# Focused on Sustainable Solutions

2012 Corporate Social Responsibility Report













#### Letter from the CEO

Dear Stakeholders:
I am pleased to share Dunkin' Brands 2012 corporate social responsibility (CSR) report, entitled *Focused on Sustainable Solutions*.

Since our first report, issued in 2011, we have continued to explore sustainable solutions that meet the needs of our stakeholders, including our franchisees, employees, guests, shareholders, communities, and the planet.



In this report, we detail progress made against goals outlined in our 2010 report. Among our achievements, we announced our commitment to begin sourcing cage-free eggs and to work with our suppliers to develop plans to source gestation crate-free pork. We introduced Iced Green Tea, which includes 30% tea sourced from Rainforest Alliance Certified<sup>TM</sup> farms, in select Dunkin' Donuts restaurants. In St. Petersburg, Florida, we opened our second LEED Certified restaurant, which achieved Gold certification in August 2012. We launched *Power Down, Profit Up*, an energy efficiency toolkit designed to generate utility savings for our franchisees. We also developed an Employee Value Proposition for corporate employees and completed an employee engagement survey in 2012. Additionally, this report includes a few highlights from our international efforts.

We remain committed to continuous improvement to ensure our packaging meets our guests' expectations for performance, is affordable and reduces our environmental impacts. In particular, we continue to search for a long-term alternative to our Dunkin' Donuts foam cup and hope to roll out a cup that meets our cost, performance and environmental criteria within 2-3 years. In the interim, we launched an in-store foam cup recycling pilot in our company-operated stores, and we will work with our franchisees to expand that program into as many stores as possible. We also plan to introduce an improved reusable cup program in the next six to 12 months. Finally, we are in the process of rolling out a new, recyclable version of Baskin-Robbins' iconic pink spoon.

Despite our progress, we recognize there will always be more we can do. We continue to explore opportunities to source additional certified products. We are actively developing an energy efficiency and climate change plan with our franchisees and suppliers. And we remain committed to providing innovative menu choices that are both delicious and better-for-you.

At Dunkin' Brands, we are focused on finding sustainable solutions that benefit our employees, our franchisees, our communities and our planet.

We look forward to sharing our ongoing journey with you and invite you to share your thoughts with us at: **CSR@dunkinbrands.com**.

**Nigel Travis** 

CEO, Dunkin' Brands, Inc.

# **About This Report**

In our second CSR report, *Focused on Sustainable Solutions*, we demonstrate the progress we have made toward the goals outlined in our 2010 report. We also review challenges we have encountered, and we set forth new goals.

The scope of this report includes corporate functions and North American facilities owned and operated by Dunkin' Brands or our subsidiaries for the years 2011 and 2012. We are also pleased to share some initial data from our franchised restaurants and our international business.

We are reporting on a two-year cycle, and once again we have utilized the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines to guide the structure and content of this report. We are self-declaring Application Level C under the G3 guidelines. For more details, please see our 2012 GRI Content Index in the **Responsibility** section of our website.

We welcome your feedback at **CSR@dunkinbrands.com**, or CSR Department, Dunkin' Brands, Inc., 130 Royall Street, Canton, MA 02021

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## Introduction

At Dunkin' Brands®, we believe that being a socially responsible company is good business.

With more than 17,500 points of distribution in nearly 60 countries worldwide, Dunkin' Brands Group, Inc. (Nasdaq: DNKN) is one of the world's leading franchisors of quick service restaurants (QSR) serving hot and cold coffee and baked goods, as well as hard-serve ice cream. At the end of first quarter 2013, Dunkin' Brands' nearly 100 percent franchised business model included more than 10,500 Dunkin' Donuts® restaurants and more than 7,000 Baskin-Robbins® restaurants. For the full-year 2012, the company had franchisee-reported sales of approximately \$8.8 billion and revenues of over \$658 million. Dunkin' Brands Group, Inc. is headquartered in Canton, Mass.

Since our 2010 CSR report, our international business has expanded into a number of new markets including India, Guatemala and Vietnam for Dunkin' Donuts, and the Philippines, Vietnam and Singapore for Baskin-Robbins. As we continue to expand our presence in both existing and emerging markets around the globe, we look forward to introducing our brands in a responsible, culturally relevant way.

In addition, in January 2013 we announced that Dunkin' Donuts is expanding to California; we expect restaurants will begin opening in the southern section of the state in late 2015.

#### **DCP Consolidation**

Since the 1970s, we have utilized franchisee-owned regional distribution centers to supply products to domestic Dunkin' Donuts franchisees. In 2012, Dunkin' Brands and National DCP, LLC (NDCP), a Dunkin' Donuts franchisee-owned cooperative, signed a long-term agreement for NDCP to be the exclusive supply chain provider for all Dunkin' Donuts restaurants in the continental United States. This followed the merger of the four existing regional franchisee-owned cooperatives into one national cooperative. Benefits to franchisees will include significant cost savings and a higher level of service.

Dunkin' Donuts sells more than

## 1.7 Billion

cups of iced and hot coffee globally each year

Baskin-Robbins serves over

# 300 Million

customers each year worldwide





#### Closure of manufacturing plant

In late 2012, we made the difficult decision to close our Baskin-Robbins ice cream manufacturing plant in Peterborough, Ontario, Canada. More details can be found in the *Our People* section of this report.

#### **ISSUES ASSESSMENT**

Our issues assessment grid remains an important tool for prioritizing issues that matter to our stakeholders and our business. At the beginning of 2012, we instituted quarterly sustainability updates with our leadership team to build internal alignment. Each session includes a review of material issues, a status update on our CSR report goals, and a focused discussion of one or two key topics. We also use the issues assessment grid in our strategic planning process to ensure stakeholder concerns are considered as part of the company's decision making and goal setting.

We first introduced the grid in our 2010 CSR report; the current version has been revised in partnership with internal subject matter experts and our Ceres stakeholder team. As we continue to expand internationally, we continue to explore opportunities to integrate global sustainability issues into our overall strategy and goals.





#### **Issues Assessment Grid 2012**

#### **Nutrition Governance & Ethics Product Quality & Safety** Portion Size **Executive Compensation Packaging** Sourcina Foam Cup; Pink Spoon; Recycling Deforestation **Nutrition Environmental Footprint** Choice; Transparency; Sugar; Sodium Carbon Footprint/GHG Emissions Sourcina Animal Welfare (Cage-free Eggs; Gestation Crate-free Pork) **Environmental Footprint Energy Use Workplace Practices** Interest to Stakeholders Franchisee Relations Labor Practices; Health & Safety **Employee Engagement & Support** Advertising Nutrition **Environmental Footprint Governance & Ethics** Water Use/Water Scarcity Caffeine Public Policy Waste Management Sourcing **Guest Engagement** Corruption Customer Education (CSR; Nutrition) Other Commodities (Cocoa; Sugar) Feedback Mechanisms **Nutrition Community Engagement** Trans Fats DD & BR Community Foundation **Workplace Practices** Product Donations Diversity (Workplace; Supplier) Sourcing Commodity Prices/Food Security **Enviro Footprint Environmental Footprint Environmental Footprint** Alternative Energy Food Waste Fleet Efficiency Coffee Grounds

#### **Interest to Business**

#### STAKEHOLDER ENGAGEMENT

We recognize the value of engaging our internal and external stakeholders on the issues most material to our business to inform our CSR strategy. Open and productive discussions with our stakeholders provide unique perspectives and enable us to make more informed decisions about issues that impact our business and community.

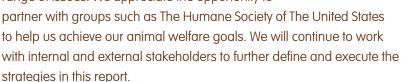
Over the past two years, we have formed multiple internal crossfunctional teams to address our 2010 report goals, including:

an animal welfare team to draft our new animal welfare policy

**a recycling team** to develop and evaluate an in-store foam cup recycling program

**a cup team** to continually evaluate materials and technologies in our search for an alternative to foam

Over the past two years, Dunkin' Brands has very proactively engaged external stakeholders on a range of issues. We appreciate the opportunity to





Ceres

Dunkin' Brands is a member of **Ceres**, a network of investors, companies and public interest groups working together to advance sustainable business practices. As we developed this report, we once again worked with Ceres to convene an external stakehold-

er group to review material issues, reevaluate our priorities and identify emerging sustainability topics. We also reviewed the progress made on our 2010 goals and discussed potential goals for the 2012 report to ensure transparent and credible content.

