



ESG Reporting Website Archive 2020

A download of the Our Purpose & Impact section of the McDonald's corporate website. Content covers McDonald's Corporation and its majority-owned subsidiaries worldwide operations during the fiscal year 2020 (January to December) unless otherwise stated.



Contents

The content of this document was archived from across the Our Purpose & Impact section of our global website in January 2022, originally published online during 2021. Unless otherwise stated, the information and data covers McDonald's Corporation and its majority-owned subsidiaries worldwide during fiscal year 2020 (January to December).

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Our Purpose & Impact

What matters to you matters to us.

Here at McDonald's, our purpose is to feed and foster communities.

When we say, "billions served," we're not just talking about burgers. We're talking about serving our communities, customers, crew, farmers, franchisees and suppliers. Because we believe there's a difference between being in a community and being part of one.

City lines, county lines, even state lines. These things don't create communities. People do. We're consistently inspired by the way people come together in ways big and small to support their communities. But they can't afford to go it alone – they need support now more than ever.

In response, we're prioritizing our role and commitments in the tens of thousands of communities we operate in. We're also speaking up about our impact on the communities we have been serving for more than 65 years, and how we plan to feed and foster the future of those communities over the next 65 years.

How can McDonald's make the biggest difference? As we look to the future, we believe we can have an even greater impact by focusing on four areas that matter to our communities.



Impact Strategy & ESG Reporting

We believe that having a positive impact in communities, while maintaining the growth and success of the McDonald's System, is fundamental to how we operate.

That includes reporting on our environmental, social and governance (ESG) management and sharing the collective impact of our business and partners.

Progress Highlights

- [Diversity Snapshot \(PDF - 342 KB\)](#)
- [2021 Climate Risk & Resiliency Summary \(PDF – 3.82 MB\)](#)
- [2020-2021 Purpose & Impact Progress Report \(PDF – 5.26 MB\)](#)
- [2020 SASB Index \(PDF – 162KB\)](#)
- [2020-2021 SDG Index \(PDF - 282 KB\)](#)

Managing Our Impact

As one of the world's largest restaurant companies, we believe we have a responsibility to ensure long-term, sustainable value creation for shareholders while taking action on some of the world's most pressing social and environmental challenges that are important to our stakeholders.

To manage our impact carefully and hold ourselves accountable across a range of ESG issues, we have strategies, goals and performance indicators that we report against annually. This series of global commitments can make a difference at scale and drive industry-wide change, including climate action, packaging and waste, sustainable agriculture, kids' nutrition, youth employability, and advancing diversity, equity and inclusion across our Company, industry and communities.

The Our Purpose & Impact section of our website is designed to be a living reporting platform where people can see how we're doing year-over-year and understand the impact we're having. We provide the latest updates on a range of impact areas across:

- [Food Quality & Sourcing](#)
- [Our Planet](#)
- [Community Connection](#)
- [Jobs, Inclusion & Empowerment](#)

Helping Support the Sustainable Development Goals

Our strategies to manage environmental and social issues also support progress toward the [UN Sustainable Development Goals](#) (SDGs), a global agenda to end poverty, protect the planet and ensure prosperity for all. Details of how our work



contributes to the SDGs are available on each relevant impact area page. We have also compiled this information into a [single document, available to download](#).

Reporting on Our Impact

We are committed to communicating our performance regularly and transparently. The Our Purpose & Impact section of our website is designed to be a living reporting platform. We also report against external frameworks, including CDP, and publish these reports on this page.

Reporting Scope

Unless otherwise stated, information and data across the Our Purpose & Impact section covers McDonald's Corporation and its majority-owned subsidiaries worldwide during fiscal year 2020 (January to December).

For our developmental licensee 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 the Company's structure and scope, please see the [Company's Annual Report](#). 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 contained in these web pages about future developments and past occurrences are based on information and assumptions available as of the date of publication. While we are committed to providing timely updates on our website, the Company holds no obligation to update information or statements.

Reporting Boundaries

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 expand measurement, as more independent Franchisees choose to implement sustainability initiatives.



Governance & Stakeholder Engagement

Good governance is critical to managing our impact on the world. Our governance structures help us to prioritize ESG issues effectively and guide our actions and performance across issues. Oversight by our Board of Directors and engagement among our cross-functional leadership teams, working groups, Franchisees and suppliers helps us to manage these issues and seek to deliver long-term value for stakeholders.

