



2023–2024

Our Purpose & Impact Report  
McDonald's Corporation

# Impact Report

**Our purpose is to feed and foster communities. As a leading global foodservice retailer, we believe it's our responsibility to make a positive impact on the world.**

We're driving that impact by living our purpose. We believe the actions we continue to take today across our food, people, communities and our planet will help contribute to building a better business and a more trusted brand for generations to come. One of these actions is reporting on our environmental and social activities.



# What's Inside

## Introduction

McDonald's is a leading global foodservice retailer, with more than 41,000 restaurants in over 100 countries helping feed millions of customers every day. Our System works as one to feed and foster the communities we serve. Whether we are helping deliver more sustainable food systems or building an inclusive workplace, we believe there has never been a more important moment to work together to advance collective impact.

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## Our Planet

We're acting now to deliver on our climate ambitions, protect natural resources, accelerate solutions to reduce waste and transition to more sustainable packaging and toy materials.

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## Food Quality & Sourcing

We're working toward creating a secure, more sustainable future for food by advancing safety and quality, prioritizing animal health and welfare and making balanced meals more accessible to families across the world.

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## Jobs, Inclusion & Empowerment

We're helping build bright, safe and inclusive futures by nurturing skills, accelerating equity and respecting human rights, empowering the people and the communities we serve.

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## Community Connection

We understand our business thrives when our communities thrive, so we think globally and act locally, helping feed and support people when and where they need it most.

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# A Message From Our CEO



**This past year, our focus remained firmly on serving our customers and communities – and I'm proud of the positive impact the McDonald's System is making around the world.**

Ray Kroc used to say, "We have an obligation to give something back to the community that gives so much to us." This sentiment was even more meaningful this past year, as the world experienced a humanitarian crisis caused by the wars in Ukraine and the Middle East, along with the devastating natural disasters that plagued many regions.

At the same time, many consumers are feeling a strain on their wallets as a result of the volatile environment. Despite these challenges, I'm confident that we're moving with urgency to deliver great value for our customers while showing up for the communities we serve.

In moments like these, I'm reminded of the sheer impact of the McDonald's System. We have the power to transform our business and impact the world around us. And we do so, as we always have, energized by our values and our purpose: to feed and foster communities.

## **Building Resilience Through Climate Action**

As a leading global brand, we understand our responsibility to help preserve our planet so our business and future generations can continue to thrive. To protect the future of McDonald's, we need to help protect our Earth's natural resources so that we can continue serving our communities.

We're making progress toward our commitment to reach net zero emissions by 2050. This includes working with suppliers to help eliminate deforestation from our global supply chain, adopting and scaling more sustainable agricultural practices, reducing waste and transitioning to more sustainable packaging.

## **Fostering Inclusion**

At our core, McDonald's is a people business. Guided by our values, we're committed to fostering inclusive workplaces. We are currently taking actions to create the type of environment where people want to work by investing in our people through professional development opportunities, further preparing them for a long career with us, and providing a holistic employee value proposition. This is in part accomplished through our Global Brand Standards, which are already helping to promote even safer workplaces.

## **Serving Our Communities**

Every day, the McDonald's System strives to fulfill our purpose of feeding and fostering communities locally, and there's no greater example of this dedication to drive positive impact than our work with Ronald McDonald House Charities (RMHC). In 2023, McDonald's Corporation donated \$20 million as part of our five-year, \$100 million commitment. This year, we join RMHC in celebrating 50 years of impact for families with children who are sick. We are inspired by the work that has been done – and will continue – to support families around the world.

Alongside our world-class Franchisees, we have also worked to reduce barriers to employment for 2.2 million young people in communities around the world by providing training programs and employment opportunities – exceeding our target goal two years ahead of schedule.

### **Looking Toward the Future**

As we look to the future, I'm confident that we will continue making a positive impact on local communities around the world. By leveraging our global scale and leading with purpose today, we will continue to make a difference for the generations of tomorrow. I look forward to seeing us do that – in a way that only McDonald's can – through the collective strength of our System.

**Chris Kempczinski**  
President and CEO, McDonald's Corporation

**McDonald's has a legacy of delivering strategies that achieve impact at scale for both people and the planet. It's a legacy we're extremely proud of and one we share with all our stakeholders through active engagement and a history of honest, transparent reporting. I'm inspired by the work we do, every day, to feed and foster communities, and look forward to helping steer the future of sustainability at McDonald's.**



**Beth Hart**  
Chief Sustainability & Social Impact Officer



### **A Message From Jon Banner, Executive Vice President and Global Chief Impact Officer, McDonald's Corporation**

Every day, I continue to be impressed by the positive impact that all three legs of the stool are making. McDonald's is positioned to use our voice to help influence positive change around the world. Our business resilience strategy helps us ensure this impact lasts while protecting our ability to operate and serve communities in the future. To achieve our purpose, we know that we need to continue putting our people first. And with over 2 million employees working under the Arches, we're advancing our efforts to promote safe, respectful, and inclusive workplaces. As of the end of 2023, our Global Brand Standards, aimed at protecting the physical and psychological safety of all our people are in place across more than 41,000 locations worldwide.

Additionally, we're partnering with non-governmental organizations (NGOs) to help us progress on our social impact efforts. For example, by working closely with the Business Advisory Group on Migration, and through our work with the International Youth Foundation (IYF), we're helping reduce barriers to employment and open new avenues for positive change. We're collaborating with the right people to ensure that we're using our scale to make a difference around the world.

As we look to the future, I'm filled with enthusiasm for what lies ahead. The challenges our world faces are significant, but so is our determination to be a force for good. We're not just adapting to change – we're helping to drive it, with a clear vision of a more sustainable, equitable and resilient future.

I'm so proud our System's collective progress to reach our goals and set targets. Working together, we will continue to help make a positive impact on our people and our planet, every day.

**Jon Banner**  
Executive Vice President and Global Chief Impact Officer, McDonald's Corporation

# Who We Are

**What began as a small drive-in restaurant in San Bernardino, California, has grown into a global icon that proudly serves millions of customers every day around the world.**

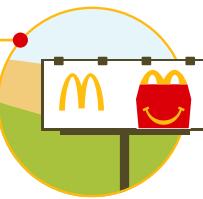
While much has changed over the last six decades, Ray Kroc's original commitment to Quality, Service, Cleanliness and Value has endured and made McDonald's a trusted favorite for nearly 70 years.

McDonald's restaurants, whether franchised or operated by the Company, serve a locally relevant menu of quality food and beverages in communities across more than 100 countries. Of the more than 41,000 McDonald's restaurants at year-end 2023, approximately 95% were franchised. Our continued commitment to our *Accelerating the Arches* strategy is keeping us relevant to our customers, through a focus on marketing, our core menu and the customer experience.

## Our Growth Pillars

### Marketing

Staying connected to what our customers love about us and bringing that emotion into our creative.



### Core

Our core menu remains our competitive advantage and a strength that we are capitalizing on to grow share.



### Digital, Delivery, Drive-Thru and Development (“4-Ds”)

We will continue to expand our loyalty program to power personalized experiences while getting closer to our customers by accelerating the development of new locations.



We're also using technology to leverage the full strength of our scale through consumer, restaurant and company platforms.

What matters to our customers matters to McDonald's, so our vision – now and in the future – centers on five core values: Serve, Inclusion, Integrity, Community and Family. These values form the backbone of our brand and support our mission to make delicious feel-good moments easy for everyone; living them is the foundation of McDonald's next great chapter.

Behind our Golden Arches is a global community of crew, farmers, suppliers, Franchisees and countless others who make up who we are as a brand. People are at the cornerstone of our business and are an essential part of the McDonald's System. Company employees, who include those in our corporate and other offices as well as in Company-owned and operated restaurants, totaled over 150,000 worldwide as of year-end 2023, of which approximately 70% were based outside of the U.S. In addition to Company employees, the more than 2 million individuals who work in McDonald's franchised restaurants around the world are critical to our success, enabling the Company to drive long-term value creation and further its purpose and mission.

As the consumer landscape shifts, we are using our competitive advantages to further strengthen

our brand. Our growth pillars build on our strong foundations to help ensure we can meet the moment today and have long-term success.

We're committed to helping improve the lives of our people, our industry and the planet by putting our customers and employees first, sourcing quality food, helping to reduce waste and contributing to employment opportunities around the world.

We believe we have a responsibility to take on some of the most pressing challenges of our time, and we embrace this opportunity to lead by example and create meaningful change.

## The Company's Five Core Values

- 1 **Serve – We put our customers and people first.**
- 2 **Inclusion – We open our doors to everyone.**
- 3 **Integrity – We do the right thing.**
- 4 **Community – We are good neighbors.**
- 5 **Family – We get better together.**

# The McDonald's System

## Our Suppliers

Engaging with suppliers on emissions targets and accounting

Identifying opportunities for increased efficiency

Protecting nature and promoting biodiverse ecosystems

Tackling deforestation in our supply chain

Respecting human rights in our supply chain

Conserving water, using it responsibly and efficiently and building resiliency

Supporting suppliers in farm management and scaling regenerative practices

Prioritizing animal welfare and responsible antibiotic use

Using more alternative fuels, fewer miles and less fuel

## Our Operations, Employees and Franchisees

### Food Manufacturing, Research and Development

Advancing food safety from the farm to our customers

### Packaging Manufacturing, Research and Development

Innovating and sourcing new materials to eliminate unnecessary packaging and encourage circularity

### Office Buildings/Sites

Reducing office greenhouse gas (GHG) emissions

### Nutrition and Choice

- + Offering balanced meals for kids and families
- + Marketing responsibly to children

- + Offering competitive employee compensation and benefits

- + Fostering safe, respectful and inclusive workplaces
- + Providing continuous learning and development opportunities

### Company-Owned Restaurants

### Franchisee-Owned Restaurants

### Within All Restaurant Buildings/Sites

- (Company-owned and operated restaurants and Franchisee-owned restaurants)
- + Reducing emissions in our restaurant operations
- + Designing more sustainable restaurants
- + Advancing the recycling of guest packaging
- + Reducing virgin fossil fuel-based and small plastics

## Our Communities

### Families and Well-Being

Helping support Ronald McDonald House Charities

### Providing Support During Times of Need

- + Providing crisis response with community partners
- + Offering hardship and disaster relief for Company-owned and operated restaurants in the U.S.
- + Providing food and supply donations

### Opportunity Employment and Other Philanthropic Investments

- + Reducing barriers to youth employment
- + Making charitable grants and donations
- + Promoting volunteerism opportunities and resources

# Our Impact Strategy & Approach

**We believe we have a responsibility to ensure long-term, sustainable value creation by taking action on the environmental and social issues that are most important to our stakeholders and business.**

We also believe effectively managing our environmental and social impact is part of operating our business responsibly. By doing so, we aim to maximize shared value, ensure trust in our brand and build long-term resiliency.

## Our Impact Areas and Goals

In 2020, we announced our Impact Strategy, centered on four Impact Areas. These were informed by feedback from stakeholders and designed to help us make a difference at scale and drive industrywide change. We have established strategies, policies, goals and performance indicators to measure and manage annual progress and report against each area.

### Our Planet

We're helping to drive climate action, protecting natural resources, reducing waste and transitioning to more sustainable packaging and toys.

### Jobs, Inclusion & Empowerment

We're serving up bright futures in our communities, nurturing skills, helping to accelerate equity and respecting human rights.

## Our Impact Strategy

## How We Prioritize Impact Areas

We prioritize the environmental and social issues that are of the highest importance to our stakeholders and where we believe our business has the greatest impact. Working across the business, our Global Sustainability & Social Impact team and broader Global Impact function continuously gather insights to determine where to focus our efforts, evolve our strategy and enhance our reporting. This includes

### Food Quality & Sourcing

We're working toward responsibly sourcing our priority commodities, prioritizing animal health and welfare and making safe, quality food accessible to families across the world.

### Community Connection

We're helping feed and support people when and where they need it most.

engaging regularly with both internal and external stakeholders to discuss the nuances of key issues and transparency expectations.

Engaging NGOs and academic advisors through strategic partnerships is a key part of how we have determined environmental and social priorities over the last few decades. We engage with a wide range of NGOs, associations and external experts who provide insights and perspectives that shape our strategies, research, goals, policies and performance indicators. We also monitor emerging laws and regulations concerning environmental and social impact topics and reporting while engaging with policymakers to inform them of our environmental, social and governance (ESG) commitments and progress.

In addition, our enterprise-wide risk management is designed to identify, assess and prioritize strategic, financial and reputational risks that could have a sustained impact on our Company. The ERM framework leverages internal risk committees with cross-functional leadership, including sustainability and social impact leaders and team members. These committees meet regularly to evaluate and prioritize risks in the context of our business strategy, with further escalation to our CEO, Board and/or Board Committees, as appropriate.

## **Our Governance Approach**

We believe a robust governance structure is critical to effectively managing our strategies, goals and performance indicators tied to environmental and social issues. We have defined owners and certifying officers for each of our public commitments and disclosures. Supported by cross-functional working groups, Franchisees and suppliers, these individuals are accountable for progress, elevation of key risks, accuracy and completeness of disclosure. Our Impact Reporting & ESG Governance team supports commitment and disclosure owners in providing relevant updates to the following governance oversight bodies.

Governance Body	Oversight Responsibility	Engagement Frequency
<b>Board of Directors</b>	Oversees our business in an honest, fair, diligent and ethical manner; reviews our strategic direction and objectives; and is responsible for overseeing our ERM framework.	Regular engagement, including by its Corporate Responsibility Committee (previously named Sustainability & Corporate Responsibility), which met four times in 2023.
<b>Senior Leadership team</b>	Accountable for leading our Impact Strategy, including management of ESG-related risks and opportunities to help create long-term value.	Ongoing engagement.
<b>ESG Disclosure Committee</b>	Oversees procedures related to the governance of our ESG disclosures, including external impact reporting.	Met six times in 2023, with ongoing informal engagement between meetings.
<b>Global Sustainability &amp; Social Impact team</b>	Provides Corporate Staff leadership, coordination and support for our global sustainability policies, programs and reporting.	Ongoing engagement.

- ➡ On our website, find out more about our governance, how we build the resilience of our business and stakeholder engagement and public policy.
- ➡ Please refer to the Company's filings with the Securities and Exchange Commission, including its latest Annual Report, for details on risks that could adversely affect business performance, including the Company's ability to execute on the initiatives described in this report.

## **Our Reporting**

### **In This Report**

Our progress and actions are covered in this report, which provides a review of the strides and progress we made in 2023. Unless otherwise stated, the information and data in this report covers McDonald's Corporation and its majority-owned subsidiaries worldwide during fiscal year 2023 (January 1 to December 31).

The inclusion of information in this Purpose & Impact Report is not an indication that such information is material in the context of our financial statements, filings with the U.S. Securities and Exchange Commission (the "SEC") or other public statements. The data contained in this report has not been audited or verified by any third party. While such data represents the best information available at the time of publishing this report, it is subject to certain limitations related to, among other things, the data collection processes in place at the time such data was collected. For certain figures throughout this report, the Company changed its rounding presentation compared to previous reports to the nearest tenths decimal, rather than the nearest hundredths decimal. In certain circumstances, this change adjusted previously reported figures; however, these changes were not significant. Additionally, certain columns and rows within the statements and tables presented in this report may not add due to rounding.

In addition, certain information in this report has been provided by third parties, including our suppliers. In these cases, we have relied on these third parties for accuracy and completeness. Statements about future developments and past occurrences are based on information and assumptions available as of the date of publication.

Our Franchisees and suppliers are independent business owners who make decisions for their own organizations while maintaining core standards for our brand and customer satisfaction. We cannot prescribe solutions for them. Rather, we work in collaboration to raise awareness and provide tools and opportunities to help them manage ESG issues. We work with suppliers to mutually set objectives and targets, monitor progress and engage collaboratively on shared innovation opportunities and challenges. Through self-managed excellence, suppliers are encouraged to identify and manage key ESG risks and opportunities within their own companies and incorporate relevant goals into their business strategies.

Company employees and Company-owned and operated restaurants are in our direct sphere of control. Therefore, many of the measures start with Company restaurants, with a plan to demonstrate success and encourage Franchisees to implement the same sustainability initiatives.

## On Our Website

Our approach to each topic is covered in detail on the [Our Purpose & Impact](#) pages of our corporate website, including the full scope of our foundational strategies, policies and approaches.

### Key Definitions

- **McDonald's:** Our global brand, unless specified otherwise.
- **We/Our/The Company:** McDonald's Corporation and its majority-owned subsidiaries worldwide.
- **The System:** The Company, its Franchisees and suppliers are collectively referred to as the "System"; also known as McDonald's "three-legged stool."
- **Franchisees:** Collective group of independent individuals and entities owning and operating McDonald's restaurants under one of the following structures – conventional franchise, developmental license or affiliate. For more information on the Company's structure and scope see our latest [Annual Report](#).
- **McDonald's restaurants/Restaurants:** Includes restaurants owned by the Company and its Franchisees.

## Forward-Looking Statements

This report contains certain forward-looking statements or projections that reflect our expectations regarding future events, performance and goals and involve several risks and uncertainties. Generally speaking, any statement in this report not based upon historical fact is a forward-looking statement. Forward-looking statements can also be identified by the use of forward-looking or conditional words, such as "could," "should," "can," "enable," "continue," "estimate," "forecast," "intend," "look," "may," "will," "expect," "believe," "anticipate," "plan," "remain," "confident," "commit" and "potential" or similar expressions. In particular, statements regarding our plans, strategies, prospects, goals and expectations regarding our business and industry are forward-looking statements. You should not unduly rely on forward-looking statements. These are not guarantees of performance and speak only as of the date the statements are made. Factors that could cause actual results to differ materially from our expectations are detailed in our filings with the Securities and Exchange Commission. Except as required by law, we do not undertake to update such forward-looking statements.

**The following are trademarks of McDonald's Corporation and its affiliates:** McDonald's, Happy Meal, Hamburger University, Archways to Opportunity, Filet-O-Fish, McCafé, McNuggets, McFish, McFlurry, McBites, Big Mac, Ronald McDonald House Charities, RMHC, Ronald McDonald House, Ronald McDonald Family Room and Ronald McDonald Care Mobile.



# Progress Against Our Goals at a Glance

This table provides a brief overview of the progress we're making toward our goals. For more detail on all of our goals and progress statements, please see the chapters later in this report.



<b>Animal Health &amp; Welfare and Responsible Antibiotic Use</b> <a href="#">Page 39</a>	<b>TARGET YEAR</b>	<b>GOAL</b>	<b>STATUS</b>	<b>PROGRESS</b>
	2024	<b>Broiler Welfare Goal (Multiple Markets):</b> We are committed to sourcing chickens raised with improved welfare outcomes. To achieve this, we have outlined <a href="#">eight specific commitments</a> for our in-scope markets, which are expected to be fully implemented by the end of 2024. <sup>1</sup>		We are on track to achieve our 2024 Broiler Welfare Commitments across in-scope markets. As of the end of 2023, in-scope markets represented more than 58% of our global chicken supply. These commitments apply to chicken raised for sale at McDonald's restaurants in Australia, Canada, France, Germany, Italy, Ireland, the Netherlands, Poland, South Korea, Spain, Switzerland, the U.K. and the U.S.
	2025	<b>Cage-Free Eggs Goal (U.S.):</b> The U.S. has a goal of sourcing 100% cage-free eggs.		As of the end of 2023, McDonald's USA has achieved its commitment of sourcing 100% cage-free eggs for items served on its breakfast menus by 2025 – two years ahead of schedule.
	2027	<b>Responsible Antibiotic Use in Chicken Supply Chain Goal (Multiple Markets):</b> Eliminate the use of antibiotics defined by the World Health Organization (WHO) as Highest Priority Critically Important Antibiotics (HPCIA) to human medicine from all chicken served in in-scope markets. <sup>2</sup>		Across the in-scope markets, HPCIA use has been eliminated in Australia, Brazil, Canada, Europe, Japan, South Korea and the U.S., with China expected to comply before the end of 2027.
	2024	<b>Pork Housing Goal (U.S.):</b> We're working with pork suppliers to phase out the use of gestation stalls (small, enclosed pens) for housing pregnant sows.		As of the end of 2023, more than 96% of our pork purchased in the U.S. comes from suppliers that have phased out the use of gestation stalls for housing confirmed pregnant sows. This marks continued significant progress on our journey to maximize the time pregnant sows spend in a group environment. Our commitment is guided by the industry- and <a href="#">American Association of Swine Veterinarians (AASV)-endorsed definition for group housing for pregnant sows</a> . In 2023, McDonald's bought more than 230 million pounds of pork from producers that house pregnant sows in groups.

**ON TRACK****ACHIEVED****CONTINUED ACHIEVEMENT****ACHIEVED EARLY**

<b>TARGET YEAR</b>	<b>GOAL</b>	<b>STATUS</b>	<b>PROGRESS</b>
<b>Climate Action</b> <a href="#">Page 16</a>	2030  By the end of 2030, from a 2018 base year, McDonald's commits to:  – Reduce absolute Scope 1 and 2 GHG emissions by 50.4% from Company-owned and operated restaurants and offices.  – Reduce absolute Scope 3 energy and industrial GHG emissions by 50.4% from Franchisee and Company-owned and operated restaurants, and the facility, logistics and plastic packaging emissions in our supply chain.  – Reduce absolute Scope 3 Forest, Land and Agriculture (FLAG) GHG emissions by 16% and to maintain no deforestation across its primary deforestation-linked commodities.		In 2023, the Science Based Targets initiative (SBTi) validated our global 2050 net zero emissions reduction target and our adjusted 2030 global emissions target, aligned with the latest guidance to help keep global temperature rises below 1.5°C. <sup>3</sup>  Guided by our climate risk and opportunities insights and driven by our goals, during 2023, we pursued various actions to help reduce emissions and move our net zero strategy forward – from enhancing how we design and power restaurants to encouraging more sustainable farming techniques.
<b>Nature, Forests &amp; Water</b> <a href="#">Page 25</a>	2030  <b>Eliminate Deforestation Goal (Multiple Markets):</b> Eliminate deforestation from our global supply chains, building on the progress from our 2020 milestones in highest priority commodities and regions.		We continue our focus on supporting deforestation-free supply chains for our primary commodities: beef, soy (for chicken feed), palm oil, coffee and fiber (used in primary guest packaging).  In aggregate, 99.1% of these primary commodities continued to be sourced supporting deforestation-free supply chains in 2023. <sup>4</sup>
<b>Diversity, Equity &amp; Inclusion</b> <a href="#">Page 50</a>	2025  <b>Women in Leadership Goal (Multiple Markets):</b> McDonald's aspires to increase representation of women in leadership roles globally (Senior Director and above) to 45%, with an overall goal to reach gender parity globally in leadership roles (Senior Director and above) by the end of 2030.  <b>Historically Underrepresented Groups in Leadership Goal (U.S.):</b> McDonald's aspires to increase representation of Underrepresented Groups in leadership roles (Senior Director and above) located in the U.S. to 35%. <sup>6</sup>  <b>Equal Pay Goal (Multiple Markets):</b> McDonald's commits to close pay gaps identified in annual equal pay analyses for women globally in Company-owned and operated markets and for Underrepresented Groups <sup>6</sup> in the U.S. at Staff and Company-owned and operated restaurant levels.		As of the end of 2023, 44% of leadership roles (Senior Director and above) globally are held by women. <sup>5</sup>  As of the end of 2023, 33% of leadership roles (Senior Director and above) located in the U.S. are held by individuals in Underrepresented Groups. <sup>6,7</sup>  Results of the 2023 pay gap analysis demonstrated continuous annual progress: women globally in Company-owned and operated markets were paid, on average, 99.96 cents on the dollar in base pay of what men were paid for similar work. Further, there was no base pay gap disfavoring Underrepresented Groups in the U.S. These results indicate the Company substantially attained equal pay, and in 2024, intends to close the small gaps identified in line with our commitment. <sup>6,8</sup>
Annual			



Diversity, Equity & Inclusion	TARGET YEAR	GOAL	STATUS	PROGRESS
<b>Packaging, Toys &amp; Waste</b> <u>Page 50</u> continued	2025	<b>Supplier Diversity Goal (U.S.):</b> McDonald's aspires to increase U.S. systemwide spend with diverse-owned suppliers to 25%.		As of the end of 2023, our U.S. systemwide spend with diverse-owned suppliers was 26.2%, resulting in McDonald's reaching its 25% diverse-owned supplier aspirational spend goal for the third year in a row. <sup>9</sup> Among other efforts, we aim to increase national investments in diverse-owned media and production companies and content creators for McDonald's USA and its U.S. Franchisees to 15% by the end of 2024. As of the end of 2023, McDonald's USA and its U.S. Franchisees increased such investments to 13.4%. <sup>10</sup>
<b>Community Impact &amp; Philanthropy</b> <u>Page 21</u>	2025	<b>Guest Packaging Sourcing Goal (Multiple Markets):</b> We aim to source 100% of our primary guest packaging <sup>11</sup> from renewable, recycled or certified materials.		By the end of 2023, we were 86.7% of the way toward our goal. Approximately 97.9% of our primary fiber-based guest packaging globally was sourced from recycled or certified sources in 2023. Non-structural components of packaging <sup>12</sup> are out of scope.
	2025	<b>Added Fluorinated Compounds Goal (Multiple Markets):</b> Ensure all primary guest packaging is free from intentionally added fluorinated compounds. <sup>13</sup>		By the end of 2023, 99.5% of our guest packaging items did not contain intentionally added fluorinated compounds. For the remaining items, we continue to find and apply alternative coating materials that offer the right grease-resistant barriers. In the U.S., we have removed all intentionally added fluorinated compounds from our guest packaging.
	2025	<b>Guest Recycling Goal (Multiple Markets):</b> We aim to implement global and local solutions across our business to advance the reduction, reuse, composting and/or recycling of guest packaging, and help create demand for recycled materials.		McDonald's guest packaging materials comply with applicable law and are verified through chemical testing.
	2025	<b>Plastic Reduction in Happy Meal Toys Goal (Multiple Markets):</b> Drastically reduce plastics in Happy Meal toys around the globe and transition to more sustainable materials. <sup>15</sup>		In 2023, approximately 88.3% of restaurants in markets with advanced infrastructure <sup>14</sup> offered guests the opportunity to recycle and/or compost packaging items. In these restaurants, guest packaging is collected in customer-facing bins for back-of-house or off-site sorting for recycling or composting, utilizing existing local waste infrastructure systems.
	2025	<b>Youth Opportunity Goal (Multiple Markets):</b> Reduce barriers to employment for 2 million young people.		As of the end of 2023, we reduced virgin fossil fuel-based plastic in Happy Meal toys by 63.7%, an improvement from the 47.8% reduction achieved in 2022. Achieving this goal is expected to result in continuous reduction in virgin fossil fuel-based plastic used to make Happy Meal toys. We have been increasing the use of more sustainable plastics, decreasing our dependence on virgin resources.

**Notes**

**1 Broiler welfare:** These commitments apply to chickens raised for sale at McDonald's restaurants in Australia, Canada, France, Germany, Italy, Ireland, the Netherlands, Poland, South Korea, Spain, Switzerland, the U.K. and the U.S. Russia has been removed from the scope of this goal based on our 2022 exit from this market.

**2 Chicken antibiotic use:** Markets covered by this goal include Brazil, Canada, Japan, South Korea, the U.S., Australia, China and Europe. For the purposes of this goal, Europe includes Austria, Azerbaijan, Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Sweden, the U.K. and Ukraine. As of December 2023, Belarus, Bosnia & Herzegovina and Kazakhstan have been removed from the scope of this goal based on our exit from those markets.

**3** McDonald's SBTi-validated target in full:

- McDonald's Corporation commits to reduce absolute Scope 1 and 2 GHG emissions 50.4% by 2030 from a 2018 base year.
- McDonald's Corporation also commits to reduce absolute Scope 3 energy and industrial GHG emissions from purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, end-of-life treatment of sold products, and franchises 50.4% within the same timeframe.
- McDonald's Corporation commits to reduce absolute Scope 3 FLAG GHG emissions 16% by 2030 from a 2018 base year. McDonald's Corporation also commits to maintain no deforestation across its primary deforestation-linked commodities.

**4** Calculated as the aggregated volumes of beef, soy sourced for chicken feed, palm oil, coffee and primary fiber-based guest packaging that are supporting deforestation-free supply chains, as a percentage of the aggregated total volumes sourced of these commodities.

**5 Representation of Women – Corporate Staff: Global; Senior Director and Above, and All Corporate Staff:**

Data includes aggregate numbers from Australia, Austria, Belgium, Canada, Czech Republic, France, Germany, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain, Switzerland, Ukraine, the U.K. and the U.S. Corporate employees who support our Developmental Licensees are also included. Data was obtained through various means, including informal identification and voluntary self-disclosure.