Dunkin' Brands fosters an active dialogue with our franchise community on our CSR efforts to build consensus and to ensure we are meeting their needs, as well as the needs of their customers and their communities. We currently maintain a multi-tiered, democratic franchisee advisory council system which provides input on all of our major initiatives, from packaging to nutrition.



We also convened a cross-functional team to develop a three year strategic planning process for The Dunkin'

Donuts & Baskin-Robbins Community

Foundation® (DDBRCF). The team was comprised of corporate employees from various functional areas as well as Dunkin' Donuts and Baskin-Robbins franchisees from across the country.

From individuals with limited prior involvement with The DDBRCF to national and regional board members, the range of experience on the team helped us identify new opportunities and prioritize key areas for improvement.



Franchisee Duke Carvalho and Nigel Travis, CEO.

THE HUMANE SOCIETY
OF THE UNITED STATES

#### **NUTRITION**

- Review current menu portfolios and identify nutritional gaps and new product opportunities by 2013
- Establish nutrition filter and goals
- Revise website to include nutrition content by 2013
- Review and explore Dunkin' Brands advertising practices that may reach younger audiences to encourage balanced lifestyle options
- Continue to look for ways to incorporate better-for-you choice options on Dunkin' Donuts and Baskin-Robbins menus

#### **PACKAGING**

- Test a reusable mug program option for iced beverages in 2011
- Pilot test in-store foam cup recycling program by 2013
- Complete testing of Baskin-Robbins PS pink spoon alternatives with plans to transition to a more sustainable material brand-wide by 2013
- O Develop a comprehensive strategy in 2012 to achieve a sustainable cup solution
- Convene an external working group comprised of external SMEs such as researchers, other EPS foam users within the industry and suppliers
- Develop clear goals and timeline for internal and external working groups
- Formalize internal cross-functional working group
- Develop a holistic packaging scorecard for use with all suppliers to drive continuous improvement on environmental impacts
- Perform waste/recycling audit on sample DD and BR restaurants, and seek diversion opportunities for top three waste items

# Progress on Goals

In our 2010 CSR Report we set a range of shortand long-term goals to further our efforts to serve responsibly. Here is a snapshot of our progress to date; further details on select goals can be found throughout this report. Over the past two years some of our original goals have become less relevant, so we have modified or replaced them with new goals that better reflect our priorities.

- Complete
- In progress/Ongoing
- No action to date

#### **SOURCING**

- Establish an animal welfare policy by 2013
- Complete feasibility and research of available quantities of cage-free eggs and gestation crate-free pork by 2013
- Explore sourcing an additional certified commodity in 2012
- Reassess the Supplier Code of Conduct to ensure alignment with core human rights principles and high sustainability standards
- Work to understand how the company can ensure compliance with the Code and integrate its elements more clearly into RFPs and procurement decisions
- O Develop a holistic approach to sustainable sourcing of commodities that balances cost with sustainable filters
- Create a sourcing filter to guide future purchases and establish goals for its use

#### **BUILDING**

- Develop estimated baseline of energy spend in US Dunkin' Donuts restaurants
- Develop energy efficiency recommendations and implementation plan for U.S. Dunkin' Donuts restaurants
- 2 members of DBI Design and Construction Services Department to achieve full LEED Accreditation by 2011
- Incorporate improved sustainable materials into Dunkin' Donuts new store design in 2012
- Open second "green" Dunkin' Donuts restaurant in St. Petersburg, FL in 2011, targeting LEED certification
- Utilize Dunkin' Donuts learnings to improve the sustainability of Baskin-Robbins stores
- Reduce franchisee utility costs
- Reduce carbon footprint
- Create sustainable building filter and goals for new construction in 2012

#### **PEOPLE**

- Ontinue to introduce training programs that improve the guest experience and business results at the restaurant level
- Launch supplemental leadership training programs and feedback mechanisms to support leadership development across all levels of the organization
- Develop and communicate an Employee Value Proposition for corporate employees by 2012
- Reassess our New Franchisee Training process to ensure new franchisees have the tools to be successful. Introduce revised learning path by 2013
- Launch an employee engagement survey
- Develop a long-term strategy on diversity and multicultural initiatives

## **Our Guests**

# We recognize our guests expect quality, choice and value when they dine with us.

We also recognize that other factors are increasingly important to customers, especially transparency on food ingredients and nutrition. Our goal is to offer a wide variety of delicious menu items, including many that are better for you through our **DDSMART®** and **BRight Choices®** offerings. We also want to make it easy for customers to understand the nutritional value of each product so they can make decisions that are right for their diets and lifestyles.

#### **Dunkin' Brands Innovation Team**

Our guests may not realize that behind the Dunkin' Donuts and Baskin-Robbins menu items they love is a team of passionate innovators. In fact, Dunkin' Brands has built a world-class culinary innovation team of twenty professionally-trained chefs, food scientists and bakers. The team's goal is to develop best-in-class products that are profitable for our franchisees and that delight our customers.

The Dunkin' Brands culinary innovation team generates hundreds of product ideas each year and uses a proven and robust process to bring the best menu items to our restaurants. It can take nine months to two years to properly develop and test a product to ensure a great experience for our guests. The team analyzes culinary, competitive and nutrition trends to ensure our products are relevant to our guests' changing needs. Feedback from our franchisees and guests is also incorporated into the development process.





#### Case Study:

#### A Better English Muffin.

Our franchisees and guests asked us for a better English muffin. Around the bakery bench, our Innovation team explored flavor and texture, size, calories, fiber, and how the muffin toasted in our ovens until they got the recipe just right. Our guests overwhelmingly loved the result, and now it's in all of our domestic restaurants.



#### International Research & Development (R&D)

As our brands expand globally, we strive to offer a familiar restaurant experience to our guests no matter where they are in the world.

Core ice cream flavors like Pralines n' Cream and Very Berry Strawberry are available at nearly every Baskin-Robbins shop, and items like Original Blend coffee and our most popular donut varieties tell guests they are in a Dunkin' Donuts.



We also incorporate regional flavors and products into our menus, and source local ingredients wherever possible. International

favorites include kimchee-filled donuts and green tea ice cream in Korea, salmon and bagel bakery sandwiches in Russia, ice cream moon cakes in China, and a tribute to Peru's national drink, the Chicha (sweetened blue corn) Coolatta®.

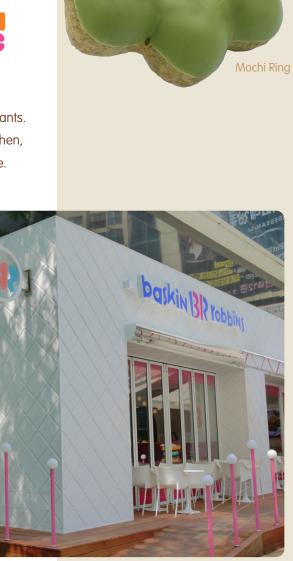
Menu innovations come from around the world and are shared across borders.



balkin BR robbins

For example, our new Dunkin' Donuts franchisee partners in India spent weeks at our headquarters investigating product options and collaborating with the culinary team to create a menu for their restaurants. When our partners in Dubai were setting up their cake production kitchen, our pastry chefs provided live cake decorating training sessions online. In fact, the R&D team offers virtual tastings to give partners across

time zones the opportunity to experience products together.



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#### **NUTRITION AND BETTER-FOR-YOU CHOICES**

#### **Nutrition Advisory Board**

Formed in 2007, the Nutrition Advisory Board (NAB) is comprised of health and nutrition experts who provide research and perspective to aid us in developing or reformulating products to meet the needs of our guests. Since its inception, the Nutrition Advisory Board has provided input on issues such as menu labeling and the development of better-for-you products.

In 2012, we welcomed new NAB members Elizabeth Johnson and Dr. Megan McCrory, who joined returning members Janice Newell Bissex, Dr. Caroline Apovian and Dr. Aryeh Stein to help us understand consumer health and wellness trends while enhancing the nutritional value of our menu choices. To learn more about the Board members and their related experience, please visit <a href="https://www.dunkinbrands.com/nutrition">www.dunkinbrands.com/nutrition</a>.

