

A photograph of a young girl with curly hair, wearing a pink and white striped shirt, sitting by a stream. She is holding a red McDonald's meal box with the golden arches logo. The background shows the flowing water of the stream.

Impact Report

2022–2023

Our Purpose & Impact Report
McDonald's Corporation



**Our purpose is to feed
and foster communities.
As the 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. 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.

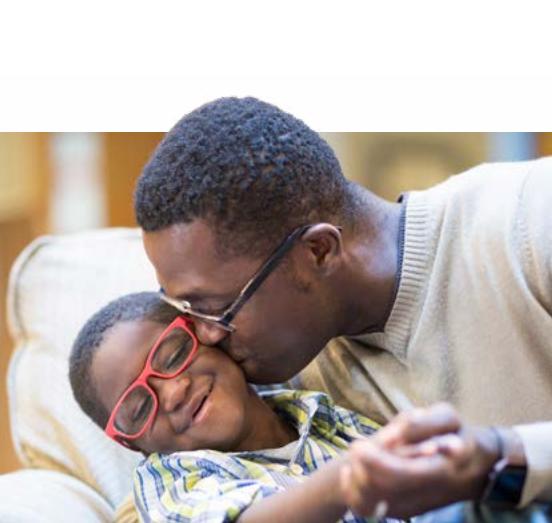


What's Inside

Introduction

McDonald's is the global leading foodservice retailer, with more than 40,000 locations 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.

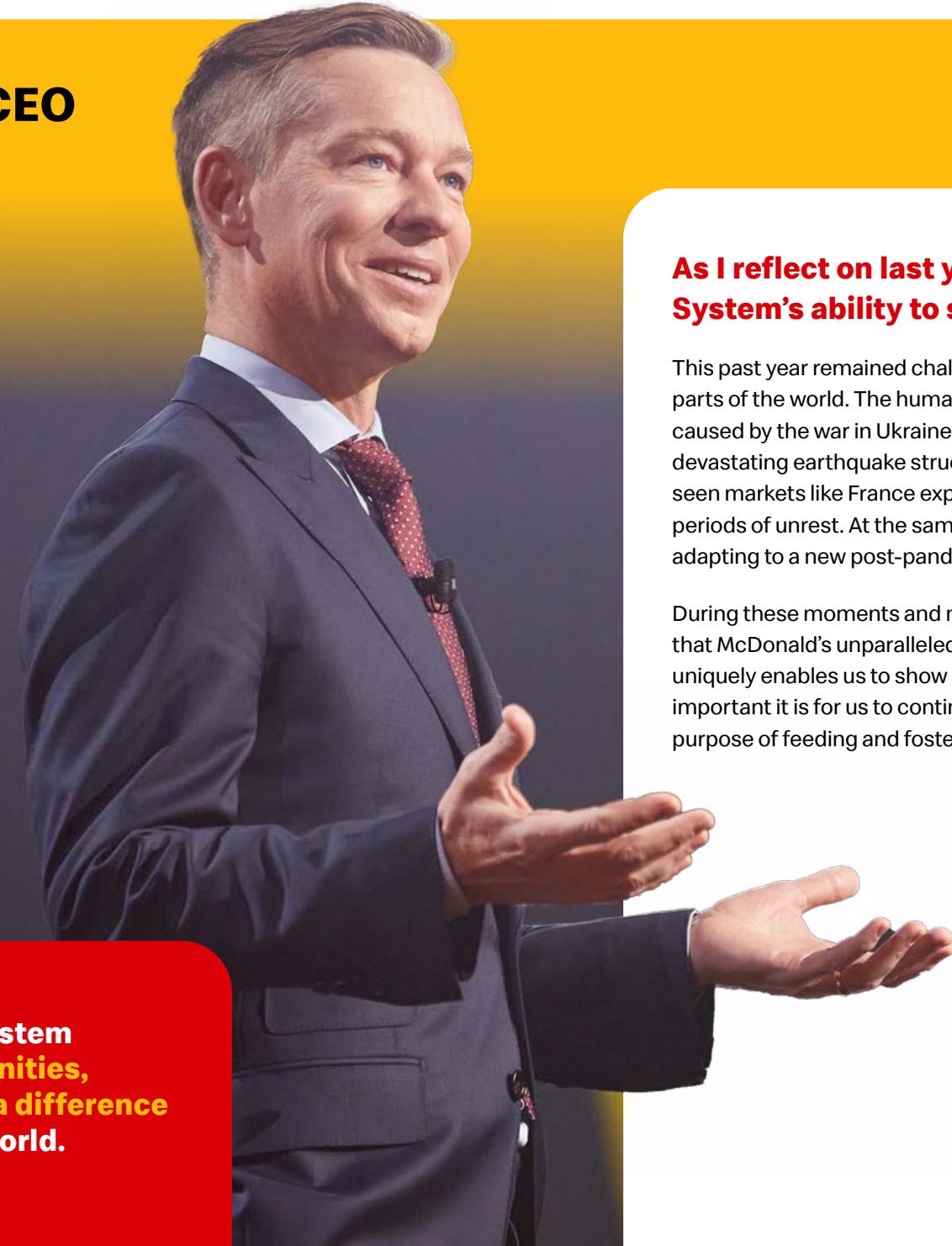
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Community Connection

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



We strive to leverage our entire System to grow our impact across communities, help protect our planet and make a difference in the lives of people around the world.

As I reflect on last year, I continue to be impressed by our System's ability to support and uplift communities.

This past year remained challenging in many parts of the world. The humanitarian crisis caused by the war in Ukraine continued, a devastating earthquake struck Turkey, and we've seen markets like France experience profound periods of unrest. At the same time, we continued adapting to a new post-pandemic world.

During these moments and more, I'm reminded that McDonald's unparalleled size and scale uniquely enables us to show up, and how important it is for us to continue delivering on our purpose of feeding and fostering communities.

Offering Families the Choices They Love

At McDonald's, we're listening to our customers to evolve our offerings, while maintaining the same taste they know and love. I'm particularly proud of the work that's gone into the evolution of our Happy Meal Offerings, and how our markets are promoting more balanced choices for families than ever before. Over the last five years, we made significant progress toward five Happy Meal Nutrition Goals that we set in 2018 in 20 of our major markets.

Despite the changes and challenges our business encountered over the last few years, our entire System remained committed to these goals. As we look forward, we will share learnings across markets and assess new opportunities to build on our progress.

Nurturing Our Planet

As a leading global brand, we've embraced the opportunity to take action to respond to climate change, and we continue to make progress toward net zero emissions globally by 2050.

We are working with our suppliers to scale practices that make agriculture not just more sustainable, but also regenerative. It's not enough to just do less damage to our planet. We need to do *more good*. That's why we remain focused on driving climate action, helping to protect natural resources, reducing waste and transitioning to more sustainable packaging.

Creating Inclusive Workplaces & Restaurants

Guided by our values, we're focused on creating inclusive workplaces and restaurants.

At the end of 2022, U.S. systemwide spend with diverse-owned suppliers was 25.0%, resulting in McDonald's reaching its diverse-owned supplier spend goal for the second year in a row. We also continued implementation of our Global Brand Standards to promote even safer workplaces across our restaurants.

We know that a diverse workforce is critical to McDonald's success, which is why we're committed to providing training, education benefits and career paths that empower people and create opportunities in the communities we serve.

Serving Our Communities

McDonald's has a unique connection with communities around the world, and we believe that comes with a responsibility to support people and their local communities.

As a System, we've been able to make a huge impact in support of Ronald McDonald's House Charities' (RMHC) mission. Together with our Franchisees and customers, over \$182 million was donated to RMHC in 2022, helping provide more than 2.2 million overnight stays for families around the world.

Looking Toward the Future

I'm proud of the McDonald's System for deepening the ways we positively impact our communities. But it doesn't stop here. We strive to leverage our entire size and scale to grow our impact across communities, help protect our planet and make a difference in the lives of people around the world. By working together, as a System and with our suppliers, I believe we have the ability to address these global challenges.

There's more work to be done. But if there's anyone who is up to the challenge, it's the McDonald's System – and our people who drive our business forward and delight our customers each and every day.

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



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

Since joining McDonald's last year, I've been incredibly impressed by the passion our people and System have for making the world a better place.

McDonald's is one of the most iconic and trusted brands in the world. We believe this puts us in an incredible position to create an unmatched impact on our planet and in our communities, and for our people, Franchisees and suppliers.

That's why we're using our voice to help influence positive change around the world, including by working with policymakers, academia, industry groups,

nongovernmental organizations (NGOs), community-based organizations, the investment community and others to help us better understand and advance progress on a range of areas.

Making a positive impact within our communities and on our world is a priority set from the highest levels of our business, including our Board of Directors. Through the work of various Board committees such as our Sustainability & Corporate Responsibility Committee, we have a long history of commitment to incorporating sustainable and socially responsible practices into our business operations.

I'm proud of the work we do to help make a difference, and it's a privilege to lead our Global Impact team working closely with our Board, CEO and the entire McDonald's System to drive progress forward.

I look to the future with optimism – because of both the progress we've made, and the dedication and energy we have for the work ahead.

Who We Are

What began as a small drive-in restaurant in San Bernardino, California, has grown into an American 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 over 65 years.

McDonald's restaurants, whether franchised or operated by us, serve a locally relevant menu of quality food and beverages in communities across more than 100 countries. Of the more than 40,000 McDonald's restaurants at year-end 2022, approximately 95% were franchised.

We've achieved an increase in systemwide sales of nearly \$20 billion since 2020, with our global comparable sales growing by almost 11% in 2022. Our success is a direct result of our continued focus on our M, C, D growth pillars:

- **Marketing** – We continue to elevate our marketing through creative excellence and by driving programs with cultural relevance that can be scaled across markets.
- **Core** – We are capitalizing on the strength of our core menu and growing market share in chicken and beef.
- **Digital, Delivery and Drive-Thru (3-“Ds”)** – We continue to demonstrate huge growth potential, remaining focused on meeting customers where they are and providing more personalized experiences. We now have almost 50 million active loyalty users in our top six markets.

What matters to our customers matters to McDonald's, so our vision for the future centers on five core values: Service, Inclusion, Integrity, Community and Family.

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 System. Company employees,

who include those in our corporate offices as well as in Company-owned and operated restaurants, totaled over 150,000 worldwide as of year-end 2022, of which approximately 70% were based outside of the U.S. In addition to Company employees, the over 2 million individuals who work in McDonald's franchised restaurants around the world are critical to our success, enabling it 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 ensure we can meet the moment today and have long-term success.

Our mission is to make delicious feel-good moments easy for everyone. The backbone of our brand is, and always has been, a commitment to a set of core values that define who we are and how we run our business and restaurants.

Living these values is the foundation of McDonald's next great chapter. We're committed to improving the lives of our people, our industry and the planet by putting our customers and employees first, sourcing quality food, reducing waste impact and expanding job opportunities around the world. As one of the world's largest restaurant companies, McDonald's believes it has the 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

- ❶ **Serve** – We put our customers and people first.
- ❷ **Inclusion** – We open our doors to everyone.
- ❸ **Integrity** – We do the right thing.
- ❹ **Community** – We are good neighbors.
- ❺ **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

Within All Restaurant Buildings/Sites

(Company-owned 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



Company Employees and Franchisee Employees

Fostering safe, respectful and inclusive workplaces

Offering competitive employee compensation and benefits

Providing continuous learning and development opportunities

Our Communities

Families and Well-Being

Supporting Ronald McDonald House Charities

Providing Support During Times of Need

Providing crisis response with community partners

Offering hardship and disaster relief for U.S.-owned restaurants

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

As the leading global foodservice retailer, we believe we have a responsibility to ensure sustainable value creation for shareholders while acting on our most pressing environmental, social and governance challenges.

Understanding and effectively managing McDonald's environmental and social impact work through governance structures, strategies and goals is central to operating responsibly, maximizing shared value, ensuring brand trust and building long-term resiliency.

Our Impact Areas and Goals

In 2020, we announced our Impact Strategy, centered on the four Impact Areas shown below. These were informed by feedback from customers and trusted external organizations to help us make a difference at scale and drive industrywide change across our Company

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, accelerating equity and respecting human rights.

Our Impact Strategy

and within communities. We have established strategies, policies, goals and performance indicators to measure and manage annual progress and report against each area.

□ Find out more about our [Impact Strategy](#) on our website.

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.

How We Prioritize Impact Areas

McDonald's prioritizes environmental and social issues where we can have the greatest impact and are most important to our stakeholders.

In partnership with other teams, our Global Sustainability & Social Impact team tracks internal and external insights to help prioritize efforts, evolve our strategy and tailor reporting. Through regular engagement, the team discusses the evolution of key issues and transparency expectations with shareholders, suppliers, employees, communities and key NGOs.

We use our Enterprise Risk Management (ERM) framework to identify, assess and prioritize strategic, financial and reputational risks with the potential for a sustained impact on our business. The framework leverages internal risk committees, comprising cross-functional leadership, which meet regularly. Issues are escalated to our CEO, Board and/or committees, as appropriate.

Our Governance Approach

Robust governance is critical to managing environmental and social impact issues and delivering long-term value for customers, stakeholders and communities. Our Board and Cross-Functional Leadership team are responsible for guiding our strategies, goals, policies and performance indicators, supported by working groups, Franchisees and suppliers.

- **Board of Directors** – 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.
- **Cross-Functional Leadership team** – Accountable for leading our Impact Strategy, including management of environmental, social and governance (ESG)-related risks and opportunities to help create long-term value.
- **Global Sustainability & Social Impact team** – Provides Corporate Staff leadership, coordination and support for our global sustainability policies, programs and reporting.
- **ESG Disclosure Committee** – Oversees procedures related to the governance of our ESG disclosures, including external impact reporting.
- **Engagement with stakeholders** – Drawing on stakeholders' insights and expertise regarding the issues where we can have the greatest impact.

 Find out more about our governance on our website.

Business Resilience

Our ERM framework is designed to identify, assess and prioritize strategic, financial and reputational risks with the potential to have a sustained impact on our Company. It is periodically reviewed with learning incorporated to drive transparency and strategic decision-making. Our Board annually reviews strategic and enterprise risks, including our mitigation and overall strategy, competitive landscape, capital structure and management succession planning. Internal auditors support risk identification and monitoring.

 Read more about how we build the resilience of our business on our website.

Engaging With Stakeholders and Policymakers

We engage closely with various stakeholders and embrace the role we play with policymakers. The relationships we've developed with experts from academia, industry groups, NGOs and community-based organizations, the investment community and others help us better understand and advance progress on a range of impact areas.

 Read more about stakeholder engagement and public policy on our website.

Supporting the SDGs

Much of what we and our Franchisees do – provide fulfilling employment with opportunity for continuing education, help reduce waste, more sustainably manage natural resources and address climate change – has the potential to contribute to sustainable development.

The United Nations Sustainable Development Goals (SDGs) is a global agenda established to end poverty, protect the planet and ensure prosperity for all. McDonald's contributes to many of the agenda's 17 goals through our System, our scale and our collaborations. We have identified four SDGs through which we have the largest impact.



SDG 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

We offer equitable access to opportunity, ongoing educational support for team members, and offer pre-employment training for young people.



SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Within our respect for human rights, we prevent forced labor in our supply chains, foster workplaces that are safe and respectful and fairly compensate our staff.



SDG 12 Ensure sustainable consumption and production patterns

We are committed to responsible sourcing of our top commodities to drive progress toward sustainable consumption and production. We are addressing waste streams from our operations, from packaging to food.



SDG 13 Take urgent action to combat climate change and its impacts

We have committed to reducing our own GHG emissions and we are working with our Franchisees and suppliers to support them in doing the same.

 Learn more on our Contributing to the UN SDGs web page.

Our Reporting

In This Report

Our progress and actions are covered in detail in this report, providing a holistic review of the strides and progress we made in 2022. Unless otherwise stated, the information and data in this report covers McDonald's Corporation and its majority-owned subsidiaries worldwide during fiscal year 2022 (January 1 to December 31).

The humanitarian crisis caused by the war in Ukraine and the precipitating unpredictable operating environment led us to determine that continuing operations in Russia was no longer tenable nor consistent with McDonald's values. Due to the transfer of our Russian business in May of 2022, Russia has been excluded from our 2022 performance reporting across topics, unless otherwise stated.

Go to related topics in this PDF wherever you see this symbol. ➔

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.

Go to more detail online wherever you see this symbol. ➔

Key Definitions

- **McDonald's:** Our global brand, unless specified otherwise.
- **We/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, please see the Company's 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, which 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," "continue," "estimate," "forecast," "intend," "look," "may," "will," "expect," "believe," "anticipate," "plan," "remain," "confident" and "commit" 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.



Our business is subject to an increasing focus on environmental and social impact matters

In recent years, there has been an increasing focus by stakeholders – including employees, franchisees, customers, suppliers, governmental and non-governmental organizations and investors – on environmental and social impact matters. A failure, whether real or perceived, to address environmental and social impact matters or to achieve progress on our environmental and social impact initiatives on the anticipated timing or at all, could adversely affect our business, including by heightening other risks, such as those related to consumer behavior, consumer perceptions of our brand, labor availability and costs, supply chain interruptions, commodity costs, and legal and regulatory complexity. Conversely, our taking a position, whether real or perceived, on environmental and social impact, public policy, geopolitical and similar matters could also adversely impact our business.

The standards we set for ourselves regarding environmental and social impact matters, and our ability to meet such standards, may also impact our business. For example, we are working to manage risks and costs to our System related to climate change, greenhouse gases, and diminishing energy and water

resources, and we have announced initiatives relating to, among other things, climate action, sustainability, and responsible sourcing. In addition, we are engaging in community engagement and philanthropy; as well as diversity, equity and inclusion efforts, such as increasing diverse representation in our corporate workforce and our franchisees, and increasing business diversity spend. We have faced increased scrutiny related to reporting on and achieving these initiatives, as well as continued public focus on similar matters, such as packaging and waste, animal health and welfare, deforestation and land use. We have also experienced increased pressure from stakeholders to provide expanded disclosure and establish additional commitments, targets or goals, and take actions to meet them, which could expose us to additional market, operational, execution and reputational costs and risks. Moreover, addressing environmental and social impact matters requires Systemwide as well as third party coordination and alignment, over which we do not have complete control and which may be unpredictable. The standards by which certain environmental and social impact matters are measured are also evolving and subject to assumptions that could change over time.

Please refer to our filings with the Securities and Exchange Commission for more details on risks that could adversely affect our business performance.

For our developmental license and affiliate markets (those not operated by the Company), we rely entirely on the accuracy of the performance data provided by their management.

► For more information on our structure and scope, please see our latest Annual Report on our [Investors](#) web pages.

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 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.

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.

Our 2022 Progress at a Glance

→ Footnotes can be found on page 16

Our Planet

Nature, Forests & Water

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We have made progress against our 2030 goal to eliminate deforestation¹ from our global supply chain, including for our priority ingredient supply chains where more than **99.0% of commodities by volume supported deforestation-free supply chains** in 2022.²



Packaging, Toys & Waste

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We sourced **81.0% of primary guest packaging**³ from renewable, recycled or certified sources in 2022.⁴

97.2% of primary fiber-based guest packaging materials globally were from recycled or certified sources in 2022.

We made progress to reduce plastics in our Happy Meal toys. As of the end of 2022, we have **reduced virgin fossil-fuel based plastic in Happy Meal toys by 47.8%** globally since 2018, up from 24.4% as of the end of 2021.

In 2022, more than 85.1% of restaurants in markets with advanced infrastructure⁵ offered guests the opportunity to recycle packaging items. In these restaurants, guest packaging is collected in customer-facing recycling bins for back-of-house or off-site sorting and recycling utilizing existing local waste infrastructure systems.

More than 85.1% of restaurants in markets with advanced infrastructure⁵ offered guests the opportunity to recycle packaging items.

Climate Action

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In 2021, we committed to adapting our climate targets to help keep global temperature rises below 1.5°C. We intend to share more on our climate journey later this year.