Because we know we cannot achieve our goals alone, we are committed to working collaboratively with a range of stakeholders and communicating our progress and learnings transparently. Our stakeholder relationships help us identify global and local priorities, and develop responsible and appropriate actions to address them.

Performance & Reporting

Our Performance & Reporting page provides up-to-date details of our commitments and goal progress at a glance. Our goals and performance are an indication of the transformation we're making to realize our purpose. Tracking performance year-over-year is how we stay accountable for driving positive and meaningful impact.

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

Our ESG reporting on our Global Purpose & Impact webpages contains certain forward-looking statements or projections, which reflect our expectations regarding future events, performance and goals and involve a number of 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 rely unduly on forward-looking statements. These are not guarantees of performance and speak only as of the date the statement is made. Factors that could cause actual results to differ materially from our expectations are detailed in the Company’s filings with the U.S. Securities and Exchange Commission. The Company undertakes no obligation to update such forward-looking statements, except as may otherwise be required by law.



Governance & Stakeholder Engagement

Our customers, employees, investors and other certain stakeholders expect us to proactively manage important environmental, social and governance (ESG) issues. We are committed to addressing both how these issues impact our business and how our management of these issues impacts the world.

Understanding and effectively managing ESG issues through ongoing stakeholder engagement and robust governance structures is part of operating our business responsibly. The benefits include minimizing risk, maximizing shared value, ensuring brand trust and building long-term resiliency.

Prioritizing ESG Impact Areas

McDonald's prioritizes environmental and social issues that are of the highest importance to our stakeholders and where the business can have the greatest impact. We continuously gather internal and external insights to help us understand where to prioritize our efforts and to help us evolve our strategy and tailor our reporting. This includes engaging with certain stakeholders to help inform our approach and the evolution of key issues, quantitative and external data gathering, and internal reviews.

The Company's risk management process also identifies and addresses a broad range of risks that can directly or indirectly impact the organization, including risks related to environmental and social issues. The risks are determined as substantive based on a variety of quantitative and qualitative factors that our risk management process uses to monitor and assess the complexity of these topics. This includes engaging stakeholders about our approach and the evolution of key issues, quantitative and external data gathering, internal reviews and analytics.

In addition, our prioritization of issues is informed by the United Nations Sustainable Development Goals (SDGs), launched in 2015. The goals aim to support global challenges across sectors, such as those related to inequality and climate change. The SDGs helped us look more closely at where we can contribute with our partners, and today, our Impact Strategy takes into account a range of connections to these multi-stakeholder efforts. For more detail on how our work contributes to the SDGs, please see each relevant impact page. We have also compiled this information into a [single document available to download](#).

Governance

Good governance is essential to manage our priority ESG issues, drive collaboration and accountability across the business and help us deliver long-term value for stakeholders. The following are our key governance bodies:



Our Board of Directors

As part of the Company's [Corporate Governance](#), the McDonald's Board of Directors is responsible for the oversight of our business in an honest, fair, diligent and ethical manner. Among other responsibilities, the Board actively oversees and reviews the Company's strategic direction, objectives and enterprise risk management. To achieve our goals and fulfill our purpose, we believe it is crucial that our Board reflects the diversity of the communities where we operate. We are proud that half of our Board members are women or self-identify as members of historically underrepresented racial or ethnic groups. In addition, we actively engage Board members across ESG topics and look for members to possess the specialized ESG expertise needed to effectively guide our efforts.

Six standing [Board of Directors committees](#) - Audit & Finance, Compensation, Governance, Public Policy & Strategy, Sustainability & Corporate Responsibility, and Executive - support the Board's oversight.

In particular, the Sustainability & Corporate Responsibility Committee monitors and oversees the Company's strategies and management of environmental and social issues. The Committee also monitors the Company's development and achievement of sustainability goals and metrics. The Committee regularly reports to the full Board regarding its activities. From time to time, other Board committees and the full Board receive reports on the Company's management of environmental and social issues as circumstances warrant.

Cross-Functional Leadership Team

McDonald's cross-functional senior leadership approach was established in 2016, bringing together senior executives from across the Company who are accountable for leading McDonald's Impact Strategy. In 2020, we announced a newly created role of Executive Vice President and Chief Global Impact Officer to oversee our ongoing efforts to have a positive impact around the world. This team of leaders has evolved with our strategy and reports to the President and Chief Executive Officer (CEO) of McDonald's Corporation. Leading officers include:

- Executive Vice President and Chief Global Impact Officer
- Executive Vice President and Global Chief People Officer
- Executive Vice President and Chief Supply Chain Officer
- Senior Vice President and Global Chief Marketing Officer
- Senior Vice President Global Restaurant Development & Restaurant Solutions Group
- Executive Vice President and General Counsel and Secretary

Supported by our CEO, the team meets multiple times each year to discuss strategy and progress. These leaders and their teams work together as our organization



strives to fulfill our overall global aims, goals and actions related to priority impact areas.