#### **Nutrition Progress**

In collaboration with the NAB, we continually review our menu portfolios for opportunities to improve the nutritional profile of our products. By revising our portion sizes, we have reduced total calories for all Baskin-Robbins beverages and 31 Below® Mix-Ins, and for all Dunkin' Donuts bagels, muffins and cookies. As part of our nutrition filter we have also established calorie guidelines for our limited time offer muffin and donut varieties.

Nutrition information is now available on baskinrobbins.com, and we have updated dunkindonuts.com with expanded online menu categories, content and tools to make it easier to locate nutrition information. In addition, both websites now include a downloadable PDF version of our Nutrition Guide.

We are always exploring a wide variety of products to meet the needs of our guests. We understand that sensitivities to food ingredients such as gluten are a serious concern for certain guests, so we plan to introduce an optional gluten free donut and gluten free muffin by the end of 2013. In addition, we communicate allergen information to our guests through in-store signage and on our brand websites, and we provide allergen training to restaurant managers and crew members as part of our food safety system.

#### Menu Labeling

At Dunkin' Brands, we believe consistent, easy-to-understand nutrition information can help consumers make the right dietary choices for themselves. Over the past two years, we have been working with the Food and Drug Administration to ensure effective implementation of federal menu labeling regulation. We continue to lead the industry in this effort, educating members of Congress on what this regulation means and why it is good for restaurants.

None of our company-operated stores were located in local menu labeling jurisdictions in 2011 or 2012; therefore, we had no reported incidents of non-compliance regarding menu labeling during the reporting period. We provide our franchisees with the information and support required to comply with labeling regulations at the restaurant level.



The Dunkin' Donuts **DDSMART®** menu is designed to help guests identify better-for-you menu items available at our restaurants. All **DDSMART®** items

are identified by a special green running figure logo on restaurant menu boards. A **DDSMART®** brochure is now available in stores to provide guests with more information about the program and products. **DDSMART®** menu items are available at all US restaurants.

The Baskin-Robbins **BRight Choices**® menu features better-for-you frozen treats such as Premium Churned Light ice cream; Premium Churned Reduced

Fat No Sugar Added ice cream; dairy free options and more -- all ranging from 80 to 140 calories per 2.5 ounce scoop. All **BRight Choices®** items are indicated by a pink star on the ice cream flavor strips in shops, and all US locations are required to carry **BRight Choices®** flavor offerings throughout the year. Recent **BRight Choices®** flavor offerings include Premium Churned Light Strawberry De-Vine, Raspberry Cheese Louise Frozen Yogurt and Premium Churned Reduced Fat No Sugar Added Pineapple Coconut.

#### **BR**ight Choices® criteria:



**Premium Churned Light:** 50% less fat (compared to our regular ice cream)



Premium Churned Reduced Fat No Sugar Added: 25% less fat (compared to our regular ice cream)



Sorbet/Ice: Fat free, dairy free



**Frozen Yogurt:**Made with live and active cultures

All DDSMART items meet at least one of the following crtieria: 25% fewer calories, 25% less sugar, saturated fat, or sodium than comparable fare, and/or contain an ingredient or nutrient that is nutritionally beneficial. New DDSMART choices include oatmeal with dried fruit, an improved English muffin, fresh bananas and oranges, and the Turkey Sausage Breakfast Sandwich.

In conjunction with DDSMART, we encourage our guests to engage in an active lifestyle. Through December 2013 on DD.com, we have Runner's World 5-K and 10-K training plans and original content to help our guests become more active. Dunkin' Brands and our franchisees also sponsor countless physical activity events, such as runs and bicycling races, in the communities we serve to encourage a "calories-in, calories-out" lifestyle.



#### **FOOD SAFETY**

**U.S. & Canda:** Food Safety continues to be a key focus for Dunkin' Brands restaurants and supply chain.

We have upgraded our Restaurants Food Safety System through the national roll out of a new best-in-class sanitation program and a new preferred pest management program.

We have aligned our food safety standards with the latest update of the FDA Food Code.

In 2012, our operations team made over 26,000 visits to restaurants to ensure effective management of our Food Safety System.

Since 2010, we have decreased the incidence of health risks in our U.S. Dunkin' Donuts restaurants by 83%.

Since our last report we have implemented third-party assessment training and added a new auditing and compliance program in US and Canadian Baskin-Robbins shops that have supported a 50% reduction in imminent health hazards in our restaurants annually.

We had no outstanding food safety violations or product recalls through our supply chain in 2011 or 2012.

**International Food Safety:** Our guests count on us to provide safe, high quality products no matter where they live or travel. To help ensure we uphold this commitment, the Dunkin' Brands food safety team has implemented third-party assessment training and an auditing and compliance program in all regions for both brands. In addition, the team has conducted risk-based market assessments focused on maximizing internal resources and third party support to eliminate hazards quickly and effectively.

#### **Awards & Recognition**

**2012:** American Customer Satisfaction Index (ACSI) rated Dunkin' Donuts the No. 1 coffee brand.



**2013:** Dunkin' Donuts is ranked **No. 1 in coffee customer loyalty** for the seventh straight year by the Brand Keys Customer Loyalty Engagement Index.

#### **Guest Satisfaction Survey**

For the past four years, we have been evaluating guest satisfaction with US Dunkin' Donuts and Dunkin' Donuts/Baskin-Robbins combo restaurants through our Guest Satisfaction Survey (GSS). GSS is a powerful tool that provides insight into the guest experience to help us maximize satisfaction and loyalty. In 2012, we initiated a similar Guest Satisfaction program in our US Baskin-Robbins shops.

Through in-depth analysis of guest comments and survey responses, we have identified key components of a great guest experience, and we use this knowledge as we work closely with our franchisees, restaurant managers and crew members to create a guest-first culture in our restaurants.

To date we have recorded feedback from over six million guests and we have found increasing satisfaction with the Dunkin' Donuts, Baskin-Robbins and Dunkin' Donuts/Baskin-Robbins combo experiences throughout the U.S.

#### 2013 - 2014 Nutrition Goals:

- Launch a gluten free donut and a gluten free muffin as an optional program nationwide by the end of 2013
- In 2013 and 2014, a minimum of two of the BR Flavor of the Month flavors and four prepack features will meet BRight Choices annually
- By the end of 2015, reduce sodium by 10% across the entire Dunkin' Donuts menu

## **Our Planet**

We believe that what we do today matters tomorrow, and we are focused on finding sustainable solutions to address our main areas of environmental impact:



Climate Change

and Waste

Climate change is a global concern.

While the climate impact of our business may not be as significant as that of other sectors, we want to do our part to identify and address our impact. We are developing a

and address our impact. We are developing a climate change and energy strategy and have begun establishing targets to reduce our carbon emissions. We are working to address both the emissions that we control directly and those that we influence.

We are taking action because the effects of climate change, from rising energy costs to extreme weather events, can impact our business. We are starting with the assets we own and control such as our corporate facilities and fleet. We are also providing our franchisees with tools to help them reduce their emissions, and we are engaging our suppliers on key issues like reducing deforestation.

#### **CLIMATE AND ENERGY**

#### **Carbon Disclosure Project**

We recognize the importance of providing our investors with transparent, useful information about our business and our priorities. In 2012, we responded to the Carbon Disclosure Project (CDP) climate change questionnaire for the first time. The CDP questionnaire provides a valuable framework for understanding our climate impact and identifying opportunities to reduce our carbon footprint. In our first year we provided a partial response; we expect to prepare a full response in future years, as we continue to define our strategy and gather additional data.



#### **Our Progress So Far**

In summer 2011, Dunkin' Brands partnered with the Environmental Defense Fund's (EDF) Climate Corps program to identify potential reductions in energy use and utility costs. Our EDF fellow benchmarked dozens of freestanding Dunkin' Donuts restaurants and calculated that on a system-wide scale, if 2,700 freestanding stores reduced their energy consumption by 15% through energy efficiency improvements, franchisees could collectively save approximately \$12 million in energy

costs, 80 million kilowatt hours, and 47,000 metric tons in associated CO2 emissions annually.