We continue to progress toward net zero emissions globally by 2050, transforming our business to be more resilient. During 2022, we added two large-scale, U.S. virtual power purchase agreements (VPPAs) to contribute more renewable energy to the grid.

As renewable energy projects for which contracts were executed between 2019 and 2023 associated with U.S. electricity use become operational, they are expected to contribute a 33% reduction in emissions from our 2015 baseline.

Food Quality & Sourcing

Responsible Sourcing

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In 2022, we continued advancing efforts to responsibly source our priority ingredients, achieving:

- **98.5%** of beef supported deforestation-free supply chains.⁶
- **88.8%** of fish sourced for McDonald's Filet-O-Fish came from verified sustainable sources.^{7,8}
- **100%** of palm oil supported the production of sustainable palm oil and deforestation-free supply chains.⁹
- **100%** of soy sourced for chicken feed supported deforestation-free supply chains.¹⁰
- **99.9%** of ground and whole bean coffee sustainably sourced.¹¹
- **97.2%** of fiber-based guest packaging sourced from recycled or certified sources.¹²

Animal Health & Welfare

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As of year-end 2022, more than 91% of the pork purchased in the U.S. comes from suppliers that have phased out the use of gestation stalls for housing confirmed pregnant sows.

As of year-end 2022, our egg supply chains are **100% cage free in Australia,¹³ France and Germany**, 88% cage free in the U.S. and 85% cage free in Canada.

We are **on track to achieve our 2024 Broiler Welfare Commitments** across in-scope markets.¹⁴

Responsible Antibiotic Use

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As of December 2022, we have established market-specific targets for responsible antibiotic use in our global beef supply chain for our 10 in-scope markets, and we will partner in the collection of antibiotic use data and measurement of progress on responsible use associated with global beef and dairy industries.¹⁵

The use of Highest Priority Critically Important Antibiotics (HPCIs) to human medicine has been eliminated from all chicken served in **Australia, Brazil, Canada, Europe, Japan, South Korea and the U.S.**



Nutrition & Marketing Practices

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By the end of 2022, we made significant progress across all **five Global Happy Meal Goals in our 20 major markets.**¹⁶ Going forward, we will assess new opportunities and build on the progress we have made so far.



Jobs, Inclusion & Empowerment

Diversity, Equity & Inclusion

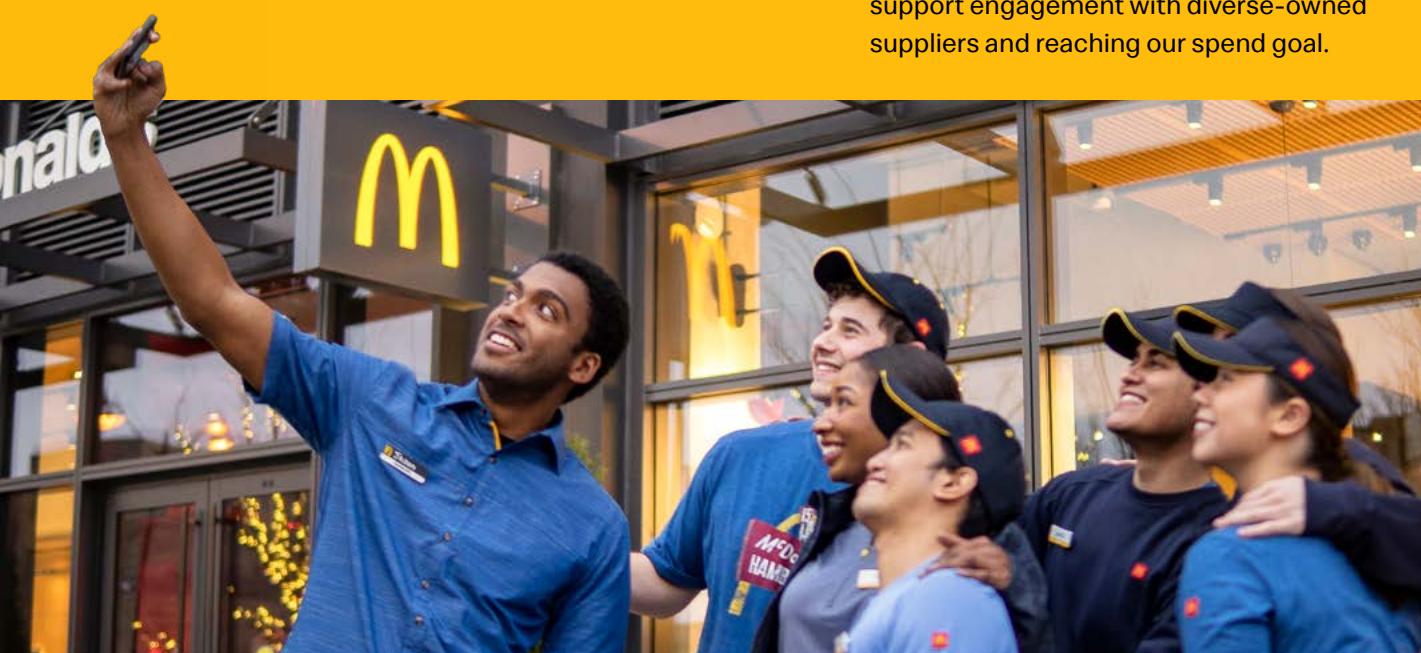
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Our 2022 pay gap analysis shows that McDonald's substantially attained equal pay, and in the first quarter of 2023 we closed the small pay gaps identified in the analysis. The results of our 2022 pay gap analysis showed that women globally in Company-owned and operated markets are paid \$.9991 for every \$1 in base pay on average of what men are paid for similar work.¹⁷ It also showed on an aggregate basis, that there was no base pay gap disfavoring Underrepresented Groups in the U.S.¹⁸

As of the end of 2022, **43%** of leadership roles (Senior Director and above) globally are held by women.^{19, 20}

As of the end of 2022, **28%** of leadership roles (Senior Director and above) located in the U.S. are held by individuals in Underrepresented Groups.^{21, 22, 23}

As of the end of 2022, our U.S. systemwide spend with diverse-owned suppliers was 25.0%,²⁴ resulting in McDonald's reaching its 25% diverse-owned supplier spend goal for the second year in a row.²⁵ We will continue to implement strategies that help support engagement with diverse-owned suppliers and reaching our spend goal.



Human Rights

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We became a member of the **Leadership Group for Responsible Recruitment**, a collaborative effort to drive positive change in how we recruit migrant workers.

As reported in our latest Supplier Workplace Accountability (SWA) Global Compliance report, in 2022, we **engaged with 5,162 supplier facilities globally** – including 537 new ones – to assess various human rights considerations.

Safe & Respectful Workplaces

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We continue to implement our Global Brand Standards across all restaurants – in more than 40,000 locations. In 2022, our Building a Safe, Respectful and Inclusive Workplace global eLearning module, available for crew and managers, was made available in multiple languages and offered to Franchisees and Developmental Licensees (DLs) as support.

Talent & Benefits

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By the end of 2022, *Archways to Opportunity* had increased access to education for more than **82,500 people** since 2015. Through it, we have **awarded more than \$185 million in high school and college tuition assistance**.

In 2022, more than 60,000 individuals successfully completed learning offerings, including Hamburger University restaurant and leadership curricula in-person or virtual formats and eLearning courses.

43% of leadership roles (Senior Director and above) globally are held by women.

Community Connection



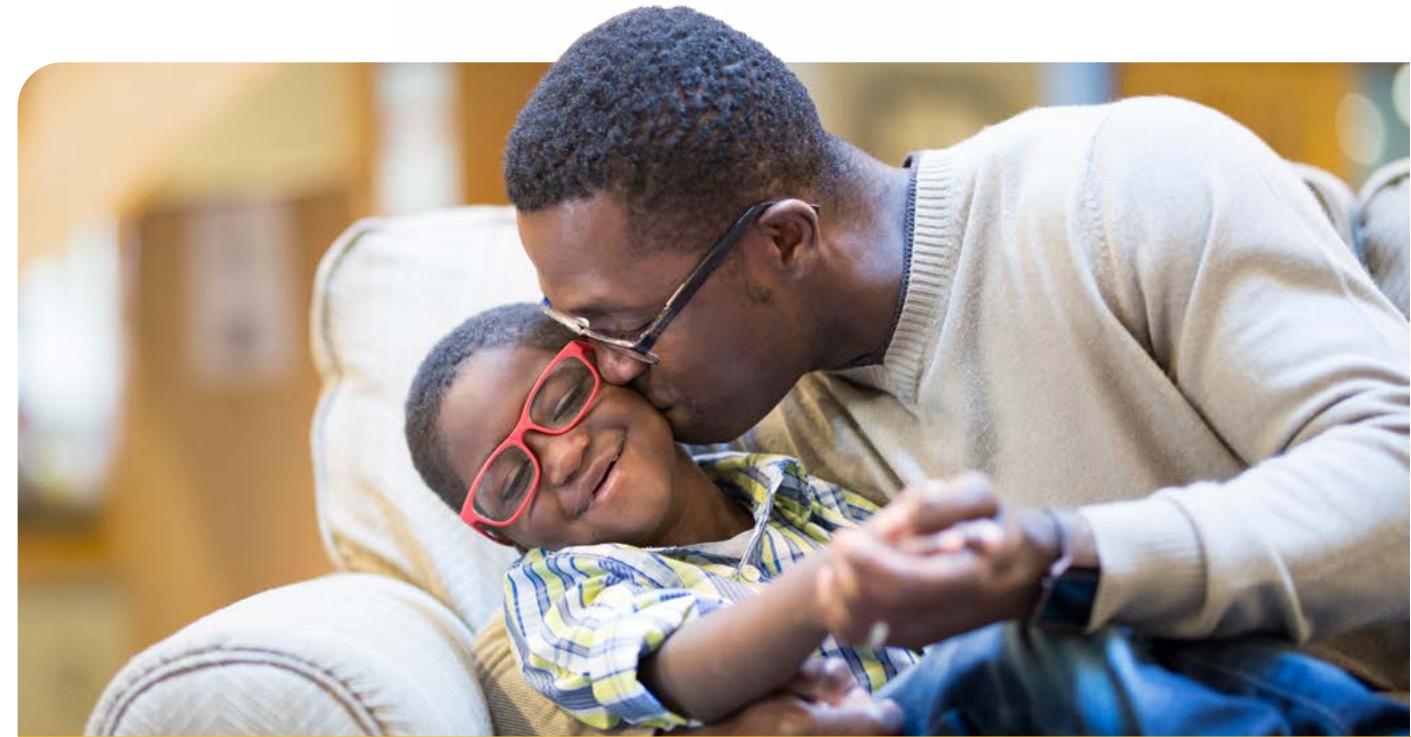
Community Impact & Philanthropy

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From July 2018 to the end of 2022, **approximately 1.7 million young people** have participated in training programs and/or been hired in McDonald's or participating Franchisee restaurants.²⁶

In 2022, we launched a Chicago-based investment strategy supporting local communities, including a **\$3.5 million investment** with 40 local nonprofit organizations.

In 2022, we held our first Global Volunteer Month, with over **8,500 employees volunteering across 120 events**. Collectively, they volunteered approximately **16,700 hours** to local community causes.



Ronald McDonald House Charities (RMHC)

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Throughout 2022, we **donated \$20 million to RMHC** as part of our five-year, \$100 million commitment.

In total, McDonald's, our Franchisees and customers donated over \$182 million to RMHC in 2022, helping the charity provide more than 2.2 million overnight stays for RMHC families around the world.

In 2022, more than **28,000** individuals in the McDonald's System – including Owner/Operators, DLs, employees and crew – volunteered with RMHC Chapters.

16,700 hours volunteered by employees to local community causes.

Notes

- 1 Deforestation** refers to the loss of natural forest as a result of conversion to agriculture or other non-forest land use; conversion to a plantation forest; or severe and sustained degradation as aligned with the definitions of Accountability Framework Initiative (AfI).
- 2** 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.
- 3 Packaging. Scope:** Inclusive of all markets for our fiber-based guest packaging and Happy Meal book and toy packaging. For our plastic-based packaging, all markets are included except for Israel, Latin America, Turkey and Thailand. **Renewable sources** refer 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. 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** In 2022, we saw a decrease in the percentage of our primary guest packaging sourced from renewable, recycled or certified materials as compared to 2021 due to deployment of packaging materials not yet compliant with our goal standards. We know progress in this space is not always linear and we intend to continue making supply chain improvements to meet our packaging sourcing standards and remain committed to our 2025 goal.
- 5 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 2022, that included 21 markets where McDonald's operates.
- 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 in McDonald's products, for example, as flavoring in a sauce.

- 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** 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 to the McDonald's Sustainable Fisheries Standard by the Sustainable Fisheries Partnership. **Marine Stewardship Council (MSC) Certification** is optional to McDonald's markets. Fisheries may also be independently certified as meeting the MSC Principles and Criteria for Sustainable Fishing where a certificate of conformity to an MSC Standard has been granted. **Source:** 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 portions served in McDonald's restaurants. Filet-O-Fish represents over 98% of the total fish volumes used in the McDonald's System (by weight). Includes all suppliers of wild-caught fish for Filet-O-Fish 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 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.
- 8** In 2022, we saw a decrease in the percentage of our fish sourced from sustainably managed wild-caught fisheries. This was due to impacts on our supply chain from the ongoing humanitarian crisis in Ukraine and McDonald's decision to exit the Russian market in 2022. This resulted in an increase of fish sourced from fisheries whose Fishery Improvements Projects are not yet compliant with our standards. 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 have become available.
- 9 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 palm oil 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, as an emulsifier.

- 10 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, Belarus, Belgium, Bosnia, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Herzegovina, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the U.K. and Ukraine. 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.

- 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. **Sustainably sourced** refers to coffee sourced by suppliers to the McDonald's System that complies with the requirements set out by one of the following third-party certification schemes as being either: Rainforest Alliance Certified (www.ra.org); UTZ Certified (www.utz.org); Fair Trade USA Certified (www.fairtradecertified.org); Fairtrade International Certified (www.fairtrade.net), or sourced from an approved [McCafé Sustainability Improvement Platform \(SIP\)](#) program. McDonald's requires all coffee sourced from Honduras, Indonesia and Vietnam 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 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, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, drink carriers and cup carriers. In 2021, the primary fiber-based packaging scope was expanded to include wood stirrers and cutlery, as well as paper straws and lids. **Certified sources** refer to suppliers of primary fiber-based packaging to the McDonald's System that comply with the forest management and chain-of-custody certification requirements set out by one of the following third-party schemes: [Forest Stewardship Council \(FSC\)](#); [Programme for the Endorsement of Forest Certification \(PEFC™\)](#) or [PEFC-endorsed national systems](#) including, for example, Sustainable Forestry Initiative® (SFI®), CSA Group (Canada) and Cerflor (Brazil). 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 from an FSC-controlled wood source with full chain-of-custody certification. **Recycled sources** refer to material that has been reprocessed from recovered (reclaimed) material by means of a manufacturing process and made into a final product or into a component for incorporation into a product. **Recycled material** applies to plastics and fiber. 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. **Renewable sources** refer 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. **Third-party verification** means that an independent accredited organization has reviewed the manufacturing process of a product and has determined that the final product complies with standards for the attributed claim. Credible third parties include professional auditing and certification bodies. **Exclusions:** Primary fiber-based packaging in food packaged off-site McDonald's Restaurants, tray liners and limited locally sourced items
- 13** Please see McDonald's Australia's website for more information: <https://mcdonalds.com.au/our-impact/food-quality-sourcing>.
- 14** 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.
- 15** 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.

16 Our major markets include the U.S., Canada, Brazil, Argentina, the U.K., France, Germany, Austria, Spain, Netherlands, Italy, Poland, Sweden, Switzerland, Mexico, Hong Kong, China, Japan, Taiwan and Australia. While initially included in these 20 markets, Russia was removed in 2022 following business changes and our exit from this market. We subsequently incorporated Mexico into the goal scope, as Keybridge was already monitoring their progress and it allowed us to maintain tracking against 20 markets.

17 The following countries are included in the 2022 analysis: U.S.A, Canada, France, Germany, the U.K., Australia, New Zealand, the Czech Republic, Slovakia, Poland, Austria, Belgium, Switzerland, the Netherlands, Spain, Italy and 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.

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

19 The December 2020 baseline data shows women make up 37% of leadership (Senior Director and above) roles.

20 2022 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 Development Licensees (DLs) are also included. Data was obtained through various means, including informal identification and voluntary self-disclosure.

21 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.

22 The December 2020 baseline data shows Underrepresented Groups make up 29% of leadership (Senior Director and above) roles.

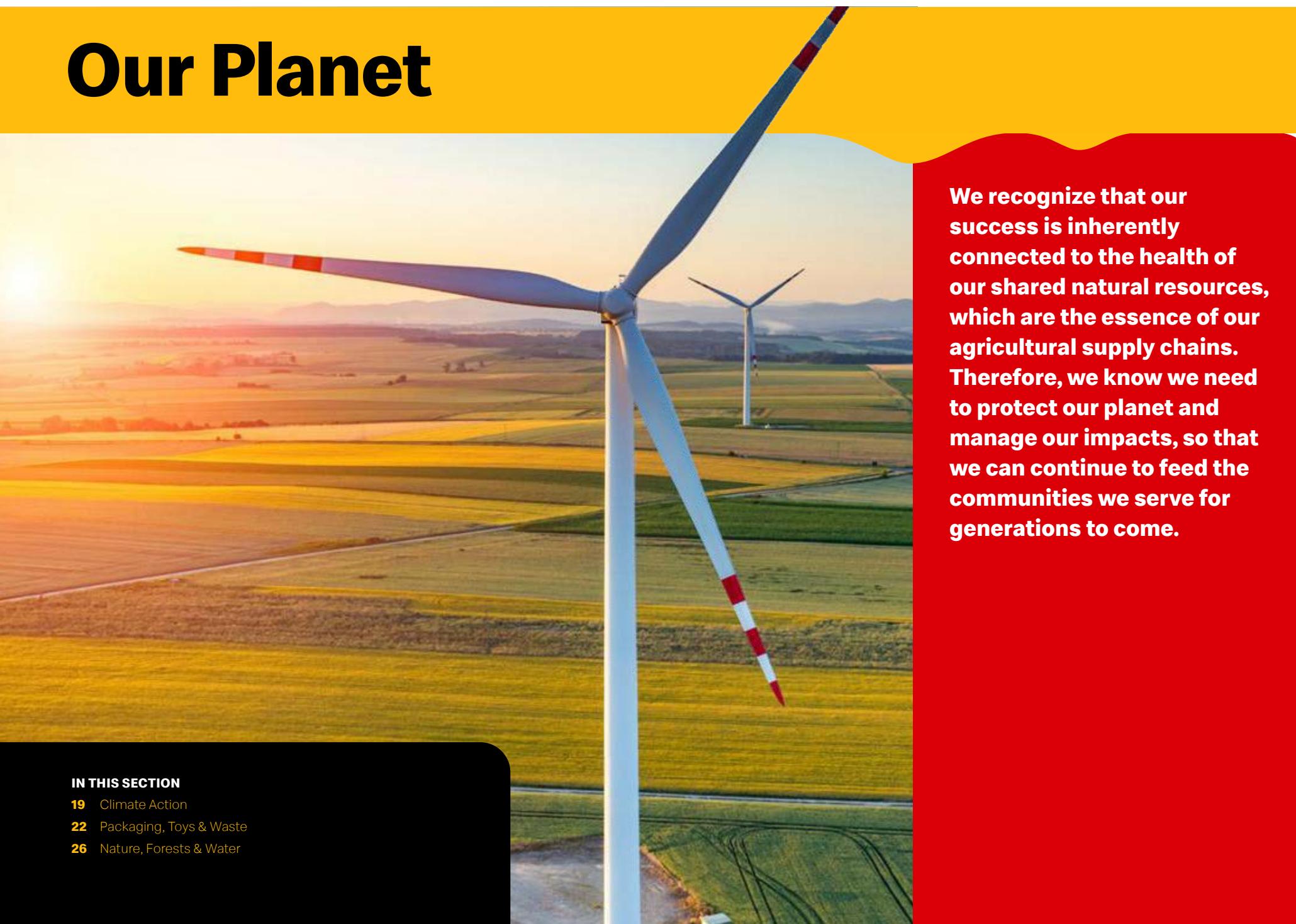
23 Data includes U.S. paid employees only. All U.S. paid employees working in other markets are excluded. This data reflects U.S. employees who voluntarily disclosed race/ethnicity information. Due to rounding, some totals may not correspond with the sum of the separate figures.