**6** In the U.S., the term "Underrepresented Groups" generally means people who identify as Black, Indigenous, Asian or Pacific Islander, or otherwise as people of color, people of Hispanic or Latino/a/x descent, people with disabilities, people who identify as LGBTQ+, people from religious minorities, or people having a combination of these identities or attributes. For purposes of McDonald's reporting, including with respect to Human Capital Metrics and Equal Pay, "Underrepresented Groups" is defined as people who identify as

Black, Indigenous, Asian or Pacific Islander, people of Hispanic or Latino/a/x descent, or people having a combination of these identities or attributes.

**7** Data includes U.S. paid employees only. This data reflects U.S. employees who voluntarily disclosed race/ethnicity information. This data was obtained from two different collection processes which was then reconciled and integrated. Due to rounding, some totals may not correspond with the sum of the separate figures.

**8 Underrepresented Groups Pay Gap Analysis Results (U.S.):** The analysis is conducted on U.S. employees who voluntarily disclosed race/ethnicity information.

The following countries are included in the analysis: the U.S., Canada, France, Germany, the U.K., Australia, New Zealand, Czech Republic, Slovakia, Ukraine, Poland, Austria, Belgium, Switzerland, Netherlands, Spain, Italy, Portugal. In addition to these countries, descriptive analysis without statistical modeling has been conducted over the employees in the following countries: Singapore, Hong Kong, UAE (Dubai) and Ireland. These countries have been excluded from the statistical modeling due to insufficient headcount. High-level U.S. roles (VP+) are excluded from the U.S. dataset both for U.S. and Global results.

**9 % Spend Through U.S. System With Diverse-owned Suppliers:**

U.S. systemwide spend is inclusive of spending by McDonald's and its U.S. Franchisees. "Other" includes the following categories: Veteran-owned, Native American-owned, Disabled-owned, LGBTQ+ owned, and other unidentified categories, including unidentified Minority (MBE)-owned.

This figure includes supplier spending by all restaurants, whether operated by McDonald's or by Franchisees. Further, this figure is inclusive of U.S. Company-owned restaurant spend, Supply Chain, Restaurant Development, Marketing, Legal, Global Technology, Workplace Solutions, Global Impact, Finance, Global People and other corporate functions. This figure also includes purchases made by Franchisees for advertising, restaurant development, technology, food, distribution, packaging, equipment and uniforms. This scope excludes non-controllables (Taxes, Utilities, Rent, Aircraft Fuel, Airport Fees, Facility Leases, Donations, Bank Fees and Subscriptions).

Our diverse-owned diversity spend figures in the U.S. include both self-certified and formal industry-recognized certification and Tier 1 and Tier 2 spend. Tier 1 suppliers are those from whom McDonald's buys directly. Tier 2 suppliers are those with whom our suppliers do business.

Additionally, the gender diversity figure excludes women from Underrepresented Groups, who are reflected in the racial/ethnic demographic data.

Diverse-owned suppliers refers to businesses that are 51% owned, managed and controlled by women and/or Black, Hispanic, Asian, Indigenous, Veteran, LGBTQ+ and disabled persons or people having a combination of these identities or attributes.

Due to rounding, some totals may not correspond with the sum of the separate figures.

**10 Marketing Investment Spend (National Diverse-Owned Media, Production Companies and Content Creators):**

Paid Media investment represents contracted dollars with suppliers.

The classification of media, production companies and content creators as diverse-owned suppliers is determined by both self-certification and third-party certification.

Due to rounding, some totals may not correspond with the sum of the separate figures.

**11 Packaging, Scope:** Inclusive of all markets for our fiber-based packaging and Happy Meal book and toy packaging. For our plastic-based packaging, all markets are included except for Israel, Latin America and Turkey. **Renewable sources** refers to material that is composed of biomass from a living source and that can be continually replenished. Renewable applies to plastics only, not fiber. Source: ISO 14021:2016 for plastic, ASTM 6866 or ISO 16620-2. **Fiber-based packaging** made from 100% recycled sources must be third-party verified, unless certified under a Chain of Custody Forest Management standard.

McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be Forest Stewardship Council® (FSC®) certified or FSC® controlled wood sources with full chain of custody certification. Perfluorinated compounds are known to be historically persistent in the environment. McDonald's commits to not intentionally adding fluorinated compounds through our processes, but fluorinated compounds present in the local environment make it difficult to remove all traces of fluorine from packaging. Please refer to our [Nature, Forests & Water](#) web page for additional definitions. **Exclusions:** Primary fiber-based packaging in food packaged off-site of McDonald's restaurants, tray liners and limited locally sourced items.

**12** Non-structural components of packaging vary based on the packaging but may include adhesives, inks, overprint varnishes, retention agents or binders, processing aids, impact modifiers, minerals used non-structurally and nucleating and clarifying agents. We continue to monitor industry standards on these components and opportunities to work toward making any part of our packaging, including non-structural components, more sustainable.

**13 Fluorinated Compounds, Scope:** Inclusive of all markets except for Israel, Latin America and Turkey, and Happy Meal book and toy packaging. **Renewable sources** refers to material that is composed of biomass from a living source and that can be continually replenished. Renewable applies to plastics only, not fiber. Source: ISO 14021:2016 for plastic, ASTM 6866 or ISO 16620-2. Fiber-based packaging made from 100% recycled sources must be third-party verified, unless certified under a Chain of Custody Forest Management standard.

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fluorine from packaging. Please refer to our [Nature, Forests & Water](#) web page for additional definitions. **Exclusions:** Primary fiber-based packaging in food packaged off-site of McDonald's restaurants, tray liners and limited locally sourced items.

**14 Markets with advanced infrastructure:** Mature waste and recycling infrastructure at a national level that has (1) recycling infrastructure network across the entire market, (2) multiple materials being recycled within this national infrastructure network, (3) existing legislation on recycling and (4) high customer awareness of waste and recycling. At the end of 2023, that included 21 markets where McDonald's operates.

**15 Toys, Scope:** Inclusive of all toys. Fiber-based toys or fiber components in the toys: 100% certified fiber required. **All other materials:** McDonald's ambition is to reduce the use of virgin fossil fuel-based plastics, offer more sustainable toys by the end of 2025 and not manufacture electronics and batteries in Happy Meal toys globally. For bio- and plant-based plastics to be considered sustainable for McDonald's, a minimum of 60% of plastic weight is required to come from recycled or renewable content or a combination of recycled and renewable content, though in many practical applications we anticipate that percentage will be much higher. The remaining 40% may be conventional fossil fuel-based material. These thresholds were developed in conjunction with input from NGOs, external manufacturing partners and scientists, and based on an assessment of sustainable toy and packaging industry leaders so that our targets reflected current sustainable engineering capabilities to maintain safety and functionality. Our efforts will result in an approximate 90% reduction in virgin fossil fuel-based plastic use against a 2018 baseline. Fiber-based packaging made from 100% recycled sources must be third-party verified, unless certified under a Chain of Custody Forest Management standard. **Source:** ISO 14021:2016. McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be Forest Stewardship Council® (FSC®) certified or FSC® controlled wood sources with full chain of custody certification. The thresholds described above do not include the presence of adhesives, glues, inks, paints and coatings.

**16** This figure is based on actual and, in some cases, extrapolated hiring data for the following participating markets: Argentina, Australia, Brazil, Canada, China, Colombia, Hong Kong, Italy, Japan, Jordan, South Korea, Mexico, NE India, Portugal, Spain, Switzerland, the U.K. and the U.S. McDonald's collects data from McOpCo and participating Franchisees, but extrapolates where it does not have access to the underlying data globally. Additional markets that provide training data include Argentina, Austria, Brazil, Colombia, Denmark, France, Germany, Italy, Jordan, Mexico, NE India, the Netherlands, Panama, Switzerland, the U.K. and the U.S.

# Our Planet



**Our success is closely interlinked with the health of shared natural resources, which form the foundation of our agricultural supply chains. As such, to continue feeding the communities we serve for generations to come, we recognize we need to protect our planet and manage our impacts.**

We're acting now to deliver on our climate ambitions, protect our global natural resources, increase renewable energy usage, reduce waste and transition to more sustainable packaging and toy materials. We have created a strategy that puts the planet first, with targets validated by the Science Based Targets initiative (SBTi) that will drive us toward net zero emissions by 2050 and a commitment to safeguard forests and natural ecosystems.

## IN THIS SECTION

- 16** Climate Action
- 21** Packaging, Toys & Waste
- 25** Nature, Forests & Water

# Climate Action

**We are taking action on climate and transforming our food systems to help them be more resilient for the future.**

We believe that reducing emissions and adapting to climate change is critical to helping improve the resiliency of the McDonald's System. We work toward our climate action ambitions by focusing on reducing emissions in restaurant operations, engaging suppliers to reduce emissions in supply chains, strengthening our business resilience and using our voice to advocate for collective transformation.



## Our 2023 Performance

### GHG Emissions (Metric Tons Carbon Dioxide Equivalent (CO<sub>2</sub>e))<sup>1</sup>

**Scope 1**  
**6% reduction**  
from 2018

**2023: 100,264**  
2018 (Baseline): 106,963

**Scope 2 (Market-based)**  
**38% reduction**  
from 2018

**2023: 224,964**  
2018 (Baseline): 364,985

**Scope 3**  
**4% reduction**  
from 2018

**2023: 59,929,320**  
2018 (Baseline): 62,354,135\*



\* These 2018 baseline Scope 3 emissions were updated in 2024 to reflect more complete product volume inputs and the inclusion of Category 7 Employee Commuting emissions, which were first included for baseline and current reporting in 2023.

## Our Strategy in Brief

Climate change is one of the biggest challenges of our time. Natural disasters and extreme weather patterns pose increased risks to food supply resilience and communities around the world, including those from which we operate and source.

We have a unique opportunity as a global brand to mobilize the entire McDonald's System – the Company, Franchisees and direct and indirect suppliers – to catalyze change. Working with the McDonald's System, we are helping reduce the climate impact of our restaurants and food systems.

We aim to embed our climate goals across our operations and are prioritizing actions in the most carbon-intensive aspects of Company- and Franchisee-owned and operated restaurants and our supply chain.

We continue to implement our strategy through various actions, including:

- **Restaurants and offices:** We are driving a transition to more renewable energy while identifying opportunities to enhance energy efficiency by design in our restaurants and the equipment we use, such as by identifying lower-impact refrigerant solutions. We are accelerating circularity to help reduce the impact of our guest packaging and waste, and designing décor for greater circularity in our restaurants. These efforts are also supported by strategic supply chain actions in support of climate action.
- **Supply chain:** We are engaging suppliers to set targets that support emissions reductions within their operations and supply chains, and that align with our own Scope 3 SBTi goal. Together with our suppliers and other relevant stakeholders, we are accelerating and scaling farm projects to help reduce emissions, with a focus on regenerative agriculture, farm management and deforestation elimination consistent with our [Commitment on Forests and Natural Ecosystems](#). We also encourage our suppliers to reduce their facilities' emissions and source renewable energy.

- **Collaborating to drive and advocate for change:** Beyond our System, we are using our business' scale to work with industry, governments, NGOs and others to advocate for climate action initiatives.

Read more about our [Climate Action strategy](#) and our approach to responsible sourcing on our website. Additionally, see our [2023 Climate Resiliency Summary](#) for more comprehensive disclosure on our climate approach and progress.

## Climate Resiliency

When it comes to climate action, we take a targeted approach, using risk management processes to identify, prioritize and address climate-related risks and opportunities that could directly or indirectly impact our business. We have set out the key levers we will need to use to achieve our latest climate ambitions.

We articulate some of our climate risks, opportunities and levers in our [2023 Climate Resiliency Summary](#).



## Our Net Zero Targets

In 2018, we set targets, approved by the SBTi, to reduce greenhouse gas (GHG) emissions in line with a 2°C warming scenario. Since then, as science has evolved, so have our targets. In 2023, the SBTi validated our global 2050 net zero emissions reduction target and our adjusted 2030 global emissions target, aligned with the latest guidance to help keep global temperature rises below 1.5°C.<sup>2</sup>

## Our 2030 Emissions Target

By the end of 2030, from a 2018 base year, McDonald's commits to reduce:

- Absolute Scope 1 and 2 GHG emissions by 50.4% from Company-owned and operated restaurants and offices.
- Absolute Scope 3 energy and industrial GHG emissions by 50.4% from Franchisee and Company-owned and operated restaurants, and the facility, logistics and plastic packaging emissions in our supply chain.
- Absolute Scope 3 Forest, Land and Agriculture (FLAG) GHG emissions by 16% and to maintain no deforestation across its primary deforestation-linked commodities.

Achieving these ambitions will require continued and immediate action throughout our own business and across our full value chain – including our Franchisees and suppliers, with

support and enabling conditions and policies from industry peers, NGOs and government on all levels. Among other efforts, we intend to continue focusing on:

- Adding renewable energy to the grid, including through Virtual Power Purchase Agreements (VPPAs).
- Scaling regenerative agriculture practices within our supply chain.
- Contributing to deforestation-free supply chains for our primary commodities through our sourcing actions.
- Using our voice to advocate for climate-positive policies globally.

## Our Performance

The figures below reflect our 2023 GHG emissions relative to our 2018 base year.

### GHG Emissions (Metric Tons CO<sub>2</sub>e)<sup>1</sup>

Emissions	2018 (Baseline)	2023
Scope 1 emissions	106,963	100,264
Scope 2 emissions (market-based)	364,985	224,964
Scope 3 emissions	62,354,135*	59,929,320

\* These 2018 baseline Scope 3 emissions were updated in 2024 to reflect more complete product volume inputs and the inclusion of Category 7 Employee Commuting emissions, which were first included for baseline and current reporting in 2023.

Guided by our climate risk and opportunities insights and driven by our goals, during 2023, we pursued various actions to help reduce emissions and move our net zero strategy forward – from enhancing how we design and power restaurants to encouraging more sustainable farming techniques. We also continued to make progress in other areas that can support our climate goals, for example, supporting deforestation-free supply chains and finding more ways to reduce the impact of our guest packaging.

## More Sustainable Restaurant Development

With two of our climate targets focused on reducing restaurant-related emissions, how we operate and design our restaurants represents a key opportunity for progressing toward net zero by 2050. We are evaluating ways to update existing restaurants for lower environmental impact while embedding sustainability considerations further into our new-build processes.

## Examples of Our Efforts Across the Globe

Our markets are leading on innovation to reduce emissions and enhance the customer experience related to their restaurants. For example, as of 2023:

- In Sweden,** 55 charging stations are offered in McDonald's restaurants across the country. To help people refuel themselves and their electric vehicles (EV), restaurant signposts were updated, creating versions of classic gas station signs that also feature the price of our Big Mac® sandwich and Happy Meal®.
- In São Paulo, Brazil,** a 24-hour restaurant is being built from wood and recycled materials using innovative, low-energy construction methods. The completed space will feature recycled material walls and floors, compost bins and a living roof to help naturally regulate temperature and humidity. Thermal insulation, efficient equipment and solar-powered, automated LED lighting will reduce energy use, while an EV charging point and parking for bikes and e-bikes will promote more lower-emission customer transportation.

**CASE STUDY****A More Circular Approach to Restaurant Design**

We are continuously evolving the customer and crew experience, including the way we build and furnish our spaces. In December 2023, we debuted circular restaurant décor in two French restaurants, testing innovative solutions that balance visual impact with sustainability.

The restaurants – in Carbone and La Guerche de Bretagne – feature décor and furniture that have been specifically designed for easy disassembly. Held together with mechanical features rather than glue, pieces can be broken down by raw material type at their end of use, enabling easier recycling or reuse. The pilot restaurants also feature 80% Programme for the Endorsement of Forest Certification (PEFC) wood, energy-efficient lighting and 100% recycled content for plastic used in tabletops and low stools (at least 80% for chairs). We have removed laminates and powder coatings from furniture and décor elements to facilitate greater recycling, as well as reuse of steel components. And, because we believe in finding ways to give used materials a second life, window

shutters and suspensions have been made from repurposed cardboard, while coffee bean waste has been incorporated into McCafé® tabletops.

To hold ourselves accountable for progress, we engaged sustainability consultancy Anthesis to help create a measurement index that tracks the circularity of our global restaurant décor. As a result of the features we trialed in France, we improved our score from 14% to 53%. It's progress we're proud of, but we're not stopping there – our new 2024 pilots will see us also introduce more sustainable foams and upholstery.

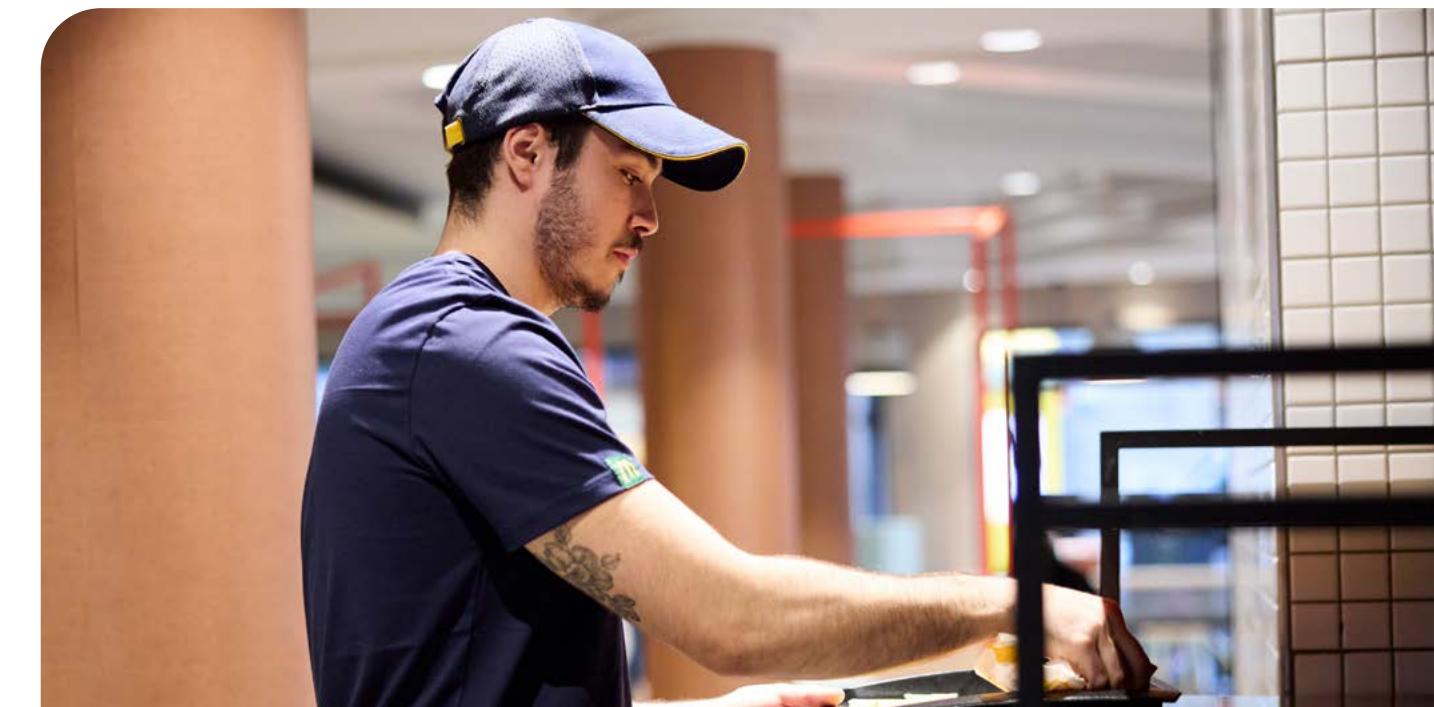
**Renewable Energy Procurement**

Investing in renewable energy and energy efficiency is a key lever of our climate strategy. We enter into VPPAs, where appropriate, to help contribute to adding more renewable energy to the grid.

Since 2019, McDonald's has signed multiple large-scale renewable energy VPPAs that will help add new renewable energy to the U.S. grid. The projects we have contracted add renewable energy through solar and wind technologies and are operational in Texas, Illinois, Oklahoma and Louisiana. We have invested in additional projects that we expect to become operational in the coming years.

**Supply Chain Engagement**

Addressing Scope 3 emissions – our largest source of emissions – requires buy-in from our supply chain. We require our global beef and chicken suppliers to commit to setting science-based targets validated by the SBTi. We are currently supporting dairy and cheese suppliers to do the same, or to set equally ambitious third-party-certified targets. Additionally, as of 2023, our independent logistics suppliers have set SBTi-approved science-based targets.



We also continue to identify opportunities to participate in external groups that aim to shape the future of climate action and accounting for our industry and supply chain. This includes the Greenhouse Gas Protocol's Technical Working Group on Land Based Emissions, which we joined to help establish standards and guidance for measuring the impact of emissions from farming, forestry and other land-based activities.

- ➡ For more information on how we engage in industrywide collaborations and advocate for solutions that will enable progress on our climate strategy for our full System, please see our [Climate Action](#) web page.

As well as encouraging target setting, we're working with suppliers and farmers across the world to help them scale regenerative agriculture practices and eliminate deforestation consistent with our [Commitment on Forests and Natural Ecosystems](#), in ways that can help improve productivity, build resiliency to a changing climate and conserve natural ecosystems.

- ➡ Read more about our approach to [regenerative agriculture](#) on page 37 and on our [Responsible Sourcing](#) web page.

## Next Steps

We will continue to progress toward net zero emissions globally by 2050. This includes working to establish roadmaps for key markets and business functions. At the same time, we will look for more opportunities to act globally and regionally, using the scale of our System to drive positive change.



# Packaging, Toys & Waste

**We are working to accelerate solutions that help reduce waste while also transitioning to more sustainable packaging and toy materials.**

Our packaging, toys and waste strategies are designed to help keep communities clean, help protect the planet for future generations and support the Company's long-term business resilience. To achieve this, we're evolving our packaging – redesigning some of our most iconic products to eliminate unnecessary packaging, identifying alternative materials and increasing opportunities for recovery.



## Innovating for Circularity

### Materials We Use for Primary Guest Packaging

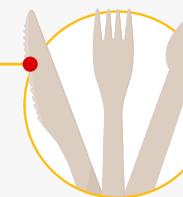
**86.7%** of primary guest packaging<sup>3</sup> was from renewable, recycled or certified sources in 2023.



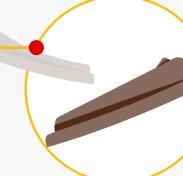
**97.9% of our primary fiber-based guest packaging** globally was sourced from recycled or certified sources.



**Paper straws and wooden cutlery** now deployed across 50 markets.



Most EU markets are transitioning from plastic to **fiber-based packaging**.



Launched cups across the U.S. that are sourced from **recycled and bio-based materials**.



### Materials We Use for Happy Meal Toys

As of the end of 2023, **63.7%** reduction in virgin fossil fuel-based plastic for Happy Meal toys globally versus 2018, an improvement from the **47.8% reduction achieved in 2022**.



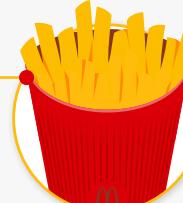
### Solutions for Reducing, Reusing and Recycling Guest Packaging

**88.3%** of restaurants in markets with advanced infrastructure<sup>4</sup> offered guests the opportunity to recycle and/or compost packaging items, with customer-facing bins for back-of-house or off-site sorting. This is then managed using existing local waste infrastructure systems.



### Efforts to Avoid Intentionally Added Fluorinated Compounds

**99.5%** of our guest packaging items did not contain any intentionally added fluorinated compounds in 2023.



## Our Strategy in Brief

We're committed to taking steps to help reduce waste and advance a circular economy. For example, we're investing in strategies and working collaboratively with other stakeholders to help address systemic challenges related to recycling infrastructure, demand for recycled materials and development of new packaging and toy materials. We continue to evaluate and consider the role reusables can play in our restaurants around the world, alongside other circularity solutions and in compliance with applicable laws regarding reusable packaging.

## Our Performance

As a global brand with representation in over 100 countries, there is no "one size fits all" approach to packaging and recycling solutions, as local waste management infrastructure and customer preferences make each area unique. That's why we pursue opportunities on a localized basis to help identify appropriate solutions for each geography – all grounded in a commitment to advancing the Company's global goals.

We set our circularity strategy, inclusive of a series of goals unique to our business model, to guide our efforts, with expert advice from several stakeholders, such as World Wildlife Fund (WWF) and our packaging supplier tms, to help ensure our targets aligned with the latest science and stakeholder expectations. We track progress against our goals through supplier and restaurant reports on packaging composition, usage and waste. As we continue to enhance our methodology and data quality, we can expect annual progress figures to adjust in future reporting cycles.

As well as tracking against our goals, throughout 2023, we continued finding ways to streamline materials used in overall guest packaging and to reduce use where possible. For example, our Nordic markets (including Denmark, Finland, Norway and Sweden) adopted a "no lids on cold drink cups" policy for dine-in customers.

## Innovating Materials

### GOAL

**We aim to source 100% of our primary guest packaging<sup>3</sup> from renewable, recycled or certified materials by the end of 2025.**

### PROGRESS

**By the end of 2023, we were 86.7% of the way toward our goal. Approximately 97.9% of our primary fiber-based guest packaging globally was sourced from recycled or certified sources in 2023. Non-structural components of packaging<sup>5</sup> are out of scope.**

### Percentage of Primary Guest Packaging Sourced From Renewable, Recycled or Certified Sources by Material

2023	
Percentage of primary guest packaging from renewable, recycled or certified sources	86.7%
Percentage of primary fiber-based guest packaging globally was sourced from recycled or certified sources	97.9%

## Packaging Innovation Efforts

To identify opportunities for transitioning our existing materials to new and more sustainable alternatives in pursuit of progress toward our 2025 goals, many of our markets and suppliers have worked to drive locally relevant packaging innovations across the globe.

Following a successful pilot, in 2023, we launched clear polypropylene beverage cups across the U.S. that contribute to the sourcing of circular and bio-based materials.<sup>6</sup> Our goal is that these cups can be recycled into new products, contributing to a circular economy.<sup>7,8</sup> We plan to continue rolling out additional items, such as lids, sundae cups, breakfast platters and souffle cups over the next few years.

When it comes to developing alternatives for packaging liners, we are investing in technology and supply chain capabilities and collaborating with our suppliers to do so. To replace virgin fossil fuel-based plastics, we are gaining insight into front-running technologies, such as mineral coatings for cups, and the potential for such technologies to be applied at scale.

We continue to develop and deploy renewable coating alternatives on fiber-based salad boxes in Europe. In 2023, Austria, the Baltics and the Netherlands transitioned to this solution from the previously used polyethylene (PE)-coated salad boxes.

We continue to focus on reducing virgin fossil fuel-based plastics for small items such as straws, cutlery, bags and stirrers.

### **Happy Meal Toy Innovation**

In 2023, we introduced an increased range of materials that support our goal around Happy Meal toys, including bio-based plastics produced from renewable sources as well as paper.

Programs that used paper were developed, such as Karma's World activity journals and Pokémon trading cards. Green PE (bio-based PE produced from renewable raw material sugar cane) was successfully used in programs like *Adopt Me!* "Make a Pet," which was a customizable pet made from a combination of Green PE and paper.

To continue driving innovation toward our 2025 ambition of reducing virgin plastics in Happy Meal toys, we have begun working with our supplier partners to utilize its recently established "Future Lab" – a facility dedicated to testing innovative packaging solutions. Future Lab was established with a dual focused approach:

- **Materials lab:** Identify new sustainable materials, suppliers and production techniques, as well as vendor capabilities. Qualify new materials and research production functionality.
- **Concept research:** Ideate new concepts that are fun, durable and deliver high perceived value with approved materials. Create new play experiences that support sustainability.

## **Reducing Plastics in Happy Meal Toys**

### **GOAL**

**Drastically reduce plastics in Happy Meal toys around the globe and transition to more sustainable materials by the end of 2025.<sup>9</sup>**

### **PROGRESS**

**As of the end of 2023, we reduced virgin fossil fuel-based plastic in Happy Meal toys by 63.7%, an improvement from the 47.8% reduction achieved in 2022.**

Achieving this goal is expected to result in continuous reduction in virgin fossil fuel-based plastic used to make Happy Meal toys. We have been increasing the use of more sustainable plastics, decreasing our dependence on virgin resources.

### **CASE STUDY**

## **Fiber-Based Packaging**

As we strive to meet our goal, we are working with suppliers to test new technologies that can scale globally. Some of our markets are exploring transitioning from plastic to fiber-based packaging. For example, beginning in 2023:

- We have launched small-scale testing of fiber-based packaging in Belgium, Ireland and Portugal with initial insights being gathered through these pilots.
- In the EU, we are working to incorporate recycled materials into fiber-based packaging categories such as carryout bags, cups, carriers, napkins, cartons, hot cups and sleeves.
- Fiber, wooden and pressed paper cutlery are now deployed across 50 markets, including parts of the EU and the U.K. Canada and Hong Kong are also using fiber-based cutlery.