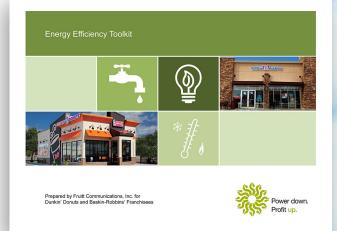


As a result, in 2012 we introduced an energy efficiency toolkit created for Dunkin' Donuts and Baskin-Robbins franchisees. *Power Down, Profit Up* focuses on low- or no-cost ways franchisees can save energy and water, including simple repairs and upgrades, utility rebates and tax incentives, engaging employees in energy efficiency and more. Franchisees and their approved contractors can access the toolkit online. We highlight a new section of the toolkit each quarter and invite franchisees to make at least one of the recommended improvements.

In summer 2012, another EDF fellow completed a financial analysis of high-efficiency products and equipment recommended in our Dunkin' Donuts store specs, including faucets and toilets, hand dryers, lighting, walk-in coolers and HVAC systems. The resulting analysis quantified significant environmental and utility savings of high efficiency products over conventional models. We plan to use these findings to encourage franchisees and contractors to follow our specifications during construction to maximize their long-term savings potential.

#### **Energy Savings in Action**

Most domestic Baskin-Robbins franchisees completed lighting upgrades in partnership with their electric companies, moving from T-12 fluorescent bulbs to T-8s or T-5s, or choosing an LED retrofit. For example, through a Pacific Gas & Electric (PG&E) lighting audit, 32 shops in California upgraded to more efficient bulb and lighting valances. To further mitigate rising energy prices, both Baskin-Robbins and Dunkin' Donuts franchisees in certain deregulated markets have chosen to come together to purchase energy at a discounted group rate.



We look forward to welcoming a new EDF Climate Corps fellow to Dunkin' Brands in summer 2013 to continue to assist us in achieving our climate and energy goals.

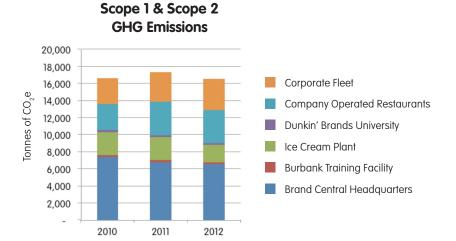
#### 2013 - 2014 Climate and Energy Goals:

- Establish a complete energy use/GHG emissions baseline for scopes 1 and 2 in 2013
- Join the Fleets for Change GHG emissions reduction initiative for our corporate fleet in 2013
- Commit to setting GHG reduction targets for scopes 1 and 2 in our 2014 CSR report

#### **ENERGY DATA**

In our second CSR Report, we are pleased to provide expanded data on our energy use, along with initial greenhouse gas (GHG) emissions data. We intend to gather more data in the coming years and improve our GHG emissions inventory as methodologies for calculating emissions evolve.

	2010	2011	2012					
Corporate Facilities 1								
Direct Energy Use (kWhe) <sup>2</sup> Indirect Energy Use (kWhe) <sup>3</sup> Total Energy Use (kWhe) GHG Emissions (MT CO <sub>2</sub> e) <sup>5</sup>	9,166,715 17,757,520 <sup>4</sup> 26,924,235 10,549	7,855,548 17,069,737 24,925,285 9,934	6,761,928 15,385,062 22,146,990 8.996					
Corporate Fleet 6								
Fuel Usage (Gallons) GHG Emissions (MT CO <sub>2</sub> e)	330,896 3,042	369,345 3,396	399,342 3,671					
Company Operated Restaurants 7								
Direct Energy Use (kWhe) Indirect Energy Use (kWhe) Total Energy Use (kWhe) <sup>8</sup> GHG Emissions (MT CO <sub>2</sub> e)	976,199 4,637,265 5,613,464 3,043	1,237,501 6,051,636 7,289,137 3,964	1,066,365 5,989,391 7,055,756 3,894					
Free-standing US Dunkin' Donuts Franchised Restaurants 9								
Total Indirect Energy Use (KWhe) GHG Emissions (MT CO <sub>2</sub> e)	536,000,000 316,000	536,000,000 316,000	536,000,000 316,000					
Total GHG Emissions (MT CO2e) by Scope								
Total Emissions Scope 1 (Direct Usage) <sup>10</sup>	4,925	5,084	5,125					
Total Emissions Scope 2 (Indirect Usage) 11	11,709	12,210	11,437					
Total Emissions Scope 3 (Other Indirect Usage) 12	316,000	316,000	316,000					
Total CO2e	332,634	333,294	332,562					



#### Footnotes on Data Calculations

- <sup>1</sup> Corporate Facilities include our Brand Central headquarters, Dunkin' Brands University (DBU), our Burbank, California training facility, and our ice cream manufacturing plant in Canada, which ceased operations in October 2012.
- <sup>2</sup> Direct Energy Use represents consumption of natural gas.
- <sup>3</sup> Indirect Energy Use represents consumption of purchased electricity.
- <sup>4</sup> Brand Central purchased electricity consumption data for 2010 could not be obtained and were estimated based on past trends of purchased electricity consumption for Brand Central.
- <sup>5</sup> Our methodology for calculating greenhouse gas (GHG) emissions references the Greenhouse Gas Protocol calculation tools provided by the EPA's Office Carbon Footprint tool. To calculate GHG emissions, we used the most recent Emission Factors (EF) provided in the tool, which are based on 2009 data.
- Our corporate fleet is comprised of standard and hybrid vehicles used by corporate employees for business travel. The fleet size was 357 in 2010, 397 in 2011 and 420 in 2012. All vehicles are within the three prior model years.
- <sup>7</sup> Nearly 100% of our restaurants are franchised (owned and operated by independent business owners). Dunkin' Brands operates a small number of Dunkin' Donuts restaurants: 15 at the end of 2010; 16 at the end of 2011; 26 at the end of 2012.
- <sup>8</sup> For company-operated restaurants with missing gas or electricity data, we calculated a yearly estimate by averaging consumption of restaurants in similar geographic regions. For restaurants acquired by Dunkin' Brands during the years 2011 and 2012, we averaged the energy use in known months to estimate usage for the months prior to acquisition.
- Data for franchised restaurants are estimates of indirect energy use and GHG emissions for 2,680 free-standing US Dunkin' Donuts restaurants, based on a benchmark of 69 sample restaurants for the year 2010. We were assisted in benchmarking and calculation of this estimate by our 2011 Environmental Defense Fund Climate Corps fellow. This data was not re-estimated in subsequent years. We plan to include direct energy use data in future estimates.
- <sup>10</sup> Scope 1 includes GHG emissions from natural gas use in our corporate facilities and company-operated restaurants, and fuel use by our corporate fleet.
- <sup>11</sup> Scope 2 includes GHG emissions from purchased electricity use in our corporate facilities and company-operated restaurants.
- <sup>12</sup> Scope 3 includes an estimate of GHG emissions from our free-standing US Dunkin' Donuts restaurants. We will be pursuing more complete data in future years.

#### SUSTAINABLE BUILDING

Dunkin' Brands is continuously engaged in identifying and incorporating more sustainable building and energy solutions that reduce costs for our franchisees while benefiting the environment.

#### **Dunkin' Donuts Achieves LEED Gold Certification**

In late 2011, we officially opened our second "green" Dunkin' Donuts restaurant in St. Petersburg, Florida. The restaurant features sustainable design and construction elements, including energy efficient insulated concrete foam walls, LED lighting, high-performance HVAC and refrigeration equipment and a state of the art energy monitoring system. It also features Dunkin' Donuts' first ever electric car charging station and water saving elements that make the building over 30% more water efficient than a typical restaurant. Features like super low-flow fixtures and a rainwater harvesting system for landscape irrigation will save over 100,000 gallons of water annually.

While LEED Certification is not feasible for every restaurant, we are sharing our learnings from these LEED stores with franchisees across our system, along with the *Power Down, Profit Up Energy Efficiency Toolkit* to encourage energy and water savings in any restaurant regardless of size or location.