24 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, communication, 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 noncontrollables (taxes, utilities, rent, aircraft fuel, airport fees, facility leases, donations, bank fees and subscriptions). Our diverse-owned diversity spend figures in the U.S. includes 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. FY2020 percent spend through the U.S. System with diverse-owned suppliers was restated following update of diversity classification of two suppliers and evolved data practices around Tier 2 spend reporting and accounting for Supply Chain managed spend for equipment and operating supplies.

25 Our goal continues to be to attain 25% U.S. systemwide spend with diverse-owned suppliers by the end of 2025. Variance of systemwide spend with diverse-owned suppliers may occur in 2023 or 2024.

26 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, Korea, Mexico, 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, the Netherlands, Switzerland, the U.K. and the U.S.

Our Planet



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- 22** Packaging, Toys & Waste
- 26** Nature, Forests & Water

We recognize that our success is inherently connected to the health of our shared natural resources, which are the essence of our agricultural supply chains. Therefore, we know we need to protect our planet and manage our impacts, so that we can continue to feed the communities we serve for generations to come.

That is why 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 by joining the United Nations Race to Zero campaign, committing to achieve net zero emissions by 2050 and do our part to help keep global temperature increases below 1.5°C.

Climate Action



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

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

In 2021, we committed to adapting our climate targets to help keep global temperature rises below 1.5°C. We intend to share an update on our climate journey later this year.

Our 2021 Footprint

Scope 1

Sources of direct emissions (owned or controlled by the Company) from Company-operated restaurants and offices only

2021 GHG Emissions (Metric Tons)

2021: **113,286**

2015 (Baseline): **162,958**

0.18% of total emissions

Scope 2*

Sources of indirect emissions (owned or controlled by the Company) from Company-operated restaurants and offices only

2021 GHG Emissions (Metric Tons)

2021: **469,236**

2015 (Baseline): **1,295,064**

0.8% of total emissions

* Market-based

Scope 3

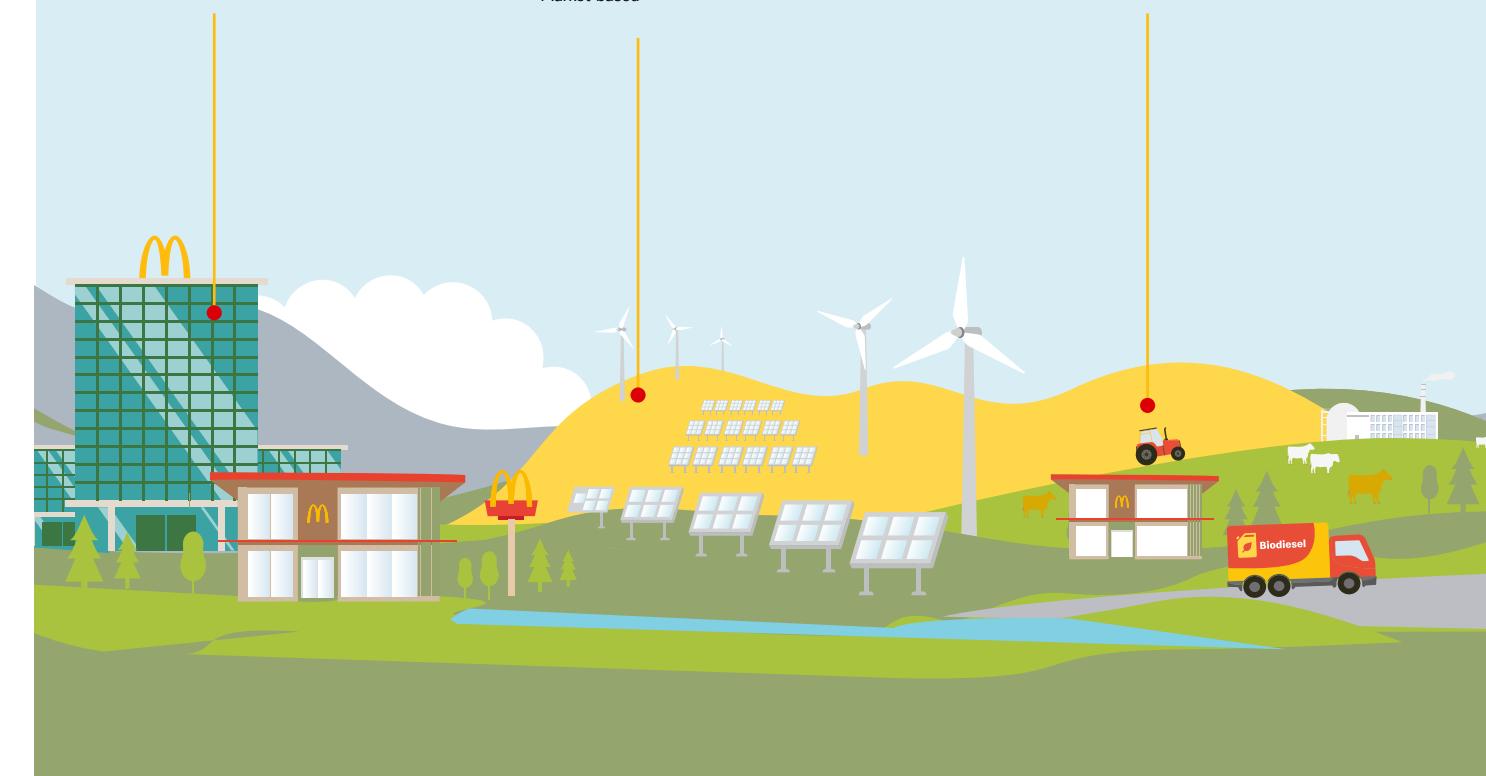
Sources of all other indirect emissions from Franchisee-owned restaurants, waste from all restaurants, supply chain, transportation and logistics

2021 GHG Emissions (Metric Tons)

2021: **56,803,958**

2015 (Baseline): **49,802,177**

99.02% of total emissions



Our Strategy in Brief

Climate change is one of the biggest challenges of our time. Natural disasters and extreme weather patterns pose significant risks to food supply resilience and to communities around the world, including those from which we operate and source. While acting on climate change is challenging and requires significant investment, it is critical to the strength of our business now and in the future.

We have a unique opportunity as a global brand to mobilize the entire McDonald's System – the Company, Franchisees, suppliers and producers – to catalyze change. With these partners, we are helping to improve our restaurants and food systems and create a better future.

We have embedded our climate goals across our operations, and are prioritizing action in our most carbon-intensive areas, including restaurant energy, our supply chain, and packaging and waste.

We continue to implement our strategy through:

- **Measuring our energy impact** using millions of climate tracking data points, sharing actionable data and benchmarking insights to inform development of our strategy.
- **Collaborating to drive and advocate change** by partnering with suppliers, Franchisees, industry, governments, NGOs and others on climate action initiatives.
- **Implementing climate solutions in our supply chain** through work with suppliers that strengthens regenerative agriculture practices to conserve our forests and reduce emissions.
- **Accelerating circularity** with packaging and waste strategy, which aims to reduce waste while reducing emissions across our operations and supply chain.
- **Increasing energy efficiency in restaurants** by designing and operating more sustainable restaurants, embracing practices that conserve energy, as well as increasing renewable energy use, with requirements set out in our Global Restaurant Standards (GRS).

 Read more about our Climate Action strategy and our approach to responsible sourcing on our website.

Our Climate Targets and Net Zero Pledge

In 2018, we committed to reducing GHG emissions related to our restaurants and offices by 36% by the end of 2030 from a 2015 base year. We're also targeting a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain. These science-based targets were approved by the Science Based Targets initiative (SBTi) in 2018, and we have continued to work toward them by collaborating with industries, governments, Franchisees, suppliers, consumers and local communities.

In 2021, we joined the United Nations Race to Zero campaign, committing to net zero emissions by 2050. Through the SBTi Business Ambition for 1.5°C campaign, we are also in the process of adapting our interim 2030 climate targets to help keep global temperature rises below 1.5°C.

Our Comprehensive Disclosure on Climate Action

-  [2021 Climate Risk & Resiliency Summary](#) (PDF – 3.82 MB)
-  [McDonald's 2022 CDP Climate Change](#) (PDF – 828 KB)

Collaborations to Advance Our Strategy

We are frequently engaging with industry groups focused on developing tools and best practices for addressing climate change. In 2022, we were part of the SBTi Forest, Land and Agriculture (FLAG) project consultative group, which provided expert advice and direction for companies in land-intensive sectors, including developing guidance to ensure robust, clear and practical target-setting.

As part of the C-Sequ Working Group, we helped develop a clear methodology to account for carbon sequestration in life cycle analysis (LCA) calculations. We also supported the work of the GWP* Group, helping to assess and model its methodology to better understand the warming impact of methane.

Sustainable Building Innovation

In 2022, McDonald's China opened its first restaurant to receive LEED (Leadership in Energy and Environmental Design) Zero Carbon® certification and Zero certification for net zero energy – a Drive-Thru restaurant in Shougang Park. The site features more than 2,000 m² of on-site solar panels that are expected to generate approximately 330,000 kWh annually – enough to cover the site's daily operational power needs.

The restaurant is expected to become the first in the industry to meet dual LEED Zero Carbon Emission and Zero Energy Consumption standards in China and the wider Asia Pacific region. McDonald's China has also developed an action plan to promote more sustainable restaurants. Through the plan, a total of 1,800 restaurants meeting LEED certification standards for Interior Design and Construction were opened by the end of 2022.

McDonald's UK & Ireland seeks to achieve net zero emissions for all market restaurants and offices by 2040. To achieve this, the market leveraged its first LEED Net Zero standards restaurant, in Market Drayton, as a blueprint for future new-build restaurants. The restaurant, launched as a testing ground for sustainable

developments, was the first restaurant built to the UK Green Building Council (UKGBC) Net Zero Standard for operational energy and embodied carbon construction. The market has now opened a second net zero restaurant in Louth, Lincolnshire.

In Chicago, our flagship restaurant has similarly served as a testing hub for sustainable solutions that could be applied to other locations, such as LED lighting fixtures and more efficient kitchen equipment solutions. After two years in operation, our Chicago flagship restaurant was the first McDonald's to receive LEED Platinum certification.

Advancing Regenerative Agriculture

As well as designing our sites to be more sustainable, we're working with our suppliers and farmers across the world to scale regenerative farming practices that can improve productivity, build resiliency to a changing climate and conserve the forests and natural ecosystems we all depend on.

 Read more about our approach to regenerative agriculture on [page 39](#) and on our [Responsible Sourcing](#) web page.

Next Steps

We continue to progress toward net zero emissions globally by 2050, transforming our business to be more resilient. During 2022, we added two large-scale U.S. VPPAs to contribute more renewable energy to the grid.

As the U.S.-based projects for which contracts were executed between 2019–2023 continue coming online over the next few years, the energy generated is expected to be equivalent to more than 11,700 restaurants' worth of electricity and is expected to contribute to a 33% reduction in GHG emissions from our global 2015 baseline.

While this represents the impact of our contracted projects, the landscape of the renewable energy industry continues to experience supply chain issues and other headwinds and we also recognize that the impact from some contracted projects in the portfolio could be replaced with other future projects. We continue to monitor the progress of all projects to ensure they meet our selection criteria as we make progress toward our climate targets.

Additionally, we continue to collaborate with suppliers, encouraging more of them to set climate targets and implement strategies for reducing emissions intensity, tailored to their own supply chains.

Packaging, Toys & Waste



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

It is our vision that packaging and materials do not end up as waste in the environment. Our packaging, toys and waste strategies help keep communities clean, protect the planet for future generations and support our long-term business resilience.

97.2% of fiber-based primary guest packaging globally is already from recycled or certified sources.

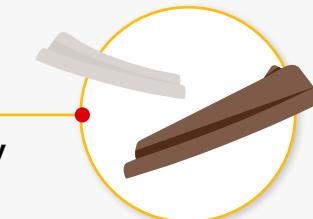
Our Recent Packaging Innovations

For years, a key pillar of our strategy has been to reduce the materials we use by lightweighting and optimizing our packaging. We are accelerating our progress to reduce materials across our portfolio, redesigning some of our most iconic products to eliminate unnecessary packaging and increase opportunities for recovery.

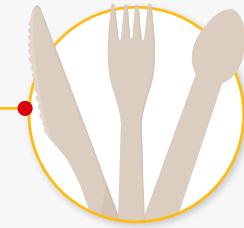
Paper straws and **wooden cutlery** have been deployed in 50 markets.



Transition to **molded fiber technology** is progressing across the European region – with priority given to legislated markets – for cold lids, hot lids and sundae cup and lid packaging.



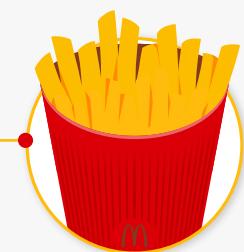
Pressed paper cutlery alternatives to plastic being launched across the U.K. and Ireland with more to come as supply chains develop.



Wooden stirrers are now deployed in many markets across the globe with the remaining markets to complete transition in 2023.



Reusable packaging has been tested across multiple markets.



Our Strategy in Brief

We're committed to advancing a circular economy – keeping materials in use rather than relying on new ones. To help us achieve this, we're investing in strategic partnerships to help address systemic challenges such as recycling infrastructure, demand for recycled content and development of new materials.

The Five Focus Areas of Our Strategy

- 1 Eliminating unnecessary packaging and streamlining materials for easier recovery** in addition to innovating new materials, testing reusable solutions and creating opportunities for behavior change to reduce usage.
- 2 Transitioning away from virgin fossil fuel-based plastics** in our primary guest packaging to 100% renewable, recycled or certified sources²⁷ by the end of 2025 and to drastically reduce plastics and transition to more sustainable materials in our Happy Meal toys around the globe.
- 3 Increasing the use of recycled materials** throughout our System to drive global demand for recycled content – including in packaging, toys and design materials for restaurants and facilities.

4 Advancing a circular economy through the implementation of many tools to improve recycling and repurposing of materials, making it easier for customers to recycle where infrastructure exists and reduce the waste coming out of our restaurants.

5 Partnering to increase the scale and impact of a circular economy approach to packaging and waste. By engaging in strategic partnerships with brands and NGOs, we can increase adoption of circularity across our industry.

Our Performance

Many Markets, One McDonald's System

As a global company operating in over 100 markets, there is no “one size fits all” when it comes to packaging and recycling solutions. Local waste infrastructure and customer preferences make each market unique. That's why local pilots are so important to identify sustainable packaging solutions.

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.

Goal: We aim to source 100% of our primary guest packaging²⁷ from renewable, recycled or certified materials by the end of 2025.

Progress: By the end of 2022, we were approximately 81.0% of the way toward our goal of sourcing 100% of our primary guest packaging from renewable, recycled or certified materials.²⁸ Approximately 97.2% of our primary fiber-based guest packaging was sourced from recycled or certified sources in 2022. Non-structural components of packaging²⁹ are out of scope.

We are making significant progress eliminating unnecessary packaging and transitioning to more sustainable materials. This is dependent upon reinventing our packaging in a way that continues to meet the needs of our customers and our business and working with suppliers to build supply chains. We are reducing plastic use by redesigning items such as switching to paper-based straws, deploying new McFlurry cups without plastic lids and introducing salad boxes and cutlery made from renewable fiber. As we strive to meet our global goal, we are working with our suppliers to test new technologies that can scale globally. For example, we advanced innovative molded fiber technologies to replace plastic lids and sundae ice cream cups. We are deploying these renewable molded fiber solutions across Europe and in other markets around the world.

Specifically, as it relates to developing alternatives for packaging liners, we are making investments in the technology and supply chain capabilities and collaborating with our suppliers to do so – however, the timeframe set for progress is dependent upon our ability to test and deploy at global scale, which continues to be a challenge. We remain committed to finding a solution now and in the future, toward our goals and for the industry, while monitoring local regulatory requirements.

We continue to focus on reducing virgin fossil-based plastics for small items such as straws, cutlery and stirrers. In addition to fiber-based alternatives that are available in the EU markets, we are now using paper straws in Canada, Australia, New Zealand and South Korea. Further markets, including Hong Kong, the Philippines, Singapore and Japan, are transitioning to paper straws in 2023. Fiber-based cutlery is being used in EU member states, the U.K., Australia, New Zealand, Hong Kong and Canada. The remaining global markets are expected to transition to fiber-based cutlery by end of 2025. Wooden stirrers are now deployed in all markets globally, with the exception of the Middle East, South Africa and Vietnam, where this transition is planned for 2023.

In addition, McDonald's launched 30 oz clear cups that contribute to sourcing of recycled and bio-based mass balance materials across the U.S. market in 2022 following a successful pilot, and plans to continue rolling out additional sizes and lids throughout 2023 and 2024.

Further improvements were made on plastic cutlery alternatives, with pressed paper options being launched in the U.K. and Ireland. This compostable alternative is made from responsibly managed materials and can be disposed of in paper recycling bins. This has contributed to a reduction of 250 metric tons of plastic annually.

In Hong Kong, McDonald's restaurants and McCafé stores are phasing out plastic cutlery and accompanying bags in favor of wooden forks, spoons and knives. The ultimate impact of this initiative will be to reduce consumption of approximately 90 million pieces of plastic per year. We are deploying wooden alternatives to plastic cutlery in several other markets, including in Australia, Europe, China and India. This has led to a reduction of over 4,000 metric tons of plastic annually.

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

2022	
Percentage of primary guest packaging from renewable, recycled or certified sources.	81.0%
Percentage of fiber-based primary guest packaging sourced from recycled or certified sources.	97.2%

We're also reducing the amount of packaging materials our products use. For example, by switching to fiber wraps instead of paperboard cartons, McDonald's Netherlands has saved 500 metric tons of packaging. Germany, France and the Netherlands transitioned from clamshells to paper wraps and bags for select menu items, eliminating approximately 7,000 metric tons of packaging annually.

Preparation for a shift to reusable tableware is under way across many markets. We continue to evaluate and consider the role reusables can play in our restaurants around the world, alongside other circularity solutions.

Goal: **Drastically reduce plastics in Happy Meal toys around the globe and transition to more sustainable materials by the end of 2025.³⁰**

Progress: **By the end of 2022, we reduced virgin fossil fuel-based plastic in Happy Meal toys by 47.8%, an improvement from the 24.4% achieved in 2021. We continue to work on sourcing materials used in Happy Meal toys from renewable, recycled or certified sources.**

Achieving this goal is expected to result in an approximately 90% reduction in virgin fossil fuel-based plastic used to make Happy Meal toys. We have also been increasing the use of more sustainable plastics, decreasing our dependence on virgin resources.

Throughout 2022, we saw many markets run paper-only programs, including an Arts and Crafts execution with Teen Titans Go! Additionally, several executions used renewable plastics, including a Hot Wheels™ Monster Truck blending Green PE (bio-based polyethylene produced from renewable raw material sugar cane) chassis and wheels, with a paper body and packaging.

Goal: **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.**

Progress: **In 2022, more than 85.1% of restaurants in markets with advanced infrastructure³¹ offered guests the opportunity to recycle packaging items. In these restaurants, guest packaging is collected in customer-facing recycling bins for back-of-house or off-site sorting and recycling utilizing existing local waste infrastructure systems.**

Across the globe, waste and recycling infrastructure differs heavily. Some of our markets are operating within advanced infrastructures and others where infrastructure is still developing. In markets where recycling infrastructure is a challenge, we're focusing on addressing systemic constraints through partnerships and informing local recycling policy.

In many markets globally, we are managing packaging waste through recycling our fiber-based packaging. Over 7,000 restaurants in Europe offer customers the opportunity to recycle guest packaging, and the recycling of used cooking oil, cardboard and food waste from our kitchens is standard operating procedure.