## Advance the Reduction, Reuse or Recycling of Guest Packaging

### GOAL

**We aim to implement global and local solutions across our business to advance the reduction, reuse, composting and/or recycling of guest packaging, and help create demand for recycled materials by the end of 2025.**

### PROGRESS

**In 2023, approximately 88.3% of restaurants in markets with advanced infrastructure<sup>4</sup> offered guests the opportunity to recycle and/or compost packaging items. In these restaurants, guest packaging is collected in customer-facing bins for back-of-house or off-site sorting for recycling or composting, utilizing existing local waste infrastructure systems.**

Across the globe, waste and recycling infrastructure differs significantly. Some areas are operating within advanced infrastructure, while in others the infrastructure is still developing. In areas where recycling infrastructure is a challenge, we're focusing on addressing systemic constraints and advocating for greater investment in material separation, sorting, recovery and recycler acceptance.

### Exploring the Role of Reusable Packaging

In recent years, we have been exploring the potential role and impact of implementing reusable guest packaging in McDonald's restaurants. Although reusable guest packaging may be part of the solution, additional tools, such as recycling, recovery and reduction, must continue to be part of overall guest packaging-related waste reduction strategies. Only with the right mix of solutions, can McDonald's – and the informal eating out sector more broadly – achieve packaging circularity.

As we move forward, we will look to further develop our reuse strategy, advocating for feasible solutions that can help advance evidence-based circularity strategies for McDonald's and the wider industry.

## Fluorinated Compounds in Our Packaging

### GOAL

**Ensure all primary guest packaging is free from intentionally added fluorinated compounds by the end of 2025.<sup>10</sup>**

### PROGRESS

**By the end of 2023, 99.5% of our guest packaging items did not contain intentionally added fluorinated compounds. For the remaining items, we continue to find and apply alternative coating materials that offer the right grease-resistant barriers. In the U.S., we have removed all intentionally added fluorinated compounds from our guest packaging.**

McDonald's guest packaging materials comply with applicable law and are verified through chemical testing.

## Next Steps

McDonald's will continue finding ways to innovate our packaging, as well as opportunities for end-of-life management, to help keep waste out of nature. The Company will continue our ambition to use renewable, recycled and certified materials solutions for our guest packaging portfolio and other areas to encourage a circular economy.



# Nature, Forests & Water

**We take a holistic approach to helping protect natural resources, the communities that rely on them and the future of our business.**

We aim to help build resilience with suppliers and farmers to help preserve natural ecosystems, enhance biodiversity and safeguard water.

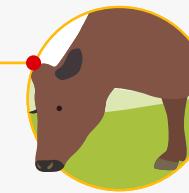


This work is intricately connected to our efforts across climate action, responsible sourcing and human rights.

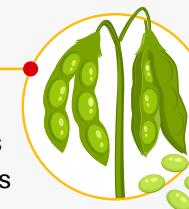
Natural resources – like healthy soils, grasslands and forests – are particularly important to the farming systems and communities that produce food for McDonald's menu. Recognizing this, we have refreshed our Commitment on Forests and Natural Ecosystems to better reflect evolving best practices and standards and our progress to safeguard natural ecosystems.

## 99.1% of Our Priority Commodities Are Sourced Supporting Deforestation-Free Supply Chains

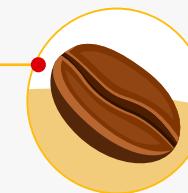
**Beef 98.8%**: The Company requires that all beef sourced for McDonald's products meets the requirements of our Deforestation-Free Beef Procurement Policy, with more detailed requirements for high priority regions.<sup>11</sup>



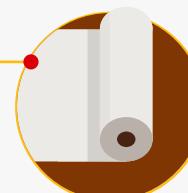
**Soy (for chicken feed) 100%**: The Company requires all soy for chicken feed for McDonald's products to be sourced from low priority regions or, if from high priority regions, to support responsible soy production. We support responsible soy production through the purchase of Round Table on Responsible Soy (RTRS) credits to cover estimated soy in feed for chicken outside of the U.S. and Canada.<sup>13</sup>



**Coffee 99.9%**: The Company requires coffee sourced for McDonald's restaurants from Honduras, Indonesia and Vietnam to be Rainforest Alliance Certified™<sup>12</sup> and for ground and whole bean coffee from other countries to be sourced from Rainforest Alliance, Fairtrade International certified or from a McCafé Sustainability Improvement Platform (SIP) program.



**Fiber-based primary guest packaging 98.6%**: The Company requires that fiber for primary guest packaging at McDonald's restaurants be sourced from Forest Stewardship Council® (FSC®) chain of custody certification or the Programme for the Endorsement of Forest Certification (PEFC) for deforestation.<sup>14</sup>



**Palm oil 100%**: The Company requires palm oil sourced for McDonald's restaurants or as an ingredient in McDonald's products to be covered by Roundtable on Sustainable Palm Oil (RSPO) certification.<sup>15</sup>



## **Our Strategy in Brief**

We aim to safeguard natural ecosystems, including forests, throughout our supply chains while simultaneously building resilience for our business, producers and the planet. We're also taking action to help protect biodiversity and respect human rights. We stress the importance of water stewardship to suppliers and in our restaurant practices.

To adapt our value chain to – and mitigate against – climate change, we prepare for climatic events that could impact the natural resources we depend on, as well as transition risks associated with the shift to a low-carbon economy. Our targets for climate action consider estimated emissions from land use change – such as deforestation for farmland – which are modeled using our climate impact tracking system.

We also encourage others to do their part and help drive industry action at scale through our memberships in collaborative groups like the Forest Positive Coalition, as well as our work in international bodies such as the Global Roundtable for Sustainable Beef (GRSB) and the Sustainable Markets Initiative.

➡ See our website for a more detailed focus on our nature, forests, nature and biodiversity and water strategies.

See our Nature, Forests & Water web page for definitions of “eliminate deforestation,” “deforestation,” “high priority regions,” “low priority regions” and “supporting deforestation-free supply chains” for the purposes of this report.

## **Our Performance and Actions**

### **Our Commitment to Supporting Deforestation-Free Supply Chains for Primary Commodities**

In 2024, we refreshed our Commitment on Forests and Natural Ecosystems to better reflect the evolution of industry best practices and standards and our progress to safeguard natural ecosystems. In it, we outline our commitment to eliminate deforestation<sup>16</sup> and address conversion<sup>17</sup> in our global supply chain by 2030, for commodities and regions where we can deliver the greatest impact – building on our 2020 milestones to support deforestation-free supply chains for our primary commodities.

In line with our commitment, we are collaborating with Proforest, WWF and industry groups on actions to help build positive impact. We are also engaging with suppliers to help ensure they understand the commitment and their role in adhering to the sustainable sourcing policies that underscore it.

## **GOAL**

### **Eliminate deforestation from our global supply chains by the end of 2030, building on the progress from our 2020 milestones in highest priority commodities and regions.**

We continue our focus on supporting deforestation-free supply chains for our primary commodities: beef, soy (for chicken feed), palm oil, coffee and fiber (used in primary guest packaging).

## **PROGRESS**

### **In aggregate, 99.1% of these primary commodities continued to be sourced supporting deforestation-free supply chains in 2023.<sup>18</sup>**

See our commodity-specific progress on page 25.

## **Soy (for Chicken Feed)**

As one example of our work to source sustainable soy for chicken feed, the McDonald's UK & Ireland markets map and report on their embedded soy footprint annually as part of our work to address conversion. They then utilize this information to support tailored supplier engagement. Additionally, McDonald's UK & Ireland is among the founding signatories of the UK Soy Manifesto to work collaboratively across the industry to support resilient and responsible supply chains.

## **Palm Oil**

Our volumes of physical RSPO-certified palm oil increased from 13% in 2016 to 72.5% in 2023 (25% Segregated, 47.5% Mass Balance), with the remaining 27.5% as RSPO Book and Claim Credits.

## **Forest Positive Coalition**

In 2022, we joined the Consumer Goods Forum's Forest Positive Coalition, a multi-company initiative to stop commodity-driven deforestation and address global climate change issues across consumer goods manufacturers and retailers. As part of our ongoing membership, for the second year in a row, we developed a report to highlight our progress against the coalition's key performance indicators (KPIs) and metrics. Additionally, in 2023, we became co-leads of the coalition's Beef Working Group.

➡ Read more detail in our Consumer Goods Forum's Forest Positive Coalition 2023 Report.

**CASE STUDY****Driving a Deforestation-Free Beef Supply Chain**

When it comes to deforestation-free beef supply chains, we are partnering strategically to advance supplier efforts. In particular, we have teamed up with service provider Agrotools to identify key, farm-level social and environmental criteria in our beef supply chain, and to monitor supplier compliance with our expectations.

We are focused on purchasing beef from suppliers that share our dedication to conserving forests and respecting human rights. To ensure ongoing alignment, together with Agrotools, we conduct comprehensive monitoring of our Brazilian supply chain to proactively detect and address instances of:

- Deforestation.
- Properties associated with forced labor or embargoes.
- Agricultural expansion onto Indigenous Territories or protected areas.

Through detailed mapping exercises, we also monitor compliance with our Deforestation-Free Beef Procurement Policy for purchases of cattle that could potentially enter our supply chain from Brazil, Argentina, Paraguay or Australia. With this insight, we are better equipped to support shared deforestation efforts, delivering supplier training and pursuing other engagement activities to drive greater human and community rights protection and more responsible, data-driven procurement decisions. We are proud that, as a result of our detailed monitoring and close supplier engagement efforts, in 2023, 98.8% of all beef sourced for McDonald's products supported deforestation-free supply chains.

**Our Progress on Protecting Nature, Forests and Water****Sustainable Palm Oil**

The Company is committed to working with stakeholders and its supply chain to help support development and improvement of sustainable palm oil production, and to help drive delivery of NDPE (no deforestation, no expansion on peat and no exploitation).

Alongside Proforest, we recently engaged with one of our major palm oil suppliers, Wilmar, on a series of projects to help improve transparency and sustainability outcomes for our palm oil supply chain. Through this collaboration, we have been engaged in the development of the NDPE Implementation Reporting Framework (IRF), building on progress made to date to provide an overview of progress for all palm oil mills supporting a refinery. Our work will drive greater improvement in NDPE IRF Deforestation and Peat profiles as well as Land and Labor profiles within our supply chains, including greater engagement with smallholders to help improve traceability and sustainability outcomes.

**Evaluating Land Use Change**

In the U.S., McDonald's joined the Land Use Change Initiative (LUCI) to begin to address land use change in our supply chains. This coalition is a cross-sector collaboration to evaluate the condition of remaining U.S. native sod<sup>19</sup> and evaluate the drivers and impacts of land use change. We will use the outputs of the LUCI to inform our strategy to further address land use change in the United States.

For more on our approach and progress toward regenerative agriculture, see page 37 and our Responsible Sourcing web page.

**Next Steps**

We will continue to take steps to help bring the McDonald's Commitment on Forests and Natural Ecosystems to life. We aim to strengthen our resiliency by building on our work to date and engaging in new initiatives to help drive collective action toward the protection of forests, human rights and natural ecosystems.

## Notes

- 1 Consistent with past reporting by the Company, these figures include the impact through 2023 of the Corporate-backed VPPA program in the U.S., recognizing that the SBTi is currently assessing the effectiveness of Environmental Attribute Certificates (EACs) in corporate climate targets to inform its revisions to the net zero standard.
- 2 McDonald's SBTi-validated target in full:
  - McDonald's Corporation commits to reduce absolute Scope 1 and 2 GHG emissions 50.4% by 2030 from a 2018 base year.
  - McDonald's Corporation also commits to reduce absolute Scope 3 energy and industrial GHG emissions from purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, end-of-life treatment of sold products, and franchises 50.4% within the same timeframe.
  - McDonald's Corporation commits to reduce absolute Scope 3 FLAG GHG emissions 16% by 2030 from a 2018 base year. McDonald's Corporation also commits to maintain no deforestation across its primary deforestation-linked commodities.
- 3 **Packaging. Scope:** Inclusive of all markets for our fiber-based packaging and Happy Meal book and toy packaging. For our plastic-based packaging, all markets are included except for Israel, Latin America and Turkey. **Renewable sources** refers to material that is composed of biomass from a living source and that can be continually replenished. Renewable applies to plastics only, not fiber. **Source:** ISO 14021:2016 for plastic, ASTM 6866 or ISO 16620-2. **Fiber-based packaging** made from 100% recycled sources must be third-party verified, unless certified under a Chain of Custody Forest Management standard. McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be Forest Stewardship Council® (FSC®) certified or FSC® controlled wood sources with full chain of custody certification. Perfluorinated compounds are known to be historically persistent in the environment. McDonald's commits to not intentionally adding fluorinated compounds through our processes, but fluorinated compounds present in the local environment make it difficult to remove all traces of fluorine from packaging. Please refer to our [Nature, Forests & Water](#) web page for additional definitions. **Exclusions:** Primary fiber-based packaging in food packaged off-site of McDonald's restaurants, tray liners and limited locally sourced items.
- 4 **Markets with advanced infrastructure:** Mature waste and recycling infrastructure at a national level that has (1) a recycling infrastructure network across the entire market, (2) multiple materials being recycled within this national infrastructure network, (3) existing legislation on recycling and (4) high customer awareness of waste and recycling. At the end of 2023, that included 21 markets where McDonald's operates.
- 5 Non-structural components of packaging vary based on the packaging but may include adhesives, inks, overprint varnishes, retention agents or binders, processing aids, impact modifiers, minerals used non-structurally, and nucleating and clarifying agents. We continue to monitor industry standards

on these components and opportunities to work toward making any part of our packaging, including non-structural components, more sustainable.

6 The development of the cups relies on the "mass balance free attribution" approach, which allows the share of raw materials generated through the processing of plastic waste and bio-based materials to be accounted for via Chain of Custody certification through complex manufacturing systems, where it is processed alongside traditional feedstocks and attributed to plastics.

7 Lids and straws are not recyclable. Other similar material items to be launched by 2025 include cold lids, breakfast platters, sundae and souffle cups.

8 Facilities that accept these cups for recycling may not be available in all areas of the U.S., but our aim is to help expand the acceptance of the cups for recycling so they can contribute to a circular economy.

9 **Toys. Scope:** Inclusive of all toys. Fiber-based toys or fiber components in the toys: 100% certified fiber required. **All other materials:** McDonald's ambition is to reduce the use of virgin fossil fuel-based plastics, offer more sustainable toys by the end of 2025 and not manufacture electronics and batteries in Happy Meal toys globally. For bio- and plant-based plastics to be considered sustainable for McDonald's, a minimum of 60% of plastic weight is required to come from recycled or renewable content or a combination of recycled and renewable content, though in many practical applications we anticipate that percentage will be much higher. The remaining 40% may be conventional fossil fuel-based material. These thresholds were developed in conjunction with input from NGOs, external manufacturing partners and scientists, and based on an assessment of sustainable toy and packaging industry leaders so that our targets reflected current sustainable engineering capabilities to maintain safety and functionality. Our efforts will result in an approximate 90% reduction in virgin fossil fuel-based plastic use against a 2018 baseline. Fiber-based packaging made from 100% recycled sources must be third-party verified, unless certified under a Chain of Custody Forest Management standard. **Source:** ISO 14021:2016. McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be Forest Stewardship Council® (FSC®) certified or FSC® controlled wood sources with full chain of custody certification. The thresholds described above do not include the presence of adhesives, glues, inks, paints and coatings.

10 **Fluorinated Compounds. Scope:** Inclusive of all markets except for Israel, Latin America and Turkey, and Happy Meal book and toy packaging. **Renewable sources** refers to material that is composed of biomass from a living source and that can be continually replenished. Renewable applies to plastics only, not fiber. **Source:** ISO 14021:2016 for plastic, ASTM 6866 or ISO 16620-2. Fiber-based packaging made from 100% recycled sources must be third-party verified, unless certified under a Chain of Custody Forest Management standard. McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be Forest Stewardship Council® (FSC®) certified or FSC® controlled wood sources with full chain of custody certification. Perfluorinated compounds are known to be historically persistent in the environment. McDonald's commits to not intentionally adding fluorinated compounds through our processes, but fluorinated compounds present in the local environment make it difficult to remove all traces of

fluorine from packaging. Please refer to our [Nature, Forests & Water](#) web page for additional definitions. **Exclusions:** Primary fiber-based packaging in food packaged off-site of McDonald's restaurants, tray liners and limited locally sourced items.

11 **Beef. Scope:** Includes all beef suppliers to the McDonald's System and their raw material suppliers globally and all McDonald's restaurants owned and operated by the Company and its Franchisees that sell beef. McDonald's requires all beef raw material sourced from high-deforestation priority regions to comply with McDonald's Deforestation-Free Beef Procurement Policy and meet the requirements as outlined in McDonald's [Commitment on Forests and Natural Ecosystems](#). Countries with regions currently identified as high priority for beef include Brazil, Paraguay, Argentina and Australia. **Exclusions:** Beef used as secondary ingredients in McDonald's products, for example, as flavoring in a sauce.

12 **Coffee. Scope:** Includes all ground and whole bean coffee, including decaffeinated coffee, used in espresso-based drinks and coffee brewed at McDonald's restaurants, and all ground and whole bean coffee in McDonald's-branded retail products. Includes all suppliers of coffee to the McDonald's System. Market scope includes all McDonald's restaurants owned and operated by the Company and its Franchisees that sell coffee, and retail outlets selling McDonald's-branded coffee products. Countries with regions currently identified as high-deforestation priority regions for coffee include Honduras, Indonesia and Vietnam. McDonald's requires all coffee sourced from these regions to be Rainforest Alliance Certified. **Exclusions:** Coffee extracts and ingredients used in products such as frappés and coffee in baked goods; coffee in cold brew drinks if they are brewed off-site; coffee extract in ready-to-drink retail products; and other locally sourced products containing coffee.

13 **Soy (for chicken feed). Scope:** Includes all soybean volume used in the feed of chicken sourced for McDonald's products by all chicken suppliers to the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that sell chicken. Europe refers to Austria, Azerbaijan, Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the U.K. and Ukraine. Countries with regions currently identified as high-deforestation priority regions for soy include Argentina (Chaco biome), Brazil (Amazon and Cerrado biomes) and Paraguay (Chaco biome). Given the complexity of soy supply chains, we consider that, unless demonstrated, all of McDonald's sources of soy for chicken feed fall into high-deforestation priority regions, with the exception of chicken sourced in North America, where soy used in chicken feed is locally produced and considered low risk. **Exclusions:** Soy used as an ingredient in McDonald's products sold in restaurants, for example, soy oil.

14 **Fiber. Scope:** Primary fiber-based packaging refers to products that are used to package guest food on premises at McDonald's restaurants. This type of packaging includes containers, cups, wraps, bags for food, beverages, napkins, folding cartons, clamshells, food service bags, napkins, salad bowls, Happy Meal cartons, drink carriers and cup carriers. Includes all suppliers of primary-

based packaging to the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees. In 2021, the primary fiber-based packaging scope was expanded to include plastic alternatives such as wood stirrers and cutlery, and paper straws and lids. This broadened scope has resulted in a slight decrease in percent compliance. All volumes of contingency items sourced from suppliers compliant with our standards but not integrated into our data reporting system were counted as non-compliant. Countries with regions currently identified as high-deforestation priority regions for fiber include Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam. McDonald's requires all wood fiber sourced from these regions to be Forest Stewardship Council® (FSC®) certified or FSC® controlled wood sources with full chain of custody certification. **Exclusions:** Primary fiber-based packaging in food packaged off-site McDonald's restaurants; tray liners, straws and limited locally sourced items.

15 **Palm oil. Scope:** Includes all palm oil (including crude palm oil, palm kernel oil, derivatives and fractions) sourced for McDonald's restaurants for use as restaurant cooking oil and all palm oil sourced by McDonald's suppliers and used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement. Includes all suppliers of products containing palm oil in the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that use palm oil. All countries are currently identified as high-deforestation priority regions for palm oil and all volumes are required to be covered by Roundtable on Sustainable Palm Oil (RSPO) certification or credits. All RSPO supply chain models applicable to RSPO are applicable to McDonald's – RSPO Identity Preserved (IP), RSPO Segregated (SG), RSPO Mass Balance (MB) and Book and Claim (BC) – although McDonald's is committed to increasing traceability by specifying physical certification for the palm oil used in the McDonald's System in the greatest volumes (IP, SG or MB). **Exclusions:** Palm oil, palm kernel oil or their derivative used as secondary ingredients in McDonald's products. This is when palm oil is used as an ingredient within an ingredient, for example, an emulsifier.

16 "Eliminate deforestation" refers to McDonald's global pledge to tackle deforestation, and all of the social and environmental criteria in our [Commitment on Forests and Natural Ecosystems](#) in our agricultural and forestry supply chains. In alignment with the definitions of the Accountability Framework Initiative (AFI), we use the term "supporting deforestation-free supply chains" below to more accurately reflect the actions we are taking to implement, measure and report progress toward our [Commitment on Forests and Natural Ecosystems](#).

17 As aligned with Accountability Framework Initiative, conversion refers to: change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function.

18 Calculated as the aggregated volumes of beef, soy sourced for chicken feed, palm oil, coffee and primary fiber-based guest packaging that are supporting deforestation-free supply chains, as a percentage of the aggregated total volumes sourced of these commodities.

19 Native sod is defined by the USDA as: acreage that has never been tilled, or acreage that you cannot prove has been tilled for crop production.

# Food Quality & Sourcing



**At McDonald's, we prioritize making safe, sustainably sourced meals accessible globally. We're committed to reducing food production impacts by sourcing ingredients from deforestation-free, sustainable or certified sources.**

Improving animal health and welfare in our supply chain is also central to our sustainability strategy. Through more sustainable ingredient sourcing we are providing quality food and varied menu choices to help support the well-being of future generations.

## IN THIS SECTION

- 30** Food Safety
- 33** Nutrition & Marketing Practices
- 36** Responsible Sourcing
- 39** Animal Health & Welfare and Responsible Antibiotic Use

# Food Safety

**Serving safe and quality food in every single restaurant, each and every day, is a top priority and long-standing commitment of McDonald's.**

We embed strict food safety standards and protocols in the Company's processes from food sourcing to menu development, packaging and distribution and the running of McDonald's restaurants. We are embracing technology and working closely with suppliers and external experts to help improve efficiency and reduce risks. We share our knowledge both internally and externally.



## Food Safety From Ingredient to Restaurant

We believe that product traceability from ingredient to restaurant is a key step in McDonald's food safety protocols. To help us achieve traceability, we work closely with our suppliers, utilizing standards like the Good Agricultural Practices (GAP) certification, the Supplier Quality Management System (SQMS) and Distributor Quality Management Process (DQMP). In addition, all McDonald's restaurants receive unannounced third-party food safety audits.

During 2023:

**1,800+ third-party audits** were performed in 2023 through the Company's SQMS, of which McDonald's standards were fully met by over 90% of the food suppliers.



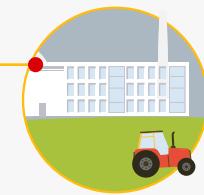
**250+ distribution centers** completed third-party food safety and quality audits in 2023. Over 98% were found to be operating consistently with the McDonald's DQMP audit standard.



**199 farmers globally** were certified to McDonald's GAP standards.



**60,000+ food safety audits** were conducted at McDonald's restaurants in 2023.



## Our Strategy in Brief

We work to source and serve safe food and beverages each day, building trust as we strive to achieve food safety excellence.

Our Global Food Safety Strategy centers on three operating principles:

- 1 Customer obsessed:** Food Safety is our #1 priority and is always a focus area. The safety of McDonald's food, and that of the customers who consume it, is imperative.
- 2 One McDonald's way:** Our food safety systems and standards, which are based on science and validated by external third parties, are designed to help ensure a globally aligned approach.
- 3 Committed to lead:** We help lead the advancement of food safety from farm to customer and deploy processes to help us anticipate and manage potential food safety-related risks.

We execute this strategy through our food safety work. Our actions help build long-term brand trust by focusing on two strategic areas:

- 1 Strengthening our food safety culture.**
- 2 Proactive food safety risk management.**

We are supporting these strategic areas through the periodic improvement of our standards and policies, based on current science and industry best practices. We are monitoring and identifying innovations and technology to help strengthen our systems and drive simplification where possible to help improve behaviors and performance.

Read more about our [food safety strategy](#) on our website.

## Our Performance

### Advancing Food Safety Risk Management

The Company's food safety risk management (FSRM) dashboard provides the Food Safety and Quality teams with the information and data they need to develop plans for mitigating risks.

In 2023, we established and communicated global food safety key performance indicators (KPIs). These included KPIs on topics such as public recalls and audit performance, which strongly connect with the brand trust.

Another global KPI requires that every market should establish a Food Safety Risk Mitigation Plan. These plans will help ensure that each market remains focused on locally relevant risks and areas for improvement, based on key information such as regulatory developments, existing gaps and supply chain conditions. In the first year, most markets reported that they had established such plans.

### Assessing Digital Systems

We are currently evaluating the digital platforms we use to monitor and measure adherence to our food safety standards.

As of the end of 2023, as part of our Digital Food Safety (DFS) initiative, 96% of McDonald's restaurants had fully implemented the move from paper-based to digital food safety checklists. This supports the production of real-time reports to help identify potential food safety risks and prompt timely remedial action.

## Building on Our Food Safety Culture

We believe that running great restaurants and serving safe food is the basis for building strong brand trust. We embed strict food safety standards and protocols in the Company's processes from food sourcing to menu development, packaging and distribution and the running of McDonald's restaurants. We are embracing technology and working closely with suppliers and external experts to help improve efficiency and reduce risks. We share our knowledge both internally and externally.

In 2023, we analyzed the results of a 2022 food safety culture assessment and translated the findings into a global food safety culture action plan. In 2023, we added a requirement to the SQMS that suppliers are responsible for conducting food safety culture assessments for their own organizations and implementing necessary responsive actions. At the end of 2023, more than 80% of the Company's suppliers had conducted a food safety culture assessment.

### **Examples of the Company's Commitment to Food Safety in 2023**

- McDonald's participated in the 18th Global Food Safety Summit in Barcelona, Spain, coordinated by the European Networking Group (ENG). One of our team members presented on risk assessment implementation plans as a key factor for customers and brand protection.
- McDonald's has been on the Fruits and Vegetable Technical Committee with the Global Good Agriculture Program (GLOBALG.A.P.) since 2017 and, in 2023, remained an active participant to continually improve global agriculture practice standards.
- McDonald's played a leading role in founding SSAFE – and has been an active participant since – to develop a food safety culture assessment tool for any company to leverage. We shared this with our suppliers globally.

### **Engaging With the Company's Supply Chain**

McDonald's expects its food suppliers to complete and meet SQMS standards and, in the case of higher-risk foods, an additional Good Manufacturing Practices (GMP) audit. When we identify specific gaps between our suppliers and GMP standards, we follow up with scheduled online webinars or calibration sessions.

In May 2023, the Food Safety team played an active role in the Global Supply Chain Supplier Summit, helping to educate Supply Chain teams on food safety risk management and food safety culture. The Food Safety team also conducted the following training sessions in 2023:

- SQMS training for a protein supplier.
- Restaurant food safety training in Europe.
- Food safety packaging training for 15 Latin American markets.

In 2023, the Company facilitated third-party food safety audits of suppliers to help verify that they were following the Company's food safety and quality standards. Over 90% of audited suppliers were found to be meeting McDonald's audit standards for SQMS.

We continue to be forward-looking regarding our food safety standards. Historically, we have used our connection to industry partners, academia and regulatory authorities around the world to anticipate science- and risk-based intelligence to evolve them. We have progressively matured our standards, each time benchmarking against the Global Food Safety Initiative (GFSI) to ensure ongoing relevance.

### **Next Steps**

While we are proud of the progress we've made to date, our food safety journey is far from over. Moving forward, we will maintain food safety as a key part of our always-on goals, highlighting the continued importance of, and focus on, food safety improvements.

As we move into 2024 and beyond, we plan to focus on executing our food safety culture action plan and aim to identify additional areas of focus to further strengthen our efforts. We also plan to leverage insights and data enhancement efforts from 2023 to begin updating and automating our data collection processes to help support better auditing and reporting.



# Nutrition & Marketing Practices

**We help feed millions of people every day, with a focus on offering families the choices they love.**

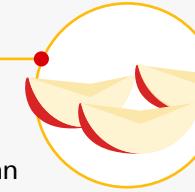
McDonald's mission is to make delicious feel-good moments easy for everyone. We listen to our customers and evaluate our menu to identify ways to evolve our offerings while maintaining the great taste people know and love.