The Florida Chapter of the U.S. Green Building
Council named the second Dunkin' Donuts
St. Petersburg restaurant the State of Florida's
"OUTSTANDING PROJECT OF THE YEAR / LEED
for New Construction - Retail"



#### **Dunkin' Donuts Store Design:**

In 2010, we set a goal to incorporate more sustainable materials into our Dunkin' Donuts store design. Since then, we have upgraded our specifications to no-VOC paint and full stainless steel millwork, which incorporates recycled content, contains no formaldehyde, and emits fewer volatile organic compounds (VOCs) than traditional millwork. Franchisee orders for LED lighting packages increased in 2012; we believe adoption rates will continue to accelerate in 2013.

# 

#### **Baskin-Robbins Store Design:**

All of the green features of our Dunkin' Donuts store specifications have been incorporated into our new Baskin-Robbins store design, including low-flow plumbing and energy efficient lighting and HVAC. All new stores also include dipping cabinets and upright merchandisers with LED lighting, which use 50% less energy than CFL light tubes and last approximately 10 times longer.

#### 2013 - 2014 Sustainable Building Goals:

- Develop a DD Green store certification program with goals established through 2016
- Establish a baseline for energy and water usage for Dunkin' Donuts franchised restaurants and set reduction targets by 2015

#### Case Study:

# **Business Benefits of Sustainable Building.**

When Dunkin' Donuts franchisee Lou Garcia of the Milwaukee Brewing Company went before the local planning and zoning committee to seek approval for a new restaurant in White Fish Bay, Wisconsin, the committee members were not initially in favor of the request. However, after learning about the energy saving elements of the new store design, committee approval was unanimous.

#### **SUSTAINABLE SOURCING**

Our impact on the planet starts with the sourcing of our product ingredients and the packaging for those products. We are committed to partnering with our suppliers to address our impact.

#### **Supplier Code of Conduct**

We have made significant progress on our goal to address issues of sustainability in our Supplier Code of Conduct (COC), utilizing input from our Ceres stakeholder team and internal subject matter experts. We made numerous improvements to the Code including stronger standards on environmental protection and worker health and safety. We also added new questions on supplier diversity, animal welfare and ingredient sourcing to the Supplier Survey, our primary COC compliance tool.

The revised COC and Supplier Survey will be piloted with suppliers in the fall of 2013. We will use the results of the pilot to further refine our approach, begin developing an audit process and establish performance goals by 2015.

We continue to develop a holistic approach to sourcing that balances cost with sustainability.

Because our business utilizes a global supply chain,

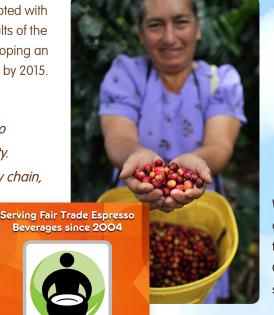
we partner with trusted third-party certification organizations to ensure our ingredients and materials are sourced sustainably around the world.

Dunkin' Donuts espresso beverages have been made with 100% Fair Trade Certified™ coffee since they were introduced in 2004.

Our Fair Trade purchases help protect the environment and improve the lives of farmers and workers. As of December 31, 2012, we have purchased 33,777,356 pounds of Fair Trade Certified™ coffee and delivered \$9,903,523 in premiums back to farming communities.



All of the farms from which Dunkin' Donuts sources its tea are members of the Ethical Tea Partnership, a not-for-profit organization established in 1997 to help build a thriving tea industry that is socially just and environmentally sustainable. Dunkin' Donuts teas are sourced by a member of the Ethical Tea Partnership to support the organization's efforts to improve tea farmers' lives and environment, and ensure a sustainable tea supply for the future.





We are pleased to announce that our Iced Green Tea, made with 30% tea sourced from Rainforest Alliance Certified farms, was introduced in spring 2013 in select markets.

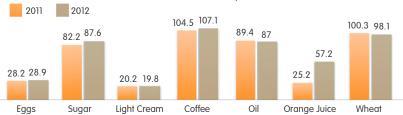
In addition, over the past two years we have **granted \$100,000** to the Rainforest Alliance to fund future training projects to assist coffee and tea farmers seeking to improve the sustainability and productivity of their farms through Rainforest Alliance certification.

LATTE, CAPPUCCINO, ESPRESSO

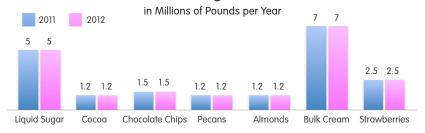
**Palm Oil:** Dunkin' Donuts currently prepares all of its donuts using a blend of palm, soy and cottonseed oil. Because irresponsible palm oil production contributes to deforestation, loss of natural habitats and other environmental concerns, we support a moratorium on palm oil expansion in rainforests and peatlands. In addition, we are working with our suppliers to develop a plan to source 100% sustainable palm oil by 2020, and to ensure independent verification of compliance with our policy. We will share our progress in future CSR reports.

International Sourcing: In many countries we work with our international licensees to identify local or regional suppliers for ingredients and packaging. Local sourcing can provide product cost advantages while reducing transportation emissions and returning economic benefits back to communities. While it can be challenging to meet varying international regulations and ensure product consistency when our licensees source from local suppliers, we believe there can be significant value based on the product and individual market dynamics.

# **Dunkin' Donuts Ingredient Volumes**in Millions of Pounds per Year



#### **Baskin-Robbins Ingredient Volumes**



#### **Animal Welfare**

We care about the way animals are raised and treated, and we recognize animal welfare as a key part of a sustainable supply chain. In our last report, we committed to complete feasibility research on sourcing cage-free eggs and gestation crate-free pork by 2013. In September 2012, we exceeded that goal by announcing that Dunkin' Donuts will transition five percent of the eggs in our breakfast sandwiches nationwide to cage-free by the end of 2013 and will eliminate gestation crates from our pork supply chain. We will require our U.S.-based pork suppliers to outline their plans to reach this goal.

To achieve these milestones, we worked closely with our franchisee-owned distribution and purchasing cooperative (DCP) and The Humane Society of the United States. We will continue to work with these partners to develop a plan by the end of 2014 to increase our percentage of cage free eggs and establish a timeline for eliminating gestation crates.

We have also met our goal to establish an animal welfare policy that outlines our commitments for our stakeholders, provides clear expectations for our suppliers and guides our decision making in this area. The policy covers key issues including: animal handling and treatment; antibiotic use; cage-free eggs; gestation crate-free pork; dehorning and tail docking in dairy cattle. The policy has informed the animal welfare standards in our Supplier Code of Conduct.

#### 2013 - 2014 Sustainable Sourcing Goals:

- Revise and communicate new supplier code to US suppliers by end of 2013
- Work with our suppliers to develop a plan to source 100% sustainable palm oil by 2020
- Achieve 5% cage-free eggs in 2013; develop a plan by the end of 2014 to increase our percentage of cage-free eggs and to establish a timeline for eliminating gestation crates

#### PACKAGING AND WASTE

For a quick service restaurant, packaging is a key component of the guest experience. We are committed to continuous improvement to ensure our packaging meets our guests' expectations for performance, is affordable for our franchisees and reduces our environmental impact.

We are keeping all these factors in mind as we continue to explore alternatives to two of our iconic packaging items: the Dunkin' Donuts foam cup and the Baskin-Robbins pink spoon. Because the foam cup and pink spoon are symbolic of our brands, used in high volumes, and not widely recycled, they remain our primary packaging concerns.

#### **Dunkin' Donuts Foam Cup**

We know that some people are concerned about the recyclability of the foam cups we use to serve hot beverages. Over the past several months, some municipalities in the United States have banned or are considering banning expanded polystyrene (EPS) foam, the material used to make these cups. In response, we are working to understand the objectives of each municipality and develop solutions based on their individual needs, their recycling and waste disposal infrastructures, and the capabilities of our supply chain.

In communities where foam is banned, we are working with our franchisees to test a double-walled paper cup that contains post-consumer fiber content, satisfies the needs of our guests and complies with local regulation. For the foreseeable future, we will continue to use foam cups in communities that have not banned EPS until we find a cup that meets our performance criteria for keeping hands cool and coffee hot, is cost effective, and has a better environmental footprint, such as being recyclable.