Goal: Ensure all primary guest packaging is free from added fluorinated compounds by the end of 2025.³²

Progress: By the end of 2022, 96% of our guest packaging items did not contain 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 packaging materials comply with state, federal and national-level laws and regulations, including the U.S. Food and Drug Administration (FDA) and EU, and are verified through chemical testing.

Meeting Customer Expectations of Convenience, Safety and Sustainability

Hygiene and safety are at the forefront of customers' minds, and we strive to ensure they are balanced with long-term sustainability.

Visit our [Food Safety](#) web page to learn more about our commitment to food safety and sustainability.

Partnering to Increase Scale of Solutions

Addressing circularity is not a challenge we can tackle alone. To help drive change at scale, we are engaging with the wider business community, NGO partners, political stakeholders and academics, as well as our Franchisees, suppliers, customers and restaurant crew.

In 2022, Closed Loop Partners' [NextGen Consortium](#), of which we are a founding partner, continued to play a leading role in increasing recycling access in the U.S. for paper and plastic single-use foodservice packaging, through collaborations with partners from across various industry bodies, NGOs and communities. We are also a Principal Member of [ReSource: Plastic](#), World Wildlife Fund's (WWF) platform for translating large-scale corporate commitments into measurable progress on plastic waste reduction.

Exploring the role of Reusable Packaging

In recent years, we have been exploring the potential role and impact of implementing reusable packaging in McDonald's restaurants. While reusables may have the potential to be one solution among others to drive circularity, additional solutions, such as recycling, recovery and reduction, must continue to be part of an overall waste reduction strategy. We know that advancing a more circular economy is not a one-size-fits-all approach, and we remain committed to doing our part to advance the most practical solutions for our industry.

In a number of markets we have tested and implemented reusable packaging systems – most recently in France, Germany and Luxembourg to meet legislative requirements. We are still learning about the benefits and potential unintended environmental consequences of reuse systems in our industry.

For example, a switch to reusable packaging means transitioning from primarily certified and renewable fiber to a rigid plastic to ensure the item can be washed repeatedly and be durable for the volume of customers we serve.

Reusables could result in more plastic waste if reusable items are not returned or reused a high volume of times. Reusables require washing, which means we need to continue measuring the water and energy used for washing and the impact on GHG emissions. We believe more time is required to test and understand the environmental, economic and food safety impacts of reusable food packaging before scaling.

While we continue to explore the impact of reusables on our business and the environment, we remain focused on our existing goals to advance the reduction and recycling of guest packaging and improve the sustainability of the packaging materials we source.

Tackling Food Waste

McDonald's has developed a system to minimize supply chain food waste using a hierarchy adapted from the [U.S. Environmental Protection Agency's \(EPA\) Food Recovery Hierarchy](#). Our approach is supported by our Global Food Disposition Policy to help eradicate food waste in restaurants and supply chain facilities.

In 2022, McDonald's USA and its suppliers in the U.S. donated over 1.6 million pounds of food and paper combined from suppliers and distribution centers – worth more than \$3.4 million – to support local U.S. food banks and communities.

Nature, Forests & Water



We're taking a holistic approach to protecting natural resources, the communities that rely on them and the future of our business.

We aim to help manage nature-related risks and build resilience by working with farmers to preserve and regenerate nature, and support biodiversity.

Water is also a critical resource at every step of our value chain, from supplier processes to our restaurant and office operations. These issues are closely connected to our work in climate action, responsible sourcing and human rights.

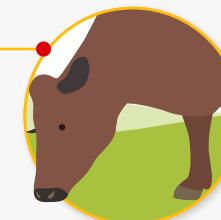
The Primary Commodities We Source

Natural resources – like healthy soils, grasslands and forests – are particularly important to the farming systems and communities that produce food for our menu. We prioritize specific requirements in certain regions and countries based on our definitions of low and high priority regions as related to deforestation risk, taking into account supply chain data and trends.

→ See our Definitions of Deforestation section for more details on how these are defined.

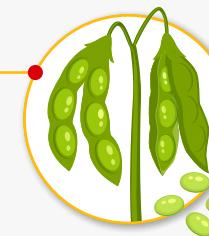
Beef

McDonald's requires that all the beef we source meets the requirements of our Deforestation-Free Beef Procurement Policy and Commitment on Forests.³³



Soy (for Chicken Feed)

We require all soy for chicken feed to be sourced from low priority regions or, if from high priority regions, to support responsible soy production.³⁴



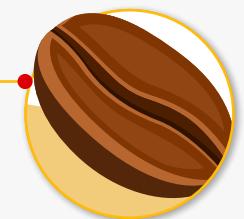
Palm Oil

Palm oil sourced for McDonald's restaurants or as an ingredient in McDonald's products must meet the requirements of Roundtable on Sustainable Palm Oil (RSPO) certification.³⁵



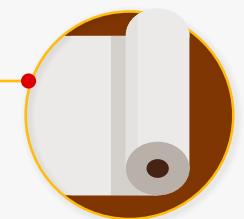
Coffee

McDonald's requires coffee sourced from Honduras, Indonesia and Vietnam to be Rainforest Alliance Certified™³⁶ because they have been identified as high-deforestation regions.



Fiber Used in Primary Guest Packaging

McDonald's requires that our primary fiber supply is sourced from Forest Stewardship Council® (FSC®) certified or FSC-controlled wood sources, with full chain of custody certification in countries identified as high priority regions for fiber.³⁷



Our Strategy in Brief

McDonald's has been on a journey to help support sustainable food production and forest conservation for more than three decades. We're also taking action to help prevent forest clearances, protect biodiversity, reduce our carbon footprint and respect human rights.

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 take into account estimated emissions from land use change – such as deforestation for farmland – which are modeled using our climate impact tracking system. We embed water stewardship practices in our sourcing requirements and restaurant operational practices, and support projects across the world that safeguard nature.

Nature-based solutions are actions to protect, sustainably manage and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits. Using nature-based solutions helps us to continue reducing our environmental impact related to climate and controlling the level of deforestation in our primary commodity chains. We are bringing together innovative forest and climate

measurement systems to better assess the positive impact of forest conservation in our supply chains and advance more planet-friendly processes.

We also encourage others to do their part and to drive industry action at scale through our memberships in collaborative groups like the Consumer Goods Forum (CGF), the Forest Positive Coalition, the WWF Climate Business Network and the GHG Protocol Land Based Accounting group, as well as our work in international bodies such as the Global Roundtable for Sustainable Beef (GRSB), and local bodies. These practices contribute to more resilient food systems and communities, and a more sustainable global economy.

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

Definitions of Deforestation

- **Eliminate Deforestation** refers to McDonald's global pledge to tackle deforestation, and all of the social and environmental criteria in our Commitment on Forests in our agricultural and forestry supply chains. We use the term "supporting deforestation-free supply chains" below to more accurately reflect the actions we are currently taking to implement, measure and report progress toward our Commitment on Forests.

- **Deforestation** refers to the loss of natural forest as a result of conversion to agriculture or other non-forest land use; conversion to a plantation forest; or severe and sustained degradation as aligned with the definitions of Accountability Framework initiative (Afi).

- **High priority regions** are defined as countries, biomes, municipalities, postcodes or farms/ plantations that are identified as areas where deforestation occurs or is projected to occur as determined through regular assessments that rely on the latest supply chain data and trends. McDonald's assesses this risk annually with third parties, including WWF, to take into account the latest supply chain data and trends.

- **Low priority regions** refers to countries, biomes, municipalities, postcodes or farms/ plantations that are classified as no or low risk of deforestation, as determined through regular assessments that rely on the latest supply chain data and trends. McDonald's assesses this risk annually with third parties, including WWF, to take into account the latest supply chain data and trends.

- **Supporting deforestation-free supply chains** refers to commodities in our supply chains that are either sourced sustainably from high priority regions and comply with the certification or verification schemes as set out below, or are sourced from low priority regions as above.

Our Performance

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.

When we set this commitment in 2015, we prioritized action and measurement with public milestones for 2020 for the products we use in the greatest volumes and with the potential to have the greatest impact on forests. We continue our focus on supporting deforestation-free supply chains for our primary commodities, such as beef, soy (for chicken feed), palm oil, coffee and fiber (used in primary guest packaging).

Progress: In aggregate, over 99.0% of these primary commodities continued to be sourced supporting deforestation-free supply chains in 2022.³⁸

Supporting Deforestation-Free Supply Chains for Primary Commodities

To achieve our goal of eliminating deforestation from our global supply chain by the end of 2030, we are partnering globally with WWF, Proforest and industry groups to multiply positive impact. We are also engaging with suppliers on bespoke plans and enhanced data reporting to mitigate future risks.

Percentage of Commodities Sourced in 2022 Supporting Deforestation-Free Supply Chains

Beef sourced for McDonald's products ³³	98.5%
Soy sourced for chicken feed for McDonald's products ³⁴	100%
Palm oil sourced for McDonald's restaurants and used as an ingredient in McDonald's products ³⁵	100%
Coffee sourced for McDonald's restaurants ³⁶	99.9%
Fiber for primary guest packaging at McDonald's restaurants ³⁷	98.7%

We reviewed our soy footprint by volume with Proforest and worked with 3Keel to understand our area-based footprint for priority commodities. Our volumes of physical RSPO certified palm oils increased from 13% in 2016 to 74.5% in 2022 (25.6% Segregated, 48.9% Mass Balance), with the remaining 25.5% as RSPO Book and Claim Credits.

In 2022, we joined the CGF's Forest Positive Coalition. The coalition is a multi-company initiative to stop commodity-driven deforestation and address global climate change issues across consumer goods manufacturers and retailers. As part of this membership, McDonald's will be publicly reporting on an agreed set of key performance indicators (KPIs) to maintain ongoing transparency and accountability.

Read more detail in our [Consumer Goods Forum's Forest Positive Coalition 2022 Report \(PDF – 197KB\)](#).

Our Progress to Protecting Nature, Forests & Water

McDonald's is committed to working together with stakeholders and supply chain actors to directly support development and improvement of sustainable palm oil production. As such, we are committed to the delivery of NDPE (no deforestation, no expansion on peat and no exploitation) in palm oil production.

We recently engaged with one of our major palm oil suppliers, Wilmar, on a series of projects to improve transparency and sustainability outcomes for our palm oil supply chain, alongside our joint partners in Proforest. 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.

McDonald's has also collaborated with a palm oil sustainable landscape initiative in Indonesia named Sustain Kutim. This initiative takes a holistic approach to reaching NDPE commitments, supporting both district government and local communities to monitor and manage community forests, improve agricultural practices and support livelihoods.

In 2021, we conducted water efficiency pilots across 19 restaurants in Southern California. Post-implementation analysis of some restaurants resulted in roughly a 30% reduction in water use and annualized savings of 3.7 million gallons through various retrofits and maintenance measures. Building on this success, an additional 34 stores were surveyed in 2022.

McDonald's France encourages good environmental practices through EcoProgress, a sustainability management platform. EcoProgress includes 15 practices focusing on water management, such as improving flush efficiency and waterless urinals. Restaurants are also encouraged to report and analyze their

monthly water consumption, then create action plans to improve their consumption using a dashboard provided.

To date, we have invested in several initiatives that boost sustainable, regenerative agriculture, including the following in 2022:

- We are partnering with Tyson Foods on the row crop portion of Tyson Foods' Climate Smart Commodities Grant Project and plan to commit \$10 million in funding over five years. At scale, this program aims to cover 2 million acres of crop land, some of which will be used to feed Tyson Foods' chickens in the U.S., including those entering the McDonald's U.S. supply chain through 2030. If successful, the Climate Smart Commodities Grant Project also aims to reduce 170,000 metric tons of CO₂e annually by year five of the program.
- In early 2022, we launched a regenerative agriculture program that aims to involve 60 wheat farmers in France, with the goal of planting 230,000 trees within 150 km of hedges by the end of 2030. Working with partner specialists, including the Earthworm Foundation and French organizations Agrofond and Icosystème, the pilot project will work with two cooperatives and McDonald's France's buns supplier, and will last at least three years.

For more on our approach and progress toward [regenerative agriculture](#) see page 39 and our [Responsible Sourcing](#) web page.

Notes

27 Packaging: Scope: Inclusive of all markets for our fiber-based guest packaging and Happy Meal book and toy packaging. For our plastic-based packaging, all markets are included except for Israel, Latin America, Turkey and Thailand.

Renewable sources refer 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.

28 In 2022, we saw a decrease in the percentage of our primary guest packaging sourced from renewable, recycled or certified materials as compared to 2021 due to deployment of packaging materials not yet compliant with our goal standards. We know progress in this space is not always linear and we intend to continue making supply chain improvements to meet our packaging sourcing standards and remain committed to our 2025 goal.

29 Non-structural components of packaging vary based on the packaging but may include adhesives, inks, overprints, varnishes, retention agents or binders, processing aids, impact modifiers, 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.

30 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 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.

31 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 2022, that included 21 markets where McDonald's operates.

32 Fluorinated compounds. Scope: Inclusive of all markets except for Israel, Latin America, Turkey and Thailand, and Happy Meal book and toy packaging.

Renewable sources refer 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. The following geographies have been removed from the calculation (Israel, LATAM, Turkey and Thailand) as they are not centrally managed markets.

33 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. 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.

34 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, Belarus, Belgium, Bosnia, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Herzegovina, Hungary, Ireland, Italy, Kazakhstan, 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.

35 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.

36 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.

37 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.

38 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.

Food Quality & Sourcing

**IN THIS SECTION**

- 31** Food Safety
- 34** Nutrition & Marketing Practices
- 38** Responsible Sourcing
- 41** Animal Health & Welfare and Responsible Antibiotic Use

At McDonald's, we know that a better future cannot be achieved without making safe, sustainably sourced meals accessible globally. We recognize that food production can have significant impacts. That's why we're increasingly sourcing our ingredients from deforestation-free supply chains and sustainable, recycled or certified sources.

Animal health and welfare is also a central focus of our sustainability strategy. By providing quality food, sustainable ingredient sourcing and varied menu choices, we can help ensure the continued well-being of generations far into the future.

Food Safety



Serving safe and quality food in every market, each and every day, is our top priority and a long-standing commitment at McDonald's.

Strict food safety standards and protocols are embedded in everything we do, from food sourcing, menu development, packaging and distribution to the running of our restaurants. We are embracing technology and working closely with our suppliers and expert partners to improve efficiency and reduce risks. Committed to lead, we share our knowledge internally through training and externally with our peers.

Food Safety From Start to Finish

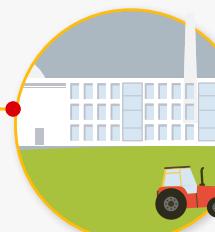
Ensuring product traceability from ingredient to restaurant is a key step in McDonald's food safety protocols. To achieve this, we work closely with our suppliers, through standards like the Supplier Quality Management System (SQMS) and our Distributor Quality Management Process.



1,000 farmers globally are certified and met McDonald's Good Agriculture Practices (GAP) standards.



239 third-party distribution center audits performed, of which our standards were fully met by 97% of centers.



1,959 third-party food supplier audits performed through our SQMS, which were fully met by 92% suppliers.



55,171 restaurant food safety audits performed (announced and unannounced).

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 across our industry.

Our Global Food Safety Strategy centers on three operating principles:

1 Customer obsessed: The safety of our food and that of our customers is non-negotiable and a top priority for McDonald's.

2 Better together: Our food safety systems and standards are based on science and validated by external third parties.

3 Committed to lead: We lead the advancement of food safety from farm to customer and deploy processes to anticipate risk.

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

1 Strengthening food safety culture throughout the business, as well as from farm to customer.

2 Managing food safety risks proactively.

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

Read about our [Food Safety strategy](#) on our website.

Our Performance

Advancing Food Safety Risk Management

In 2022, we continued to advance food safety risk management (FSRM) practices with the development and deployment of a FSRM dashboard. This provides our Global and Market Food Safety and Quality teams with risk management data and information to develop plans for mitigating risks.

We have continued to engage the members and leaders of our Global Food Safety Advisory Council to consistently monitor and prepare for emerging risks globally. To support this, our U.S. market works with food industry and technology companies to define standards for digitizing product traceability.

To support our response to queries on the topic of food safety, we have developed the knowledge of our global and market staff with dedicated training. In addition, through benchmarking and collaboration with internal stakeholders, we have established global food safety KPIs for implementation in 2023.

Examples From Our Markets

- McDonald's Baltics invested heavily in digitalizing restaurant checklists to drive continuous improvement.
- McDonald's UK responded proactively to the U.K. Food Information Amendment (also known as Natasha's Law) by developing a customer-facing and website-available allergen information guide.

Embedding Technology at Our Restaurants

By the end of 2022, as part of our Digital Food Safety (DFS) initiative, 88% of our 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 immediate remedial action. The remaining restaurants are expected to follow in 2023.

Building on Our Food Safety Culture

In 2022, we launched our second food safety culture assessment to measure cultural excellence. To gain a representative sample, 24 McDonald's markets and more than 11,000 people participated.

Across our market and global functions, we improved our overall score by six points, from 82 to 88 compared to 2019. In the Franchisee segment, we achieved a five-point improvement, from 78 to 83. Both scores are above the industry average of 75 and are graded as A and A- results. Restaurant Managers participated for the first time and achieved 85 (A), which completes the results at restaurant level. We will now analyze the findings and build a robust action plan to maintain our strengths and elevate opportunities.

We celebrate Food Safety Week every year and in 2022 the theme was “food safety culture.” Leaders from different functions and markets shared their perspectives on why food safety is an important issue for everybody and how it relates to McDonald’s core values. We engaged with suppliers and markets during the week, with direct dialogue between market food safety leads and global food safety experts. During Food Safety Week, our dedicated website had 3,200 visitors.

In December 2022, we participated in a panel discussion and shared perspectives on what food safety is and how to work with culture to improve it, hosted by Campden BRI.

Examples of Participating in Food Safety Events Externally

- McDonald's has been on the Fruits and Vegetable Technical committee with the Global Good Agriculture Program (GLOBALG.A.P.) since 2017 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.

- A Global Food Safety team member shared our approach to digital food safety at the Center for Food Safety's annual meeting at the University of Georgia (UGA), U.S.
- We have assisted the Philippine National Department of Agriculture in developing its training program on food safety risk management.
- One of our U.S. Food Safety team members presented at the North America Food Safety and Quality Conference to share best practices in food safety risk management.
- We participated in a meeting to discuss emerging risk identification in the food chain hosted by the European Food Safety Agency (EFSA).
- Our Supply Chain Immersion Course in China continues to engage suppliers and cross-functional teams about McDonald's supply chain principles and values, which includes strengthening food safety culture and commitment from the beginning when they enter the system.
- McDonald's China has digitalized tiered food safety learning and conducted annual certification with all company employees (including office staff) for the past eight years.

Engaging With Our Supply Chain

In 2022, we collaborated with our suppliers and other stakeholders on food safety. Together, we updated our Good Manufacturing Practices (GMP) standards to evolve food safety and environmental control programs at food manufacturing facilities – among other enhancements.

We also conducted annual independent, third-party food safety audits of our suppliers to verify their compliance with our strict food safety and quality standards. In 2022, 92% of audited suppliers met these SQMS requirements fully.

Bringing Supplier Training Online

To ensure supplier alignment with our food safety standards, our Global Supply Chain team has launched a series of virtual RizePoint training videos for all suppliers on the Digital Depot. Through RizePoint, we can measure and track supplier compliance against food safety and quality management requirements.

In October 2022, we conducted a virtual global supplier event to provide insights into our current strategic work and plans, as well as updates from suppliers about their Supplier Self-Managed Excellence journey. We also hosted several webinars for our staff and suppliers on topics such as Food Safety Culture (553 participants) and Food Defense Planning (475 participants).

Sharing Best Practices

Collaboration is important for standardizing food safety practices and requirements. McDonald's has been actively sharing food safety best practices at global conferences and meetings with industry peers, academics, government agencies and consumer groups for decades. We also participate in advancing food safety practices in the countries and communities where we operate, as part of our commitment to local engagement.