## Our 2023 Progress

Across our 20 major markets<sup>1</sup>:

**In 2023, 61% of Happy Meal Bundle Offerings** met our Global Happy Meal Nutrition Criteria for balanced meals. These criteria mean meals must have less than or equal to 600 calories, 10% of calories from saturated fat, 650 mg of sodium and 10% of calories from added sugar.



**In 2023, we maintained the removal of artificial flavors, added colors from artificial sources and artificial preservatives** where feasible<sup>2</sup> from Happy Meal Offerings in our 20 in-scope markets.



**100% of Happy Meal nutrition information** was available on all participating market websites and mobile apps as of Q1 2024.



**99% of Happy Meal Bundles** shown in advertisements on third-party media met our Global Nutrition Criteria.



**We featured water, milk or juice as the Happy Meal beverage**, and fruit, vegetable or dairy items as one of the Happy Meal sides in 100% of the ads the Company directed to children.



## Our Strategy in Brief

We believe parents are looking for menu choices they can feel good about when it comes to feeding their kids. That's why, in accordance with our values, we've been making balanced meals more accessible to families across the world by offering options that contribute to recommended food groups, such as fruits, vegetables and low-fat dairy.

In 2018, we set five goals to evolve our Happy Meal over a five-year period. We published an independent [Global Happy Meal Goals report](#) announcing our significant progress on those goals, across 20 major markets from 2018–2022.

As we move forward, we will continue monitoring performance of our 20 major markets against the following key measures of progress:

- Offer balanced meals.
- Maintain simplified ingredients.
- Be transparent with Happy Meal nutrition information.
- Market responsibly.

Informed by the last five years, we will no longer continue reporting on Happy Meal sales data. We will continue to encourage markets to leverage innovative marketing, finding new ways to offer and promote items.

- Read more about our [Nutrition and Marketing strategy](#) on our website.

As we look to the future, McDonald's will continue to evaluate how our strategy can evolve to meet changing customer needs and preferences, building on the progress we have made to date.

## Our Performance

### 1. Offer Balanced Meals

We aim to ensure 50% or more of the Happy Meal Bundle Offerings listed on menus in each of the in-scope markets meet McDonald's Global Happy Meal Nutrition Criteria.

In 2023, 61% of Happy Meal Bundle Offerings, on average, met the Nutrition Criteria across the 20 in-scope markets, up from 36% in 2018.<sup>3,4</sup>

In 2022, one market received an exemption from fulfilling this goal and two received extensions. One of these markets has since achieved this goal, while the other received a further extension to achieve it by the end of 2024.

## CASE STUDIES

### Encouraging the Switch From Soft Drinks to Water in Happy Meal Menus Across Europe

Since removing soft drinks from Happy Meal menu boards in 2013, we've continued efforts to promote beverages with no or low added sugar, such as water and milk.

In 2021, McDonald's restaurants in Germany and Austria launched a children's water offering that featured creative packaging aimed at encouraging more consumption of water. Both markets saw take rates of the kids' water increase over 12 percentage points from 2020 to 2023, which also coincided with a decrease in soft drink take rates during that same time period.

McDonald's restaurants in Italy and Switzerland have also seen increases in take rates of water in the Happy Meal in recent years, reaching 29% in 2023 in Italy compared to 25% in 2020, and increasing over seven percentage points from 2018 to 2023 in Switzerland.

### Offering a Variety of Fruit and Vegetable Options in the Happy Meal

Many of our markets offer seasonal fruits and vegetables as a Happy Meal side choice. By providing a variety of options, we can help create greater access to fruits and vegetables for kids to enjoy. We also leverage creative campaigns to excite and engage kids and families about these offerings.

For example, in 2023, Canada introduced a rotating Happy Meal fruit program so that kids can enjoy new and different fruits – including apples, pineapple and cantaloupe – throughout the year.

Similarly, the U.K. has an "always on" fruit and vegetable offer, which means there's a fruit and vegetable option available as part of the Happy Meal year-round. In 2023, this included items like cucumber sticks, pineapple, carrot sticks, apple slices and grapes.

## 2. Maintain Simplified Ingredients

We are proud of the work that we did to remove 100% of artificial flavors, added colors from artificial sources and artificial preservatives, where feasible<sup>2</sup>, from our Happy Meal Offerings in 2022. We are also proud to have maintained this achievement throughout 2023 in all 20 in-scope markets.<sup>5</sup> Moving forward, our goal is to maintain what we have achieved and take steps to ensure any new Happy Meal Offerings also meet this standard.

## 3. Be Transparent With Happy Meal Nutrition Information

As of Q1 2024, 100% of nutrition information was available for all markets with websites and mobile apps. In 2022, two markets were granted an exemption from publishing one or two nutrients due to local legislative requirements. All other nutrient information was published.

## 4. Market Responsibly

All Happy Meal Bundles advertised to children<sup>6</sup> must meet McDonald's Global Happy Meal Nutrition Criteria along with applicable local/regional advertising pledges.

In 2023, 99% of Happy Meal Bundles shown in advertisements on third-party media met our Global Nutrition Criteria. Additionally, we featured water, milk or juice as the Happy Meal beverage, and fruit, vegetable or dairy items as one of the Happy Meal sides in 100% of the ads the Company directed to children.



# Responsible Sourcing

**We aim to use our scale and influence to help positively impact our planet, in addition to the animals and people connected to our supply chain, especially when sourcing our priority commodities, which is where we believe we can have the greatest impact: beef, soy for chicken feed, fiber, palm oil, fish and coffee.**

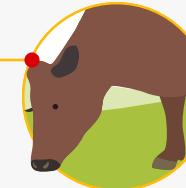
The road to serving McDonald's menu items that delight customers is long and complex. Our global supply chain spans countries, continents and industries. We approach responsible sourcing holistically, understanding that our work can impact the livelihoods of people, the health of our shared planet and the well-being of animals. We believe we must respect them all.



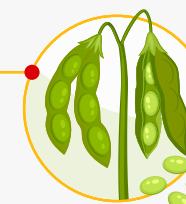
## Sustainable Sourcing of Our Priority Commodities

In 2023, we continued advancing efforts to responsibly source our priority commodities, achieving the following:

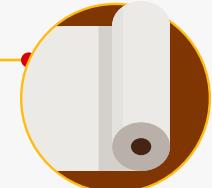
**98.8% of beef** sourced for McDonald's restaurants supported deforestation-free supply chains by the end of the year.<sup>7</sup>



**100% of soy** sourced for the feed of chicken used in McDonald's products supported deforestation-free supply chains globally.<sup>9</sup>



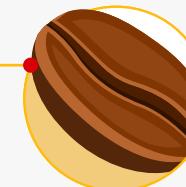
**97.9% of our primary fiber-based guest packaging** globally was sourced from recycled or certified sources.<sup>8</sup>



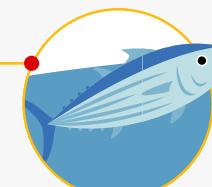
**100% of the palm oil** used in McDonald's restaurants and as an ingredient in McDonald's products supported the production of sustainable palm oil.<sup>10</sup>



**99.9% of our ground and whole bean coffee** was sustainably sourced.<sup>11</sup>



**93.8% of the fish** sourced for McDonald's Filet-O-Fish® sandwich was from sustainably managed wild-caught fisheries, and is assessed and verified annually against the McDonald's Sustainability Fisheries Standard by the Sustainable Fisheries Partnership.<sup>12</sup>



## **Our Strategy in Brief**

Our global supply chain presents a range of opportunities and risks related to topics such as land, water, animals and people. In the spirit of one of the Company's core values, *Integrity – We do the right thing*, we support the Company's long-term goal to continue providing quality food to customers.

We take a two-pronged approach to responsible sourcing. On one side, we consider and manage risks that could impact supply chain resiliency and our ability to maintain a reliable supply to our restaurants and offices. On the other side, we seek to enhance the potential positive impacts of the Company's supply chain – on topics such as the livelihoods of those who produce our food and the well-being of the planet and animals we rely on – by progressing against our wider Impact Strategy.

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**We're informing our approach by participating in several multi-year regeneration projects.**

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We aim to deliver responsible sourcing programs that drive lasting, meaningful outcomes on the environmental and social issues that are critical to the Company. To enable this, we focus on several topics: animal health and welfare; human rights; business resilience; and nature, forests and water.

## **Our Performance**

We focus on responsibly sourcing for priority commodities, recognizing these sourcing practices as a key driver for progress against many of our other long-term commitments, including in the areas of animal health and welfare; climate; nature, forests and water; and human rights. Our size and scale also represent an opportunity to help drive bigger changes across global food systems.

## **Supporting and Advancing Regenerative Agriculture**

The strength of our supplier community is critical to our ability to advance science-based climate action and drive nature-based solutions globally. Investing, together with industry peers, in projects that help support supplier resilience and contribute to thriving food systems has become a core part of our sourcing strategy, as we work to embed regenerative principles across our supply chain.

We are scaling adoption of regenerative agriculture projects – projects that aim to improve soil health and biodiversity, optimize water availability, drive climate action and help restore and protect ecosystems. Participating in several multi-year regenerative projects provides us with valuable insights and learnings that will ultimately inform how these practices can be scaled long term for our business.

☞ Read about our approach to regenerative agriculture on our [Responsible Sourcing](#) web page.

## **Supplier Engagement**

As part of a five-year pilot initiative with Cargill, the Walmart Foundation and World Wildlife Fund (WWF), since 2020, we have invested \$1.6 million to support ranchers in the Northern Great Plains through the Ranch Systems and Viability Planning (RSVP) network.

Through RSVP, ranchers have access to a comprehensive support system designed to help them develop sustainable grazing management plans with assistance from on-the-ground technical experts. They can also access ecological monitoring, educational scholarships to attend grazing and soil health workshops, a grazing management cost-share program that helps them improve grazing infrastructure on their ranches and a peer-to-

peer learning network. As of the end of 2023, the program is working with 86 ranches impacting over 800,000 acres across Montana, South Dakota, Nebraska and Wyoming.

## **Helping Keep Soils Healthy**

In collaboration with Cargill, The Nature Conservancy and Target, we are supporting row crop farmers in Nebraska to implement regenerative agriculture practices with the aim to help mitigate climate change and improve the resiliency of land. This five-year initiative is expected to impact 100,000 acres of land used for corn production. As of the end of 2023, there were 53 farmers enrolled in the program, with approximately 23,000 acres implementing climate-smart practices.

## **Helping Increase Biodiversity Through Encouraging Sustainable Grazing and Beef Sourcing Practices**

Increasing biodiversity helps keep our ecosystem in delicate balance and supports all life on Earth – boosting resiliency and adaptability for the planet and our population. It also plays a crucial role in supporting global food security.

Grazing practices, such as rotational grazing and reduced external inputs, increases biodiversity, benefits land productivity and fertility and helps combat the impacts of climate change.

Cattle are a vital part of the farm ecosystem, contributing to soil biology by the trampling of grass and adding dung to feed soil microbes – naturally fertilizing the land as they are rotated from area to area. This approach also supports habitats for insects and birds, which benefit overall biodiversity.

Some examples of our work focused on engaging with beef farmers on the topic of biodiversity in 2023 include:

- McDonald's Canada partnered with Ducks Unlimited Canada and Cargill to conserve Canadian grasslands, with the goal of returning 125,000 acres of cropland to grass and pasture by 2025. See the [2023 progress announcement](#) for more information about the efforts.
- For almost 10 years, we have utilized the CAP'2ER® tool, which is an environmental footprint calculator that evaluates the positive and negative environmental impacts within beef farming, helping to identify where farmers can work especially to reduce their greenhouse gas (GHG) emissions and improve their carbon storage. As of 2023, we have verified that over 121,000 hectares of land are being managed to support biodiversity by more than 1,000 French cattle farms we source from.

## CASE STUDIES

### Quantifying the Impact of Regenerative Grazing Practices

As a founder of Farm Animal Initiative (FAI) Farms, we have spent over 20 years contributing to the development of sustainable farming practices for the food industry. This has included helping launch the Adaptive Multi-Paddock (AMP) Grazing Project in 2020, an initiative that seeks to demonstrate the benefits of applying regenerative principles to beef farming.

In 2023, McDonald's UK & Ireland built on this groundwork, launching a new project to share best practices in regenerative grazing. Involving 11 beef farms, covering approximately 7,500 acres and over 3,500 cattle in England and Wales, the project measures the impact of applying regenerative principles on nature, soil, biodiversity, water, carbon sequestration and climate resilience.

### Partnering for Regenerative Potato Farming

When it comes to advancing responsible farming practices across our supply chain and wider industry, we recognize the invaluable opportunity partnerships present. For over two years, we have been an active member of the Sustainable Markets Initiative and its Agribusiness Task Force. Through the Task Force, we collaborate with other global brands – as well as financial institutions – to accelerate and derisk adoption of regenerative agriculture practices.

For example, we teamed up with our supplier and fellow Task Force member McCain Foods to launch the Sustainable Fries Fund, a £1 million joint investment to help U.K. potato growers adopt more sustainable practices. Through the Fund, growers can access grants to invest in soil

health, water efficiency and regenerative agriculture research. We have also worked with McCain through a \$1 million Future of Potato Farming Fund to similarly incentivize Canadian growers.

This collaboration is an important example of the positive impact direct, farm-level investments can have on regenerative agriculture adoption. By helping to reduce financial burden for farmers and engaging them on best practice approaches, we can help scale regenerative farming across the potato farms that make our fries possible.

# Animal Health & Welfare and Responsible Antibiotic Use

**The health and welfare of animals in the Company's supply chain is a priority.**

We believe serving safe, quality food requires sourcing animals that are properly cared for throughout their lives. This is why the Company prioritizes animal health and welfare and responsible antibiotic use in food animals.

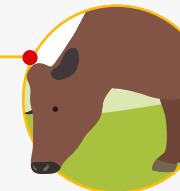
We have worked to promote antibiotic stewardship and reduce use since 2003, when we first published our global policy prohibiting routine use for growth promotion.



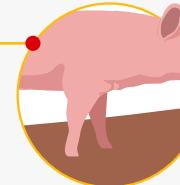
## Progress in Our Animal Supply Chain

We aim to source beef and dairy, chicken, eggs and pork from suppliers who share the Company's values. Our expectations, including with respect to animal health and welfare, are outlined in our policies, standards and/or specifications for raw materials and finished products.

**Beef:** We have established market-specific targets for responsible antibiotic use in our beef supply chain for 10 in-scope markets and begun partnering to establish measurement systems to track future progress.<sup>13</sup>



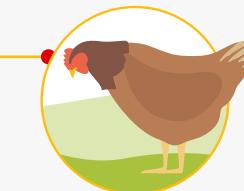
**Pork:** As of the end of 2023, the U.S. pork supply chain was over 96% of the way to our goal of phasing out the use of gestation stalls for housing confirmed pregnant sows by the end of 2024.



**Eggs:** We have achieved 100% cage-free eggs for our U.S. market, two years ahead of schedule.



**Chicken:** HPCIA<sup>14</sup> use has been eliminated from chicken served in Australia, Brazil, Canada, Europe, Japan, South Korea and the U.S.



We are also on track to achieve our Broiler Welfare Commitments by the end of 2024:

- **Achieved:** We have completed large-scale commercial trials to study the effects of production parameters on welfare outcomes.
- **Achieved and ongoing:** We have established our Chicken Sustainability Advisory Council (CSAC) and defined farm-level Key Welfare Indicators (KWI).
- **On track:** We continue to develop state-of-the-art welfare measurement technology, introduce more enrichments to support natural chicken behavior, implement Controlled Atmospheric Stunning (CAS) and third-party on-farm auditing, and assess the feasibility of extending these commitments to additional markets.

## Our Strategy in Brief

We believe we have a responsibility to help improve the health and welfare of animals in our supply chain, and work with our global network of suppliers, as well as subject matter experts and academia, to actively encourage industry and cross-sector collaboration on this topic. Using an approach that considers everything from KPIs to humane slaughter, we aim to leverage scale to help drive positive outcomes. And, through our commitment to responsible antibiotic use, we are collaboratively doing our part to help preserve the effectiveness of antibiotics for future generations.

 Read our [Animal Health & Welfare](#) and [Responsible Antibiotic Use](#) strategies in detail on our website.

**As one of the world's largest food companies, it's very pleasing to see McDonald's collaboratively doing its part to advance practices related to the responsible use of antibiotics, as well as leveraging learnings from the Responsible Use of Medicines in Agriculture Alliance in establishing market-appropriate responsible use targets. We applaud McDonald's approach, which demonstrates a solid commitment to protecting and improving the health and welfare of animals and is supportive of industrywide data collection to continue refining antibiotic use across beef industries.**

**Cat McLaughlin**, Responsible Use of Medicines in Agriculture Alliance, Chair

## Our Performance

### GOAL

**In the U.S., we're working with pork suppliers to phase out the use of gestation stalls (small, enclosed pens) for housing pregnant sows by the end of 2024.**

### PROGRESS

**As of the end of 2023, more than 96% of our pork purchased in the U.S. comes from suppliers that have phased out the use of gestation stalls for housing confirmed pregnant sows.**

This marks continued significant progress on our journey to maximize the time pregnant sows spend in a group environment. Our commitment is guided by the industry and [American Association of Swine Veterinarians \(AASV\)](#)-endorsed definition for group housing for pregnant sows. In 2023, McDonald's bought more than 230 million pounds of pork from producers that house pregnant sows in groups.

We remain committed to this journey and are on track to achieve our target by the end of 2024.

## COMMITMENT

**We are committed to sourcing chickens raised with improved welfare outcomes. To achieve this, we have outlined eight specific commitments for our in-scope markets, which are expected to be fully implemented by the end of 2024.<sup>15</sup>**

### PROGRESS

**We are on track to achieve our 2024 Broiler Welfare Commitments across in-scope markets. As of the end of 2023, in-scope markets represented more than 58% of our global chicken supply.**

These commitments apply to chicken raised for sale at McDonald's restaurants in Australia, Canada, France, Germany, Italy, Ireland, the Netherlands, Poland, South Korea, Spain, Switzerland, the U.K. and the U.S.

 We focus on [chicken](#) in more detail on our website.

**66**

**Our journey to move to sourcing 100% cage-free eggs in the U.S. was a huge undertaking – made uniquely possible by our Owner/Operators, Cargill and its egg producers, and our supply chain working together as one team. I am incredibly proud of what we achieved together and the positive impact we will continue to make on the path toward a more sustainable future.**

**Bob Stewart**, Senior Vice President and Chief Supply Chain Officer, North America, McDonald's USA

**GOAL**

**The U.S. has a goal of sourcing 100% cage-free eggs by the end of 2025.**

**PROGRESS**

✓ Achieved early

**As of the end of 2023, McDonald's USA has achieved its commitment of sourcing 100% cage-free eggs for items served on its breakfast menus by 2025 – two years ahead of schedule.**

**GOAL**

**In collaboration with our suppliers, producers and farmer partners, we will establish market-appropriate targets for use of medically important antibiotics – as defined by the World Health Organization (WHO) – in our beef supply chain, and we will partner in the collection of antibiotic use data and measurement of progress on responsible use associated with the beef industry globally.**

**PROGRESS**

**We are collaborating with suppliers to collect antibiotic use data associated with global beef industries, leveraging independent third parties to facilitate data aggregation.**

Currently, there is limited data on antibiotic use in the beef industry. Our intention is to help drive positive behavioral change and transparency, as well as enable comprehensive assessment of antibiotic use across our in-scope beef supply chains. In December 2022, we established market-specific targets for the responsible use of antibiotics in our beef supply chain for 10 in-scope markets (representing over

80% of our global beef supply chain as of the end of 2022).<sup>14</sup> These targets were informed by insights from beef antibiotic monitoring pilot tests and in collaboration with subject matter experts.

Our targets focus on the responsible use of medically important antibiotics and are aligned with WHO guidelines on antimicrobial resistance (AMR). Our policy does not permit the routine use of medically important antibiotics for the purpose of growth promotion or the habitual use of antibiotics for disease prevention.<sup>16</sup>

During 2023, the Company's supply chain worked to identify and enhance access to data that will help enable future measurement of antibiotic use and trends over time in our supply chain. For example, in the U.S. and Canada, we have identified key suppliers for a multi-year initiative aimed at working with processor and farmer participants to launch a new data interface for various supply chain levels. This project would create a platform for suppliers and other partners to provide data, enabling wide-reaching measurement capabilities that don't currently exist in the industry. In the U.K. and some other European markets such as France, Germany and Poland, some of our suppliers are already participating in annual mandatory reporting of their antibiotic use progress. We are working to understand how we can use this existing tracking and reporting to measure progress toward the Company's targets.

We are actively advancing data collection while accounting for the needs of our suppliers and their animals. In addition to looking at total antibiotic use across our in-scope markets, we are exploring the drivers of antibiotic use, such as disease pressures, weather impacts or other external factors. With the health and welfare of animals at the forefront of our approach, it is critical to take the time to understand these nuances to help ensure we implement our standards in ways that promote responsible use while continuing to positively impact animal health and welfare.

- For more detail about our approach and strategy, read more about [responsible antibiotic use](#) on our website.

### GOAL

**Eliminate the use of antibiotics defined by the WHO as Highest Priority Critically Important Antibiotics (HPCIAs) to human medicine from all chicken served in in-scope markets by the end of 2027.<sup>17</sup>**

### PROGRESS

**Across the in-scope markets, HPCIA use has been eliminated in Australia, Brazil, Canada, Europe, Japan, South Korea and the U.S., with China expected to comply before the end of 2027.**

### Progress on Broiler Welfare Commitments

In 2017, we established eight commitments for broiler welfare, designed to support our wider global commitment to source chickens raised with improved welfare outcomes. During 2022, we published an interim update on our progress and, throughout 2023, have continued to track against each of our commitments. We will publish final updates in 2025, in line with our aim of fully implementing these commitments by the end of 2024.



## Our Eight Commitments to Broiler Welfare

2024 Commitment	Progress as of the end of 2023	2024 Commitment	Progress as of the end of 2023
<b>1. Establishing the McDonald's Chicken Sustainability Advisory Council (CSAC)</b>	<p>The McDonald's CSAC supports our continued journey to improve animal welfare standards by providing crucial insights and knowledge.</p> <p>McDonald's launched its CSAC in 2018, made up of 15 researchers, academia, welfare experts, nongovernmental organizations (NGOs) and suppliers to provide progressive guidance and credible counsel. Organizations with members on the CSAC include Farm Animal Initiative (FAI) Farms and World Wildlife Fund (WWF), as well as leading academics and researchers such as Dr. Temple Grandin and Dr. Harry Blokhuis. This Council – and working groups derived from it – convenes regularly and continues to provide expertise, insight and directional guidance for our broiler welfare and sustainability efforts.</p>	<b>5. Running commercial trials to study the effects of certain production parameters on welfare outcomes</b>	<p>2022: We achieved our commitment around conducting commercial trials to study the effects of certain production parameters – such as breed and stocking density – on welfare, behavior, environmental and economic outcomes. The results of these science-led, data-driven efforts indicate that changing breed and stocking density variables could have direct and significant environmental impacts, such as on emissions and land use change.</p> <p>These trials were also crucial for informing our KWI target-setting approach, which helps drive continuous welfare improvement throughout our supply chain.</p>
<b>2. Measuring key farm-level welfare outcomes</b>	<p>2019: The CSAC helped define 15 globally aligned farm- and process-level Key Welfare Indicators (KWIs) to operationalize our strategy. The KWIs measure performance toward our welfare outcomes commitment and inform progress on our goal.</p> <p>In partnership with global suppliers and an external third-party facilitator, we concluded an extensive, two-year commercial trials initiative to study the impacts that certain production parameters – such as breed and stocking density – have on welfare, environmental and economic outcomes.</p> <p>2022: We set targets through our KWIs approach, which mean that suppliers will now be ranked in performance peer groups that will inform timebound improvement goals. The insights gained from our first three years of data collection were shared with suppliers, with a focus on Systemwide continuous improvement. As of the end of 2023, we have gathered data on more than 6.8 billion birds.</p>	<b>6. Controlled Atmospheric Stunning (CAS) in the U.S. and Canada</b>	<p>McDonald's was one of the first retailers to implement a CAS system into a U.S. broiler supply chain, and currently 66% of our dedicated processing facilities (four out of six) have been converted. Remaining facilities are on track to be onboarded by the end of 2024. CAS is a U.S. Department of Agriculture-approved method that is recognized to be humane for the animal while also ensuring better conditions for workers.</p> <p>100% of our Canadian broiler volumes have been converted to CAS. CAS is in use across 100% of our Canadian supply chain facilities and is already practiced by many approved suppliers for McDonald's restaurants in Europe and Australia.</p>
<b>3. Developing state-of-the-art welfare measurement technology</b>	<p>These technologies will be among the first of their kind proposed for commercial availability and will help McDonald's identify opportunities for improvement in broiler welfare.</p> <p>McDonald's has invested nearly \$2 million (which enabled an additional \$2.6 million in matching funds) into our Sensing, Monitoring, Analysis, Reporting Technology (SMART) Broiler initiative to automate gathering animal health and welfare indicators.</p> <p>Three research projects are now in Phase 2 of development, which will run through Q3 2024.</p> <p>Throughout this phase of the initiative, McDonald's will provide researchers with access to funds and facilities that allow them to continue developing technology that objectively and effectively monitors broiler welfare and behavior.</p>	<b>7. Implementing third-party on-farm auditing</b>	<p>We have initiated a process to define, then implement, our third-party on-farm auditing protocol by the end of 2024.</p> <p>As we implement our global broiler welfare standards, we will establish third-party verification to enable continuous improvement.</p> <p>2023: We developed and tested an audit tool focusing on our new welfare requirements. These results informed further revisions to the audit tool, development of an auditing protocol and auditor training materials.</p>
<b>4. Providing enrichments to support natural behavior</b>	<p>We are working with the Company's supply chain to ensure housing environments help promote natural behaviors, such as pecking, perching and dust-bathing.</p> <p>2021–2022: An Enrichments &amp; Lighting Working Group, a subset of our CSAC, developed enrichment and lighting guidelines for implementation by suppliers.</p> <p>2022–2023: Suppliers tested lighting and enrichments in commercial settings.</p>	<b>8. Complete an assessment to measure the feasibility of extending these commitments to additional global markets where McDonald's operates</b>	<p>Our feasibility assessment is currently underway.</p> <p>Our work with suppliers includes assessing their capacity to service new markets in line with our animal welfare policies and guidelines.</p>

## Notes

- 1 Our major markets include Argentina, Australia, Austria, Brazil, Canada, China, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, Poland, Spain, Sweden, Switzerland, Taiwan, the U.K. and the U.S. While initially included in these 20 markets, Russia was removed in 2022 following our exit from this market. We subsequently incorporated Mexico into the goal scope, as its progress was already being monitored and it allowed us to maintain tracking against 20 markets.
- 2 McDonald's top priority is to ensure all items meet strict food safety and quality standards. "Where feasible" means that by removing an artificial preservative, there will not be a sacrifice in the food quality or safety standards, value or taste. In certain cases, it was determined that an artificial preservative was necessary to ensure the safety, quality, taste or value of the food.
- 3 Averaged across the 20 major markets.
- 4 One market was granted an exemption from this goal due to use of a frying oil that meets local dietary customs. Two markets were granted extensions until the end of 2023 due to delays in technology to update their ordering channels (kiosk and mobile app).
- 5 One market was granted an extension until January 2023 because of supply chain challenges. This market fulfilled this goal in January 2023.
- 6 If a local food pledge commitment exists, the "directed to children" definition in that food pledge applies. In countries without a local food pledge commitment, for measured media, the following definition applies: Media purchased for any program or website where the expected audience generally consists of 35% or more of children under the age of 12 years. In unmeasured media, McDonald's may consider other factors, as appropriate, to determine whether the advertising is directed to children, such as the overall impression of the advertising, the target demographic based on the media plan and whether age screening applies.
- 7 **Beef. Scope:** Includes all beef raw material used in beef patties sourced for McDonald's products from beef patty manufacturers that supply McDonald's restaurants in the U.S., Australia, Brazil, Germany, Ireland, France, New Zealand, Canada, the U.K. or Poland. Includes all McDonald's restaurants owned and operated by the Company and its Franchisees in these countries, which collectively represent over 80% of our global beef volumes, as of the end of 2021. The Global Roundtable for Sustainable Beef (GRSB) aims to define the principles of and criteria for beef sustainability globally. The five core principles are focused on the following: managing natural resources responsibly; respecting people and communities; caring for the welfare of animals; ensuring the safety and quality of beef; and driving efficiency and innovation to reduce waste and improve economic viability. These principles allow for national and regional interpretation, given the significant variation in production systems, legal frameworks, sociopolitical factors and climates that exist across the globe. **Exclusions:** Beef used as secondary ingredients.