**Reusable Cups:** We have created both hot and cold reusable cup programs as an option for our franchisees. These programs are supported through in-store education kits and online training.

In addition, in 2012 Dunkin' Donuts distributed nearly 500,000 promotional reusable cups to encourage guest participation in our refill programs. The promotions included charitable fundraisers, new store openings, and other regional promotions.

100% of those promotional cups were produced in the U.S.

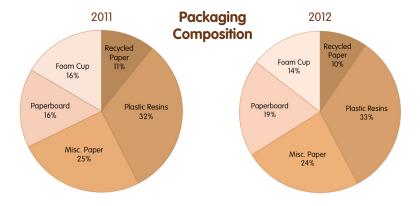
Two of our primary challenges with the reusable cup program are guest participation and impact on restaurant operations. Low guest participation results from lack of awareness about our refill programs as well as the convenience of using a disposable cup. Operations issues include sanitation concerns and the impact on speed of service, especially at the drive-thru. We are currently working on a reusable cup program designed to raise awareness of the program, drive franchisee and guest participation, and solve operational issues. We expect to launch an improved program in the next six to 12 months.

We remain committed to finding a longterm alternative to the current disposable cup options. We have a dedicated, internal cup team that is continually evaluating materials and technologies in our search for that longterm solution. Over the past five years, we have examined every commercially available cup and material, but have not yet found a viable solution with the necessary manufacturing capabilities, availability of raw materials, the ability to meet food safety requirements, thermal qualities, and environmental attributes such as recyclability or biodegradability. We continue to collaborate with our suppliers, industry peers and external experts, including the Sustainable Packaging Coalition, the Foodservice Packaging Institute and other food companies to address issues of waste and recyclability. We hope to roll out an alternative cup that meets our cost, performance and environmental criteria within 2-3 years.



**Baskin-Robbins Pink Spoon** In our 2010 CSR Report, we set a goal to complete testing of Baskin-Robbins pink spoon alternatives with plans to transition to a more sustainable material brand-wide during 2013. While we underestimated the amount of time required to develop a recyclable material and spoon design that met our expectations for food safety and quality, and that could be recyclable in municipal programs, our supplier recently engineered a unique spoon that has passed our quality assurance testing. We expect to begin testing this new spoon with consumers in the third quarter of 2013 and plan to roll it out brand-wide in the first guarter of 2014.

BR Japan - Pink Spoon Recycling: BR Japan has started to recycle their pink tasting spoons as part of their ongoing effort to reduce waste and protect the environment. At each of six participating stores, recycle boxes are placed where spoons can be easily deposited by guests and employees. Once a week, when packaging deliveries arrive, the driver collects the used spoons, which are crushed, cleaned and packed for use in new plastic products. The recycling rate is approximately 33%. By collecting roughly 1300kg of spoons from the six stores annually, BR Japan is saving 3,500 kg of CO2 emissions each year.



**Packaging Reduction** As part of our ongoing efforts to reduce the amount of packaging we use, we recently introduced a new carton for our Dunkin' Donuts K-Cup packs that is **30% smaller** than the original carton. In addition, we worked with our supplier to switch to a boxless carrier for our Dunkin' Donuts cup trays, which will reduce the amount of corrugated cardboard used for shipping by over 700,000 pounds annually.

#### 2013 - 2014 Packaging Goals:

- Complete testing of Baskin-Robbins pink spoon alternatives with plans to transition to a more sustainable material brand-wide by end of 2013
- Expand in-store foam cup program to all company-operated Dunkin' Donuts restaurants in 2013 with a goal to achieve an initial recycling rate of 5% by 2015
- Explore methods for measuring reuse rates for hot reusable mug program
- Roll out an alternative cup that meets our cost, performance and environmental criteria within 2-3 years

#### Recycling

Regardless of the material, we are committed to working to ensure the recyclability of the packaging we use in-store. We have established a cross-functional recycling team that is developing an in-store recycling strategy for our brands. The team's first priority is our foam cup. While EPS is recyclable, it is not currently accepted in most municipal recycling programs. To address this, the team launched an in-store foam cup recycling pilot in five of our company-operated restaurants in Massachusetts in early 2013. We are using the pilot to track recycling rates and identify operational challenges. The biggest challenges identified to date are cross-contamination from trash, low guest participation rates and the cost and carbon impacts of collection for recycling. Although we are still working on solutions, such as improving the signage and location of the recycling units, we are pleased to announce that we plan to expand the program to all 26 of our company-operated Dunkin' Donuts restaurants in 2013, with the goal of achieving an initial foam cup recycling rate of 5% in those locations by 2015. Our guests will play a critical role in reaching this goal so we will continue to explore opportunities to raise awareness about in-store foam recycling.

#### **Franchisee Recycling Survey**

In mid-2012 we surveyed franchisees with in-store recycling programs in an effort to gather best practices we could share across the system. More than 130 franchisees representing over 1,000 stores responded; approximately 55% said they currently recycle corrugated cardboard or other shipping materials, but none reported a successful recycling program available to guests. Sixty-two percent of respondents who do not currently recycle said they would be interested in trying recycling. Cost and space constraints were cited as the biggest barriers to participation. In response to these survey results, our goal is to create a recycling toolkit in 2014 to provide all franchisees with useful information to begin recycling in their restaurants.



# Our People

For many customers, the local Dunkin' Donuts or Baskin-Robbins is a beloved neighborhood institution, thanks to the efforts of our employees, our franchisees and their crew members.

The sustainability of our business relies on engaged employees, franchisees and crew members, and we strive to create an inclusive culture that rewards hard work, and encourages learning and fun.

**OUR EMPLOYEES** 

As of December 31, 2012, Dunkin' Brands and its affiliates employed **1,150 people** -- 1,099 based in the United States and 51 based in other countries. Of our domestic employees, 495 worked in the field or in our company-operated stores, and 604 worked at our Brand Central headquarters in Massachusetts or our satellite office in California.

#### **EMPLOYEE VALUE PROPOSITION**

In 2012 we hosted focus groups with corporate employees to understand why they decided to join Dunkin' Brands and what makes them stay. As a result, we created **Extraordinary Brands**, **Extraordinary People™**, an employee value proposition (EVP) for corporate employees that captures what they told us: that they love our brands and feel a sense of pride in working here; that they enjoy the people they work with, which makes coming to work fun; that their jobs are interesting and varied; and that they feel driven by our strategy and believe it will be successful.

# Extraordinary brands. Extraordinary people.

inspired by our brands
invigorated by our customers
innovating our future
involved in our communities
invested in your growth

Dunkin' Brands and our franchisees employ an estimated

175,000 people globally and

136,000

in the U.S. throughout our franchised system.



In 2012 we made the difficult decision to close our Baskin-Robbins ice cream manufacturing plant in Peterborough, Ontario, Canada, which was our only remaining production facility in North America. The plant was at capacity and unable to meet future product or innovation needs, and ultimately it proved more cost-effective to shift production to third-party supplier partners. We recognize that our core skills are in franchising, retail and product innovation rather than manufacturing. All 80 people who worked at the Baskin-Robbins plant were offered severance compensation and benefits, including counseling, resume support and career planning assistance.

#### **EMPLOYEE ENGAGEMENT**

In summer 2012, we conducted an employee engagement survey to gain a better understanding of the corporate employee experience at Dunkin' Brands. The survey confirmed that our employees feel an emotional connection to our brands and values, and they routinely go the extra mile in their jobs. We also heard that employees want more personalized professional development planning, options for integrating work and personal schedules, and improved communication. We will administer the employee engagement survey again in 2014, using the same set of questions so we can monitor progress over time and identify remaining or new areas of concern for employees.

We are committed to using the survey results to increase employee satisfaction.

Here are some of the actions we are taking:

#### Professional Development.

In 2013 we are introducing new tools to help employees identify areas where they want to grow and achieve, and we will launch a new platform that enables employees to receive more frequent feedback and coaching to help them improve their performance. Our goal is to have all employees participating in the new process by the end of 2013.

#### Flexible Work Arrangements.

To help employees better integrate work and personal life, we have introduced a new flexible work philosophy that offers options such as alternative hours or telecommuting days to meet the needs of an evolving workforce.