Nutrition & Marketing Practices



As one of the most frequented restaurants in the world, we help feed millions of people every day, with a focus on offering families the choices they love.

We are listening to our customers and evaluating our menu to identify ways to evolve our offerings while maintaining the great taste people know and love. We provide a variety of choices to customers and bring families together to share moments and create lasting memories.

Our Strategy in Brief

Our nutrition strategy is integrated into our Global Sustainability & Social Impact team responsibilities to provide leadership, coordination and support for McDonald's global nutrition goals and reporting.

Our strategy has been grounded in goals related to our Happy Meal, as we heard from parents and stakeholders that focusing on kids and families is where we can have the biggest impact.



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

As we look to the future, we will share learning across markets and assess new opportunities to build on the progress we have made so far.

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

Five Years, Five Happy Meal Goals

From 2018 to 2022, we've made significant progress to offer and promote more fruit, vegetables, low-fat dairy, whole grains, lean protein and water across 20 major markets.

Markets around the world have united in our effort to evolve the Happy Meal, in partnership with leading children's health organization, Alliance for a Healthier Generation.

Our Five Goals

- 1 Offer balanced meals.
- 2 Simplify ingredients.
- 3 Be transparent with Happy Meal nutrition information.
- 4 Market responsibly.
- 5 Leverage innovative marketing.

More than 5.7 billion fruit, vegetable, low-fat dairy, water, lean protein or whole grain items have been served in Happy Meal.



More than 50 marketing innovations have been leveraged to promote recommended food groups, such as fruit, vegetables and low-fat dairy.



We have reduced calories by 6%, sodium by 9%, saturated fat by 15% and added sugar by 26%

in Happy Meal Bundle Offerings.



We have introduced 70 new Happy Meal Offerings containing a recommended food group globally.

In 2022, 100% of ads shown to children featured water, milk or juice and fruits, vegetables or dairy as the Happy Meal beverage and side.



100% of nutrition information was available on market websites and mobile apps by the end of 2022.

* McDonald's top priority is to ensure all items meet our 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.

Evolving Our Happy Meal

Our Global Happy Meal Goals span various facets of nutrition and marketing. These include offering balanced meals, simplifying ingredients, transparently communicating nutrition information, responsibly marketing to children and leveraging marketing innovations to encourage increased purchase of items containing recommended food groups.

Due to the community aspect of McDonald's and our global network, our markets regularly share best practices to inspire others – providing guidance on achieving the goals.

Monitoring Global Progress

Since the inception of the goals, Keybridge, an independent third party, has supported us in measuring and reporting progress in the 20 major markets. While initially included in these 20 markets,³⁹ Russia was removed in 2022 following our exit from this market. We subsequently incorporated Mexico into the goal scope, as Keybridge was already monitoring its progress and it allowed us to maintain tracking against 20 markets.

For our performance against these goals, you can read [Keybridge's closing report on progress against our five Global Happy Meal Goals](#) or the summary that follows.

Goal 1: Offer balanced meals.

Ensure 50% or more of the Happy Meal Bundle Offerings listed on menus in each market meet McDonald's Global Happy Meal Nutrition Criteria of less than or equal to 600 calories, 10% of calories from saturated fat, 650 mg of sodium and 10% of calories from added sugar.

Progress

- **56% of Happy Meal Bundle Offerings, on average, met the Nutrition Criteria across the 20 major markets in 2022, up from 36% in 2018.⁴⁰**
- **17 of 20 markets met Goal 1.⁴¹**
- **One market received an exemption from fulfilling this goal and two markets received extensions to meet the goal by end of 2023.**

Case Study

More Nutritious Options in Spain

In Spain, we have made great progress, increasing our Nutrition Criteria-aligned offering from 27% to 80%. Not only did we introduce new options such as Chicken McBites, Salad and the McFreezy, but we also removed certain items from menu boards and ordering screens to improve their compliance, including cheeseburgers, McFish, Mini McFlurry and small potato wedges.

Recommended offerings such as the side salad, cherry tomatoes and yogurt are offered year-round, in addition to rotating seasonal fruits such as apples and melon.

Goal 2: Simplify ingredients.

Remove artificial flavors and added colors from artificial sources from all Happy Meal Offerings, and reduce artificial preservatives in Happy Meal Offerings where feasible without sacrificing the safety, taste, quality or value of our food.

Progress

- **We have removed 100% of artificial flavors, added colors from artificial sources and artificial preservatives where feasible* from Happy Meal Offerings.**
- **20 out of 20 markets met Goal 2.⁴²**

Case Study

Cleaner Ingredients in Latin America

One key to innovating our Happy Meal is finding ways to make items with simpler ingredients. In Latin America, Arcos Dorados, the largest McDonald's DL, made various menu changes and product reformulations to simplify ingredient lists.

For example, we:

- *Removed artificial preservatives from cooking oils for French fries and chicken McNuggets across Argentina, Brazil and Mexico.*
- *Introduced a new kids' yogurt in Argentina that contains no artificial colors, flavors or preservatives, and in Brazil, we reformulated our strawberry yogurt to remove artificial flavors.*
- *Reformulated the ketchup and mustard in Brazil to contain no artificial preservatives.*

To communicate these positive changes with customers, Brazil launched a "Clean Label" Happy Meal campaign in 2021, which received more than 1.9 million views on YouTube.

* Our top priority is to ensure all items meet their 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.

Goal 3: Be transparent with Happy Meal nutrition information.
Ensure that nutrition information for Happy Meal offerings is available and accessible through all owned websites and mobile apps used for ordering where they exist.

Progress

- 100% of nutrition information was available on all participating market websites and mobile apps by the end of 2022.
- 20 out of 20 markets met Goal 3.⁴³
- Two markets were granted an exemption from publishing one or two nutrients due to local legislative requirements. All other nutrient information was published.

Case Study

Informing Consumer Choices in France

Clear, easy-to-access information is vital to help consumers make better choices about what they buy. It's why, in France, nutrition information for menu items is easily accessible through the Happy Meal section on our mobile app. They also publish Nutri-Score information, a third-party, voluntary tool that aims to allow the consumer to compare offerings of the same category through use of a color code and five-level note to represent the nutrition information of an offering.

France chose to add this tool separately from the Goal 3 commitment as an additional nutrition summary tool to meet the needs of the French consumer.

Goal 4: Market responsibly.
All Happy Meal Bundles advertised to children⁴⁴ will meet McDonald's Global Happy Meal Nutrition Criteria and continue to meet any existing applicable local/regional advertising pledges.

Progress

- 100% of all Happy Meal Bundles shown in children's ads across the 20 major markets met the Nutrition Criteria in 2022, up from 83% in 2019.
- 20 out of 20 markets met Goal 4.

Case Study

Celebrating Fruit and Vegetables Through Marketing

We want to help make more balanced choices the fun choices. To realize this, we are using our reach to encourage millions of kids to eat more fruit and vegetables. Across markets like France, the U.K. and Italy, we developed Happy Meal adverts focused on recommended offerings, such as fruit and vegetables.

Goal 5: Leverage Innovative marketing.
Leverage innovative marketing to help increase purchase of foods and beverages that contain recommended food groups in Happy Meals.

Progress

- More than 5.7 billion Happy Meal Offerings sold in 2018–2022 across the 20 major markets contained recommended food groups (fruit, vegetable, low-fat dairy, water, lean protein or whole grain).
- 20 out of 20 markets leveraged innovative marketing initiatives, such as creative packaging and consumer campaigns, to promote Happy Meal Offerings containing recommended food groups.
- 11 out of 20 in-scope markets sold an increased share of Happy Meal Offerings containing recommended food groups compared to 2018.
- While not all markets saw an increase in the purchase of food and beverages containing recommended food groups in Happy Meals, we are proud of the actions we have taken to steer us in a positive direction. Examples of local market successes have equipped us with important learning that we can use to build on this progress and scale the successful efforts we saw.

Case Study

Encouraging Healthier Choices in Japan

To encourage greater take rates for recommended sides, we increased the number of side offerings containing recommended food groups from one (corn cups) in 2020 to three (side salads, corn and green soybean cups, and yogurts) in 2021. This was supported by targeted advertising campaigns to celebrate the importance of vegetable consumption.

As a result, take rates for recommended sides increased from just 8% in 2020 to 21% in 2021.

Responsible Sourcing



We're using our scale and influence to help positively impact our planet, animals and the people in our supply chain, especially for our priority ingredients where we can have the greatest impact – beef, soy for chicken feed, fiber, palm oil, fish and coffee.

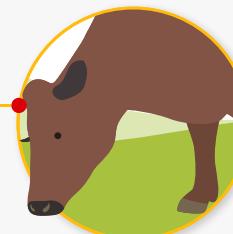
The road to serving a McDonald's menu item to a delighted customer is long and complex. Our global supply chain spans countries, continents and industries. We approach responsible sourcing holistically, understanding that our work impacts the livelihoods of people, the health of our shared planet and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

Our responsible sourcing approach is key to how we're taking climate action.

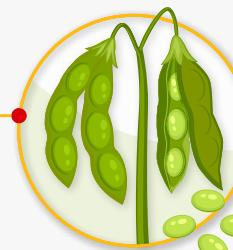
Sustainable Sourcing of Our Priority Commodities

Following the substantial achievement of our 2020 Responsible Sourcing Goals, we continue to work with our suppliers on what is outlined in those commitments, evaluating ongoing progress. Below is our 2022 data on our efforts.

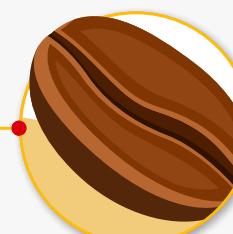
98.5% of beef sourced for McDonald's restaurants supported deforestation-free supply chains by the end of 2022.⁴⁵



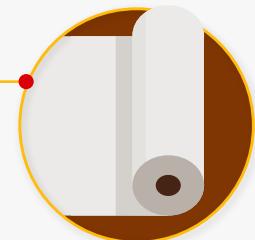
100% of soy sourced for the feed of chicken used in McDonald's products supported deforestation-free supply chains globally in 2022.⁴⁶



99.9% of our ground and whole bean coffee was sustainably sourced in 2022.⁴⁷



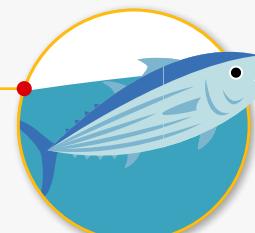
97.2% of our primary fiber-based guest packaging was sourced from recycled or certified sources in 2022.⁴⁸



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 in 2022.⁴⁹



In 2022, **88.8%** of the fish sourced for McDonald's Filet-O-Fish came from sustainably managed wild-caught fisheries, assessed and verified annually against the McDonald's Sustainability Fisheries Standard by the Sustainable Fisheries Partnership.^{50, 51}



Our Strategy in Brief

To uphold our brand value of doing the right thing and to our long-term ability to provide quality food to customers, we are committed to creating transparent and trusted supply chains.

We approach responsible sourcing by considering our impact – from the livelihoods of the people who produce our food and the communities where they live to the well-being of the planet and animals we rely on.

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.

Our Performance

We focus on responsibly sourcing our priority products. Our position gives us the opportunity to help drive bigger changes across global food systems, as well as supporting our overall corporate sustainability goals. These commitments cover animal health and welfare, climate and forests, and span through to 2050.

Supporting and Advancing Regenerative Agriculture

By thinking globally, we can create global impact. We believe in the power of regenerative agriculture practices to increase biodiversity, enrich soils and boost climate resilience. At McDonald's, we look to scale the adoption of regenerative agriculture practices to improve soil health and biodiversity, optimize water availability, drive climate action through carbon sequestration and help restore and protect delicate ecosystems.

Read our approach to supporting deforestation-free supply chains on our Nature, Forests & Water web page and our approach to regenerative agriculture on our Responsible Sourcing web page.

Keeping Soils Healthy

Maintaining soil health is crucial for the productivity and long-term sustainability of agriculture, acting to reduce erosion, maximize water yield and improve nutrient density. These practices help to enhance farmer prosperity and make processes more resilient in the long run.

Best practices for ensuring soil health include keeping it covered and minimizing soil disturbance to protect from the impacts of climate, reduce erosion, and keep water and key nutrients in place. Another large part of keeping soil healthy is maintaining living roots, allowing for maximum water and nutrient absorption.

In an initiative to increase plant cover and protect soil, McDonald's France introduced a new regenerative agriculture program in 2022. It aims to transform farming practices and plant 230,000 trees within 150 km of hedges on French farms by the end of 2030. The pilot project aims to involve 60 farms of McDonald's wheat cooperatives and suppliers, and will last at least three years, with the intent to collect insights to be replicated on other farms in the future. By the end of 2022, more than 8 km of hedges were planted and 235 hectares of diversified agronomic covers were sown.

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 through a joint \$8.5 million investment. By improving soil health and optimizing processes, we have the potential to sequester an estimated 75,000 metric tons of carbon.

Increasing Biodiversity Through Sustainable Grazing Practices

Increasing biodiversity helps to keep our ecosystem in delicate balance and supports all life on earth – helping the planet and our population be more adaptive and resilient. It also plays a crucial role in supporting global food security.

Grazing practices such as rotational grazing and reduction of external inputs boost biodiversity, benefit the productivity and fertility of the land and help to combat the impacts of climate change.

Cattle are a vital part of the farm ecosystem, contributing to soil biology with the trampling of grass and addition of 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. In the U.K., we're working with [FAI Farms](#) on a Regenerative Grazing Network that harnesses the power of cattle to help increase biodiversity and improve soil health. The Network, which includes 11 farmers and McDonald's suppliers OSI and Dawn Meats, aims to understand how regenerative principles and practices could be applied across the U.K. and Ireland, and then adapted at scale within the supply chain.

As part of our five-year pilot initiative with Cargill, the Walmart Foundation and World Wildlife Fund (WWF), 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 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; technical assistance; and access to a peer-to-peer learning network. Currently, the program is working with 80 ranches impacting almost 800,000 acres across Montana, South Dakota, Nebraska and Wyoming.

Some examples of our work with beef farmers in 2022 include:

- **Restoring Canadian grasslands:** We 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. In the second year of our partnership, we enrolled 24,243 acres of forage, including 229 new farmers, and sequestered 14,788 metric tons of CO₂.
- **Reducing GHG emissions in France:** 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 GHG emissions and improve their carbon storage. To date, more than 20,000 assessments have been carried out in the French cattle sector. We have verified through the ones undertaken at our suppliers' farms that 96,700 hectares of land are being managed to support biodiversity in 2022.



Animal Health & Welfare and Responsible Antibiotic Use



We continue to make the health and welfare of animals a priority throughout our supply chain.

Serving safe, quality food relies on animals that are properly cared for throughout their lives. At McDonald's, this includes both animal health and welfare, and our long-standing commitment to responsible antibiotic use in food animals.

As part of this commitment, we have worked to promote antibiotic stewardship and reduce use since 2003, when we first published our global policy prohibiting routine use for the purpose of growth promotion.

While individual countries may be impacted by different regulations, legislation and standards, we remain focused on the positive impact we can have by working with suppliers and promoting responsible practices.

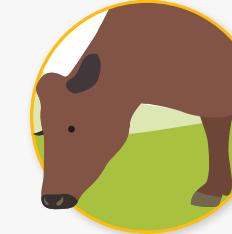
Our Animal Supply Chain at a Glance

We source chicken, beef and dairy, pork and eggs from suppliers globally who share our values. Our expectations for these suppliers are clearly outlined in our policies, standards and specifications for raw materials and finished products – which include strict requirements for animal health and welfare.



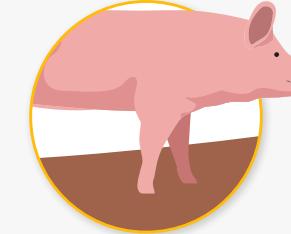
Chicken

We are currently on track to achieve our eight Broiler Welfare Commitments, which are expected to be fully implemented by the end of 2024. HPCIA⁵² use has been eliminated from chicken served in the following markets: Australia, Brazil, Canada, Europe, Japan, South Korea and the U.S.



Beef

We have established market-specific targets for the responsible use of antibiotics in our beef supply chain for our 10 in-scope markets.⁵³



Pork

Our U.S. pork supply chain is more than 91% of the way to our goal to phase out the use of gestation stalls for housing confirmed pregnant sows by the end of 2024.



Eggs

More than 88% of our eggs sourced in the U.S. are cage free, with a goal of 100% by the end of 2025 in the U.S. The goal has helped transform our supply chains, and other markets have made similar commitments.

Our Strategy in Brief

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 actively encourage industry and cross-sector collaboration. To help achieve a positive impact in this area, we engage recognized subject-matter experts and academia to access guidance and challenge the way we think. Taking a holistic approach that considers everything from housing to humane slaughter, we leverage our global scale in local markets to help drive positive outcomes.

Through our commitment to responsible antibiotic use, we are collaboratively doing our part to help preserve the effectiveness of antibiotics for future generations. According to the World Health Organization (WHO), “over-use and misuse of antibiotics in animals and humans

is contributing to the rising threat of antibiotic resistance.”⁵³ Antimicrobial Resistance (AMR) is a critical global public health issue, which we take seriously and believe we and our suppliers have a responsibility to help address.

Our antibiotic use policies do not permit the routine use of medically important antibiotics for the purpose of growth promotion or the habitual use of antibiotics for disease prevention.⁵⁵

Our focus is on refining antibiotic selection and administration, reducing non-therapeutic antibiotic use and, when possible, replacing antibiotics with long-term solutions to proactively prevent disease and protect animal health and welfare. We remain committed to the treatment of sick animals aligned with herd veterinarian direction to ensure the safety of our supply chain.

“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 INDUSTRY-WIDE DATA COLLECTION TO CONTINUE REFINING ANTIBIOTIC USE ACROSS BEEF INDUSTRIES.”

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

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

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 2022, more than 91% 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.

In 2021, we stated that we expected to reach 85–90% of our target by the end of 2022. At that time, progress and conversion rates had been delayed by the impacts of COVID-19 and the global outbreak of African Swine Fever, which resulted in extending this target by two years. Then, and now, we remain committed to working with our suppliers and agricultural partners to achieve our goal. Our commitment is guided by the industry- and American Association of Swine Veterinarians (AASV)-endorsed definition for group housing for pregnant sows.

Our expectations for pork suppliers are clearly outlined in our policies, standards and specifications for raw materials and finished products.

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

Progress: As of the end of 2022, the U.S. egg supply chain is at more than 88% cage free.

Actions and Performance in Other Markets

Canada and Arcos Dorados (the largest McDonald's Developmental Licensee, with operations in Latin America and the Caribbean) have also set goals of sourcing 100% cage-free eggs by the end of 2025. As of the end of 2022, Canada now sources more than **85%** cage-free eggs.

In certain markets, we've achieved a cage-free egg supply chain. Australia,⁵⁶ France and Germany have each achieved a **100%** cage-free egg supply chain.

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 2024.⁵⁷

Progress: We are currently on track to achieve our 2024 Broiler Welfare Commitments across our in-scope markets. As of the end of 2022, 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.

"McDONALD'S HAS LED THE WAY WITH A THOUGHTFUL AND MEASURED APPROACH TO SWITCHING TO CAGE-FREE EGGS TO MEET CONSUMER DEMAND AT A MASSIVE SIZE AND SCALE."

Norm Stocker, Vice President of Eggs & Chicken, Cargill

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 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 global beef and dairy industries.

Progress: We are partnering in the collection of antibiotic use data associated with global beef and dairy industries, leveraging independent third party/parties to facilitate data aggregation.

Currently, there is limited data on antibiotic use in the industry as a whole. 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 and industries in the future. We plan to share an update on this journey by the end of 2023.

As of December 2022, we have established market-specific targets for the responsible use of antibiotics in our beef supply chain for our 10 in-scope markets (representing over 80%

of our global beef supply chain as of the end of 2022).⁵² These market-specific responsible-use targets were informed by insights gained from our 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 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.⁵⁸ Reduction, where possible without adverse effects on animal health and welfare, remains an intended outcome of our commitment. McDonald's global position on responsible antibiotic use recognizes that effective treatment of sick animals requires antibiotic selection with oversight from a qualified veterinarian through a valid Veterinary Clinic Patient Relationship (VCPR). These targets reflect general guidance for markets holistically and are not expected/required of each individual producer.