- 8 **Fiber. Scope:** Primary fiber-based packaging refers to products that are used to package guest food on premises at McDonald's restaurants. This type of packaging includes containers, cups, wraps, bags for food, beverages, napkins, folding cartons, clamshells, food service bags, napkins, salad bowls, Happy Meal cartons, drink carriers and cup carriers. Includes all suppliers of primary-based packaging to the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees. In 2021, the primary fiber-based packaging scope was expanded to include plastic alternatives such as wood stirrers and cutlery, and paper straws and lids. This broadened scope has resulted in a slight decrease in percent compliance. All volumes of contingency items sourced from suppliers compliant with our standards but not integrated into our data reporting system were counted as non-compliant. Countries with regions currently identified as high-deforestation priority regions for fiber include Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam. McDonald's requires all wood fiber sourced from these regions to be Forest Stewardship Council® (FSC®) certified or FSC® controlled wood sources with full chain of custody certification. **Exclusions:** Primary fiber-based packaging in food packaged off-site McDonald's restaurants; tray liners, straws and limited locally sourced items.
- 9 **Soy (for chicken feed). Scope:** Includes all soybean volume used in the feed of chicken sourced for McDonald's products by all chicken suppliers to the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that sell chicken. Europe refers to Austria, Azerbaijan, Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Moldova, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the U.K. and Ukraine. Countries with regions currently identified as high-deforestation priority regions for soy include Argentina (Chaco biome), Brazil (Amazon and Cerrado biomes) and Paraguay (Chaco biome). Given the complexity of soy supply chains, we consider that, unless demonstrated, all of McDonald's sources of soy for chicken feed fall into high-deforestation priority regions, with the exception of chicken sourced in North America, where soy used in chicken feed is locally produced and considered low risk. **Exclusions:** Soy used as an ingredient in McDonald's products sold in restaurants, for example, soy oil.
- 10 **Palm oil. Scope:** Includes all palm oil (including crude palm oil, palm kernel oil, derivatives and fractions) sourced for McDonald's restaurants for use as restaurant cooking oil and all palm oil sourced by McDonald's suppliers and used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement. Includes all suppliers of products containing palm oil in the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that use palm oil. All countries are currently identified as high-deforestation priority regions for palm oil and all volumes are required to be covered by Roundtable on Sustainable Palm Oil (RSPO) certification or credits. All RSPO supply chain models applicable to RSPO are applicable to McDonald's – RSPO Identity Preserved (IP), RSPO Segregated (SG), RSPO Mass Balance (MB) and Book and Claim (BC) – although

McDonald's is committed to increasing traceability by specifying physical certification for the palm oil used in the McDonald's System in the greatest volumes (IP, SG or MB). **Exclusions:** Palm oil, palm kernel oil or their derivative used as secondary ingredients in McDonald's products. This is when palm oil is used as an ingredient within an ingredient, for example, an emulsifier.

- 11 **Coffee. Scope:** Includes all ground and whole bean coffee, including decaffeinated coffee, used in espresso-based drinks and coffee brewed at McDonald's restaurants, and all ground and whole bean coffee in McDonald's branded retail products. Includes all suppliers of coffee to the McDonald's System. Market scope includes all McDonald's restaurants owned and operated by the Company and its Franchisees that sell coffee, and retail outlets selling McDonald's-branded coffee products. Countries with regions currently identified as high-deforestation priority regions for coffee include Honduras, Indonesia and Vietnam. McDonald's requires all coffee sourced from these regions to be Rainforest Alliance Certified. **Exclusions:** Coffee extracts and ingredients used in products such as frappés and coffee in baked goods; coffee in cold brew drinks if they are brewed off-site; coffee extract in ready-to-drink retail products; and other locally sourced products containing coffee.

- 12 **Fish:** Fish refers to any type of fish species used as an ingredient in a McDonald's product and listed on the product's ingredient statement. **Wild-Caught Fish:** Refers to fish that come from seas, rivers and other natural bodies of water. **Filet-O-Fish sandwich:** Refers to the McDonald's menu item containing wild-caught fish. **Verified sustainable sources:** Refers to wild-caught fish, sourced by suppliers to the McDonald's System, from fisheries that are annually verified as compliant with the McDonald's Sustainable Fisheries Standard by the Sustainable Fisheries Partnership. **MSC Certification:** is optional to McDonald's markets. Fisheries may also be independently certified as meeting the Marine Stewardship Council (MSC) Principles and Criteria for Sustainable Fishing where a certificate of conformity to an MSC Standard has been granted. **Source:** [www.msc.org](http://www.msc.org). McDonald's may display the MSC certification logo in some of its markets where fisheries and restaurants are certified against the MSC Chain of Custody traceability standard. **Scope:**

Includes all wild-caught fish sourced for Filet-O-Fish sandwich portions served in McDonald's restaurants. Filet-O-Fish sandwich portions represents over 97% of the total fish volumes used in the McDonald's System (by weight). Includes all suppliers of wild-caught fish for Filet-O-Fish sandwich to the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that sell fish. **Exclusions:** Products that are not Filet-O-Fish sandwich containing wild-caught or farmed fish. We estimate that these products represent less than 2% of the total fish sourced by McDonald's by weight and may include products such as tuna, prawns, shrimp, salmon and calamari; other breaded products; and locally sourced products. The Company has set an expectation that these products are sustainably sourced, although they are not included in this global performance measure given the local, and often promotional, nature of these items. Moving forward, we have plans in place to reduce sourcing from non-compliant fisheries and will increase our supply of fish sourced from compliant fisheries as new facility options become available.

- 13 **Beef antibiotic use:** This goal focuses on Australia, Brazil, Canada, France, Germany, Ireland, New Zealand, Poland, the U.K. and the U.S., which represented our top 10 beef sourcing countries and accounted for over 80% of our global beef supply chain as of the end of 2022.

- 14 Antibiotics defined by the WHO as Highest Priority Critically Important Antibiotics (HPCIAs).

- 15 **Broiler welfare:** These commitments apply to chickens raised for sale at McDonald's restaurants in Australia, Canada, France, Germany, Italy, Ireland, the Netherlands, Poland, South Korea, Spain, Switzerland, the U.K. and the U.S. Russia has been removed from the scope of this goal based on our 2022 exit from this market.

- 16 **Beef antibiotic use:** Habitual use of medically important antibiotics for disease prevention is a probable indication of an underlying herd-specific and/or management issue and is not permitted except in the following narrowly defined situations: based upon the determination of a qualified veterinarian familiar with the disease history in the herd, non-routine prevention uses may be permitted if there is a high risk of contraction of a particular infectious disease. If use is deemed necessary and when effective multiple treatment options exist, McDonald's encourages adoption of a tiered approach to antibiotic selection – least important to human medicine being the first choice, with HPCIAs reserved for last resort. See [Antibiotic Policy for our Beef Supply Chain](#) for further information.

- 17 **Chicken antibiotic use:** Markets covered by this goal include Brazil, Canada, Japan, South Korea, the U.S., Australia, China and Europe. For the purposes of this goal, Europe includes Austria, Azerbaijan, Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Sweden, the U.K. and Ukraine. As of December 2023, Belarus, Bosnia & Herzegovina and Kazakhstan have been removed from the scope of this goal based on our exit from those markets.

# Jobs, Inclusion & Empowerment



**Everyone deserves a safe, respectful and inclusive workplace where they have the opportunity to thrive. We strive to support our employees by addressing inequalities through closing pay gaps and ensuring our workforce represents the communities we serve.**

Empowering the communities we serve is fundamental to building the change we want to see. We are also committed to helping our Restaurant Staff to achieve their goals, and have awarded over \$200 million in tuition assistance through *Archways to Opportunity*. Using our global influence, we aim to positively impact all who engage with our business.

## IN THIS SECTION

- 46** Human Rights
- 50** Diversity, Equity & Inclusion
- 60** Talent & Benefits

# Human Rights

**We strive to weave human rights into McDonald's day-to-day practices, helping us fulfill our commitment to respect the rights of all people and communities who produce, serve and enjoy our food.**



## Human Rights Focus Areas

McDonald's conducted due diligence (including assessments) in 2021–2022 to identify its human rights focus areas, listed in alphabetical order and not in order of perceived importance.

- ① Child Labor
- ② Data Privacy
- ③ Discrimination and Harassment
- ④ Diversity, Equity and Inclusion
- ⑤ Education and Employment Creation
- ⑥ Effective Remedy
- ⑦ Forced Labor
- ⑧ Freedom of Association and Collective Bargaining
- ⑨ Land Rights
- ⑩ Nutrition
- ⑪ Occupational Health & Safety
- ⑫ Working Conditions
- ⑬ Workplace Security



## Our Strategy in Brief

McDonald's has developed an approach that focuses on issues relevant to its business, embeds key activities to address those issues within McDonald's corporate functions and market operations, and provides flexibility to respond to emerging human rights-related trends and business priorities.

Regardless of cultural, social or economic context, we conduct our activities in a way that respects the dignity of each person. To maintain relevant policies and practices, we work to identify and understand the human rights issues that are most important to our business.

Foundational to our human rights approach are the United Nations Guiding Principles on Business and Human Rights (UNGPs). The UNGPs outlines that businesses should demonstrate respect for human rights through five key steps, which the McDonald's approach is aligned with:

- Policy and Governance
- Human Rights Due Diligence
- Integrate Findings
- Track and Report
- Provide Effective Remedy

As well as our Human Rights Policy, McDonald's wider human rights approach has been developed and informed by third-party human rights assessments, ongoing analysis of the emerging business and regulatory landscape on human rights, and extensive consultation with subject matter experts across the business.

As we continue to evolve our human rights approach, we're committed to employee and stakeholder engagement to inform our own policy and influence change elsewhere.

## Our Policies and Standards

Our commitment to respect human rights is set out in our [Human Rights Policy](#). The policy is in line with the UNGPs. We respect rights and principles as outlined in the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the Convention on the Elimination of All Forms of Discrimination Against Women and the Convention on the Rights of the Child. We are also signatories to the Women's Empowerment Principles.

As well as our commitment to respect people and their rights, our expectations for suppliers and Franchisees to do the same are also outlined in several documents. Together, these standards, principles and policies reinforce a culture of integrity and respect, forming the foundation of our efforts to feed and foster communities worldwide.

 Explore our [policies and standards](#) on our website.

## Stakeholder Engagement

To assess and prioritize human rights impacts, we conduct assessments, monitor media and third-party reporting and participate in internal and external stakeholder engagement.

In 2023, we became an Engaged Organization of the [Centre for Sport and Human Rights](#). The Centre is a human rights organization with a mission to advance a world of responsible sport that fully respects and promotes human rights by generating awareness around key issues, building capacity and delivering value-added impact. Our participation helps us understand and implement measures to do our part in preventing human rights violations linked to sport and major events.

McDonald's collaborates with the industry to promote human rights through our active participation in, and as Co-Chairs of, the [Consumer Goods Forum's Human Rights Coalition](#), which strives to make human rights due diligence the industry norm in own operations and supply chains. McDonald's is also a member of the [Leadership Group for Responsible Recruitment](#), a collaborative effort to drive positive change in how migrant workers are recruited.

To help ensure our supplier program addresses emerging human rights issues and risks, we participate in initiatives such as [AIM-Progress](#), a business initiative focused on responsible sourcing. Beyond industry partnerships, our Supplier Workplace Accountability program is complemented by mechanisms that enable collaboration on a risk-based approach to high-risk sourcing regions or commodities. This includes sourcing our largest food and packaging volumes through internationally recognized third-party certification schemes that respect human rights and communities in their certification process.

↳ Learn more about certifications for our high-priority commodities on our [Responsible Sourcing](#) web page.

## Progress Against Our Focus Areas

### Oversight of Employment of Minors

McDonald's Supplier Code of Conduct states that suppliers shall ensure no underage labor, as defined in the Code, has been used in the production or distribution of their goods or services. We periodically evaluate ways to strengthen our auditing process. In 2023, for example, McDonald's engaged third-party supplier auditors to conduct night shift audits at select facilities in the U.S. to help increase visibility and oversight.

### Encouraging Customers to Speak Up

McDonald's restaurant employees are trained to create a safe, respectful environment for anyone visiting a restaurant, including our customers. McDonald's promotes customer-facing surveys on many receipts. In 2023, McDonald's received over 100 million survey responses via its global customer satisfaction survey platform used in more than 100 markets. Some restaurants have also

deployed their own customer feedback mechanisms, and McDonald's makes customer-facing contact information available at restaurant, national and global levels. These mechanisms provide an avenue for customers to raise complaints about discrimination or harassment if experienced at a McDonald's restaurant.

### Working Conditions for Suppliers

McDonald's values opportunities to partner with suppliers to move beyond compliance, especially to foster conditions related to the promotion of work-life balance. With McDonald's support, some Happy Meal toy production facilities in China partnered with ICTI Ethical Toy Program and The Centre for Child Rights and Business to run Family Friendly Spaces (FFS) in their facilities. This program is about reuniting "left behind" children with their parents who are migrant workers in toy production facilities during the summer holidays. In 2023, nine McDonald's suppliers participated in FFS with 340 children.

## Safe and Respectful Workplaces

We believe that having a safe place to work is a human right, and we have built a strategy with this in mind, taking steps to foster environments that prioritize the safety of Corporate Staff, employees in our Company-owned and operated restaurants and our customers, while also providing support to our Franchisees in fostering similar environments for their employees.

The Company is committed to respecting the health and safety of people, a concept that is incorporated into Company policies, codes of conduct and guiding principles.

You can find additional information about the Company's human rights approach and focus areas, as well as related policies and standards, on our dedicated [Human Rights](#) web page.

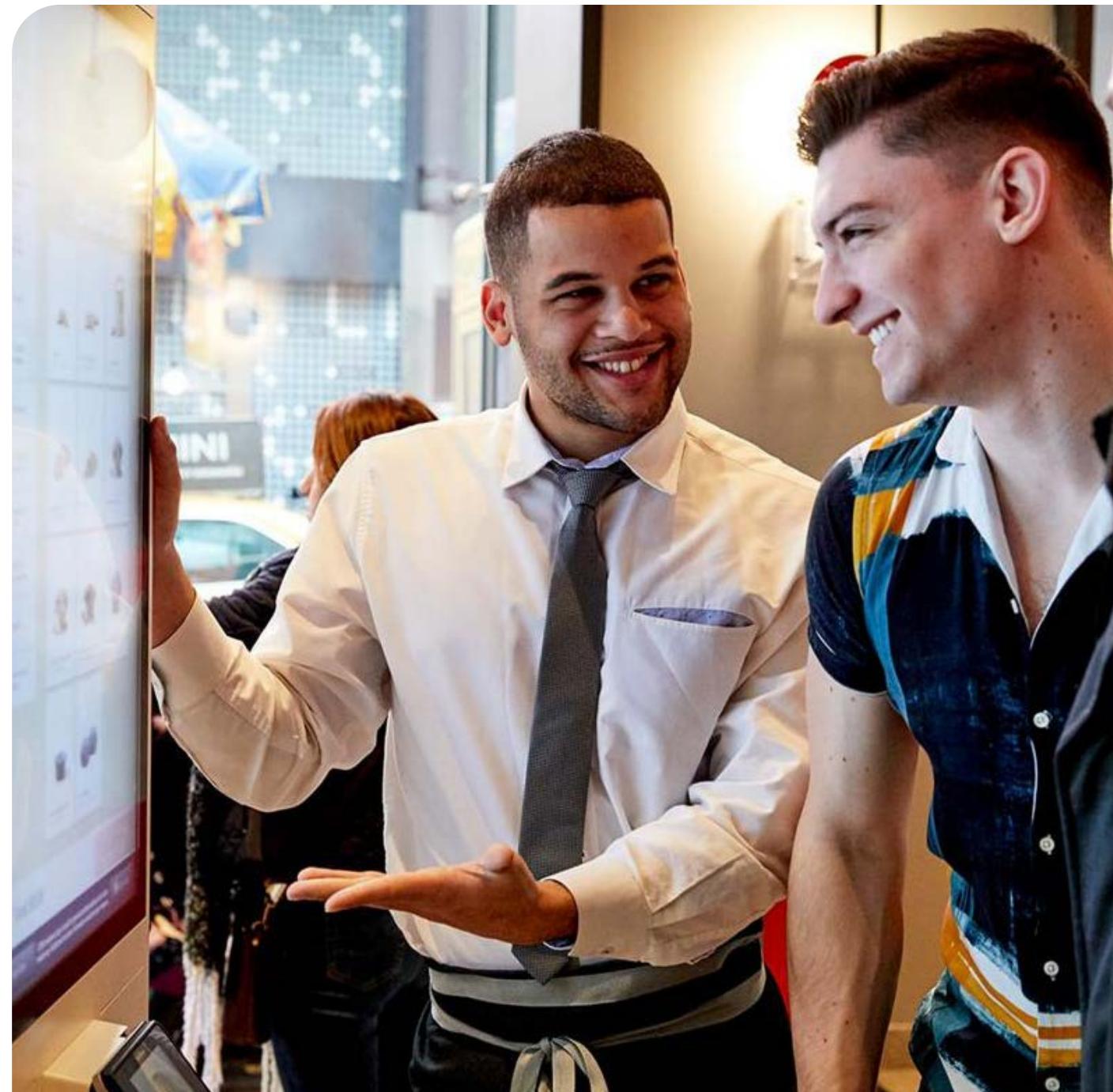
 Read more about our approach to [safe and respectful workplaces](#) on our website.

## Our Performance

We are committed to supporting restaurants (whether Company-owned and operated or franchised) and Company offices with safety-related implementation guidance, including a suite of policies, tools and training. In 2021, we supplemented existing respectful workplace training with a global eLearning module, "Building a Safe, Respectful and Inclusive Workplace," focused on helping prevent harassment, discrimination and retaliation in the workplace.

In 2023, we updated our training requirements for markets outside the U.S. to require that employees complete training within 30 days of their first shift.

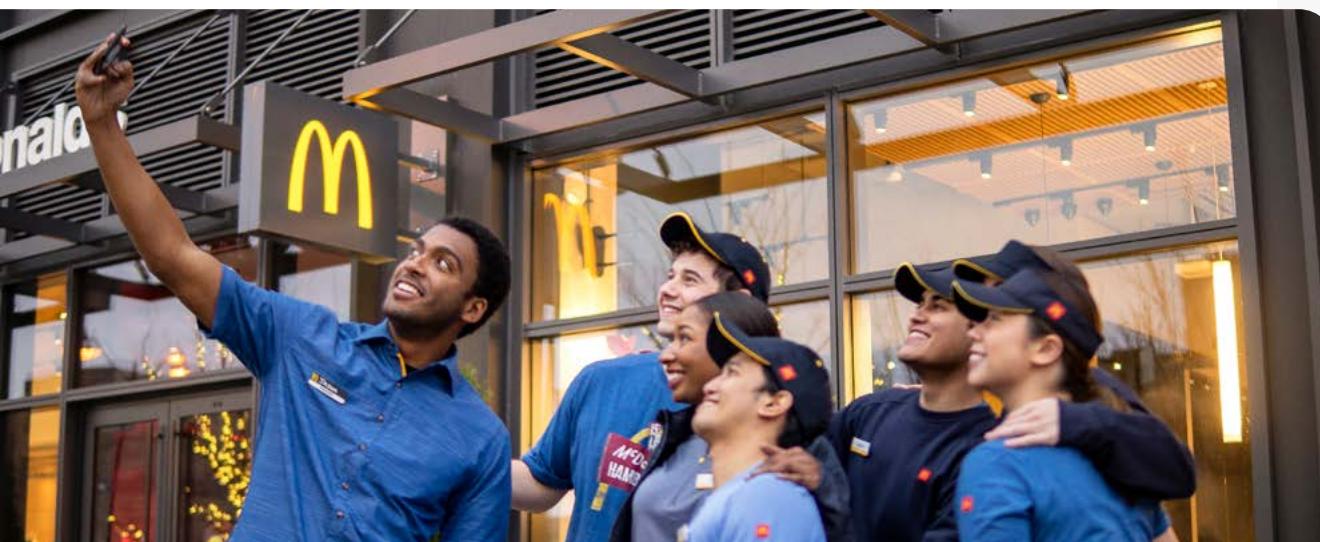
Also in 2023, Putting People First was established as a standalone assessment visit in international markets. Assessing people standards separately helps the Franchisee consultants put the necessary attention on adherence to the Company's people-related requirements.



# Diversity, Equity & Inclusion

**Guided by our values, we are committed to helping empower the people and communities we serve and create opportunities for everyone to succeed.**

A global company the size of McDonald's can have the opportunity to make a positive difference in the world. Every time someone walks through the doors of a McDonald's restaurant, rolls into a drive-thru, sees McDonald's commercials or experiences our brand, we have a chance to build community and foster inclusion.



## Our 2023 Diversity Snapshot

### Our Employees

To have a workforce that represents the diverse communities we operate in, we believe diversity in our employee pipeline is integral to our success as an organization and our position as a change-maker in our communities. We're implementing initiatives that help support our aspiration to increase representation at leadership levels.



### Across our Corporate Staff at the Senior Director level and above:

**44%** globally are women.

**33%** in the U.S. are from Underrepresented Groups.<sup>1</sup>

### At Company-owned and operated restaurants:

**62%** of managers globally are women (68% in the U.S.)

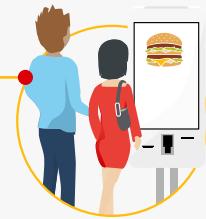
**66%** of U.S. managers are from Underrepresented Groups.<sup>1</sup>

### Our Franchisees

We are implementing strategies to support our ambition to increase diverse representation within our Franchisee community in the U.S. by generating more opportunities for entrepreneurs of all backgrounds, including through efforts that seek to address potential socioeconomic barriers candidates may face in joining McDonald's.

**30%** of U.S. Franchisees are women.

**33%** of U.S. Franchisees identified<sup>2</sup> as either Asian, Black or Hispanic.



### Our Suppliers

We continue to prioritize creating opportunities for suppliers of all backgrounds. Our U.S. systemwide spend with diverse-owned suppliers was 26.2%, resulting in McDonald's reaching its diverse-owned supplier aspirational spend goal for the third year in a row.



## Our Strategy in Brief

The Company's strategy for the future is built on a simple idea: when we live our values, we succeed. Our approach to diversity, equity and inclusion (DEI) focuses on three areas:

- 1 Representing the diverse communities in which we operate.**
- 2 Accelerating cultures of inclusion and belonging.**
- 3 Dismantling barriers to economic opportunity.**

Whether it's our talented employees, Franchisees or global network of suppliers, we are committed to creating pathways to success that help everyone grow and thrive. We also strive to create welcoming, inclusive experiences for our communities around the world.

Read more about our [community efforts](#) on page 65.

To see more of our strategy in detail, visit our [Diversity, Equity & Inclusion](#) web page.

## Publishing Our Performance

The data in this report covers representation for our employees, Board and Franchisees, as well as business diversity spend, including our investment in diverse-owned media and production companies and content creators.

For more diversity data, please see our [Appendix](#) on page 72.

## Employees

We strive to be a place of opportunity for everyone who works for our brand. We aim to attract, retain and promote the best talent and to foster a feeling of belonging for all of our employees. And, because we know that ambition is nothing without action, we underpin our commitment to our employees with robust policies and practices that are designed to foster an inclusive environment and to fuel their career development.

## Inclusive Leadership

We are prioritizing the development of inclusive leaders. Since 2022, we have offered an Inclusive Leadership course for employees in Director-level positions and above. The inclusive leadership offerings are a supplement to the on-demand online courses, virtual employee-led courses and a variety of other learning resources available from our learning and development team.

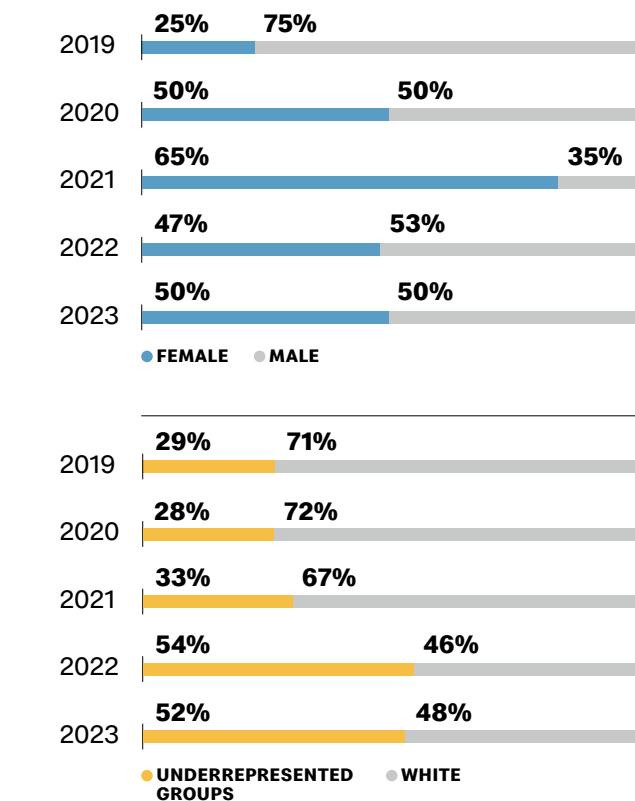
## Promoting Inclusive Recruitment, Hiring and Promotion Processes

We seek to embed various practices into our hiring and promotion processes to help promote access to opportunities. For example, to create awareness of opportunities with our brand in the United States, we drive on-campus partnerships with various institutions, including those serving minorities, prioritize the inclusiveness of our job postings, and attend a variety of career fairs and workshops aimed at attracting top talent. We also design interviews and interview guides to help support equity and fairness throughout selection, interview and offer processes.

Internally, we promote job visibility to support access to growth opportunities. We maintain Job Posting Guidelines outlining our requirement that, subject to limited exceptions, all roles in the U.S. (levels G6 and below) must be posted for five days. By setting this expectation, we help drive awareness of internal opportunities.

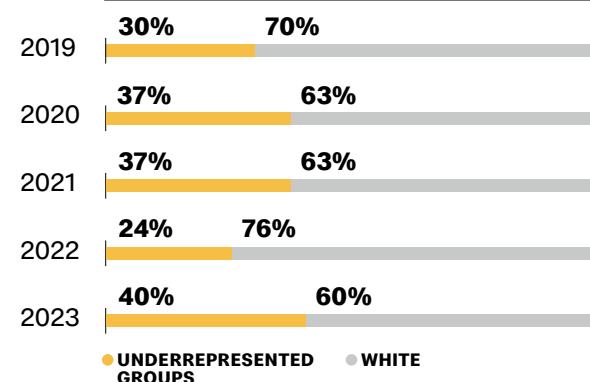
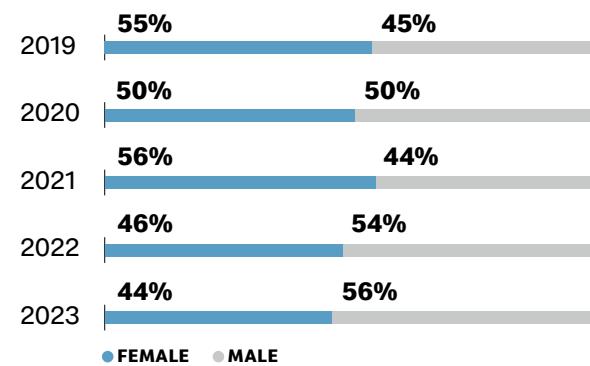


### All External U.S.-Based Senior Director and Above Hiring<sup>3</sup>



#### Definition:

In the U.S., the term "Underrepresented Groups" generally means people who identify as Black, Indigenous, Asian or Pacific Islander, or otherwise as people of color, people of Hispanic or Latino/a/x descent, people with disabilities, people who identify as LGBTQ+, people from religious minorities, or people having a combination of these identities or attributes. For purposes of McDonald's reporting, including with respect to Human Capital Metrics and Equal Pay, "Underrepresented Groups" is defined as people who identify as Black, Indigenous, Asian or Pacific Islander, people of Hispanic or Latino/a/x descent, or people having a combination of these identities or attributes.


**All U.S.-Based Senior Director and Above Promotions<sup>3</sup>**


## Development and Succession Plans

We take tangible steps to develop our talent pipeline to help ensure employees of all backgrounds are able to achieve their full potential at the Company.

Corporate officers are asked to take steps to put intentional succession plans in place to support the pipeline for leadership roles throughout the organization. The expectations are that these succession plans are an honest, viable, actionable depiction of the true readiness of the pipeline and provide employees with the support needed for upward advancement.

## Leadership Accountability and Governance

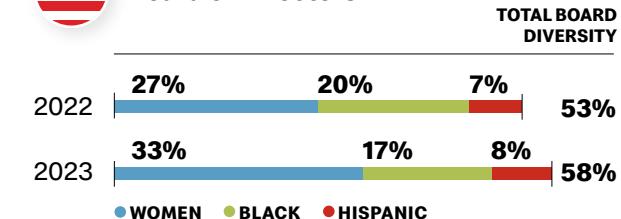
We're serious about holding ourselves and our leaders accountable for driving an inclusive culture, and doing so in accordance with local regulations and employment laws around the world.