Together, they have responsibility for establishing plans and monitoring progress to achieve our goals and commitments. From time to time, we share our progress globally through our brand communications and across the local markets.

Cross-Functional Working Groups

The cross-functional leadership team is supported by cross-functional working groups made up of representatives from departments across our global business. These groups work to implement global and local strategies that drive action and progress against our priority impact areas. They also work with third-party organizations to monitor and collaborate on issues, coordinate and prioritize engagement with stakeholders, strengthen data systems, promote internal alignment and oversee the execution of our global impact reporting strategy.

Partnering With Franchisees and Suppliers

The leaders of each McDonald's market have responsibility for working with their teams to engage local Franchisees in our initiatives and programs. Our local community presence is foundational to our global brand. Each of our priority impact areas comes to life through leadership from local Franchisees, investments in local community partnerships, engagement in the communities of farmers and suppliers, and through the experiences of millions of customers in their local McDonald's restaurants.

Beyond commercial, food and product safety, and food quality responsibilities, the Global Supply Chain function has responsibility for managing our global supply chain policies, goals and commitments, setting responsible sourcing expectations for suppliers and coordinating with market supply chain teams to engage suppliers at the local level.

Stakeholder Engagement

Our business environments and markets are constantly evolving, influenced by global trends and concerns that affect us all. With this in mind, we regularly work with key external stakeholders to engage on issues that matter most and to learn from their insights and relevant expertise.

We've developed lasting relationships with experts from academia, nongovernmental organizations (NGOs), the socially responsible investment community and others. Through this collaboration we can better understand and advance progress on a range of impact areas.

Investors & Shareholders



We know that our investors and shareholders are increasingly interested in ESG issues and engaging directly with businesses to drive continuous improvement. We keep our investors informed of our progress and efforts through regular webcasts, direct meetings and annual reporting on our website. In response to investor feedback, we continue to leverage the Sustainability Accounting Standards Board (SASB) Reporting Guidance and publish a SASB Index to help investors find relevant information through this framework. We recognize the importance of understanding and disclosing climate-related risks and opportunities for our business and look to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to guide our approach.

Nongovernmental Organizations

We engage with a range of certain NGOs to help provide external insights and perspective that inform and shape our strategies and management of ESG issues. Working with external experts complements and stretches our thinking, driving greater impact. We often partner with NGOs to help us develop and implement initiatives on the ground and to facilitate multi-stakeholder and industry-wide collaborations that drive change at scale.

For example, World Wildlife Fund (WWF) helped us shape our 2020 responsible sourcing commitments through an independent analysis of our supply chain in 2010, which helped us identify the raw materials that represented the biggest sustainable sourcing opportunities for us to prioritize. Since then, WWF has continued to be a key advisor on our environmental strategies, such as our forests commitment, in addition to partnering on specific programs with suppliers and other companies, such as the [ReSource: platform](#).

Policymakers

We engage with policymakers to inform them of our commitments and progress in relation to ESG issues and to collect feedback that informs our work.

Franchisees, Suppliers & Producers

Our independent Franchisees, suppliers, farmers and producers are an integral part of our business; we work closely with them to inform, shape and partner on our Impact Strategy. For example, together with our suppliers, we work toward more sustainable agriculture practices, leveraging their insights, expertise and partnerships to drive effective action across the supply chain. Additionally, because most of our restaurants are run by independent Franchisees, McDonald's has deep roots in supporting communities, whether that's providing a delicious meal, volunteering in the neighborhood or helping during a time of need.

Crew & Corporate Staff



Whether in restaurants or office buildings, the people who work at McDonald's are the face of our brand and critical to our success. As such, we want to keep them involved with everything that happens at McDonald's. To do so, we have developed several channels through which crew members in our corporate-owned restaurants and corporate staff can communicate their thoughts, concerns and ideas for improvements. We also host town hall meetings and offer face-to-face meetings to keep everyone up to date with the latest company developments.