More information on the market-specific targets for the responsible use of antibiotics in our beef supply chain can be found on page 7 of our [Antibiotic Policy for our Beef Supply Chain \(PDF – 463KB\)](#). 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 (HPCIA) to human medicine from all chicken served in in-scope markets by the end of 2027.⁵⁹

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

2024 Commitment	Progress as of the end of 2022	2024 Commitment	Progress as of the end of 2022
1. Establishing the McDonald's Chicken Sustainability Advisory Council (CSAC) Status: Achieved	The McDonald's CSAC supports our continued journey to improve animal welfare standards by providing crucial insights and knowledge. McDonald's launched its CSAC in 2018, made up of 15 researchers, academia, welfare experts, NGOs and suppliers to provide progressive guidance and credible counsel. Organizations with members on the CSAC include FAI Farms and 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 sustainability and welfare.	4. Providing enrichments to support natural behavior Status: On track	We are working with supply chain partners to ensure housing environments that promote natural behaviors, such as pecking, perching and dust-bathing. 2021–2022: An Enrichments & Lighting Working Group, a subset of our CSAC, developed enrichment and lighting guidelines for implementation by our suppliers.
2. Measuring key farm-level welfare outcomes Status: On track	In 2019, the CSAC helped define 15 globally aligned farm- and process-level Key Welfare Indicators (KWIIs) to operationalize our strategy. The KWIIs measure performance toward our welfare outcomes commitment and inform progress on our goal. In partnership with global suppliers and an external third-party facilitator, we are in the process of concluding an extensive, two-year commercial trials initiative to inform our KWIIs target-setting efforts and to study the impacts that certain production parameters – such as breed and stocking density – have on welfare, environmental and economic outcomes. In 2022, we set targets through our KWIIs approach, which mean that suppliers will now be ranked in performance peer groups that will inform timebound improvement goals. The insights gained from this will be key to ensuring our chicken welfare efforts are mutually beneficial to the 5 billion birds covered and our suppliers, as well as the planet.	5. Running commercial trials to study the effects of certain production parameters on welfare outcomes Status: On track	We completed large-scale commercial trials in partnership with key global chicken suppliers to study the impacts that certain production parameters have on key welfare, environmental and farm-level outcomes. 2020–2022: In partnership with global suppliers and an external third-party facilitator, we completed these extensive commercial trials, which were used to inform our KWI target-setting efforts.
3. Developing state-of-the-art welfare measurement technology Status: On track	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. 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. Three research projects are now in Phase 2 of development, which will run through Q1 2024. The technologies involved are among the first of their kind to be proposed for commercial availability and will help McDonald's identify opportunities for improvement in broiler welfare. 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.	6. Controlled Atmospheric Stunning (CAS) in the U.S. and Canada Status: On track	100% of our Canadian broiler volumes have been converted to CAS. McDonald's was one of the first retailers to implement a CAS system into a U.S. broiler supply chain, and currently 60% of our dedicated processing facilities 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 more humane for the animal, while also ensuring better conditions for workers. 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.
		7. Implementing third-party on-farm auditing Status: On track	We have initiated a process to define, then implement, our third-party on-farm auditing protocol by the end of 2024. As we implement our global broiler welfare standards, we will establish third-party verification to enable continuous improvement.
		8. Complete an assessment to measure the feasibility of extending these commitments to additional global markets where McDonald's operates Status: On track	Our feasibility assessment is currently underway. Our work with suppliers includes assessing their capacity to service new markets in line with our animal welfare policies and guidelines.

Notes

³⁹ Our major markets include 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.

⁴⁰ Averaged across the 20 major markets.

⁴¹ 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).

⁴² One market was granted an extension until January 2023 because of supply chain challenges. This market fulfilled this goal in January 2023.

⁴³ Two markets were granted an exemption from publishing one or two nutrients due to local legislative requirements. All other nutrient information was published.

⁴⁴ 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.

⁴⁵ **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](#). 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.

⁴⁶ **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, Belarus, Belgium, Bosnia, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Herzegovina, Hungary, Ireland, Italy, Kazakhstan, 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.

⁴⁷ **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.

⁴⁸ **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.

⁴⁹ **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.

⁵⁰ **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** 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 to the McDonald's Sustainable Fisheries Standard by the Sustainable Fisheries Partnership. **Marine Stewardship Council (MSC) Certification** is optional to McDonald's markets. Fisheries may also be independently certified as meeting the MSC Principles and Criteria for Sustainable Fishing where a certificate of conformity to an MSC Standard has been granted. **Source:** 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 portions served in McDonald's restaurants. Filet-O-Fish represents over 98% of the total fish volumes used in the McDonald's System (by weight). Includes all suppliers of wild-caught fish for Filet-O-Fish 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 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.

⁵¹ In 2022, we saw a decrease in the percentage of our fish sourced from sustainably managed wild-caught fisheries. This was due to impacts on our supply chain from the ongoing humanitarian crisis in Ukraine and McDonald's decision to exit the Russian market in 2022. This resulted in an increase of fish sourced from fisheries whose Fishery Improvements Projects are not yet compliant with our standards. 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 have become available.

⁵² Antibiotics defined by the WHO as Highest Priority Critically Important Antibiotics (HPCIA).

⁵³ **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.

⁵⁴ **Source:** WHO, [Stop using antibiotics in healthy animals to prevent the spread of antibiotic resistance](#).

⁵⁵ This is applicable to our existing antibiotic use policies for chicken and beef supply chains. **Beef:** 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 particularly 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 HPCAs reserved for last resort. **Chicken:** Antibiotics shall not be used for routine prevention or for growth promotion. In addition, antibiotics shall only be prescribed by a licensed chicken veterinarian that has clinically diagnosed an infectious disease or illness, and such antibiotics must be used strictly in accordance with labeled and veterinary direction for dose, duration, route, frequency, withholding period and withdrawal times.

⁵⁶ Please see McDonald's Australia's website for more information:
<https://mcdonalds.com.au/our-impact/food-quality-sourcing>

⁵⁷ **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.

⁵⁸ **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 HPCAs reserved for last resort. See [Antibiotic Policy for our Beef Supply Chain](#) for further information.

⁵⁹ **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, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Sweden, the U.K. and Ukraine.

Jobs, Inclusion & Empowerment



IN THIS SECTION

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We believe that a sustainable future is tied to supporting our people. Everyone deserves a safe, inclusive and accepting workplace where they feel they can truly thrive. By using strategies that help support the elevation of women and Underrepresented Groups into leadership roles and closing pay gaps, we strive to support our employees.

Addressing inequalities and empowering the communities we serve is integral to building the change we want to see. We are also committed to collaboration, advocating for the responsible recruitment of migrant workers, and have funded high school and college tuition for over 80,000 people. By using our global influence to be a force for change, we want to benefit the lives of all who engage with our business.

Diversity, Equity & Inclusion



Guided by our values, we are committed to becoming better allies, better sponsors and better leaders – helping to empower the people and communities we serve.

We actively foster an inclusive environment, where diversity is embraced as an advantage. This is a cultural climate that spans the entire McDonald's System. It builds on the work we've done around the world, recognizes where we can continue to make strides and takes every opportunity to emphasize that inclusion is central to who we are.

Creating Golden Opportunities

Whether it's our global team of talented employees, our Franchisees, our complex network of diverse suppliers, the valued customers we serve each and every day or the communities we're proud to call home – we are committed to creating pathways to success that help people grow and thrive.

For Our Employees

By implementing strategies that help provide more access to growth and opportunity, we're supporting our aspiration to increase diverse representation at leadership levels and help our workforce reflect the diverse communities in which we operate.

For Our Franchisees

We are committed to providing Franchisee candidates with alternatives to traditional financing options globally, and beginning in 2021, we set the ambition of investing \$250 million over five years in the U.S.

For Our Suppliers

As of the end of 2022, our U.S. systemwide spend with diverse-owned suppliers was 25.0%, resulting in McDonald's reaching its 25% diverse-owned supplier spend goal for the second year in a row. We continue to implement strategies that help support engagement with diverse-owned suppliers and maintain this level of investment going forward.

For Our Customers

For people to feel welcome at McDonald's restaurants around the world, we strive to create campaigns that help them feel seen and considered. That's why we are implementing strategies that help support our ambition to increase our national investment 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.

For Our Communities

We are finding more ways to be there for the people who live and work in the places we call home. For example, in the U.S., we are investing \$3.5 million in Community Impact grants in the city of Chicago targeted to Black and Latino youth.

Our Strategy in Brief

At McDonald's, our strategy for the future is built on a simple idea: when we live our values, we succeed. Our approach focuses on three areas:

- 1 How we can best represent the diverse communities in which we operate.
- 2 How we can accelerate cultures of inclusion and belonging in our operations globally.
- 3 How we can use our scale to help dismantle barriers to economic opportunity.

Our Performance and Strategy in Detail

A Comprehensive Breakdown of Our Diversity, Equity and Inclusion (DEI) Activations in 2022

[2022–2023 Diversity, Equity & Inclusion Report](#)

A Bird's-Eye View of Our Diversity Progress

[2022–2023 Diversity Snapshot](#)

Our DEI Strategy in Detail

[Visit our Diversity, Equity & Inclusion web page.](#)



Our Performance

Goal: By the end of 2025, McDonald's aspires to increase representation of women in leadership roles globally (Senior Director and above) to 45%,⁶⁰ with an overall goal to reach gender parity globally in leadership roles (Senior Director and above) by the end of 2030.⁶¹

Progress: As of the end of 2022, 43% of leadership roles (Senior Director and above) globally are held by women.⁶²

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%.^{63,64}

Progress: As of the end of 2022, 28% of leadership roles (Senior Director and above) located in the U.S. are held by individuals in Underrepresented Groups.⁶⁵

At the end of 2022, we experienced a decrease in leadership representation for our Underrepresented Groups. As we initiated planning for 2023, we took further action to evolve our DEI and talent strategies to address opportunities to increase our talent pipeline that helps support future leadership advancement, including securing external workforce development partnerships and participation in diverse recruitment fairs.

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.

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 restaurant levels.

Progress: Our 2022 pay gap analysis indicates that McDonald's substantially attained equal pay and, in 2023, we closed the small pay gaps identified in the analysis. The results of our 2022 pay gap analysis showed that women globally in Company-owned and operated markets are paid \$0.9991 in base pay for every \$1 paid to men for similar work.⁶⁶ It also showed, on an aggregate basis, that there was no base pay gap disfavoring Underrepresented Groups in the U.S.⁶⁷

Goal: McDonald's aspires to increase U.S. systemwide spend with diverse-owned suppliers⁶⁸ to 25% by the end of 2025.⁶⁹

Progress: As of the end of 2022, our U.S. systemwide spend with diverse-owned suppliers was 25.0%, resulting in McDonald's reaching its 25% diverse-owned supplier spend goal for the second year in a row.⁷⁰

We will continue to focus on our engagement with diverse-owned suppliers and measuring and reporting on annual progress.

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 2022, McDonald's USA and its U.S. Franchisees increased such investments to 8.5%.⁷¹

For a closer look at the percentage of U.S. systemwide spend and national investments across diversity categories, check out our latest Diversity Snapshot.

Talent & Benefits



Providing a best-in-class employee experience – where people are given opportunities to learn and develop – is a business imperative because it directly impacts the customer experience.

People are not only at the heart of our Company, but they are also critical to the long-term success of our business. Looking after our people is central to our core values and driving our business forward.

Led by these values, we are committed to fostering workplaces where everyone feels supported, has equitable access to opportunity and feels empowered to pursue their career aspirations.

Our Company

150,000+
Company employees worldwide

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 2022.

Our Company directly focuses on the recruitment, retention and development of these employees.

The Employees We Reach

2,000,000+
Franchise employees⁷²

Looking across the System, the over 2 million individuals who work in McDonald's franchised restaurants around the world are critical to the success of the McDonald's brand, enabling it to drive long-term value creation and further its purpose and mission.



Our Strategy in Brief

Our vision is to be an iconic home for developing talent – known as much for our people as we are for our Golden Arches. We believe the employee experience fuels the customer experience, and we are leading with our values to succeed in both areas. In 2022, we were able to design and deploy strategic human resources and talent management processes that support our long-term business strategy.

 See our Talent & Benefits strategy and programs in detail on our website.

Our Performance

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

We want to create a culture where our employees feel empowered to drive business impact and pursue their career aspirations. Using our established talent processes and supporting resources, we are continuously evolving our culture to build high-performing and highly engaged teams.

Talent Management

To enhance our ability to build strong leadership pipelines, we have designed a global Talent Review process, providing common language by which to assess and identify high potential leaders, inform talent planning and target development opportunities and investments.

In 2022, we also introduced expectations to hold senior leaders accountable for supporting talent development and building a strong, diverse succession pipeline. This initiative focuses on driving the behaviors and actions that ensure business continuity across the McDonald's System, with the leaders' performance against these expectations contributing to their annual performance ratings and incentive compensation.

Learning and Development

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

Hamburger University (HU) is McDonald's center of training excellence, designed to upskill and reskill employees globally, create a culture of shared goals and instill a strong sense of pride. It allows employees to grow in their current role and prepares them for the next level of responsibility. HU also offers a productive learning culture that combines hands-on

experience, learning from others through networking and mentoring, and structured classes – both on-site and online.

In 2022, more than 60,000 individuals successfully completed learning offerings, including HU restaurant and leadership curricula, in-person or through virtual formats and eLearning courses.

Additionally, *Archways to Opportunity* is a comprehensive education program that offers eligible McOpCo employees, and employees of participating Franchisees in the U.S., the opportunity to graduate from college, earn a high school diploma, learn English as a second language and gain access to academic and career advising services. By year-end 2022, the program had:

- Increased access to education for more than 82,500 people.
- Awarded college tuition assistance to more than 65,000 restaurant employees.
- Helped more than 1,700 people graduate through the Career Online High School program.
- Reached more than 8,300 graduates from English Under the Arches since 2007.
- Awarded more than \$185 million in high school and college tuition assistance.

Case Study

**Archways to Opportunity:
Vanessa Jimenez**



Born and raised in Mexico, Vanessa Jimenez came to the U.S. aged 13 to pursue a better life. Vanessa got a second job at McDonald's at 19 and worked through the ranks, from trainer to shift manager and first assistant.

As her English improved and her confidence grew, she restarted her education. Through the Archways to Opportunity program, Vanessa earned her associate degree in business administration. Vanessa is now a supervisor overseeing five McDonald's in the Chicago area and has brought her family to the U.S. She hopes to pursue her bachelor's degree in the future.

"My early life challenges provided me the foundation and determination to fulfill my education goals. It's never too late to go back to school. If I can do it, anyone can do it."

Vanessa Jimenez

 Learn more about Vanessa's journey.

Compensation and Wages

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

In the U.S., McDonald's continues to enhance its compensation packages, including competitive pay and benefits for Company-owned Restaurant Staff, to ensure that we continue attracting and retaining top talent.

In 2022, we raised hourly wages at over 90% of our U.S. Company-operated restaurants, impacting more than 44,000 employees and resulting in an 8% increase to the average hourly pay rate. We expect to reach an average hourly wage above \$15 for Company-owned restaurant employees in 2023. These raises reflect McDonald's commitment to evaluating competitive wage data to determine the appropriate wage ranges on a market-by-market level, and making adjustments to remain competitive and support the needs of employees.

During 2022, many U.S. Franchisees engaged with outside third-party vendors to attend Pay Matters workshops. These sessions included best practices on how to establish a wage philosophy and build competitive pay ranges based on benchmarking local available data. U.S. Franchisees continue to have access to wage modeling tools via third-party vendors in order to assist them in establishing the right wage structures that meet the competitive needs for their organizations.



Human Rights



Human rights are woven into McDonald's day-to-day business, enabling us to fulfill our commitment to respect the rights of all people and communities who serve, produce and enjoy our food.

Our Strategy in Brief

McDonald's purpose is to feed and foster communities. Central to that purpose is respecting human rights everywhere we do business. To further evolve respect for human rights across our System, McDonald's has developed an approach that focuses on issues relevant to our business; embeds key activities to address those issues within 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 is the United Nations Guiding Principles on Business and Human Rights (UNGPs). The Principles outline that businesses should demonstrate respect for human rights through five key steps, which the McDonald's approach is aligned with:

- 1 Policy and governance.
- 2 Human rights due diligence.
- 3 Integrate findings.
- 4 Track and report.
- 5 Provide effective remedy.

McDonald's approach to human rights has been developed and informed by 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 approach to human rights, we're committed to engaging with employees and stakeholders to inform our own policy and influence change elsewhere.

- Read more about [our human rights approach](#) on our website.

Embedding Human Rights and Policies

Our Global People and Global Supply Chain functions are responsible for our day-to-day human rights performance.

The CEO and Senior Leadership team have oversight of human rights policies, commitments and management, as well as of ERM, which may include specific human rights issues. The Board Committees have oversight of human capital management, including human rights.

Human rights professionals on our Global Sustainability & Social Impact team manage a cross-functional Human Rights Working Group. The executive sponsors of this Group – our Global Chief Impact Officer, Global Chief People Officer, Global Chief Supply Chain Officer and Global Chief Legal Officer – report to the CEO on human rights risks and share relevant updates to the Board Committees.

 [Read more about our governance of human rights on our website.](#)

Our Policies and Standards

Our commitment to respect people and their rights throughout our value chain is defined in several documents found on our website. These standards, principles and policies work together to reinforce a culture of integrity and respect and are foundational to how we feed and foster communities around the globe.

 [Read more about our policies and standards on our website.](#)

Engaging With Stakeholders on Human Rights

We continued to engage with stakeholders in 2022, acting on our commitments to human rights throughout our System.

Government

We maintain various routes to directly engage with governments to discuss shared challenges and how we can collectively work to address systemic challenges. A great example of the type of multi-stakeholder forum McDonald's joins is the [Doha Dialogue on Sport, Legacy and Human Rights](#), held in Qatar in 2022 and co-convened by the Centre for Sport and Human Rights, the UN High Commission for Human Rights, the International Labour Organization (ILO), the International Organization for Employers and the International Trade Union Confederation. This event was also attended by representatives from a number of governments.

Industry

Peer engagement is vital for the exchange of good practice and to promote industry-wide progress. As a long-standing member of the [BSR \(Business for Social Responsibility\) Human Rights Working Group](#) and [AIM-Progress](#), our recent progress builds on years of commitment to human rights throughout our global supply chain.

As a sponsor of numerous international sporting events, McDonald's also engages with key industry groups on specific and important human rights topics, such as promoting responsible sport sponsorship and advancing human rights in the world of sport. As part of our efforts, in 2022, McDonald's 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 human rights issues, building capacity and delivering value-added impact. In this multi-stakeholder forum, sponsors of sporting events are recognized as critical stakeholders in the sports ecosystem. Our participation helps us understand and implement measures to do our part in preventing human rights violations linked to sport and major events.

Civil Society

Engaging with NGOs and other civil society organizations, including human rights defenders, is critical for our ongoing human rights due diligence. We connect to learn and seek feedback through direct consultations as well as multi-stakeholder forums. Topics of priority include migrant workers' rights, promoting safe workplaces and facilitating access to remedy.

Investors

McDonald's recognizes that its investors rely on companies' transparent disclosures about how they manage human rights in their company, their operations and their supply chains to make investment decisions. McDonald's regularly engages with its investors on topics such as DEI; safe and respectful workplaces; civil rights; sustainability; human capital management; corporate governance; and more.