#### Communication.

We are increasing our use of webcasts to communicate more directly to employees around the globe on topics of importance to them, including business results, employee benefits and organizational health. We have also introduced an informal Leadership Series to help employees at all levels make a personal connection to our leadership team.



#### **DIVERSITY AND INCLUSION**

At Dunkin' Brands we believe that a culture of diversity and inclusion, where each person is valued and respected, delivers extraordinary results.

With this mission statement as our guide, we are working to establish a long-term diversity and inclusion strategy that values our guests, franchisees, employees and suppliers and drives innovation and growth.

To help attract more qualified women and minority employees to Dunkin' Brands, we have formed relationships with a number of diversity partners including ALPFA (Association of Latino Professionals in Finance and Accounting) and WFF (Women's Foodservice Forum). Since 2009 our Women's Integrated Network (WIN) affinity group has been fostering personal and professional development for women at Dunkin' Brands through a quarterly discussion forum and speaker series, volunteerism and networking events.

The following charts reflect information for corporate employees and our board of directors. We are reporting minority status for the US only, as we are not required to solicit this information from non US employees. Our franchisees are independent business owners; they and their employees are not included in our employee data.

Level	Female %	Male %	% Minority	Under 30	Ages 30- 50	Over 50
Coordinator	94%	6%	4%	33%	27%	41%
Specialist/Analyst	75%	25%	10%	21%	56%	23%
Manager	41%	59%	9%	3%	62%	35%
Director	26%	74%	7%	0%	68%	34%
Officer	20%	80%	2%	0%	58%	40%
Company Op Stores	52%	48%	15%	33%	41%	26%

Level	Female %	Male %	Minority %	Under 30	30-50	Over 50
Board of Directors	13%	88%	13%	0%	13%	88%

#### Case Study:

#### **Veterans to Entrepreneurs.**

Baskin-Robbins has launched a new veteran incentive program that supports U.S. military veterans seeking to open a Baskin-Robbins franchise. Veterans are uniquely qualified for franchising, and bring critical leadership and management skills. The company will waive the initial franchise fee of \$25,000 for developing a new Baskin-Robbins location in select markets for qualified, honorably discharged U.S. veterans, making it easier for them to start their own business.



#### **Learning Management System**

In 2013, Dunkin' Brands will launch a new global learning management system. The new system will have mobile application; multiple language options; user friendly navigation; short, easy-to-access courses, and timely reports. The new system will also include an upgrade of our online training with more content, global access, QR codes and videos, and will reduce waste by eliminating more traditional paper manuals.

#### **International Licensee Support**

In 2012, we delivered 60 days of learning to over 202 international licensees or their employees in various parts of Asia, South America, the Middle East, and Europe. Our curriculum included new market opening support, training on our core products, certifying training facilities, and development for international business managers.



# Dunkin' Donuts Huddles and Baskin-Robbins Rallies

Restaurant managers (RMs) are the key to delivering a great experience for our guests every day. We have instituted "Dunkin' Donuts Huddles" to engage and prepare RMs for their vital role in our brand's success. In over 300 sessions throughout the country, more than 13,183 participants engaged in group leadership training using guided discussion, games and video interactions.

In a follow up survey, 84% of participants felt they were able to immediately apply information from the session to impact their restaurants.

Following the Huddle model, we are instituting "Baskin-Robbins Rallies" in 2013, with the goal of providing a fun, interactive training experience that prepares restaurant staff for the peak summer season.

#### 2013 - 2014 People Goals:

- Achieve a 3% improvement in overall employee satisfaction on our next corporate employee engagement survey in 2014
- Establish and implement a diversity and inclusion strategy by end of 2014
- Launch a new Learning Management System in 2013

# Our Neighborhoods

We are dedicated to serving the basic needs of our local communities – from providing food for the hungry and support for children's health and wellness, to ensuring our neighborhoods are safe and secure.

Founded in 2006, The Dunkin'
Donuts & Baskin-Robbins
Community Foundation (DDBRCF)
serves our neighborhoods through
food for the hungry, safety for our

food for the hungry, safety for our COMMUNITY FOUNDATION neighborhoods and health for our children. Together with our franchisees, we have donated \$1.58M to local charities such as food banks and children's hospitals over the past two years. Since 2006, we have awarded more than \$4.4 million in grants to local charities.

THE DUNKIN' DONUTS

& BASKIN-ROBBINS

#### **HUNGER RELIEF**

Fulfilling critical hunger needs in our communities through partnerships with local food banks and hunger relief organizations

**DDBRCF & Feeding America®** The DDBRCF has forged a long-term national partnership with Feeding America®, the largest domestic hunger-relief organization, donating **nearly \$1 million** to support local food banks over the last 5 years. In addition, our franchisees regularly conduct food drives and organize volunteer days at local food banks to address hunger in their communities.

#### **Dunkin' Donuts & Feeding America®**

Dunkin' Donuts, in partnership with The National DCP, LLC (NDCP), a supply chain cooperative owned by Dunkin' Donuts franchisees, donated more than 25 tons of coffee to Feeding America® during the 2012 holiday season. Feeding America distributed the coffee to food banks nationwide.



In 2012, The **DDBRCF** granted \$102,000 to support child hunger relief primarily through Feeding America's Backpack Program.

This program provides nutritious food for children to take home on weekends and school vacations when other resources are unavailable. The grant was distributed among eight food banks in Massachusetts, Pennsylvania, Tennessee, Ohio, Illinois, New Mexico and California. "We are extremely grateful for The Dunkin' Donuts & Baskin-Robbins Community Foundation and their generous grant to help us fight hunger," Leah Ray, VP, Corporate Partnerships at Feeding America.

#### Baskin-Robbins & Kraft Huddle to Fight Hunger®

Baskin-Robbins partnered with Kraft HUDDLE TO FIGHT HUNGER® in 2011 to help provide 25 million meals to Feeding America®. Kraft Foods donated 1 meal for every scoop of Trick-OREO®-Treat purchased in October up to 575,000 meals. The program encouraged families, retailers and communities to help provide meals to those in need. More than 541,300 meals were donated as part of the program. The DDBRCF also donated 500,000 meals.



#### **SAFETY**

Ensuring the safety of our neighborhoods and communities through partnerships with organizations that support our firefighters, public safety officers, and troops at home and abroad

#### DDBRCF, Dunkin' Donuts & The USO:

The DDBRCF supports safety in our neighborhoods through grants to organizations such as the USO.

In April 2011, for every dollar a guest



spent with Dunkin' Donuts DD Perks® Rewards program, Dunkin' Donuts donated \$1 to The DDBRCF for the benefit of the USO, with a total donation of **\$10,000**. On Veteran's Day 2011, The DDBRCF donated \$10,000 to the USO to benefit 10 centers throughout the country. Each center received a \$1,000 grant.

**Dunkin' Donuts & Operation Tribute:** Since 2009,

Dunkin' Donuts franchisees across New

England have supported **Operation Tribute**, which serves children of military families during the holiday season. Locations in Burlington,

Vermont; Providence Rhode Island, and Maine collected \$1 donations raising more than \$140,000 in 2011, and \$154,000 in 2012. As a result, 32,000 gifts in 2011 and 34,000 gifts in 2012 were provided to military children throughout New England, New York, New Jersey and Ohio. Since 2009, Dunkin' Donuts franchisees have helped raise almost \$400K and provide over 123,000 gifts to Operation Tribute children!

**Dunkin' Brands & The Military** Since 2003, the Dunkin' Donuts

Consumer Care team has sent approximately 50 cases of coffee each month to troops stationed overseas. To date, Dunkin' Brands has sent over 160,000 pounds of coffee.

#### CHILDREN'S HEALTH

Improving children's health through partnerships with children's hospitals and organizations that support children's physical activity and research and treatment of children's diseases and illnesses

The DDBRCF supports children's health by providing regional grants to local organizations such as **Autism Speaks®** and **Cystic Fibrosis Foundation®**.