To reinforce the importance of the Company's values, the Company's annual incentive plan includes financial performance metrics, as well as strategic measures that hold executives accountable for efforts toward the Company's DEI ambitions.

## Board Diversity

Due to the global and complex nature of our business, our Board believes it is imperative that its composition embodies a diverse set of viewpoints, perspectives, and experiences to most effectively discharge its business oversight responsibility. Our Board also believes having Directors of different genders, races and ethnicities contributes positively to its balance and effectiveness.

As of the end of 2023, more than half of our Board (58%) was comprised of Directors who are women or racially/ethnically diverse, and more than 30% of our Board was comprised of female Directors.


**Board of Directors<sup>4</sup>**


## Representation of Women

### GOAL

**By the end of 2025, McDonald's aspires to increase representation of women in leadership roles globally (Senior Director and above) to 45%, with an overall goal to reach gender parity globally in leadership roles (Senior Director and above) by the end of 2030.**

### PROGRESS

**As of the end of 2023, 44% of leadership roles (Senior Director and above) globally are held by women.<sup>5</sup>**

Women's leadership representation at McDonald's – at the Senior Director and above levels – has increased for the third year in a row. Gender balance is a critical underpinning of our Global DEI ambition and we strive to achieve our goal through international work in support of our women globally.



### Corporate Staff: Global

#### Senior Director and Above<sup>5</sup>

2022

2023

2025 Goal

2030 Goal

43%

44%

45%

50%

#### All Corporate Staff<sup>5</sup>

2022

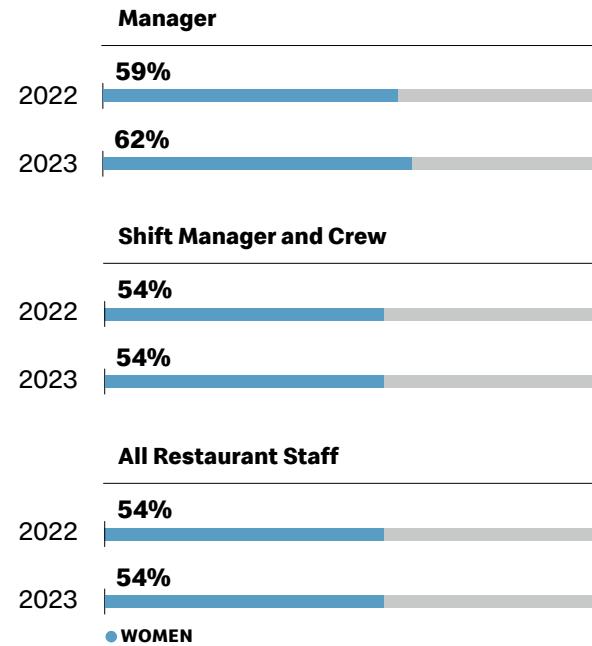
2023

55%

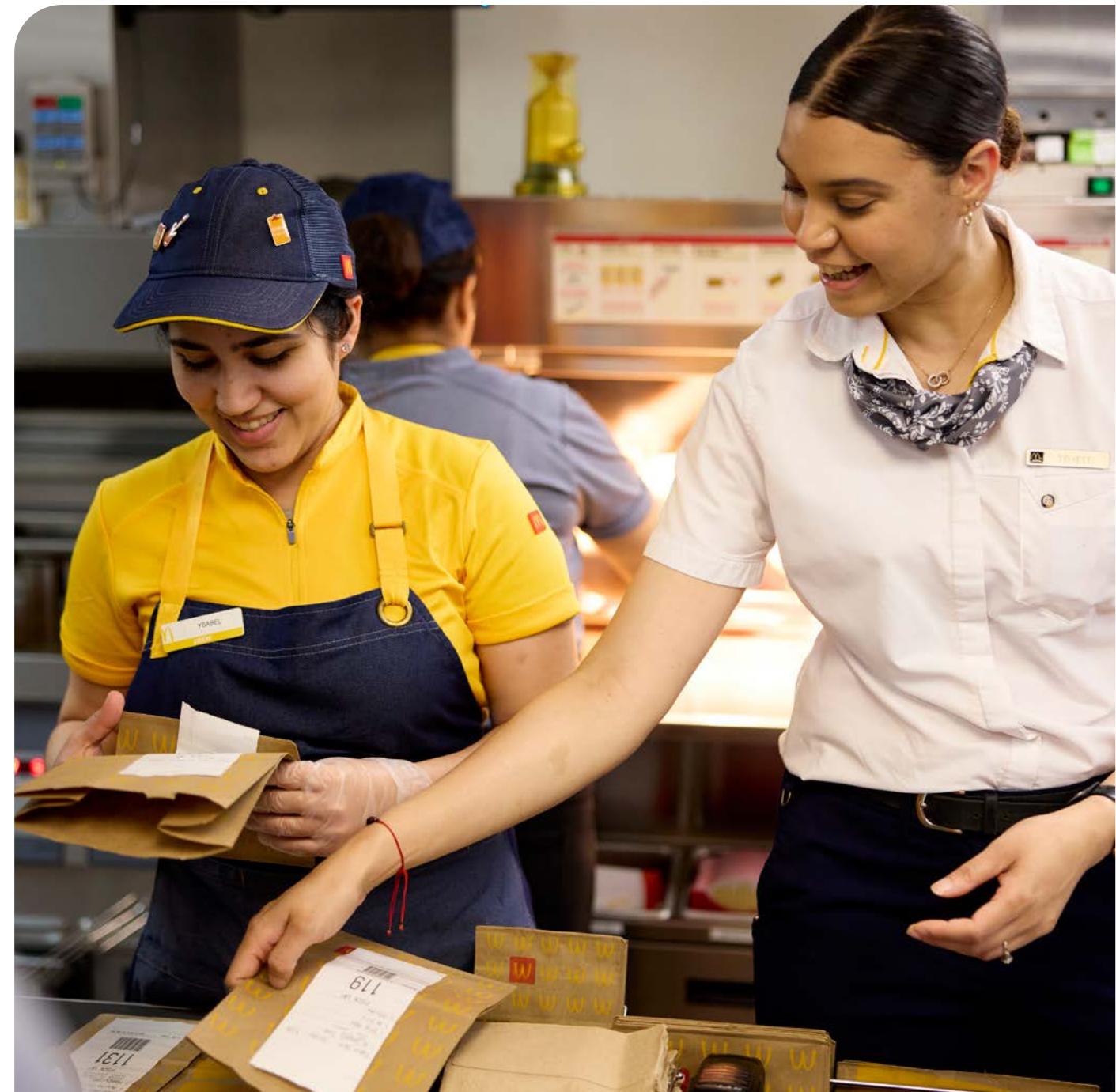
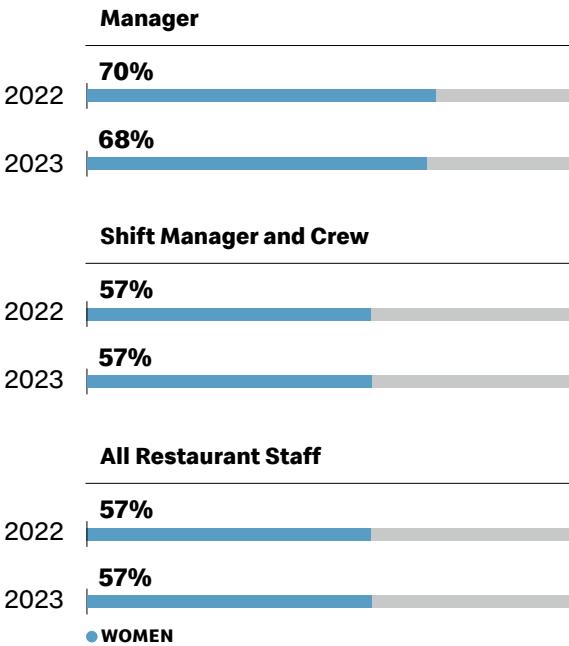
55%

● FEMALE ● MALE




**Company-Owned and Operated Restaurants: Global<sup>6</sup>**


McDonald's aims to have gender representation at all levels of the organization, including at our restaurants. Women play an essential role in our restaurants, serving in the majority of shift manager and crew positions and holding over half of the Restaurant Manager roles globally.


**Company-Owned and Operated Restaurants: U.S.<sup>7</sup>**


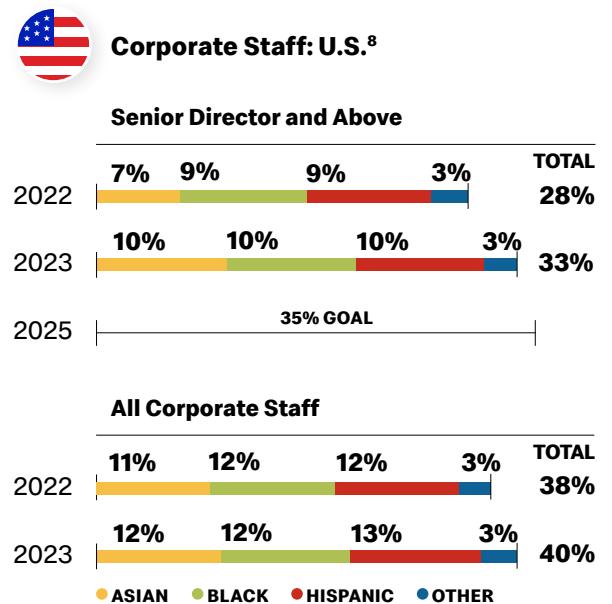
## Representation of Underrepresented Groups

### GOAL

**By the end of 2025, McDonald's aspires to increase representation of Underrepresented Groups in leadership roles (Senior Director and above) located in the U.S. to 35%.<sup>1</sup>**

### PROGRESS

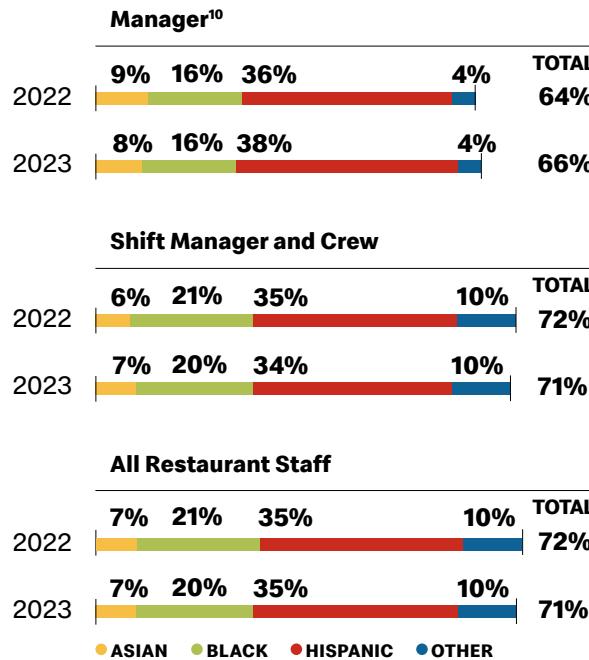
**As of the end of 2023, 33% of leadership roles (Senior Director and above) located in the U.S. are held by individuals in Underrepresented Groups.<sup>8</sup>**



As we initiated planning for 2023, we took further action to evolve our talent strategies to support an inclusive pipeline through Increased retention efforts, including investments in external talent development partnerships.

While we aim for continuous progress, we acknowledge that sustainable change is not a linear journey, and each year brings new factors that may cause fluctuations. We remain fully committed to taking steps that help support progress toward our 2025 aspirational leadership representation goal while remaining transparent about our progress.




**Company-Owned and Operated Restaurants: U.S.<sup>9</sup>**


We believe in delivering fair, equitable opportunities for all under the Golden Arches, and continuously aim to identify opportunities in which we can accelerate a culture of inclusion and belonging. When we talk about equity in the workplace, we mean fair treatment in access, opportunity and advancement for all. We do this by combining technological tools with strategic thinking and recruitment efforts informed by industry best practices that help us to attract, retain and promote talent.

## Equal Pay for Equal Work

### GOAL

**McDonald's commits to close pay gaps identified in annual equal pay analyses for women globally in Company-owned and operated markets and for Underrepresented Groups in the U.S. at Staff and Company-owned and operated restaurant levels.**

### PROGRESS

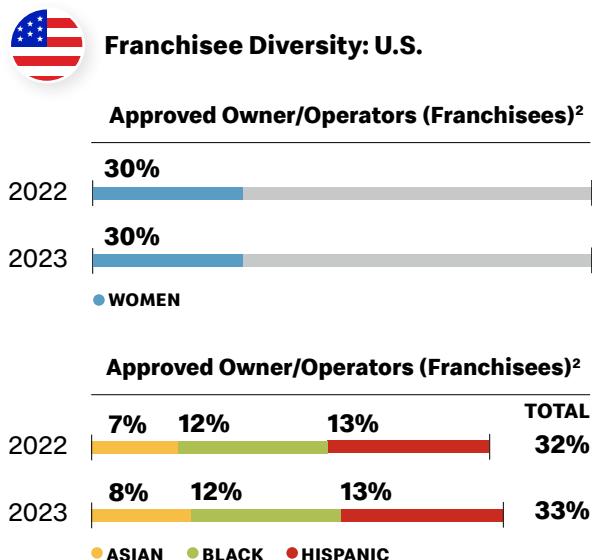
**Results of the 2023 pay gap analysis demonstrated continuous annual progress: women globally in Company-owned and operated markets were paid, on average, 99.96 cents on the dollar in base pay of what men were paid for similar work. Further, there was no base pay gap disfavoring Underrepresented Groups in the U.S. These results indicate the Company substantially attained equal pay, and in 2024, intends to close the small gaps identified in line with our commitment.<sup>11</sup>**

We believe in compensating people fairly for the work they do, regardless of gender or any other protected characteristic. Compensation for Company employees – including both Corporate Staff and Company-owned and operated restaurant employees – is established based on factors that legitimately drive differences in pay between employees, such as relevant market conditions, job level, experience, performance and location.

We publicly stated our ongoing commitment to equal pay in 2021, supported by an annual pay gap analysis that aims to ensure equitable pay practices across the Company.

## Franchisees

Our U.S. Franchisees are not just proud small business owners but also the local faces of our brand. That's why we believe it's important that the diversity of our Franchisees be representative of the communities we serve. To help remove potential barriers to economic opportunities and help increase the number of new Franchisees from all backgrounds, we took strategic steps to further support advancement of representation among our Franchisee ranks.



## Our U.S. Owner/Operator Associations: A Network of Support

We believe that increasing access to opportunities is vital to enhancing the diversity of our Owner/Operator (Franchisee) network. Once they have joined the McFamily, we want to help Franchisees sustain a level of support, with Owner/Operator associations that encourage shared learning and growth. Our Owner/Operator associations around the world serve as valuable forums for Owner/Operators to network, learn from one another, share best practices and provide support for the communities they serve.

**I take pride in showcasing my job to people who look like me and question whether they can achieve something like this. I'm proud to serve as the example to remind them they can do it too.**

**Andre Hill**, Second-Generation Franchise Owner, Ohio



## Franchisee Diversity Initiatives Around the World

Several countries took action in 2023 to help support Franchisee diversification efforts. For example, McDonald's UK & Ireland (UK&I) has set an ambition to be a "Best in Class Franchisor" while also aiming to diversify its Franchisee community. To help drive recruitment of diverse Franchisees, McDonald's UK&I has focused on showcasing franchise opportunities through internal and external communications.

McDonald's Australia recently announced an investment of approximately \$600 million to open 100 new restaurants by the end of 2025. To keep pace with these ambitious growth targets, the business is actively recruiting new Franchisees. This includes external business leaders, as well as a focus on developing high-potential talent from within the System, and creating clear pathways toward franchise ownership for Corporate Staff and Restaurant Staff.

**McDonald's is a great system and I'm especially excited to mentor and train our young employees. I am excited to roll my sleeves up and make a mark on Geraldton, Australia.**

**From a 14-year-old crew person starting at McDonald's in a casual job while I was at school to 23 years later becoming a McDonald's Franchisee, this is nothing short of a dream come true.**

Katie Nicholson, Franchise Owner

## Suppliers

To help bring about real impact, we work with a diverse range of suppliers who share our values. We fully understand that a chance to work with McDonald's is one that can change the trajectory of a business, so we continually look to welcome new businesses into our supplier network. We invite U.S.-based suppliers to share our dedication to DEI, demonstrating their shared focus by signing a Mutual Commitment to DEI (MCDEI) pledge. As of the end of 2023, 540 U.S.-based suppliers have signed the MCDEI pledge. McDonald's U.S. systemwide spend with U.S.-based MCDEI signatories was \$15.6 billion in 2023.

During 2023, we also continued our work to engage and celebrate suppliers living the value of inclusion. This included launching a supplier newsletter where we highlight impactful stories demonstrating how our suppliers are championing inclusion and the impact that has for their organizations and communities.

## Progress With U.S. Systemwide Spend With Diverse-Owned Suppliers

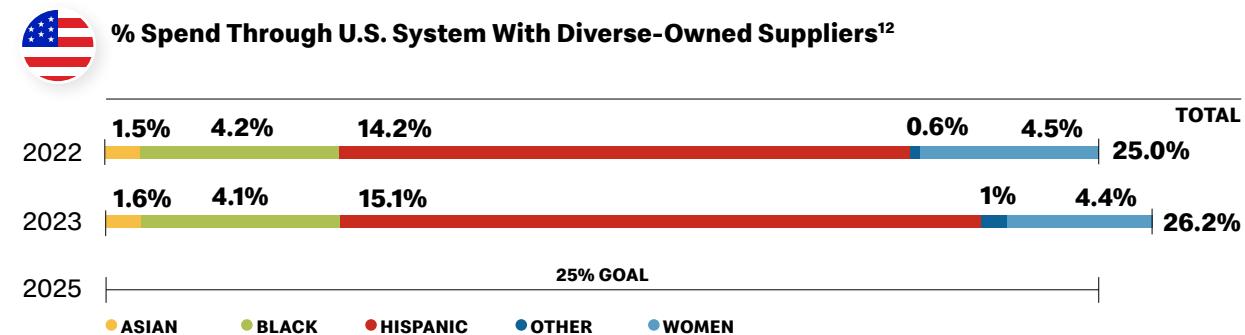
### GOAL

**McDonald's aspires to increase U.S. systemwide spend with diverse-owned suppliers to 25% by the end of 2025.**

### PROGRESS

**As of the end of 2023, our U.S. systemwide spend with diverse-owned suppliers was 26.2%, resulting in McDonald's reaching its 25% diverse-owned supplier aspirational spend goal for the third year in a row.<sup>12</sup>**

We will continue to focus on our efforts to increase engagement with diverse-owned suppliers.



**SUPPLIER SPOTLIGHTS****Embedding Inclusivity From the Top at Lamb Weston**

A supplier of potatoes to McDonald's, Lamb Weston is strengthening its DEI commitment by setting inclusion as an official company value. To bring this commitment to life, Lamb Weston has implemented a series of initiatives designed to cultivate an inclusive culture from the top, including launching a Leadership Training Program. Lamb Weston has also developed programs and business resources groups (BRGs) to support employees in advancing personal DEI journeys, with a learning library, conversation series and monthly DEI forum. Finally, to inspire shared learning of what inclusion means at Lamb Weston, leaders are encouraged to host conversations with their teams on what they can do to actively create a more inclusive culture.

**Demonstrating DEI Progress at Antunes**

For more than 50 years, Antunes has been a valued McDonald's supplier. Women-owned, the kitchen innovations company is dedicated to developing a culture of diversity and inclusion across the organization. This includes embedding a global DEI strategy within each of its manufacturing plants. It also involves offering a series of apprenticeships, scholarships and tuition reimbursement programs designed to help develop its talent pipeline, including diverse talent.

A signatory of the Mutual Commitment to DEI (MCDEI) pledge, Antunes is also prioritizing diversity in its own supply chains, demonstrating clear progress toward increasing spend with more diverse suppliers from across Asia, Central America and Europe. And, through it all, Antunes has developed strong relationships with community partners to better support diverse communities, businesses and leaders.

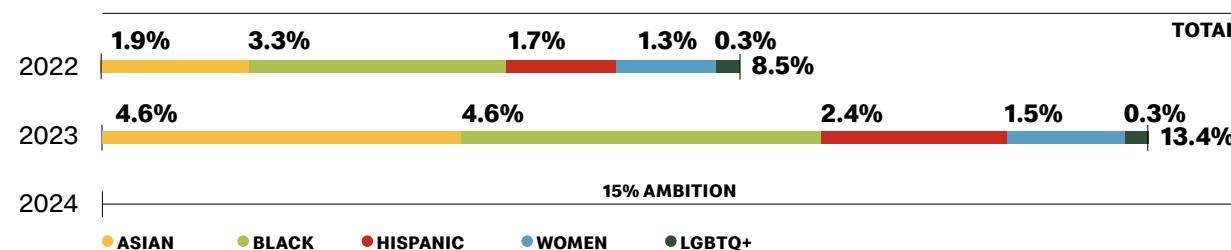
**Progress With U.S. Marketing Investment Spend With Diverse-Owned Media and Production Companies and Content Creators**

Among other efforts, we aim to increase national investments in diverse-owned media and production companies and content creators for McDonald's USA and its U.S. Franchisees to 15% by the end of 2024.

Since 2021, our U.S. Marketing team has been implementing strategies to advance investments in, and business relationships

with, diverse-owned media and production companies and content creators to enable deeper, more inclusive storytelling.

As of the end of 2023, McDonald's USA and its U.S. Franchisees saw an increase in the percentage of investments with diverse-owned media and production companies and content creators to 13.4%<sup>13</sup> – up from 8.5% in 2022. Throughout the year, we maintained key partnerships that allowed us to scale our work with media companies that have been proven to drive business results.

**% U.S. Marketing Investment Spend<sup>13</sup>****National Diverse-Owned Media and Production Companies and Content Creators**

# Talent & Benefits

**Led by the Company's core values, we are committed to fostering workplaces where employees feel empowered to pursue their career aspirations with access to opportunity.**



We believe providing a best-in-class employee experience – where people are given opportunities to learn and develop – is a business imperative. By looking after the people who work for the Company, we feel we can better equip and support them to deliver enhanced customer experiences.

## Our Company

**150,000+**  
**Company employees**  
**worldwide**

Company employees, which include Corporate Staff (those in the Company's corporate and other offices) as well as Restaurant Staff in Company-owned and operated restaurants, totaled over 150,000 worldwide as of year-end 2023. The Company focuses on the recruitment, retention and development of these employees.

## The People We Help Train

**17 million+**  
**Hamburger University courses completed by Restaurant Staff and Corporate Staff**

Since opening in Illinois in 1961, Hamburger University (HU) has grown to have nine campuses globally as of 2023. Through providing training for Company employees, as well as for Franchisees and their employees,<sup>14</sup> HU has helped prepare thousands of people for leadership positions in the McDonald's System.



## The Money We Contribute Toward Education

**\$25 million+**  
**contributed through the 2023 tuition assistance program by McDonald's and its Franchisees in the U.S.**

McDonald's and its U.S.-based Franchisees contributed over \$25 million in tuition assistance for Restaurant Staff in the U.S. in 2023. The *Archways to Opportunity* program offers eligible U.S.-based Restaurant Staff at participating restaurants financial support to help them pursue goals such as graduating from college, earning a high school diploma, learning English and gaining access to academic and career advice.

## Our Strategy in Brief

McDonald's vision is to be an iconic talent destination – known as much for its people experience as for the Golden Arches. Based on our belief that the employee experience can positively impact the customer experience, we are relentlessly focused on running great restaurants, empowering our people and continuing to modernize our ways of working. We have designed and are deploying strategic human resources and talent management processes that help support our long-term business strategy.

Key to this strategy has been the development of an initiative to build the foundation for a seamless, personalized employee experience and to transition our talent processes to a digital format. This initiative will establish “Glocal” (globally leveraged and locally relevant) processes and simplify the Company’s technology landscape with four transformation objectives: elevate the McDonald's employee experience; gain efficiency; improve workforce management; and enable advanced data analytics, insights and reporting. Achieving these objectives will help create internal visibility into the full breadth of talent at the Company.

 See the [Talent & Benefits strategy and programs in detail](#) on our website.

## Our Performance

We're working to improve employee experiences through smart investments in people, processes and technology.

We want to create a culture where the Company's employees feel empowered to drive business impact and pursue their career aspirations. Through the Company's talent processes and supporting resources, we are evolving to help build high-performing and highly engaged teams.

## Career Planning and Development Philosophy

In 2023, a Career Planning and Development Philosophy website for Corporate Staff went live. The website documents the Company's commitment to helping its employees on their career journey through a philosophy deeply rooted in the Company's purpose, mission and values.

The Philosophy guides Company employees in how to develop their careers and details how the Company can build strong leadership pipelines. There are many ways we put it into action: we have created the Career Navigator guide for employees to use when exploring tools, services and offerings available to help their career journeys; we also provide resources to help People Managers develop employees' skills to support their career aspirations.

Annual Career Conversations are opportunities for Company employees to discuss career plans with their People Manager and receive guidance on how to pursue them.

### People Manager Connections

We are committed to the growth and development of our People Managers, recognizing the key role they can play in supporting and advancing their teams. That's why we launched the People Manager Connection series – education sessions designed to help Company employees who are People Managers explore key topics, understand what's expected of them and learn from one another.

We held seven People Manager Connection sessions in 2023, which covered important topics such as Leading through Uncertainty, Psychological Safety, Managing through Transitions, Cultural Norms, Career Planning and Development, Assessing and Rewarding Talent, and Abridged Accelerate.

## Learning and Development

Our learning and development approach is a competitive advantage to McDonald's and a true differentiator to the employee value proposition.

In 2023, Corporate Staff completed 112,000 courses, while Restaurant Staff completed more than 17 million, including HU restaurant and leadership curricula, and eLearning courses. We have taken steps to help make shift leader training more accessible through additional class openings and, as a result, the number of U.S.-based shift leaders trained increased by 25% in 2023 compared to 2022.

Also in 2023, we launched several programs designed to support employee advancement, including:

- A Hospitality module in the U.S. for new Restaurant Staff.
- Activate, a Consulting Great Restaurants program for global new-to-role operations-facing consultants.
- Accelerate, a leadership development experience delivered in 32 sessions to over 900 Directors and above across 17 markets and regions.
- A Franchisee Development Program.

## Hamburger University

HU is McDonald's center of training excellence, designed to upskill and reskill employees globally, create a culture of continuous learning and instill a strong sense of pride. It allows employees to grow in their current role and helps prepare them for the next level of responsibility, combining hands-on experience, networking and mentoring, and structured classes – both on-site and online.

In 2023, we expanded HU with a new Learning Center in Riyadh, Saudi Arabia, bringing the total number of physical HU locations to nine as of year-end.

- Chicago, IL
- Johannesburg, South Africa
- London, United Kingdom
- Munich, Germany
- São Paulo, Brazil
- Shanghai, China
- Sydney, Australia
- Tokyo, Japan

We also brought HU Online to eight additional markets in 2023. HU Online is live in 70 markets around the globe as of year-end 2023.

## Archways to Opportunity

*Archways to Opportunity*® offers eligible U.S.-based Restaurant Staff in participating restaurants financial support to help them achieve goals such as graduating from college, earning a high school diploma, learning English as a second language and gaining access to academic and career advising services. As of year-end 2023, the program had:

- Awarded over \$200 million in tuition assistance to Restaurant Staff.
- Awarded tuition assistance to more than 65,000 Restaurant Staff.
- Supported nearly 2,000 graduates of the Career Online high school program.
- Supported more than 8,800 graduates of English Under the Arches program.

## Compensation and Wages

### Market Focus: Restaurant Staff Wages in the U.S.

During 2023, we designed and proposed a third-party wage advisory service to be piloted with a group of U.S.-based Franchisees beginning in early 2024. The optional wage advisory service is a Company investment designed to provide U.S.-based Franchisees with resources and education to help them make third-party-supported wage and compensation decisions for their own businesses based on benchmarking of locally available data.

### CASE STUDY

## Advocating for the Value of Archways to Opportunity

Having started at a McDonald's restaurant as a crew member 20 years ago, Stephanie Gafford has since been promoted several times – to Manager, General Manager and Training Coordinator, in which she has been working for over five years. In this Training Coordinator role, she is an advocate of the *Archways to Opportunity* program.

Stephanie completed a BSc in Business Administration from Colorado Technical University with the support of *Archways to Opportunity*. The university's program structure allowed Stephanie to effectively manage her time throughout the week – she would spend a few hours on schoolwork and still be able to handle her work duties and be with her family.