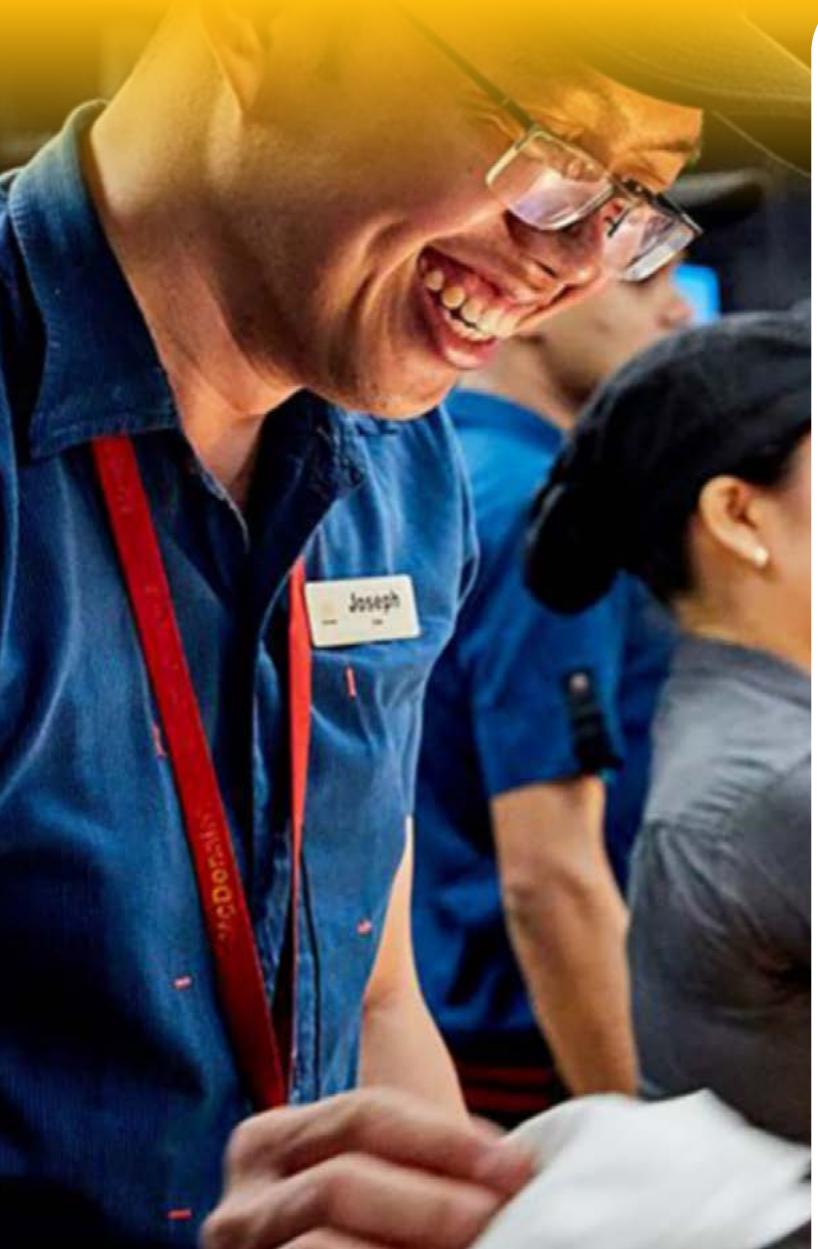
Workers

Enhancing opportunities for the worker voice across our System is important to McDonald's. This past year, we piloted an enhanced method of integrating the worker voice into our Supplier Workplace Accountability (SWA) program with suppliers in select markets.

At McDonald's, we know a positive restaurant culture enables crew members to create more feel-good moments for customers and each other. That's why, in 2022, we launched Workplace by Meta. It's a people-centric communication tool backed by McDonald's. With Workplace, markets and their Operators can foster a people-first mentality and engage with employees in McDonald's restaurants. The tool gives managers and crew the necessary information to do their jobs, facilitating communication and connection across the wider McDonald's community.



Safe & Respectful Workplaces



McDonald's has introduced Global Brand Standards, which apply across all restaurants – more than 40,000 locations – to help foster safe, respectful and inclusive workplaces that protect the physical and psychological safety of all crew and customers.

All Company-owned and franchised restaurants must implement these standards and are assessed on each criterion in accordance with the applicable McDonald's market's business evaluation processes. These standards focus on four key areas:

- ① Protecting employee health and safety.
- ② Preventing workplace violence.
- ③ Preventing harassment, discrimination and retaliation.
- ④ Listening through restaurant employee feedback.

We remain committed to supporting markets and franchised restaurants by providing implementation support, including a suite of policies, tools and training. In 2021, we supplemented existing respectful workplace training with a new global eLearning module, Building a Safe, Respectful and Inclusive Workplace, on preventing harassment, discrimination and retaliation. This training for crew and managers was made available in multiple languages and offered optionally to Franchisees and DLs in 2022 to help them meet the Global Brand Standards requirement in every restaurant. We also offer a suite of workplace violence prevention training to Franchisees and DLs in all global markets.

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

Notes

60 The December 2020 baseline data shows women made up 37% of leadership (Senior Director and above) roles.

61 McDonald's defines gender parity using the UN Women Training Centre definition as another term for equal representation of women and men in a given area.

62 2022 data includes aggregate numbers from Australia, Austria, Belgium, Canada, the 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 Development Licensees are also included. Data was obtained through various means, including informal identification and voluntary self-disclosure.

63 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.

64 The December 2020 baseline data shows Underrepresented Groups made up 29% of leadership (Senior Director and above) roles.

65 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.

66 In 2022, the following countries are included in the analysis: U.S.A, Canada, France, Germany, the U.K., Australia, New Zealand, the Czech Republic, Slovakia, Poland, Austria, Belgium, Switzerland, the 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), Ireland. These countries have been excluded from the statistical modeling due to insufficient headcount.

67 2022 Underrepresented Groups Pay Gap Analysis Results (U.S.): The analysis is conducted on U.S. employees who voluntarily disclosed race/ethnicity information.

68 **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.

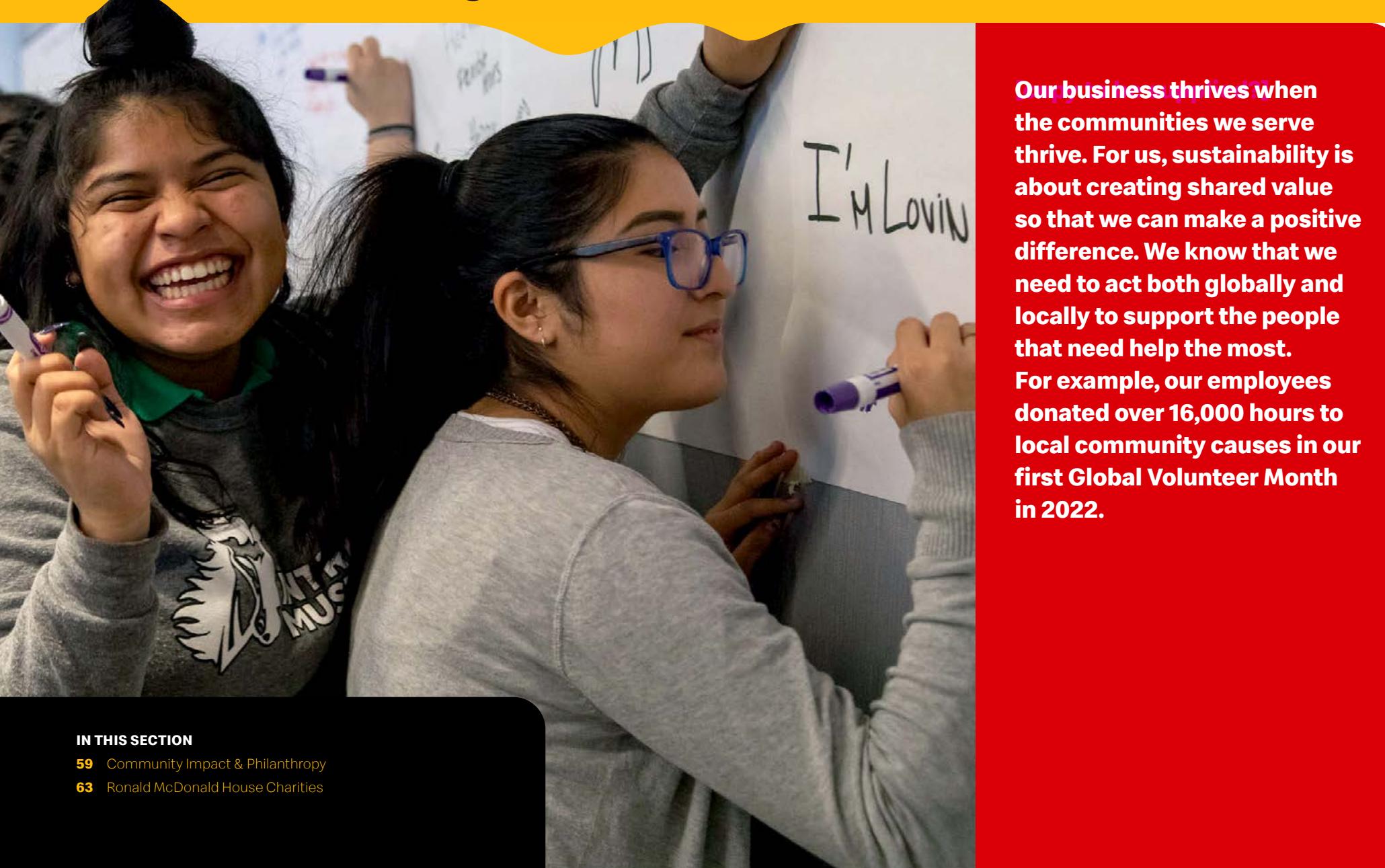
69 Our goal continues to be to attain 25% U.S. systemwide spend with diverse-owned suppliers by the end of 2025. Variance of systemwide spend with diverse-owned suppliers may occur in 2023 or 2024.

70 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, communication, 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 noncontrollables (taxes, utilities, rent, aircraft fuel, airport fees, facility leases, donations, bank fees and subscriptions). Our diverse-owned diversity spend figures in the U.S. includes 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. FY2020 percent spend through the U.S. System with diverse-owned suppliers was restated following update of diversity classification of two suppliers and evolved data practices around Tier 2 spend reporting and accounting for Supply Chain managed spend for equipment and operating supplies.

71 Paid media investment represents contracted dollars with suppliers. The classification of media and production houses and content creators as diverse-owned suppliers is determined by both self-certification and third-party certification.

72 Franchisees are independent business owners who employ the individuals who work in their restaurants and for their businesses.

Community Connection



Our business thrives when the communities we serve thrive. For us, sustainability is about creating shared value so that we can make a positive difference. We know that we need to act both globally and locally to support the people that need help the most. For example, our employees donated over 16,000 hours to local community causes in our first Global Volunteer Month in 2022.

We are also committed to helping serve up bright futures by providing training programs that can lead to employment opportunities for young people and investing in our hometown of Chicago to financially support local nonprofits. We do this because we know that strong communities are the key to a sustainable future.

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Community Impact & Philanthropy



**Our business thrives
when our communities thrive.**

With more than 40,000 restaurants, we have a unique connection with communities the world over. We believe that comes with a responsibility to help support the people within them.

It's a responsibility we take seriously – because we know when our communities thrive, so does our business. By thinking globally and acting locally, we are better equipped to effectively support our customers, our employees and the communities we are all part of.

Throughout significant world events, McDonald's has repeatedly served as a critical resource – showing up during times of need and helping support the most vulnerable people.

There When People Need Us Most

Some of the Ways We Were There for Communities in 2022:

Donated over **\$5 million in employee assistance** and international relief support efforts led by the Red Cross in Ukraine and across Europe.

The U.S. business provided **over \$850,000 in community grants and sponsorships** in the U.S. Additionally, in the U.S., one penny from every Happy Meal at participating McDonald's was donated to RMHC, totaling \$5.9 million.

Trained and/or hired **1.7 million young people** since July 2018.



Launched a Chicago-based investment strategy supporting local communities, including a **\$3.5 million investment** with 40 local nonprofit organizations.

Made a two-year, **\$5 million commitment** to the Obama Presidential Center in our HQ's hometown of Chicago to support it in 2022 and 2023.

Donated **food globally** in partnership with our suppliers, helping divert excess food from landfills to organizations that support families in need.



Our Strategy in Brief

With our scale, diversity and legacy, we aim to build strong and inclusive connections that deliver on the needs of our communities. We remain focused on partnering with key organizations that share our values, harnessing our size and influence to maximize collective impact while strengthening relationships with the communities we serve.

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

1 Families and their well-being, including our support of Ronald McDonald House Charities

2 Support during times of need

3 Philanthropic investments and opportunity employment

Read more about our community impact and philanthropy on our website.

Our Performance

1. Families and Their Well-Being

Supporting Ronald McDonald House Charities (RMHC)

Included in our Community Impact & Philanthropy strategy is McDonald's continued support for RMHC. Since 1974, the McDonald's community – our employees, customers, Franchisees and suppliers – has provided its time, funds and in-kind services to help RMHC positively impact millions of children and their families. The actions we take have enabled us to continue supporting families, despite unforeseen global challenges.

In 2022, we donated \$20 million to RMHC as part of our five-year, \$100 million commitment (2020–2025). The gift is helping RMHC through direct financial support, RMHC Chapter capacity-building, initiative activation and resource development. We make it easy for our customers to support RMHC too, through various on-site and digital giving opportunities. In some countries or regions, McDonald's donates a percentage from the sale of specific products or runs other special promotions in restaurants.

Find out more on our dedicated RMHC web page.

2. Support During Times of Need

Whether it's supporting charitable efforts or uplifting communities impacted by hardship and disaster, we know collaboration is key to making a substantial impact on those who need it most.

Disaster Response

We donated over \$5 million in employee assistance, supporting relief efforts led by the Red Cross in response to developments in Ukraine and the resulting humanitarian crisis in Europe. McDonald's Poland and Romania, both located next to Ukraine, kept their restaurants open around the clock for refugees. They donated 60,000 and 24,000 meals respectively to refugees in those countries.

We also established an online donation portal that enables our employees to support colleagues impacted by restaurant and office closures following any disaster. This was used to aid Red Cross efforts supporting those coping with the Ukraine humanitarian crisis and to help RMHC support displaced ill and injured children and their families.

In 2023, McDonald's Corporation donated \$500,000 to earthquake relief efforts in Turkey, including contributions to Save the Children, World Central Kitchen and local nonprofits. McDonald's Turkey kept its restaurants open where possible, offering free food to all

customers in affected areas and distributing an estimated 100,000 meals to victims in nine cities at 50 different locations. The local business also gave a total of \$100,000 to all teams and managers affected, and to the families of bereaved team members.

Locally Driven Needs: Our 2022 Actions

We are dedicated to supporting our employees and have taken several actions to advance this in 2022, including:

- Joining the American Red Cross Annual Disaster Giving Program (ADGP) and pledging \$5 million to proactively support U.S. and global disaster relief efforts.
- Offering hardship and disaster relief for all McDonald's owned restaurant employees in the U.S. – with around 50,000 eligible people.
- The U.S. business provided over \$850,000 in community grants and sponsorships in the U.S. Additionally, in the U.S., one penny from every Happy Meal at participating McDonald's was donated to RMHC, totaling \$5.9 million.
- Gifting \$1 million to the Smithsonian Institution to support its new National Museum of the American Latino, the first Smithsonian Museum dedicated to Latinx history and culture in the U.S.

We also help amplify the impact of employee donations, matching funds donated to certain nonprofits by employees in the U.S. up to \$5,000 (\$10,000 for a Vice President or above, or a Board member). Since 2015, we have matched over \$4.5 million through this offering.

Chicago: Contributing at Our Home

As one of the largest employers headquartered in Chicago, we believe it's our responsibility to help address urgent community needs through strategic investments and engagement. In 2022, we launched a Chicago Community Impact Grants Program in partnership with The Chicago Community Trust, investing \$3.5 million in grants to 40 neighborhood organizations that are advancing youth opportunity.

3. Philanthropic Investments and Opportunity Employment

Charitable Contributions

In Chicago, we have made a two-year, \$5 million commitment to the Obama Presidential Center to support global programming and local initiatives between 2022 and 2023. In the summer of 2022, we also hosted a career day with local high school students, including networking and career exploration with McDonald's employees and a tour of McDonald's headquarters.

Youth Opportunity Program

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

Progress: From July 2018 to December 2022, approximately 1.7 million young people have participated in training programs and/or been hired in McDonald's or participating Franchisee restaurants.⁷³

Examples of Our Impact Across the Globe

The U.S. – McDonald's works with International Youth Foundation (IYF) and nine local community-based organizations (CBOs) in Chicago and Washington, D.C., to deliver life skills training called Passport to Success to young people aged 16–24 from low-income households. Across more than 30 lessons, the training covers resilience, teamwork, communication, self-awareness and respecting others. As concerns about systemic racism and youth mental health escalated in the past few years, the life skills curriculum was expanded to include modules on cultural diversity and self-advocacy/self-care.

The U.S. – McDonald's and IYF also collaborate on the Youth Opportunity Ambassador Program, sharing participant perspectives on barriers to success and enabling feedback on the program's ability to support them.

Switzerland – McDonald's Switzerland offers a three-year gastronomy apprenticeship program that mixes on-the-job learning and classroom training. Upon graduation, participants receive a federally recognized degree in gastronomy. In 2022, the program had 34 apprentices in total.

The U.K. – For a second consecutive year, McDonald's UK partnered with BBC Children in Need to help raise vital funds for youth projects, people and services across the U.K. McDonald's donated 10p from every U.K. download of the music from its Christmas advert, and offered engagement through a mobile Christmas card tour. In addition, for every McCafé item purchased over the festive period, McDonald's donated the equivalent of 100 MyMcDonald's Rewards points via the McDonald's app.

Latin America and the Caribbean – Arcos Dorados expanded MCampus Comunidad, a platform offering 14 online courses to young people, including topics related to digital marketing, entrepreneurship, personal finance and information technology. By the end of 2022, almost 70,000 people from 50 countries had participated in the free training offered by MCampus Comunidad and received an official certificate from Hamburger University.

Volunteerism

Our Global Volunteer Program, launched in 2019, matches employee time with community need. Through the program, individuals volunteer for a variety of causes related to the four Impact Areas of our Impact Strategy while addressing the unique needs of their communities.

Additionally, in 2022, we held a Global Volunteer Month for the first time. Throughout September, approximately 8,500 employees volunteered across 120 events. Collectively, they volunteered approximately 16,700 hours of their time to local community causes around the world.

Examples of Our Impact Across the Globe

Ukraine – In addition to focused efforts during Global Volunteer Month, employees in Ukraine volunteered throughout 2022 to help address the ongoing crisis. Examples of these activities include the following programs, launched in collaboration with RMHC Ukraine:

- **Food kits** – More than 160,000 food kits, each feeding a family of three for up to six days, were distributed all over Ukraine.
- **Medical equipment** – Purchased and transferred 200 ventilation assistance devices to 50 hospitals, as well as 420 vacuum aspirators to 100 hospitals in 23 regions of the country.
- **Humanitarian aid** – Employees implemented over 100 projects according to the specific requests from hospitals and communities.

China – The stringent COVID-19 prevention policies in place in China in 2022 meant that we could not proceed with any large-scale activities for Global Volunteer Month. In their place, we offered a folded paper heart, which we gave to RMHC children through 13 regional offices around China. Over 3,000 employees took part in the initiative.

Japan – In September 2022, McDonald's Japan worked with two major league baseball teams and RMHC to hold fundraising games for the charity, with local restaurants, owners and staff raising awareness and asking baseball fans for their support. For the opening of the new RMHC in Niigata prefecture (our 12th house in Japan), office staff gathered items for the families staying there, sending 22 boxes filled with food items, books, toys and amenities.

Food and Supplies Donation

Throughout 2022, we continued stepping up to help support communities around the globe with food and supply donations to meet their basic needs.

Examples of Our Impact Across the Globe

The U.S. – In 2022, McDonald's USA and its suppliers in the U.S. donated over 1.6 million pounds of food and paper combined from suppliers and distribution centers, helping divert excess items from landfills and waste – worth more than \$3.4 million – to support local U.S. food banks and communities.

