farm Program.</p>	<p>Outside Panera: Suppliers</p>

GRI FOOD PROCESSING SECTOR DISCLOSURES BY PANERA'S MATERIAL TOPICS

GRI MATERIAL ASPECT, INDICATOR AND INDICATOR DETAIL	RESPONSE PAGE/LINK FOR DMA AND INDICATORS AND OMISSIONS	ASPECT BOUNDARIES
<p>GRI SUBCATEGORY: ANIMAL WELFARE Panera Material Topic: Animal Welfare</p>	<p>Chicken: 100% indoor extensive housing.</p> <p>Laying Hens: 16% cage-free, 84% indoor extensive housing.</p> <p>Turkey: 100% indoor extensive.</p> <p>Beef: 95% outdoor, free range. 5% indoor intensive housing.</p> <p>Pork: 100% indoor extensive housing.</p> <p>Dairy: One supplier follows National Organic Program standards (free range with shelter during inclement weather). Remaining suppliers follow or are adopting Farmers Assuring Responsible Management dairy cow housing guidelines from the National Dairy Farm Program; styles range from indoor intensive to free range.</p>	<p>Outside Panera: Suppliers</p>
<p>Transportation, Handling and Slaughter, FP12: Policies and practices on antibiotic, anti-inflammatory, hormone and/or growth promotion treatments, by species and breed type</p>	<p>Pages 21-23</p>	<p>Outside Panera: Suppliers</p>
<p>Transportation, Handling and Slaughter, 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</p>	<p>None</p>	<p>Outside Panera: Suppliers</p>