\$400,000 raised by franchisees

32,000

gifts provided to military children through New England in 2011

34,000

gifts provided to military children through New England in 2011

160,000+

lbs. of coffee sent to troops overseas



# New Hanover Regional Medical Center Foundation, Inc.

Funds from The DDBRCF's \$3,000 grant helped purchase a neonatal ventilator specially designed for "micro-preemie" infants who weigh less than 1.5 pounds. The ventilator can push milliliters of air into their tiny fragile lungs and minimize the long term effects of chronic pulmonary disease and other development disorders. "We are extremely grateful for this support," Aline Lasseter, executive director/VP of development.

#### **EMPLOYEE ENGAGEMENT & VOLUNTEERISM**

Each December, Dunkin' Brands employees are invited to participate in a week-long **"Season of Giving."** In 2011-2012, we provided more than 378 children and six families in need with gifts, volunteered at 14 nonprofit organizations, donated coats and personal care items to local shelters and sent more than 4,200 pounds of coffee to troops overseas. Additionally, each full-time employee is allowed five hours of paid volunteer time per quarter.

hours volunteered by Dunkin' Brands employees in 2011

2,230

hours volunteered by Dunkin' Brands employees in 2012

#### **CHARITABLE GIVING**

In addition to supporting The DDBRCF, Dunkin' Brands and our franchisees actively supported many other local charities in 2011 and 2012, donating approximately \$10.5 million to local charities:

**Toys for Tots** – Upstate New York: Since the 2009 holiday season, Dunkin' Donuts franchisees in Upstate New York have made an annual donation of at least \$25,000 to help fill a Toys for Tots Train with toys and coats to be delivered to thousands of children in underserved communities from Pennsylvania all the way up to the Canadian border. Dunkin' Donuts franchisees have orchestrated a shopping spree each year to stock the train, then boarded the train to help deliver toys and coats to children and families in 12 communities. Over the past four years, Dunkin' Donuts' has contributed \$110,000 in support of the Toys for Tots Train.

Local Scholarship Program: Over the past 15 years, Dunkin' Brands has given more than \$3.6 million in scholarships through scholarship programs in Hartford, Connecticut; Springfield, Massachusetts; Providence, Rhode Island; Philadelphia, Pennsylvania and New Hampshire.

CANADIAN PACIFIC

Australian Breast Cancer Program: In October 2012,
Baskin-Robbins partnered with the McGrath Foundation
to support Breast Cancer Awareness Month in Australia,
donating 31 cents for every 'Like' its Facebook page
received, up to \$31,000. As a result of the program,
Baskin-Robbins raised \$31,000 which helped place
McGrath Foundation breast care nurses in communities
across Australia to support families experiencing breast
cancer and increase breast cancer awareness in young women.
We also supported the McGrath Foundation High Tea fundraiser
in Brisbane, Queensland in October 2012 by donating 2 for 1
Scoop ice cream vouchers to all 1,500 attendees.

As part of our ongoing partnership and commitment to the cause, we have raised an additional **\$8,500** since October from our guests via dedicated McGrath Foundation collection tins located in all Baskin-Robbins restaurants nationwide.



#### **DISASTER RELIEF**

Together with our franchisees and The DDBRCF, Dunkin' Brands stands ready to support our communities, guests and colleagues in the event of a natural disaster. Over the past two years, natural disasters such as floods and tornadoes have struck communities where Dunkin' Donuts and Baskin-Robbins are located worldwide.

**Japan Earthquake:** On March 11, 2011, Japan suffered a devastating earthquake. In the immediate aftermath, Baskin-Robbins Japan partnered with UNICEF to raise **\$94,700** for relief efforts, including donations from

international licensees, BR Golden Scoop Malaysia and BR Galadari Company – Middle East. Corporate employees and U.S. franchisees contributed an additional \$63,000 to the American Red Cross relief fund.

BR Japan also matched all donations collected during their annual free scoop event to support earthquake relief efforts.



15,000 cups of coffee & hot chocolate

6,600 donuts

12,000 DD winter hats

# Dunkin' Brands response to Hurricane Sandy:

Dunkin' Brands donated \$100,000 to
The American Red Cross to relief efforts in the
Mid-Atlantic area. We also partnered with the
American Red Cross to provide guests with
an opportunity to donate to relief efforts via
dunkindonuts.com and baskinrobbins.com.
In areas hardest hit by the storm, we served over
15,000 cups of coffee and hot chocolate, 6,600
donuts and distributed 12,000 DD winter hats. In
addition, we created and distributed a Business
Recovery Guide to support franchisees affected
by Hurricane Sandy that outlined government,
community and business resources.

The **Dunkin' Brands Disaster Relief Fund** (DRF) provides financial relief to employees, franchisees

and employees of franchisees who have been affected by federally declared disasters. Following Hurricane Sandy, employees and franchisees contributed more than \$12,000 to the DRF to support colleagues who were affected by the storm. Grants totaling nearly \$60,000 were provided to more than 60 applicants in the Mid-Atlantic and Northeast.

The DDBRCF made a \$100,000 grant to Feeding America for food banks in communities affected by Hurricane Sandy. In addition, the Mid-Atlantic Chapter of The DDBRCF held two fundraising events that raised nearly \$100,000 to support relief efforts.

#### **AWARDS & RECOGNITION**

#### **Baskin-Robbins Licensee recognized for lifetime commitment:**

On July 2, 2012, Frieda Geller, a Baskin-Robbins licensee in Curaçao, received the "Krus Di Merito," the highest civilian award in the country.

The award is presented to citizens who have given a large part of their lives to the welfare of Curação.

Frieda was recognized for her devoted service to cancer victims through the Prinses Wilhelmina Fonds, a foundation dedicated to cancer education and assistance.



Frieda Geller

#### Dunkin' Brands Philanthropist of the Year:

Franchisee Gary Heckel and his wife Peggy have established a culture of giving within their franchise

organization by supporting local charity events and donating product to churches, schools, and civic organizations. As a member of the Board of The DDBRCF representing the Southeast Regional Chapter, Gary partners with franchisees to execute more than a dozen fundraising events that raise more than \$250,000 annually.



# Our Company

In July 2011, Dunkin' Brands Group, Inc. completed its initial public offering and our stock became traded on the NASDAQ Global Select Market (under the ticker symbol DNKN). Our long-standing values and commitment to operating responsibly remain unchanged.

As of December 31, 2012, Dunkin' Brands Group, Inc. had an eight member board of directors, including a non-executive Chairman of the Board (Jon Luther) and six directors (75%) who are independent under the governance and listing standards of NASDAQ. The board of directors sets high standards for our employees, officers and directors. Implicit in this philosophy is the importance of sound corporate governance. Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee, each operating under a written charter approved by our board.

Further details can be found by visiting <a href="http://investor.dunkinbrands.com/governance.cfm">http://investor.dunkinbrands.com/governance.cfm</a>

**Executive Compensation** Executive compensation is an issue we take very seriously. Dunkin' Brands has established a Compensation Committee that annually reviews, determines and approves compensation for the CEO and other executives using a sensible pay-for-performance program. We support the right of our shareholders to cast an annual advisory vote on executive compensation, and management and our board consider the results of such a vote in making executive compensation recommendations and decisions.

**Lobbying** Dunkin' Brands participates in the legislative and regulatory process around key issues that affect our business, from health and wellness to franchisee-related legislation. We seek to engage federal, state, and local policymakers to advocate on behalf of our franchisees and our brands. We are also engaged in legislative and regulatory matters in our international markets. Our advocacy efforts are both direct and indirect, utilizing strategic tools including a Political Action Committee as well as memberships in national and regional restaurant and retail associations.

#### **Trade Association Memberships**

- National Restaurant Association
- International Franchise Association
- National Council of Chain Restaurants
- International Council of Shopping Centers
- California Restaurant Association
- Massachusetts Restaurant Association
- New York State Restaurant Association
- National Coffee Association
- Specialty Coffee Association of America
- Coffee Quality Institute
- US-India Business Council
- New Jersey Retail Merchants Association

#### **PAC & Direct Political Contributions**

Dunkin' Brands does not use corporate funds to engage in the political process. We have a voluntary Political Action Committee (PAC) of employees and franchisees. Corporate funds are not used by the PAC; it accesses a completely separate fund. We disclose PAC expenditures to the Federal Election Commission (FEC) quarterly as required by law.

Political Action Committee and Lobbying Disclosures can be located at <a href="https://www.fec.gov">www.fec.gov</a>