Ukraine – McDonald's Ukraine donated over 160,000 food kits through our joint program with RMHC. Additionally, more than 700 metric tons of products were handed over to communities from our restaurants and distribution centers.

Japan – In support of medical workers, over 100,608 meals were provided by restaurants in McDonald's Japan in Hyogo, Wakayama, Hokkaido, Chiba and Osaka prefectures. The market also donated 10,000 meal tickets to 400 children's cafeterias in Aichi, Gifu and Mie prefectures.

Greece – McDonald's Greece donated more than 8,000 food items to food banks. Over 520 employees volunteered an estimated total of 2,956 hours to support the community in various actions.

The U.K. – McDonald's UK donated 1.2 million meals with FareShare (U.K.) and 50,000 meals with Food Cloud (Ireland).

Capital Investments

In 2022, McDonald's global capital investments, which include capital expenditures and taxes paid, amounted to approximately \$4.9 billion. These capital expenditures go toward reinvestment in our existing restaurants, as well as the creation and construction of new restaurant locations, which ultimately help to build stronger communities and job opportunities around the world, while the income taxes provide economic contributions to local, state and federal governments where we operate to help fund essential services.

Capital Expenditures	Income Taxes Paid
2020	\$1.6B
2021	\$2.0B
2022	\$1.9B
	\$3.0B

Ronald McDonald House Charities



Ronald McDonald House Charities (RMHC) helps support families when their child is sick or injured, and McDonald's is proud to be its founding mission partner.

RMHC is a nonprofit, 501(c)(3) organization with a global network of over 260 Chapters in more than 60 countries and regions that helps families access essential care for their children. Ronald McDonald House Charities and RMHC are trademarks of McDonald's Corporation and its affiliates. RMHC programs provide families with somewhere to stay in or near leading hospitals and healthcare services, facilitate delivery of care to some communities and help to ensure the entire family is fully supported along their child's healthcare journey.

In total, McDonald's, our Franchisees and customers donated over \$182 million to RMHC in 2022, helping the charity provide more than 2.2 million overnight stays for RMHC families around the world.

All donation and monetary figures have been converted to U.S. dollars and are approximate.

What Ronald McDonald House Charities Does

Through three core programs and hundreds of local programs, RMHC provides stability and vital resources to families around the world.



Ronald McDonald House programs – More than just a place to sleep, each House is near the hospital and provides meals and support to families with a hospitalized child.



Ronald McDonald Family Room programs – Located within the hospital, this program offers families a place to recharge, rest and have a snack, all within a few steps of their child's bedside.



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 around the world.

Our Strategy: McDonald's and RMHC Working in Partnership

When our communities need us, we show up. In 2022, McDonald's Corporation donated \$20 million as part of our five-year, \$100 million commitment to support families when they need it most.

Our Actions in 2022

Here are just a few examples of RMHC activities from 2022:

- More than 28,000 individuals in the McDonald's System – including Owner/Operators, Developmental Licensees, employees and crew – actively volunteered with RMHC Chapters.
- McDonald's Portugal recycled more than 18,000 used uniforms into textile yarns that were converted into new textile bags – 5,500 of which were then donated to RMHC Portugal as "Family Welcome Kits" with items to improve families' well-being.
- Tyson Foods enabled guest families to access quick meals around the clock across Ronald McDonald House programs in the U.S.

• UL Solutions became the first RMHC partner solely dedicated to supporting its global sustainability efforts. In alignment with the UN SDGs, UL Solutions offers building assessments to evaluate the indoor air quality of several RMHC programs. The partnership galvanizes UL Solutions' network of employees to give back and volunteer at their local RMHC Chapters, and provides educational resources to reinforce sustainability priorities for more than 260 RMHC Chapters across the globe.

Relief Response Around the Globe

During the ongoing conflict in Ukraine, McDonald's helped RMHC Ukraine in its support for more than 100 humanitarian aid projects, the delivery of more than 160,000 food kits to those in need and the mobilization of nearly 500 volunteers from McDonald's who supported the purchase and delivery of medical equipment to hospitals.

RMHC Ukraine also plans to build its first Ronald McDonald House through a partnership with the U.S. Agency for International Development (USAID) and support from McDonald's Ukraine.

Several European RMHC Chapters partnered with our packaging supplier, TMS/HAVI, in their relief efforts in Ukraine. For example, HAVI partnered with RMHC Portugal and RMHC Spain to transport over 80 pallets of essential items, which were split between two organizations for distribution throughout Ukraine.

Several hundred McDonald's restaurants across Texas banded together in response to the mass shooting in Uvalde, Texas. \$150,000 was raised for RMHC San Antonio and the Uvalde community through a McDonald's lunchtime fundraiser, which donated 10% of sales to the cause. RMHC San Antonio served family members from Uvalde and created a special fund to help those impacted.

In support of those individuals affected by Typhoon Noru (known locally in the Philippines as Super Typhoon Karding), McDonald's and RMHC Philippines stepped in to provide 3,000 meals to affected communities.

Giving Back to RMHC Chapters With Our Customers Around the World

In the U.S., one penny from every Happy Meal at participating McDonald's went to RMHC, totaling \$5.9 million. Additionally, McDonald's customers in the U.S. donated more than \$33 million through Round-Up for RMHC and Donation Boxes.

Over \$11 million was raised by McDonald's Canada, its independent Franchisees and customers through in-restaurant giving efforts.

McDonald's Australia, its Licensees and customers provided support through McHappy Day and other giving efforts locally, which raised more than \$10 million. In New Zealand, 170 McDonald's restaurants supported their local RMHC, donating 10 cents (NZ) from every Happy Meal sold to raise more than \$450,000.

McDonald's restaurants in South Africa and Egypt hosted Happy Meal promotions for each country's RMHC Chapter, raising more than \$560,000.

In Argentina, \$544,000 was raised from the sale of Big Mac sandwiches during a 14-day McHappy Day fundraiser, in which 225 McDonald's restaurants participated. Additionally, more than 1,000 restaurants in Brazil participated in McHappy Day, raising \$3.8 million.

In Austria, 136 restaurants participated in a McDonald's car wash day, which raised over \$87,000, while a total of 200 restaurants promoted stuffed bunny rabbit sales, superhero bandages and heart-shaped donuts, meaning that these initiatives raised nearly \$500,000.

McDonald's Hungary hosted a Tour de Balaton in support of the new local Ronald McDonald Family Room, raising almost \$13,000.

Note

73 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, Korea, Mexico, 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, the Netherlands, Switzerland, the U.K. and the U.S.

McDonald's Sustainability Accounting Standards Board (SASB) Index 2022

SASB is an independent, standards setting organization that looks to improve efficiency and consistency in environmental, social and governance 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 fourth time for our 2022 reporting period. As we continue on our Impact journey, it remains a top priority for us to communicate our progress in a transparent and standardized manner for investors and other important stakeholders through this index.

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 2022 in greater detail.

We are committed to continuous improvement and are working to improve our data collection and coordination across the McDonald's System. We look forward to continuing to identify ways to strengthen our reporting processes and disclosures in the coming years. All data shown below is reflective of year-end 2022 progress, unless otherwise stated.

Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
Energy Management	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewables	Quantitative	Gigajoules (GJ), Percentage (%)	FB-RN-130a.1	<p>Response In 2021, we committed to adapting our climate targets to help keep global temperature rises below 1.5°C. We intend to share an update on our climate journey later this year.</p> <p>Energy Consumption for Company-Owned Restaurants and Offices (1) Total energy consumed: 7,989,134.4 GJ (2021) (2) Percentage grid electricity: 62.5% (2021) (3) Percentage renewable: 12.7% (2021)</p> <p>Commentary Greenhouse Gas (GHG) Emissions (in Metric Tons) Gross Scope 1 Emissions: 113,286 (2021) Gross Scope 2 Emissions: 469,236 (2021) Gross Scope 3 Emissions: 56,803,958 (2021) Today, restaurant energy use represents 59% of our restaurant and operations baseline emissions footprint; as such, they represent a key focus area for accelerating progress against our 2030 targets. Since 2019, McDonald's has signed 14 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, North Carolina, Ohio and Louisiana. As the projects for which contracts were executed between 2019–2023 continue becoming operational, the energy generated is expected to be equivalent to more than 11,700 restaurants' worth of electricity. They are expected to contribute to a 33% reduction in GHG emissions associated with U.S. restaurant electricity usage from our 2015 baseline. McDonald's portion of these renewable energy projects will help prevent approximately 3,600,000 metric tons of CO₂e emissions annually.</p> <p>Related Goals McDonald's is partnering with Franchisees to target reducing GHG emissions related to our restaurants and offices by 36% by the end of 2030 from a 2015 base year (inclusive of both Company-owned and franchised restaurants). Through collaboration with our suppliers and producers, we are also committed to achieving a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by the end of 2030. This combined target has been approved by the Science Based Targets initiative (SBTi). In 2021, we joined the United Nations Race to Zero campaign, committing to net zero emissions by 2050. Through the SBTi Business Ambition for 1.5°C campaign, we are also in the process of adapting our climate targets to help keep global temperature rises below 1.5°C. Please find additional information on our Climate Action page and in our 2022 CDP Climate Change response.</p>

Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
Water Management	(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 ³), Percentage (%)	FB-RN-140a.1	<p>Response Total water withdrawn is an estimated 1,793,462 m³. The large decrease in our water withdrawn figures originally reported in 2020 and 2021 compared to our 2022 figure is due to data errors that occurred in 2020 and 2021 calculations, which have been recently identified. These inconsistencies led to a larger reported figure in previous years than what is reflective of McDonald's actual water withdrawn. This has now been corrected as of 2022. Upon recalculation, the correct figures for the previous two years are: 2020: 1,544,773.78 m³ 2021: 1,465,448.16 m³</p> <p>Commentary Water withdrawn was estimated based on 601 U.S.-owned locations that provided withdrawal data and extrapolated to the 2,106 Company-owned restaurants worldwide based on standardized usage intensities.</p> <p>Additional Resources Please find additional information on our Nature, Forests & Water page.</p>
Food & Packaging Waste Management	(1) Total amount of waste, (2) percentage food waste and (3) percentage diverted	Quantitative	Metric tons (t), Percentage (%)	FB-RN-150a.1	<p>Commentary In 2022, more than 85.1% of restaurants in markets with advanced infrastructure¹ offered guests the opportunity to recycle packaging items. In these restaurants, guest packaging is collected in customer-facing recycling bins for back-of-house or off-site sorting and recycling utilizing existing local waste infrastructure systems.</p> <p>Related Goals 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>Additional Resources Learn more about our approach to food and packaging waste management on our Packaging, Toys & Waste 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>Response (1) Total weight of guest packaging: 1,000,573 metric tons of guest packaging and toys sourced for McDonald's restaurants. (2) Percent made from recycled and/or renewable materials: 81.0% of all of our primary guest packaging items are sourced from renewable, recycled or certified sources^{2,3,4}. 97.2% of our primary fiber-based guest packaging was sourced from recycled or certified sources in 2022.</p> <p>Commentary Primary guest packaging is inclusive of centrally managed guest packaging and Happy Meal book and toy packaging for a significant portion of our system sales across more than 40,000 restaurants. We take recoverability into account whenever we design guest packaging. Whether packaging items are recyclable in practice and at scale depends on the waste and recycling infrastructure in each market. We do not track this data centrally. We are working to eliminate or replace small plastic items that are hard to recycle, not needed for safety or functionality and likely to leak into the environment, such as straws, plastic bags and cutlery.</p> <p>Related Goals By the end of 2025, our goal is to have all of our primary guest packaging sourced from renewable, recycled or certified sources.</p> <p>Additional Resources Learn more about our approach to packaging sustainability on our Packaging, Toys & Waste page.</p>
Food Safety	(1) Percentage of restaurants inspected by a food safety oversight body and (2) percentage receiving critical violations	Quantitative	Percentage (%)	FB-RN-250a.1	<p>Commentary 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 Agriculture Practices (GAP), Supplier Quality Management Systems (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	<p>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.</p>
	(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>Daily checks against key food safety standards and procedures are conducted in all restaurants. Third-party audits verify that these standards are implemented. In 2022, 55,171 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>In addition, our Food Safety Field Service team supports our markets to ensure they have received training and are operating in compliance with our standards. The members of this team are strategically located in the Middle East, Europe and Latin America, enabling strong connection to the Developmental Licensee (DL) markets and helping to elevate our food safety culture globally.</p> <p>Additional Resources Learn more about our approach to food safety on our Food Safety page.</p>

Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
Nutritional Content	(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>Additional Resources Learn more about our approach to nutritional content on our Nutrition & Marketing Practices 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>Commentary 17 out of 20 of our in-scope markets have achieved⁶ our goal of ensuring 50% or more of the Happy Meal Bundle Offerings listed on menus in each market meet McDonald's Global Happy Meal Nutrition Criteria. One market received an exemption from fulfilling this goal and two markets received extensions to meet the goal by end of 2023. By the end of 2022, an average of 56% of Happy Meal Bundle Offerings meet the Nutrition Criteria across the 20 major markets. 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>
	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>Commentary 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. 100% of all Happy Meal Bundles shown in children's ads across the 20 major markets met the Nutrition Criteria in 2022, up from 83% in 2019. 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>Related Goals By the end of 2022, our goal is that all Happy Meal Bundles advertised to children will meet McDonald's Global Happy Meal Nutrition Criteria and continue to meet any existing applicable local/regional advertising pledges.</p> <p>Additional Resources Please find additional information on nutritional content on our Nutrition & Marketing Practices page and in Keybridge's closing report on progress against our five Global Happy Meal Goals.</p>
Labor Practices	(1) Voluntary and (2) involuntary turnover rate for restaurant employees	Quantitative	Rate	FB-RN-310a.1	<p>Commentary 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>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"> • 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.
	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	<ul style="list-style-type: none"> • Nondiscriminatory – 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 Diversity, Equity & Inclusion page. • Performance-based – Pay is focused on motivating high performance, recognizing achievement and reinforcing behaviors that align with our culture. • 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. • Compliant – We comply with all applicable legal and regulatory requirements and standards. <p>In the U.S., McDonald's continues to enhance its compensation packages for Company-owned Restaurant Staff. In 2022, we raised hourly wages at over 90% of our U.S. Company-operated restaurants, impacting more than 44,000 employees and resulting in an 8% increase to the average hourly pay rate. We expect to reach an average hourly wage above \$15 for Company-owned restaurant employees in 2023. These raises reflect McDonald's commitment to evaluating competitive wage data and the evolving legislation and regulatory environment to determine the appropriate wage ranges on a market-by-market level.</p>
					<p>Additional Resources Learn more about our approach to labor practices throughout our Talent & Benefits, Safe & Respectful Workplaces and Diversity, Equity & Inclusion pages.</p>

Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
Supply Chain Management & Food Sourcing	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>Response</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 2022 responsible sourcing performance across these key priorities:</p> <ul style="list-style-type: none"> • Beef: 98.5% of beef sourced for McDonald's restaurants supported deforestation-free supply chains.⁶ • Fish: 88.8% of the fish sourced for McDonald's Filet-O-Fish came from sustainably managed wild-caught fisheries, assessed and verified annually against the McDonald's Sustainability Fisheries Standard by the Sustainable Fisheries Partnership.^{7,8} • Palm Oil: 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 in 2022.⁹ • Fiber: 97.2% of our primary fiber-based guest packaging was sourced from recycled or certified sources in 2022.¹⁰ • Soy: 100% of soy sourced for the feed of chicken used in McDonald's products supported deforestation-free supply chains in 2022.¹¹ • Coffee: 99.9% of our ground and whole bean coffee was sustainably sourced in 2022.¹² <p>Additional Resources</p> <p>Please see our Responsible Sourcing and Nature, Forests & Water 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>Response</p> <p>(1) More than 88% of eggs sourced in the U.S. are cage free and Canada also sources more than 85% cage-free eggs. (2) As of the end of 2022, more than 91% of our pork purchased in the U.S. comes from suppliers that have phased out the use of gestation stalls (small, enclosed pens) for housing confirmed pregnant sows.</p> <p>Commentary</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>Related Goals</p> <p>The U.S., Canada and Arcos Dorados (the largest independent McDonald's Developmental Licensee (DL), with operations in Latin America and the Caribbean) have each set goals of sourcing 100% cage-free eggs by the end of 2025.</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>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.¹³</p> <p>By the end of 2027, we aim to eliminate the use of antibiotics defined by the 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. As of the end of 2022, all in-scope markets except for China have eliminated HPCIA.</p> <p>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 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 global beef and dairy industries. This goal focuses on Australia, Brazil, Canada, France, Germany, Ireland, New Zealand, Poland, the U.K., and the U.S., which represented over 80% of our beef supply chain as of the end of 2022.</p> <p>Additional Resources</p> <p>Please see our Animal Health & Welfare and Responsible Antibiotic Use 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>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 commitments, 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 Food Quality & Sourcing and Our Planet pages, as well as our 2022 CDP Climate Change and 2022 CDP Forests responses.</p>	

SASB Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Response and Source(s)
Number of (1) Company-owned and (2) franchise restaurants	Quantitative	Number	FB-RN-000.A	(1) 2,106 Company-owned restaurants. (2) 38,169 franchised restaurants. These figures are as of year-end 2022. Please find additional information in McDonald's Annual Report .
Number of employees at (1) Company-owned and (2) franchise locations	Quantitative	Number	FB-RN-000.B	Over 150,000 people employed by McDonald's Corporation and its majority-owned subsidiaries worldwide as of year-end 2022. Over 2 million people working within a Company-owned or franchised McDonald's as of year-end 2022. ¹⁴ Please find additional information in McDonald's Annual Report .

Notes

1 **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 2022, that included 21 markets where McDonald's operates.

2 **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, Turkey and Thailand are excluded. **Renewable sources** refer 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. 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.

3 Non-structural components of packaging vary based on the packaging but may include adhesives, inks, overprints, varnishes, retention agents or binders, processing aids, impact modifiers, 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.

4 In 2022, we saw a decrease in the percentage of our primary guest packaging sourced from renewable, recycled or certified materials as compared to 2021 due to deployment of new packaging materials not yet compliant with our goal standards. We know progress in this space is not always linear and we intend to continue making supply chain improvements to meet our packaging sourcing standards and remain committed to our 2025 goal.

5 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).

6 **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. 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.

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** 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 to the McDonald's Sustainable Fisheries Standard by the Sustainable Fisheries Partnerships. Marine Stewardship

Council (MSC) Certification is optional to McDonald's markets. Fisheries may also be independently certified as meeting the MSC Principles and Criteria for Sustainable Fishing where a certificate of conformity to an MSC Standard has been granted. Source: 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 portions served in McDonald's restaurants. Filet-O-Fish represents over 98% of the total fish volumes used in the McDonald's System (by weight). Includes all suppliers of wild-caught fish for Filet-O-Fish 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 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.

8 In 2022, we saw a decrease in the percentage of our fish sourced from sustainably managed wild-caught fisheries. This was due to impacts on our supply chain from the ongoing humanitarian crisis in Ukraine and McDonald's decision to exit the Russian market in 2022. This resulted in an increase of fish sourced from fisheries whose Fishery Improvements Projects are not yet compliant with our standards. 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 have become available.

9 **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.

10 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 primarybased 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.

11 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, Belarus, Belgium, Bosnia, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Herzegovina, Hungary, Ireland, Italy, Kazakhstan, 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.

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 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.

14 Franchisees are independent business owners who employ the individuals who work in their restaurants and for their businesses.

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.

Scope and Restatements

This Index covers our 2022 progress, unless noted otherwise. The humanitarian crisis caused by the war in Ukraine and the precipitating unpredictable operating environment led us to determine that continuing operations in Russia was no longer tenable nor consistent with McDonald's core values. Due to the transfer of our Russian business in May of 2022, Russia has been excluded from our 2022 performance reporting across ESG topics, unless otherwise stated.

The large decrease in our water withdrawn figures originally reported in 2020 and 2021 compared to our 2022 figure is due to data errors that occurred in 2020 and 2021 calculations, which have been recently identified. These inconsistencies led to a larger reported figure in previous years than what is reflective of McDonald's actual water withdrawn. This has now been corrected as of 2022.