Now, having completed her degree in 2023, Stephanie's wish is for more people to learn about *Archways to Opportunity*. Her goal is to remove what she calls the McDonald's stereotype: "The stereotype that people think if you work at McDonald's, you are uneducated – because that's not true! At McDonald's we are educating people."

**I have such a passion for this program that being able to do this as my job is truly amazing!**

**Stephanie Gafford**, Training Coordinator (Employee of McDonald's Owner/Operator Randi Ray)

**Notes**

Our diversity data disclosures have been prepared for a broad range of stakeholders, including, but not limited to, our employees, Franchisees, customers, suppliers and investors, as well as nonprofit organizations and other third parties. All data is reported as of December 31 of the stated calendar year.

The inclusion of information in our report is not an indication that such information is material in the context of our financial statements, filings with the U.S. Securities and Exchange Commission (the "SEC") or other public statements. Further, the data contained in this report has not been audited or verified by any third party. While such data represents the best information available at the time of publishing this report, it is subject to certain limitations related to, among other things, the data collection processes in place at the time such data was collected. Our data collection processes continue to evolve and enhance over time. Some data in the report has been restated and is noted in the footnotes for the relevant data on a case-by-case basis.

Our diversity data disclosures also contain forward-looking statements and goals, which reflect management's aspirations regarding the future and speak only as of the time of publishing this report.

Forward-looking statements involve a number of risks and uncertainties. Factors that could cause actual results to differ materially from our goals are detailed in our filings with the SEC. We undertake no obligation to update such forward-looking statements, except as may otherwise be required by law.

All Company goals set forth in this report are aspirational in nature.

**1** In the U.S., the term "Underrepresented Groups" generally means people who identify as Black, Indigenous, Asian or Pacific Islander, or otherwise as people of color, people of Hispanic or Latino/a/x descent, people with disabilities, people who identify as LGBTQ+, people from religious minorities, or people having a combination of these identities or attributes. For purposes of McDonald's reporting, including with respect to Human Capital Metrics and Equal Pay, "Underrepresented Groups" is defined as people who identify as Black, Indigenous, Asian or Pacific Islander, people of Hispanic or Latino/a/x descent, or people having a combination of these identities or attributes.

**2 Approved Owner/Operators (Franchisees): Due to rounding, some totals may not correspond with the sum of the separate figures.**

2022, 2023  
Data was obtained through various means, including affinity group membership, informal identification and voluntary self-disclosure. As of June 2020, McDonald's Registered Applicant process for new Franchisees includes voluntary self-identification, which has strengthened our data collection efforts. 2020 through 2022 data for existing Franchisees continues to reflect information obtained through affinity group membership, informal identification and voluntary self-disclosure, outside of the Registered Applicant process. More information regarding the Registered Applicant process can be found in [Franchising FAQs](#).

**3** Data includes U.S. paid employees only. All U.S. paid employees working in other markets are excluded. This data reflects U.S. employees who voluntarily disclosed race/ethnicity information. This data was obtained from two different collection processes which was then reconciled and integrated. Due to rounding, some totals may not correspond with the sum of the separate figures.

**4 Board Diversity**

All female Directors who served on the Board in 2022 identify as White or Caucasian. The percentages for 2022 are as of December 31, 2022. Due to rounding, some totals may not correspond with the sum of the separate figures.

2023

All female Directors who served on the Board in 2023 identify as White or Caucasian. The percentages for 2023 are as of December 31, 2023. Due to rounding, some totals may not correspond with the sum of the separate figures.

Effective May 25, 2023, Robert Eckert and John Rogers, Jr. retired from the Company's Board of Directors.

**5 Representation of Women – Corporate Staff: Global; Senior Director and Above, and All Corporate Staff**

2022, 2023

Data includes aggregate numbers from Australia, Austria, Belgium, Canada, Czech Republic, France, Germany, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain, Switzerland, Ukraine, the U.K. and the U.S. Corporate employees who support our Developmental Licensees are also included. Data was obtained through various means, including informal identification and voluntary self-disclosure.

**6 Representation of Women – Company-Owned and Operated Restaurants: Global; Manager, Shift Manager and Crew, and All Restaurant Staff**

2022

Data includes aggregate numbers from Australia, Canada, Germany, Italy, the Netherlands, Poland, Spain, Switzerland, Ukraine, the U.K. and the U.S. Data was obtained through various means, including informal identification and voluntary self-disclosure.

2023

Data includes aggregate numbers from Australia, Austria, Canada, France, Germany, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain, Switzerland, Ukraine, the U.K. and the U.S. Data was obtained through various means, including informal identification and voluntary self-disclosure.

2022

Manager includes General Managers and Assistant Managers only.

2023

Manager includes all salaried managers in the restaurant.

**7 Representation of Women – Company-Owned and Operated Restaurants: U.S.; Manager**

2022

Manager includes General Managers and Assistant Managers only.

2023

Manager includes all salaried managers in the restaurant.

**8 Representation of Underrepresented Groups – Corporate Staff: U.S.; Senior Director and Above, and All Corporate Staff**

2022

Data includes U.S. paid employees only. All U.S. paid employees working in other markets are excluded. This data reflects U.S. employees who voluntarily disclosed race/ethnicity information. Due to rounding, some totals may not correspond with the sum of the separate figures.

2023

Data includes U.S. paid employees only. This data reflects U.S. employees who voluntarily disclosed race/ethnicity information. This data was obtained from two different collection processes which was then reconciled and integrated. Due to rounding, some totals may not correspond with the sum of the separate figures.

**9 Representation of Underrepresented Groups – Company-Owned and Operated Restaurants; U.S.; Manager, Shift Manager and Crew, and All Restaurant Staff**

This data reflects U.S. employees who voluntarily disclosed race/ethnicity information.

**10 Representation of Underrepresented Groups – Company-Owned and Operated Restaurants; Manager**

2022

Manager includes General Managers and Assistant Managers only.

2023

Manager includes all salaried managers in the restaurant.

**11 Underrepresented Groups Pay Gap Analysis Results (U.S.):** The analysis is conducted on U.S. employees who voluntarily disclosed race/ethnicity information.

2022

The following countries are included in the analysis: the U.S., Canada, France, Germany, the U.K., Australia, New Zealand, Czech Republic, Slovakia, Poland, Austria, Belgium, Switzerland, Netherlands, Spain, Italy, Portugal. In addition to these countries, descriptive analysis without statistical modeling has been conducted over the employees in the following countries: Singapore, Hong Kong, UAE (Dubai) and Ireland. These countries have been excluded from the statistical modeling due to insufficient headcount.

2023

The following countries are included in the analysis: the U.S., Canada, France, Germany, the U.K., Australia, New Zealand, Czech Republic, Slovakia, Ukraine,

Poland, Austria, Belgium, Switzerland, Netherlands, Spain, Italy, Portugal. In addition to these countries, descriptive analysis without statistical modeling has been conducted over the employees in the following countries: Singapore, Hong Kong, UAE (Dubai) and Ireland. These countries have been excluded from the statistical modeling due to insufficient headcount. High-level U.S. roles (VP+) are excluded from the U.S. dataset both for U.S. and Global results.

**12 % Spend Through U.S. System With Diverse-owned Suppliers:**

U.S. systemwide spend is inclusive of spending by McDonald's and its U.S. Franchisees. "Other" includes the following categories: Veteran-owned, Native American-owned, Disabled-owned, LGBTQ+-owned, and other unidentified categories, including unidentified Minority (MBE)-owned.

2022, 2023

This figure includes supplier spending by all restaurants, whether owned and operated by McDonald's or by Franchisees. Further, this figure is inclusive of U.S. Company-owned and operated restaurant spend, Supply Chain, Restaurant Development, Marketing, Legal, Global Technology, Workplace Solutions, Global Impact, Finance, Global People and other corporate functions. This figure also includes purchases made by Franchisees for advertising, restaurant development, technology, food, distribution, packaging, equipment and uniforms. This scope excludes non-controllables (Taxes, Utilities, Rent, Aircraft Fuel, Airport Fees, Facility Leases, Donations, Bank Fees and Subscriptions).

Our diverse-owned diversity spend figures in the U.S. include both self-certified and formal industry-recognized certification and Tier 1 and Tier 2 spend. Tier 1 suppliers are those from whom McDonald's buys directly. Tier 2 suppliers are those with whom our suppliers do business.

Additionally, the gender diversity figure excludes women from Underrepresented Groups, who are reflected in the racial/ethnic demographic data.

Diverse-owned suppliers refers to businesses that are 51% owned, managed and controlled by women and/or Black, Hispanic, Asian, Indigenous, Veteran, LGBTQ+ and disabled persons or people having a combination of these identities or attributes.

Due to rounding, some totals may not correspond with the sum of the separate figures.

**13 Marketing Investment Spend (National Diverse-Owned Media, Production Companies and Content Creators):**

Paid Media investment represents contracted dollars with suppliers.

The classification of media, production companies and content creators as diverse-owned suppliers is determined by both self-certification and third-party certification.

Due to rounding, some totals may not correspond with the sum of the separate figures.

Franchisees are independent employers and select which of their employees attend Hamburger University.

# Community Connection



**With more than 41,000 restaurants globally as of the end of 2023, McDonald's has a unique connection with communities the world over. We believe that comes with a responsibility to help support the people within them.**

We seek to act both globally and locally, supporting those who need it most. Whether it's helping advance employment opportunities for young people, stepping up in times of crisis or helping families whose children are sick or injured, we seek to make a positive difference in our communities around the world.

## IN THIS SECTION

- 65** Community Impact & Philanthropy
- 69** Ronald McDonald House Charities

# Community Impact & Philanthropy

**We take our responsibility of supporting people seriously – because we believe that when our communities thrive, so does McDonald's.**

By thinking globally and acting locally, we can be better equipped to effectively support anyone who works at or enters a McDonald's restaurant and the communities we are all a part of.

McDonald's has repeatedly acted as a resource during times of need – showing up to help support people in the communities it serves.



**We've reached 2.2 million young people with training and hiring opportunities, achieving our Youth Opportunity goal ahead of time.**



As of 2023, we are proud to have reached more than 2 million young people with support for community-based training and hiring opportunities in McDonald's restaurants, two years ahead of our 2025 deadline. As we look to the future, we will assess potential new opportunities to build on the progress we have made so far.

## **Other ways we were there for those in need in 2023**

Made an annual pledge of \$1 million to the **American Red Cross Annual Disaster Giving Program (ADGP)**.



Donated one penny from every Happy Meal sold at participating U.S. restaurants to Ronald McDonald House Charities (RMHC), totaling over **\$5.9 million**.



Relaunched an investment strategy supporting Chicago organizations to **advance youth opportunities**.



Provided financial assistance to U.S. Company Restaurant Staff through the **McDonald's Operating Company (McOpCo) Employee Relief Program**.



Donated excess food in cooperation with suppliers to **support families in need**.



## **Our Strategy in Brief**

We aim to build strong and inclusive connections that deliver on the needs of the communities McDonald's serves, because we believe that doing so is consistent with the Company's business objectives and values. We are focused on partnering with organizations that share our Company's core values, harnessing our size and influence to help maximize collective impact while also strengthening relationships with the communities we serve.

Our Community Impact & Philanthropy strategy focuses on three key strategic outcome areas:

- 1 Supporting families:** Help address the needs of families and their well-being through the support of Ronald McDonald House Charities.
  - 2 Times of need:** Help respond to the needs of people and communities in the face of crisis and hardship.
  - 3 Opportunity employment:** Help reduce systemic barriers to employment.
-  Read more about our community impact and philanthropy on our website.

## **Our Performance**

### **Representing the Communities in Which We Operate**

#### **Chicago: Contributing at Home**

As a large employer headquartered in Chicago, we believe we have a responsibility to help address urgent community needs through strategic investments and engagement. It's why we launched a Chicago Community Impact Grants Program together with The Chicago Community Trust to invest in neighborhood organizations advancing youth opportunity. In 2023, we deepened our commitment to 18 of these organizations, helping to ensure that they have the resources to support skills development in young people to ready them for a myriad of potential career pathways.

#### **Breaking Barriers: Progressive Young Farmers**

Over the last 10 years, McDonald's UK & Ireland Progressive Young Farmers Program has evolved to embed diversity, equity and inclusion at its core. As of August 2023, over 70 young people have joined the program, including 62% women and 25% from non-farming backgrounds, each experiencing 12 months within our supply chain to kick-start their career in food and farming. In 2020, the program evolved with the launch of

the Breaking Barriers Scholarship in partnership with the Oxford Farming Conference. In 2023, five scholarship recipients were offered the opportunity to see first-hand careers available in food and farming and to share experiences.

### **Supporting Communities in Need**

#### **Disaster Response**

In 2023, employees from the McDonald's System made charitable contributions to support the American Red Cross relief efforts, including donations made in response to the wildfires in Maui, and we donated \$40,000 to the Hawaii Community Foundation's Maui Strong Fund to support recovery needs. Additionally, the Golden Arches Merchants Association of Hawaii provided \$25,000 to impacted McDonald's Company and Franchisee employees in Lahaina, Hawaii, and the Asian McDonald's Operator Association donated \$25,000 to support local employees in Hawaii. Company employee donations totaling over \$53,000 were made via the Company's online donation portal to support the American Red Cross' Hawaii relief efforts.

Through the McOpCo Employee Relief Fund, we provided financial support to 28 employees in 2023 following hurricanes, crime, vehicle accidents, death and domestic abuse.

In 2023, McDonald's Corporation donated \$500,000 to earthquake relief efforts in Turkey, including contributions to Save the Children and World Central Kitchen. The local business also donated over \$200,000 to local charities to support communities impacted by the earthquake.

#### **Locally Driven Needs: The Company's 2023 Actions**

We are dedicated to supporting communities in times of need and have taken several actions to advance this in 2023, including:

- Renewing the Company's American Red Cross Annual Disaster Giving Program (ADGP) partnership, committing a \$1 million donation to proactively support global disaster relief efforts.
- Offering hardship and disaster relief for Company Restaurant Staff in the U.S.
- Donating one penny from every Happy Meal sold at participating McDonald's in the U.S. to RMHC, totaling over \$5.9 million.
- Donating \$1 million to support the Founder's Circle of Operation HOPE, an organization whose mission is to expand economic opportunity in underserved communities through financial education and empowerment by offering programs that create stabilized communities and financial stakeholders.

We also help amplify the impact of U.S. employee donations, matching funds donated to certain nonprofits by U.S. employees up to \$5,000 (\$10,000 for a Vice President or above, or a Board member). In 2023, we matched nearly \$816,000 in employee donations and, since 2015, have matched over \$5.3 million through this offering.

## **Philanthropic Investments**

### **Food and Supplies Donation**

Throughout 2023, we made food and supply donations to help communities meet their basic needs.

### *Examples of Our Impact Across the Globe*

**Asia:** Employees and Restaurant Staff across 11 countries in Asia participated in Community Month, with volunteers taking part in various activities and food donation events to support under-resourced children and families. For example, in the Philippines, over 460 employees participated in 27 “Good Trip” volunteer events, distributing over 3,000 meals to community members in need.

**Latin America and the Caribbean:** To commemorate Global Volunteer Month, over 975 team members from Arcos Dorados (the largest McDonald's Developmental Licensee, with operations in Latin America and the Caribbean) participated in numerous volunteer activities,

including beach cleanups, food preparation and delivery, youth training and tree planting activities to help make a difference in their local communities.

**The U.S.:** McDonald's USA and its suppliers in the U.S. donated over 1.5 million pounds of food and paper combined from suppliers and distribution centers – worth more than \$4.6 million – to support local U.S. food banks and communities.

## **Youth Opportunity Program**

### **GOAL**

**By the end of 2025, reduce barriers to employment for 2 million young people.**

### **PROGRESS**



Achieved early

**As of December 2023, we have achieved our Youth Opportunity goal ahead of our target year. To date, 2.2 million young people have participated in training programs and/or been hired in McDonald's Company-owned and operated or participating Franchisee restaurants.<sup>1</sup>**

We recognize many populations face barriers to employment around the world, including but not limited to youth, refugees, senior citizens and people with disabilities. As we look to the future, we will assess potential new opportunities to build on the opportunity employment progress we have made so far.

### *Examples of the Company's and Its Franchisees' Opportunity Employment Impact Across the Globe*

**Youth:** In the U.S., McDonald's has partnered with the [International Youth Foundation \(IYF\)](#) and nine local community-based organizations to deliver life skills training called Passport to Success to young people from households with incomes at 200% of the federal poverty line or less.

### **Refugees and displaced populations:**

McDonald's hires and trains refugees in multiple markets and is actively exploring how to expand these initiatives. In 2023, we joined the [Tent Partnership for Refugees](#) – a global network of over 400 companies committed to helping refugees connect to jobs – to further accelerate our refugee inclusion efforts.

**Senior citizens:** McDonald's Korea currently employs approximately 650 senior crew members (aged 55 and over), an increase of over 34% versus 2022. This market actively recruits seniors as part of its open recruitment policy and, in 2023, signed an agreement with Seoul Metropolitan Government's 50 Plus Foundation to create employment opportunities for those aged 40 and over.

A McDonald's Franchisee in Taiwan has been advocating for “Intergenerational Integration” at work and provides an inclusive work environment for senior citizens, as well as new immigrants and homemakers. From 2020 to 2023, there has been a 59.8% increase in older employees. The market has been recognized by the Labor Department for its dedication to promoting senior citizen employment.

**People with disabilities:** A McDonald's Franchisee in Guatemala, El Salvador, Honduras and Nicaragua provides employment opportunities to people with disabilities through its Labor Integration, “Programa de Destinate Habilidades.”

In collaboration with external organizations, a McDonald's Franchisee in Pakistan created the “I'm Perfect program” to provide workforce opportunities to individuals with disabilities, primarily including individuals with hearing and speech impairments.

## Volunteerism

Volunteering is one of the most significant ways employees in the McDonald's System can support the charities that they care about.

The Company's Global Volunteer Month was held in September 2023 and served as an opportunity for McDonald's System employees to support meaningful causes. During the month, over 12,000 McDonald's System employees volunteered more than 28,000 hours to community causes in over 30 countries. This represented a more than 60% increase in hours and a more than 40% increase in volunteers compared to 2022.

### *Examples of Our Global Volunteer Month Impact Across the Globe*

**Azerbaijan:** 40 McDonald's Azerbaijan employees volunteered to clean up garbage from the Caspian coast.

**Canada:** Employees in McDonald's Canada showed community support by volunteering more than 200 hours with various causes across the country. In Burnaby and Toronto, volunteers prepared on-the-go wellness kits and greeting cards and bagged lunches for families being supported by a Ronald McDonald House or Ronald McDonald Family Room; in Toronto, they also planted trees, shrubs and wildflowers. In Dorval, volunteers supported the largest food bank in Canada, Moisson Montréal, while in Victoria, B.C., volunteers prepared meals for people at Jenecee Place near the Victoria General Hospital.

**China:** McDonald's China employees organized various philanthropic activities. In Shanghai, Beijing and Hunan, employee volunteers and their children visited Ronald McDonald House programs to engage in crafts and play with children. In several cities, including Beijing and Guangzhou, employees ran "Charity Bazaars," raising over RMB 50,000 for the China Soong Ching Ling Foundation to support Ronald McDonald House programs. Other regions, such as Fujian and Zhejiang, partnered with nongovernmental organizations (NGOs) to deliver meals to front-line workers, provide internships for disabled teens and organize city tours for disabled children.

## Families and Their Well-Being

### **Supporting Ronald McDonald House Charities**

Included in our Community Impact & Philanthropy strategy is McDonald's continued support for Ronald McDonald House Charities (RMHC).

In 2023, we donated \$20 million to RMHC as part of our five-year, \$100 million commitment. The gift is helping RMHC through direct financial support that will be used for RMHC Chapter capacity building, initiative activation and resource development. We make it easy for McDonald's customers to support RMHC, too, through various on-site and digital giving opportunities. In some locations, McDonald's restaurants donate a percentage from the sale of specific products to local RMHC Chapters or run other special promotions benefiting RMHC and its network of local Chapters.

Find out more on page 69 or on our dedicated RMHC web page.

# Ronald McDonald House Charities

**Ronald McDonald House Charities (RMHC)<sup>2</sup> is a nonprofit 501(c)(3) organization whose purpose is to care for families when their child is sick or injured.**

Through a global network of over 258 Chapters in more than 60 countries as of the end of 2023, RMHC envisions a world where every family has what they need to ensure the best health outcomes for their children.

The Company, its Franchisees and McDonald's customers donated approximately \$212 million to RMHC in 2023, helping the charity provide approximately 2.7 million overnight stays for RMHC families around the world.<sup>3</sup>



## What Ronald McDonald House Charities Does

Through three core global programs and hundreds of local programs, RMHC pursues its mission to remove barriers, strengthen families and promote healing when children need healthcare.

**Ronald McDonald House programs:** More than just a place to sleep, each House is near a hospital and provides meals and a range of supportive services to families with a hospitalized child.



**In 2024, we joined RMHC in celebrating 50 years of their mission.**

**Ronald McDonald Care Mobile programs:** In partnership with a clinical services provider, these mobile units provide medical, dental and healthcare resources to children and families in underserved communities.



**Ronald McDonald Family Room programs:** Located within a hospital, this program offers families a place to recharge, rest and access food at no cost, all within a few steps of their child's bedside.



**As the first corporate sponsor and mission advocate of RMHC, the Company is proud to hold the title of "founding and forever partner."**

In addition to the three core global programs, RMHC Chapters have developed hundreds of local programs that are tailored to address unmet needs and help make a difference in the lives of the families and children they serve.



## The Company's Actions in 2023

Here are just a few examples of the Company's activities in support of RMHC in 2023:

- McDonald's Corporation donated \$20 million to RMHC as part of its five-year, \$100 million commitment to help support families when they need it most.
- RMHC Local Chapters reported that more than 42,000 individuals from the McDonald's System volunteered with RMHC in 2023.
- The "Round-Up for RMHC" program, which allows customers at participating restaurants to round up their purchase to the nearest whole number of their local currency, with the difference being donated to RMHC, raised \$53 million<sup>3</sup> in 2023 based on reports from RMHC Local Chapters, \$39 million of which was raised in the U.S.

## Our Strategy: The Company and RMHC Working in Partnership

Collective support from the Company, and its Franchisees, suppliers and customers, helps RMHC deliver on its mission. The Company's ongoing support of RMHC is consistent with its purpose, which is to feed and foster communities, and the Company is proud to be more than a founding partner of RMHC – and to be its forever partner.

- See our [RMHC strategy and programs](#) in detail on our website.

## Helping Customers Give to RMHC

Round-Up for RMHC, Donation Boxes, in-restaurant events like McHappy Day (where a portion of sales from that day support RMHC Local Chapters) and other special promotions allow customers to join in giving back to RMHC.

Examples of such promotions in 2023:

- **United States** – In the U.S., one penny from every Happy Meal sold at participating McDonald's restaurants in 2023 was donated to RMHC, totaling \$5.9 million. Additionally, more than \$51 million<sup>3</sup> was donated through the Round-Up for RMHC program and Donation Boxes.

- **Canada** – Over \$13 million<sup>3</sup> was raised for RMHC Canada through in-restaurant giving efforts, including McHappy Day, special product promotions, Donation Boxes and the Round-Up for RMHC programs across Canada.

- **Australia** – More than \$9 million<sup>3</sup> was raised for RMHC Australia through in-restaurant giving efforts and special promotions, including McHappy Day.

- **New Zealand** – Participating McDonald's restaurants in New Zealand supported their local RMHC programs by contributing 10 cents (NZ) from every Happy Meal sold in 2023, raising nearly \$380,000.<sup>3</sup>

- **Japan, Philippines, South Korea, South Africa and Egypt** – Participating McDonald's restaurants in Japan, the Philippines, South Korea, South Africa and Egypt hosted Happy Meal promotions for the benefit of each country's respective RMHC Chapter, raising nearly \$1.1 million<sup>3</sup> collectively in 2023.

- **Argentina** – More than \$1 million<sup>3</sup> was raised for RMHC Argentina in 2023 by participating McDonald's restaurants in the country during 2023 McHappy Day.

- **Brazil** – More than 1,000 McDonald's restaurants in Brazil hosted a McHappy Day and raised \$4.1 million<sup>3</sup> in 2023.

- **Romania, Spain and Malta** – A number of RMHC Local Chapters in Europe sell stuffed animals at participating McDonald's restaurants, with proceeds being donated to the local RMHC Chapters. Participating restaurants in Romania, Spain and Malta collectively raised more than \$180,000<sup>3</sup> for their RMHC Local Chapters in 2023 from such sales.

## Supporting Team RMHC at the Bank of America Chicago Marathon

McDonald's Corporation sponsored the Bank of America Chicago Marathon in 2023 and provided a \$175,000 grant to support Team RMHC. In 2023, RMHC leveraged its sponsorship to engage over 1,300 runners and raise more than \$2 million.

Throughout race weekend, nearly 75 volunteers supported Team RMHC, including 15 McDonald's Corporation employees.

**Notes**

- 1 This figure is based on actual and, in some cases, extrapolated hiring data for the following participating markets: Argentina, Australia, Brazil, Canada, China, Colombia, Hong Kong, Italy, Japan, Jordan, South Korea, Mexico, NE India, Portugal, Spain, Switzerland, the U.K. and the U.S. McDonald's collects data from McOpCo and participating Franchisees, but extrapolates where it does not have access to the underlying data globally. Additional markets that provide training data include Argentina, Austria, Brazil, Colombia, Denmark, France, Germany, Italy, Jordan, Mexico, NE India, the Netherlands, Panama, Switzerland, the U.K. and the U.S.
- 2 Ronald McDonald House Charities and RMHC are trademarks of McDonald's Corporation and its affiliates. RMHC is a nonprofit 501(c)(3) organization.
- 3 All donation and monetary figures have been converted to U.S. dollars and are approximate.

# Appendix

## 2023 Pay Gap<sup>1</sup> Analysis

	Total Employees	Women	Underrepresented Groups
<b>Global Pay Gap Analysis</b>			
	Global, in aggregate	146,928	\$0.9996
	Global Staff <sup>2</sup>	7,671	\$0.9943
	Global Company-owned and operated restaurant employees	139,257	\$0.9999 <sup>3</sup>
<b>U.S. Pay Gap Analysis</b>			
	U.S., in aggregate	54,430	\$0.9998 <sup>3</sup>
	U.S. Staff <sup>2</sup>	3,607	\$0.9968 <sup>3</sup>
	U.S. Company-owned and operated restaurant employees	50,823	\$1.001 <sup>3</sup>
			\$1.0025

## EEO-1 Component 1 Data

In the U.S., the EEO-1 Component 1 report is a mandatory annual data collection that requires all private sector employers with 100 or more employees to submit demographic workforce data, including data by race/ethnicity, gender and job categories. While not required, in alignment with our journey of accountability and transparency, McDonald's has chosen to publicly share its Consolidated EEO-1 Component 1 Data. Though the EEO-1 Component 1 is designed to facilitate uniform reporting for U.S. employers regardless of differences among their size, complexity or nature of business, this uniform approach means that the categories prescribed in the EEO-1 Component 1 reporting template do not fully reflect the McDonald's business model. For example, the job categories on the Consolidated EEO-1 Component 1 can be wide ranging and do not necessarily reflect how McDonald's thinks about job categories.

- Read more about our Diversity, Equity and Inclusion strategy as well as further details about McDonald's strategy and definitions on [Our Purpose & Impact](#) pages of our corporate website.

### Previous Reports

- [EEO-1 Component 1 Data 2023](#)
- [EEO-1 Component 1 Data 2022](#)
- [EEO-1 Component 1 Data 2021](#)
- [EEO-1 Component 1 Data 2020](#)
- [EEO-1 Component 1 Data 2019](#)

<sup>1</sup> Pay gap refers to the amount earned on the dollar by women or Underrepresented Groups compared to men or non-minority peers for similar work.

<sup>2</sup> Staff refers to our Corporate Staff.

<sup>3</sup> Not statistically significant.

## McDonald's Sustainability Accounting Standards Board (SASB) Index 2023

The [IFRS Foundation](#) is an independent, standards-setting organization that looks to improve efficiency and consistency in environmental, social and governance (ESG) reporting of material issues for each sector and has been developed in conjunction with investors.

McDonald's has chosen to report through the voluntary SASB framework for the fifth time for our 2023 reporting period.

In certain instances, a specific SASB topic may be discussed in our reporting even though McDonald's does not currently report progress on the corresponding SASB metrics in their exact form. In these instances, we provide brand-relevant data on the topic and link to the

corresponding web page within [Our Purpose & Impact Report](#), which contains our reporting progress on these topics and relevant goal and performance data from 2023 in greater detail.

We are committed to continuous improvement and are working to improve our data collection and coordination across the McDonald's System.

This Index covers our 2023 progress, unless noted otherwise.

Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
<b>Energy Management</b>	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewables	Quantitative	Gigajoules (GJ), Percentage (%)	FB-RN-130a.1	<p><b>Response</b> In 2021, we committed to adapting the Company's climate target to help keep global temperature rises below 1.5°C and reach net zero emissions by 2050.</p> <p>We have worked to evolve McDonald's 2030 targets in alignment with the Science Based Targets initiative (SBTi)-approved net zero target. This process included updating the restaurants and offices target, as well as the supply chain target, based on the latest science and guidance from external experts.</p> <p><b>Energy Consumption for Company-Owned Restaurants and Offices</b> (1) Total energy consumed: 5,191,153 GJ (2022)</p> <p><b>Commentary</b> <b>Greenhouse Gas (GHG) Emissions (in Metric Tons)</b> Gross Scope 1 Emissions: 100,264 (2023) Gross Scope 2 Emissions: 224,964 (2023) market-based Gross Scope 3 Emissions: 59,929,320 (2023)</p> <p>As of the end of 2023, restaurant energy use represented 78% of SBTi boundary restaurant and offices emissions footprint, and as such, is a key focus area for accelerating progress against our 2030 targets.</p> <p>Since 2019, McDonald's has signed multiple renewable energy projects through Virtual Power Purchase Agreements (VPPAs) and continues to be among other leading corporate renewable energy buyers in adding new, large-scale renewable energy to the U.S. grid. Our renewable energy projects cover both solar and wind technologies, and are planned to be located in Texas, Illinois, Oklahoma and Louisiana.</p> <p><b>Related Goals</b> By the end of 2030, from a 2018 base year, McDonald's commits to reduce:</p> <ul style="list-style-type: none"> <li>Absolute Scope 1 and 2 GHG emissions by 50.4% from Company-owned and operated restaurants and offices.</li> <li>Absolute Scope 3 energy and industrial GHG emissions by 50.4% from Franchisee and Company-owned and operated restaurants, and the facility, logistics and plastic packaging emissions in our supply chain.</li> <li>Absolute Scope 3 Forests, Land and Agriculture (FLAG) GHG emissions by 16% and to maintain no deforestation across its primary deforestation-linked commodities.</li> </ul> <p>Our global science-based target, which we revised in 2023, has been validated by the SBTi and covers all three emission scopes in line with a 1.5°C warming scenario.</p> <p>Please find additional information on our <a href="#">Climate Action</a> web page and in our <a href="#">2023 CDP Climate Change response</a>.</p>

Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
<b>Water Management</b>	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m <sup>3</sup> ), Percentage (%)	FB-RN-140a.1	<p><b>Response</b> Total water withdrawn is an estimated 7,564 thousand m<sup>3</sup> (2023).</p> <p><b>Commentary</b> Water withdrawn was estimated based on 616 U.S. locations that provided withdrawal data and extrapolated to the 2,142 Company-owned and operated restaurants worldwide. We continue to refine our calculation methodology, which may create potential inconsistencies with previously reported information.</p> <p><b>Additional Resources</b> Please find additional information on our Nature, Forests &amp; Water web page and in our 2023 CDP Water response.</p>
<b>Food &amp; Packaging Waste Management</b>	(1) Total amount of waste, (2) percentage food waste and (3) percentage diverted	Quantitative	Metric tons (t), Percentage (%)	FB-RN-150a.1	<p><b>Commentary</b> By the end of 2023, we were approximately 86.7% of the way toward our goal of sourcing 100% of our primary guest packaging from renewable, recycled or certified materials.<sup>1,2</sup> From 2018–2023, we reduced virgin fossil fuel-based plastic in Happy Meal toys by 63.7%.<sup>3</sup> In 2023, more than 88.3% of restaurants in markets with advanced infrastructure<sup>4</sup> offered guests the opportunity to recycle and/or compost packaging items.</p> <p><b>Related Goals</b> By the end of 2025, our goal is to implement global and local solutions across our business to expand the reduction, reuse or recycling of guest packaging, and create demand for recycled materials.</p> <p><b>Additional Resources</b> Learn more about our approach to food and packaging waste management on our <a href="#">Packaging, Toys &amp; Waste</a> web page.</p>
	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials and (3) percentage that is recyclable, reusable and/or compostable	Quantitative	Metric tons (t), Percentage (%)	FB-RN-150a.2	<p><b>Response</b> (1) Total weight of guest packaging: 1,080,710 metric tons of guest packaging and toys sourced for McDonald's restaurants. (2) Percent made from recycled and/or renewable materials: 86.7% of all of our primary guest packaging items are sourced from renewable, recycled or certified sources.<sup>1,2</sup> 97.9% of our primary fiber-based guest packaging globally was sourced from recycled or certified sources.</p> <p><b>Commentary</b> As of the end of 2023, a 63.7% reduction in virgin fossil fuel-based plastic in Happy Meal toys globally versus 2018, an improvement from the 47.8% achieved in 2022.</p> <p><b>Related Goals</b> We aim to source 100% of our primary guest packaging<sup>1</sup> from renewable, recycled or certified materials by the end of 2025. Ensure all primary guest packaging is free from added fluorinated compounds by the end of 2025.<sup>5</sup> We aim to implement global and local solutions across our business to advance the reduction, reuse or recycling of guest packaging, and help create demand for recycled materials by the end of 2025.</p> <p><b>Additional Resources</b> Learn more about our approach to packaging sustainability on our <a href="#">Packaging, Toys &amp; Waste</a> web page.</p>
<b>Food Safety</b>	(1) Percentage of restaurants inspected by a food safety oversight body and (2) percentage receiving critical violations	Quantitative	Percentage (%)	FB-RN-250a.1	<p><b>Commentary</b> McDonald's has developed and implemented science- and risk-based food safety and quality standards through collaboration with internal and external experts. These standards include the McDonald's Global Good Agricultural Practices (GAP), Supplier Quality Management System (SQMS) and the Distributor Quality Management Process (DQMP). Our McDonald's Global Food Safety Advisory Council includes food safety, public health and medical professionals and leaders from North America, Europe and Asia.</p>
	(1) Number of recalls issued and (2) total amount of food product recalled	Quantitative	Number, Metric tons (t)	FB-RN-250a.2	This Council meets with our Chief Supply Chain Officer and Global Food Safety team members annually to discuss progress and to provide recommendations to further advance our food safety practices and standards.
	(1) Number of confirmed foodborne illness outbreaks and (2) percentage resulting in U.S. Centers for Disease Control and Prevention (CDC) investigation	Quantitative	Number, Percentage (%)	FB-RN-250a.3	<p>Restaurant food safety and quality management procedures are integrated into the McDonald's Operations and Training Program, which is based on our Hazard Analysis and Critical Control Point principles and are followed in every restaurant.</p> <p>In 2023, we added global key performance indicators (KPIs) on required audit completeness and food safety risk mitigation plans and launched an initiative to collect food-related product withdrawal data globally.</p> <p>Third-party audits verify that these standards are implemented. In 2023, more than 60,000 restaurant food safety audits (announced and unannounced) were performed. To ensure audits are robust, we host calibration sessions with our approved third-party auditing firms.</p> <p><b>Additional Resources</b> Learn more about our approach to food safety on our <a href="#">Food Safety</a> web page.</p>

Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
<b>Nutritional Content</b>	(1) Percentage of meal options consistent with national dietary guidelines and (2) revenue from these options	Quantitative	Percentage (%), Reporting currency	FB-RN-260a.1	<p><b>Additional Resources</b> Learn more about our approach to nutritional content on our <a href="#">Nutrition &amp; Marketing Practices</a> web page.</p>
	(1) Percentage of children's meal options consistent with national dietary guidelines for children and (2) revenue from these options	Quantitative	Percentage (%), Reporting currency	FB-RN-260a.2	<p><b>Commentary</b> In 2023, 61% of Happy Meal Bundle Offerings met our Global Happy Meal Nutrition Criteria for balanced meals. These criteria mean that meals must have less than or equal to 600 calories, 10% of calories from saturated fat, 650 mg of sodium and 10% of calories from added sugar.  100% of Happy Meal nutrition information was available on all participating market websites and mobile apps as of Q1 2024.  The Global Happy Meal Goals apply to 20 markets globally, with measurement and reporting of progress among our 20 major markets in the U.S., Canada, Brazil, Argentina, Mexico, the U.K., France, Germany, Austria, Spain, the Netherlands, Italy, Poland, Sweden, Switzerland, Hong Kong, China, Japan, Taiwan and Australia.</p>
	Number of advertising impressions made on children, percentage promoting products that meet national dietary guidelines for children	Quantitative	Number, Percentage (%)	FB-RN-260a.3	<p><b>Commentary</b> 20 out of 20 in-scope markets met our goal of having all Happy Meal Bundles advertised to children meet McDonald's Global Happy Meal Nutrition Criteria. 99% of Happy Meal Bundles shown in advertisements on third-party media met our Global Nutrition Criteria in 2023. We featured water, milk or juice as the Happy Meal beverage, and fruit, vegetable or dairy items as one of the Happy Meal sides in 100% of the ads the Company directed to children. The Global Happy Meal Goals apply to all markets globally, with measurement and reporting of progress among our 20 major markets in the U.S., Canada, Brazil, Argentina, Mexico, the U.K., France, Germany, Austria, Spain, the Netherlands, Italy, Poland, Sweden, Switzerland, Hong Kong, China, Japan, Taiwan and Australia.</p> <p><b>Additional Resources</b> Please find additional information on nutritional content on our <a href="#">Nutrition &amp; Marketing Practices</a> web page.</p>
<b>Labor Practices</b>	(1) Voluntary and (2) involuntary turnover rate for restaurant employees	Quantitative	Rate	FB-RN-310a.1	<p><b>Commentary</b> In order to attract and retain talent at all levels of the business, we provide competitive compensation commensurate with a Company employee's position. We evaluate competitive wage data and market trends to determine appropriate wage ranges, and ensure compliance with all applicable wage and hour laws.</p>
	(1) Average hourly wage, by region and (2) percentage of restaurant employees earning minimum wage, by region	Quantitative	Reporting currency, Percentage (%)	FB-RN-310a.2	<p>Well-Being – In 2022, McDonald's added a Global Well-Being Committee to further evolve and focus on the well-being of employees at McDonald's.  We introduced our Global Pay Principles to our owned markets in 2019, to ensure that good pay practices are understood and consistently implemented for all Company employees.</p> <ul style="list-style-type: none"> <li>Competitive – Pay opportunities are aligned with the external value of a job to attract, engage and motivate talent. The competitiveness of our pay rates is reviewed regularly relative to peer companies that reflect our size, scale, performance and talent needs.</li> <li>Non-discriminatory – Company employees are compensated at a level commensurate with their role, responsibility, impact, location, experience, knowledge, skills and performance, irrespective of gender, race, ethnicity or any other similar protected personal characteristics. See also our <a href="#">Diversity, Equity &amp; Inclusion</a> web page.</li> <li>Performance-based – Pay is focused on motivating high performance, recognizing achievement and reinforcing behaviors that align with our culture.</li> <li>Understandable – Pay programs are communicated regularly and transparently. We strive for simplicity and focus on the design of our programs to ensure Company employees understand what determines their pay.</li> <li>Compliant – We comply with all applicable legal and regulatory requirements and standards.</li> </ul>
	Total amount of monetary losses as a result of legal proceedings associated with (1) labor law violations and (2) employment discrimination	Quantitative	Reporting currency	FB-RN-310a.3	<p>During 2023, we designed and proposed a third-party wage advisory service to be piloted with a group of U.S.-based Franchisees beginning in early 2024. The optional wage advisory service is a Company investment designed to provide U.S.-based Franchisees with resources and education to help them make third-party-supported wage and compensation decisions for their own businesses based on benchmarking of locally available data.</p> <p><b>Additional Resources</b> Learn more about our approach to labor practices on our <a href="#">Talent &amp; Benefits</a>, <a href="#">Safe &amp; Respectful Workplaces</a> and <a href="#">Diversity, Equity &amp; Inclusion</a> web pages.</p>

Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
<b>Supply Chain Management &amp; Food Sourcing</b>	Percentage of food purchased that (1) meets environmental and social sourcing standards and (2) is certified to third-party environmental and/or social standards	Quantitative	Percentage (%) by cost	FB-RN-430a.1	<p><b>Response</b></p> <p>We substantially achieved all of our 2020 Responsible Sourcing Goals across our six priority commodities – beef, fish, palm oil, fiber, soy and coffee – and we continue to work with our suppliers on what is outlined in those commitments and evaluate the continued progress. Below is our 2023 responsible sourcing performance across priority commodities:</p> <ul style="list-style-type: none"> <li>• <b>98.8%</b> of beef sourced for McDonald's restaurants supported deforestation-free supply chains as of 2023.<sup>6</sup></li> <li>• <b>93.8%</b> of the fish sourced for McDonald's Filet-O-Fish sandwich was from sustainably managed wild-caught fisheries, which is assessed and verified annually against the McDonald's Sustainability Fisheries Standard by the Sustainable Fisheries Partnership.<sup>7</sup></li> <li>• <b>100%</b> of the palm oil used in McDonald's restaurants and as an ingredient in McDonald's products supported the production of sustainable palm oil in 2023.<sup>8</sup></li> <li>• <b>100%</b> of soy sourced in 2023 for the feed of chicken used in McDonald's products supported deforestation-free supply chains globally.<sup>9</sup></li> <li>• <b>99.9%</b> of our ground and whole bean coffee was sustainably sourced in 2023.<sup>10</sup></li> <li>• <b>97.9%</b> of our primary fiber-based guest packaging globally was sourced from recycled or certified sources.<sup>11</sup></li> </ul> <p><b>Additional Resources</b></p> <p>Please see our <a href="#">Responsible Sourcing</a> and <a href="#">Nature, Forests &amp; Water</a> web pages to learn more about our approach and to see full performance data and relevant definitions, scope and exclusions.</p>
Percentage of (1) eggs that originated from a cage-free environment and (2) pork that was produced without the use of gestation crates	Quantitative	Percentage (%) by number, Percentage (%) by weight	FB-RN-430a.2		<p><b>Response</b></p> <p>(1) As of the end of 2023, McDonald's USA has achieved its commitment to sourcing 100% cage-free eggs by 2025 – two years ahead of schedule.  (2) As of the end of 2023, more than 96% of pork purchased in the U.S. comes from suppliers that have phased out the use of gestation stalls for housing confirmed pregnant sows.</p> <p><b>Commentary</b></p> <p>We believe we have a responsibility to improve the health and welfare of animals in our supply chain and work with our global network of suppliers to encourage industry and cross-sector collaboration. This is why we have animal health and welfare policies or commitments in place across our chicken, eggs, pork, beef and dairy supply chains.</p> <p>We also believe that reducing any overdependence on antibiotics within our supply chain complements our decades-long commitment to managing and improving the health and welfare of animals. We are committed to a responsible antibiotic use approach – refining antibiotic selection and administration, reducing non-therapeutic antibiotic use and, when possible, replacing antibiotics with long-term solutions to prevent diseases and protect animal health and welfare.</p> <p><b>Related Goals</b></p> <p>In the U.S., we're working with pork suppliers to phase out the use of gestation stalls for housing pregnant sows by the end of 2024.</p> <p><b>Additional Resources</b></p> <p>Please see our <a href="#">Animal Health &amp; Welfare</a> and <a href="#">Responsible Antibiotic Use</a> web pages for more information.</p>
Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	Discussion and Analysis	N/A	FB-RN-430a.3		<p>In 2017, McDonald's announced a global commitment to source chickens raised with improved welfare outcomes. To achieve this, we outlined eight Broiler Welfare Commitments in key markets.<sup>12</sup></p> <p>By the end of 2027, we aim to eliminate the use of antibiotics defined by the World Health Organization (WHO) as Highest Priority Critically Important Antibiotics (HPCIA) to human medicine from all chicken served in the U.S., Europe, Brazil, Canada, Japan, South Korea, Australia and China. Across the in-scope markets, HPCIA use has been eliminated in Australia, Brazil, Canada, Europe, Japan, South Korea and the U.S., with China expected to comply before the end of 2027.</p> <p>In 2018, we implemented McDonald's Antibiotic Policy for our Beef Supply Chain. It is informed by our VAS and follows global guidance from expert bodies like the WHO and the World Organisation for Animal Health (WOAH). This policy identifies McDonald's expectations and anticipated implementation plans with respect to antibiotic use in our beef supply chain while complying with local laws and regulations. It focuses on the following beef sourcing countries: Australia, Brazil, Canada, France, Germany, Ireland, New Zealand, Poland, the U.K. and the U.S.</p> <p>We aim to deliver responsible sourcing programs that drive lasting, meaningful outcomes on critical environmental, social and corporate issues. To enable these outcomes, we focus on the following Priority Impact Areas: promoting the health and welfare of animals; respecting human rights; addressing climate change; reducing food and packaging waste; and protecting nature, forests and water resources.</p> <p>McDonald's works with its suppliers to embed sustainability commitment into global sourcing decisions for food and packaging through Global Sustainable Sourcing Specifications and direct collaboration on sustainable initiatives.</p> <p>Learn more about our efforts in these areas throughout the <a href="#">Food Quality &amp; Sourcing</a> and <a href="#">Our Planet</a> web pages, as well as our <a href="#">2023 CDP Climate Change</a> and <a href="#">2023 CDP Forests</a> responses.</p>

## SASB Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Response and Source(s)
<b>Number of (1) Company-owned and (2) franchise restaurants</b>	Quantitative	Number	FB-RN-000.A	<p>(1) 2,142 Company-owned restaurants. (2) 39,680 franchised restaurants.</p> <p>These figures are as of year-end 2023.</p> <p>Please find additional information in <a href="#">McDonald's Annual Report</a>.</p>
<b>Number of employees at (1) Company-owned and (2) franchise locations</b>	Quantitative	Number	FB-RN-000.B	<p>Company employees, which include those in the Company's corporate and other offices as well as in Company-owned and operated restaurants, totaled over 150,000 worldwide as of year-end 2023.</p> <p>In addition to Company employees, the over 2 million individuals who work in McDonald's franchised restaurants around the world are critical to the Company's success, enabling it to drive long-term value creation and further its purpose and mission.<sup>14</sup></p> <p>Please find additional information in <a href="#">McDonald's Annual Report</a>.</p>

## SASB Index Notes

1 **Packaging. Scope:** Inclusive of all markets for our fiber-based packaging and Happy Meal book and toy packaging. For our plastic-based packaging, all markets are included except for Israel, Latin America and Turkey. **Renewable sources** refers to material that is composed of biomass from a living source and that can be continually replenished. Renewable applies to plastics only, not fiber. **Source:** ISO 14021:2016 for plastic, ASTM 6866 or ISO 16620-2. **Fiber-based packaging** made from 100% recycled sources must be third-party verified, unless certified under a Chain of Custody Forest Management standard. McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be Forest Stewardship Council® (FSC®) certified or FSC® controlled wood sources with full chain of custody certification. Perfluorinated compounds are known to be historically persistent in the environment. McDonald's commits to not intentionally adding fluorinated compounds through our processes, but fluorinated compounds present in the local environment make it difficult to remove all traces of fluorine from packaging. Please refer to our [Nature, Forests & Water](#) web page for additional definitions. **Exclusions:** Primary fiber-based packaging in food packaged off-site of McDonald's restaurants, tray liners and limited locally sourced items.

2 Non-structural components of packaging vary based on the packaging but may include adhesives, inks, overprint varnishes, retention agents or binders, processing aids, impact modifiers, minerals used non-structurally and nucleating and clarifying agents. We continue to monitor industry standards on these components and opportunities to work toward making any part of our packaging, including non-structural components, more sustainable.

3 **Toys. Scope:** Inclusive of all toys. Fiber-based toys or fiber components in the toys: 100% certified fiber required. **All other materials:** McDonald's ambition is to reduce the use of virgin fossil fuel-based plastics, offer more sustainable toys by the end of 2025 and not manufacture electronics and batteries in Happy Meal toys globally. For bio- and plant-based plastics to be considered sustainable for McDonald's, a minimum of 60% of plastic weight is required to come from recycled or renewable content or a combination of recycled and renewable content, though in many practical applications we anticipate that percentage will be much higher. The remaining 40% may be conventional fossil fuel-based material. These thresholds were developed in conjunction with input from NGOs, external manufacturing partners and scientists, and based on an assessment of sustainable toy and packaging industry leaders so that our targets reflected current sustainable engineering capabilities to maintain safety and functionality. Our efforts will result in an approximate 90% reduction in virgin fossil fuel-based plastic use against a 2018 baseline. Fiber-based packaging made from 100% recycled sources must be third-party verified, unless certified under a Chain of Custody Forest Management standard. **Source:** ISO 14021:2016. McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be Forest Stewardship Council® (FSC®) certified or FSC® controlled wood sources with full chain of custody certification. The thresholds described above do not include the presence of adhesives, glues, inks, paints and coatings.

4 **Markets with advanced infrastructure:** Mature waste and recycling infrastructure at a national level that has (1) recycling infrastructure network across the entire market, (2) multiple materials being recycled within this national infrastructure network, (3) existing legislation on recycling and (4) high customer awareness of waste and recycling. At the end of 2023, that included 21 markets where McDonald's operates.

5 **Fluorinated Compounds. Scope:** Inclusive of all markets except for Israel, Latin America and Turkey, and Happy Meal book and toy packaging. **Renewable sources** refers to material that is composed of biomass from a living source and that can be continually replenished. Renewable applies to plastics only, not fiber. **Source:** ISO 14021:2016 for plastic, ASTM 6866 or ISO 16620-2. Fiber-based packaging made from 100% recycled sources must be third-party verified, unless certified under a Chain of Custody Forest Management standard. McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be Forest Stewardship Council® (FSC®) certified or FSC® controlled wood sources with full chain of custody certification. Perfluorinated compounds are known to be historically persistent in the environment. McDonald's commits to not intentionally adding fluorinated compounds through our processes, but fluorinated compounds present in the local environment make it difficult to remove all traces of fluorine from packaging. Please refer to our [Nature, Forests & Water](#) web page for additional definitions. **Exclusions:** Primary fiber-based packaging in food packaged off-site of McDonald's restaurants, tray liners and limited locally sourced items.

6 **Beef. Scope:** Includes all beef raw material used in beef patties sourced for McDonald's products from beef patty manufacturers that supply McDonald's restaurants in the U.S., Australia, Brazil, Germany, Ireland, France, New Zealand, Canada, the U.K. or Poland. Includes all McDonald's restaurants owned and operated by the Company and its Franchisees in these countries, which collectively represent over 80% of our global beef volumes, as of the end of 2021. The Global Roundtable for Sustainable Beef (GRSB) aims to define the principles of and criteria for beef sustainability globally. The five core principles are focused on the following: managing natural resources responsibly; respecting people and communities; caring for the welfare of animals; ensuring the safety and quality of beef; and driving efficiency and innovation to reduce waste and improve economic viability. These principles allow for national and regional interpretation, given the significant variation in production systems, legal frameworks, sociopolitical factors and climates that exist across the globe. **Exclusions:** Beef used as secondary ingredients.

7 **Fish:** Fish refers to any type of fish species used as an ingredient in a McDonald's product and listed on the product's ingredient statement. **Wild-Caught Fish** refers to fish that come from seas, rivers and other natural bodies of water. **Filet-O-Fish sandwich** refers to the McDonald's menu item containing wild-caught fish. **Verified sustainable sources** refers to wild-caught fish, sourced by suppliers to the McDonald's System, from fisheries that are annually verified as compliant with the McDonald's Sustainable Fisheries Standard by the Sustainable Fisheries Partnership. **MSC Certification** is optional to McDonald's markets. Fisheries may also be independently certified as meeting the Marine Stewardship Council (MSC) Principles and Criteria for Sustainable Fishing where a certificate of conformity to an MSC Standard has been granted. **Source:** [www.msc.org](http://www.msc.org). McDonald's may display the MSC certification logo in some of its markets where fisheries and restaurants are certified against the MSC Chain of Custody traceability standard. **Scope:** Includes all wild-caught fish sourced for Filet-O-Fish sandwich portions served in McDonald's restaurants. Filet-O-Fish sandwich represents over 97% of the total fish volumes used in the McDonald's System (by weight). Includes all suppliers of wild-caught fish for Filet-O-Fish sandwich to the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that sell fish. **Exclusions:** Products that are not Filet-O-Fish sandwich containing wild-caught or farmed fish. We estimate that these products represent less than 2% of the total fish sourced by McDonald's by weight and may include products such as tuna, prawns, shrimp, salmon and calamari; other breaded products; and locally sourced products. The Company has set an expectation that these products are sustainably sourced, although they are not included in this global performance measure given the local, and often promotional, nature of these items. Moving forward, we have plans in place to reduce sourcing from non-compliant fisheries and will increase our supply of fish sourced from compliant fisheries as new facility options become available.

**8 Palm oil. Scope:** Includes all palm oil (including crude palm oil, palm kernel oil, derivatives and fractions) sourced for McDonald's restaurants for use as restaurant cooking oil and all palm oil sourced by McDonald's suppliers and used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement. Includes all suppliers of products containing palm oil in the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that use palm oil. All countries are currently identified as high-deforestation priority regions for palm oil and all volumes are required to be covered by Roundtable on Sustainable Palm Oil (RSPO) certification or credits. All RSPO supply chain models applicable to RSPO are applicable to McDonald's – RSPO Identity Preserved (IP), RSPO Segregated (SG), RSPO Mass Balance (MB) and Book and Claim (BC) – although McDonald's is committed to increasing traceability by specifying physical certification for the palm oil used in the McDonald's System in the greatest volumes (IP, SG or MB). **Exclusions:** Palm oil, palm kernel oil or their derivative used as secondary ingredients in McDonald's products. This is when palm oil is used as an ingredient within an ingredient, for example, an emulsifier.

**9 Soy (for chicken feed). Scope:** Includes all soybean volume used in the feed of chicken sourced for McDonald's products by all chicken suppliers to the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that sell chicken. Europe refers to Austria, Azerbaijan, Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the U.K. and Ukraine. Countries with regions currently identified as high-deforestation priority regions for soy include Argentina (Chaco biome), Brazil (Amazon and Cerrado biomes) and Paraguay (Chaco biome). Given the complexity of soy supply chains, we consider that, unless demonstrated, all of McDonald's sources of soy for chicken feed fall into high-deforestation priority regions, with the exception of chicken sourced in North America, where soy used in chicken feed is locally produced and considered low risk. **Exclusions:** Soy used as an ingredient in McDonald's products sold in restaurants, for example, soy oil.

**10 Coffee. Scope:** Includes all ground and whole bean coffee, including decaffeinated coffee, used in espresso-based drinks and coffee brewed at McDonald's restaurants, and all ground and whole bean coffee in McDonald's branded retail products. Includes all suppliers of coffee to the McDonald's System. Market scope includes all McDonald's restaurants owned and operated by the Company and its Franchisees that sell coffee, and retail outlets selling McDonald's-branded coffee products. Countries with regions currently identified as high-deforestation priority regions for coffee include Honduras, Indonesia and Vietnam. McDonald's requires all coffee sourced from these regions to be Rainforest Alliance Certified. **Exclusions:** Coffee extracts and ingredients used in products such as frappés and coffee in baked goods; coffee in cold brew drinks if they are brewed off-site; coffee extract in ready-to-drink retail products; and other locally sourced products containing coffee.

**11 Fiber. Scope:** Primary fiber-based packaging refers to products that are used to package guest food on premises at McDonald's restaurants. This type of packaging includes containers, cups, wraps, bags for food, beverages, napkins, folding cartons, clamshells, food service bags, napkins, salad bowls, Happy Meal cartons, drink carriers and cup carriers. Includes all suppliers of primary-based packaging to the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees. In 2021, the primary fiber-based packaging scope was expanded to include plastic alternatives such as wood stirrers and cutlery, and paper straws and lids. This broadened scope has resulted in a slight decrease in percent compliance. All volumes of contingency items sourced from suppliers compliant with our standards but not integrated into our data reporting system were counted as non-compliant. Countries with regions currently identified as high-deforestation priority regions for fiber include Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam. McDonald's requires all wood fiber sourced from these regions to be Forest Stewardship Council® (FSC®) certified or FSC® controlled wood sources with full chain of custody certification. **Exclusions:** Primary fiber-based packaging in food packaged off-site McDonald's restaurants; tray liners, straws and limited locally sourced items.

**12 Broiler welfare:** These commitments apply to chickens raised for sale at McDonald's restaurants in Australia, Canada, France, Germany, Italy, Ireland, the Netherlands, Poland, South Korea, Spain, Switzerland, the U.K. and the U.S. Russia has been removed from the scope of this goal based on our 2022 exit from this market.

**13** Franchisees are independent employers and select which of their employees attend Hamburger University.

## Find Out More

For more information on terms and definitions, governance, performance data and more, please visit the [Our Purpose & Impact section](#) of our website.

This Index covers our 2023 progress, unless noted otherwise.