Customers & Communities

We value the opinions of our customers and communities all around the world and understand their desire to support companies that share their views on responsible business. We keep our customers engaged through our social media platforms and communication portals, as well as offering a hotline where they can get in touch to share their thoughts and ideas.

We have a long legacy of initiatives designed to provide our neighbors with crucial support and care. We also work with a range of local organizations to provide aid during times of crisis.

Key Collaborations

- Nearly 50 years ago, McDonald's came together with other community organizations to build the first [Ronald McDonald House Charities® \(RMHC\)](#) house.
- We have worked with [WWF](#) since 2010 to develop our responsible sourcing practices, climate action strategy, and packaging and waste journey, and to assess deforestation risks in our supply chains.
- Through the [Global Roundtable for Sustainable Beef \(GRSB\)](#), which McDonald's was a founding member of in 2011, we work to drive action around beef sustainability.
- McDonald's was the first global restaurant company to set greenhouse gas emissions reduction targets approved by the [Science Based Targets initiative](#).
- [Alliance for a Healthier Generation](#) has supported us since 2013 in evolving our menu to offer more healthy options for kids and families.
- In partnership with [Conservation International](#), we developed our McCafé Sustainability Improvement Platform, supporting coffee suppliers to develop more resilient communities and sustainable livelihoods.
- Our employee business networks (EBNs) help promote an inclusive work environment, foster relationships, support career development opportunities and grow the business.
- In 2014, we signed onto the [New York Declaration on Forests](#), a shared commitment to end deforestation by 2030. Read more about [Conserving Forests](#).
- In 2020, McDonald's engaged Mayo Clinic, a global leader in serious and complex healthcare, to provide counsel and expertise in infection prevention and control. Learn more about [how McDonald's works with Mayo Clinic](#).



- We continue to advocate for responsible climate policy, including serving in the Leaders' Circle of America Is All In (formerly We Are Still In), and with [Ceres](#) as members of their Business for Innovative Climate and Energy Policy (BICEP) network. With these networks and a coalition of businesses, cities, states, faith groups, cultural institutions, healthcare organizations and universities, we recently [supported the United States government's efforts to elevate the importance of climate change](#) and meeting the Paris Agreement. Read more about [Climate Action](#).
- As far back as 1996, we have worked with Dr. Temple Grandin to develop our animal welfare auditing program. In 2018, McDonald's formed the Chicken Sustainability Advisory Council (CSAC), which includes genetics experts, farm management consultants such as FAI Farms, leading academics and researchers, such as Dr. Temple Grandin and Dr. Harry Blokhuis, and NGOs, including the WWF.
- Our membership of the [Roundtable on Sustainable Palm Oil](#) highlights McDonald's commitment to only source sustainable, deforestation-free palm oil for our products.
- Through our Flagship Farmers Program, launched in 2007, we are working with and showcasing farmers who are pioneering best practices in agricultural sustainability.



Food Quality & Sourcing



We Are Sourcing Delicious, Quality Ingredients in Responsible Ways

We are helping to create a future of quality, secure and sustainable food because how our food is produced and where it comes from matter to our customers, communities and the environment. This includes sourcing quality ingredients in responsible ways and supporting farming communities. When it comes to nutrition, we are focused on families and children, as that's where we believe we can have the biggest impact.

"We want people to leave our restaurants feeling good about eating our food – not just because it's delicious, but also we source quality ingredients and give customers options. We will continue to invest in strong partnerships with suppliers and farmers around the world and deliver on customer expectations by evolving our menu and offering balanced, wholesome options the whole family can enjoy."

Alistair Macrow, Senior Vice President and Global Chief Marketing Officer, McDonald's Corporation



Our Impact Areas



Food Safety

The safety and quality of our food is our top priority and we are constantly innovating to ensure we meet and exceed our customers' expectations. We integrate food safety into every aspect of our operations, including food sourcing, menu development, packaging, distribution and logistics, and the daily running of our restaurants..



Nutrition & Marketing Practices

We know how important delicious food is in bringing families together, to share moments and create lasting memories. Parents are looking for menu choices that they can feel good about feeding their kids, and that's why we're focused on evolving the Happy Meal and making balanced meals more accessible to families around the globe. Across our 20 major markets* half of all beverages sold in Happy Meals were water, milk or juice in 2019, and over 2.5 billion Happy Meal items sold since 2018 contained fruit, vegetable, low-fat dairy, water, lean protein or whole grains.



Responsible Sourcing

McDonald's partners with a global network of suppliers and farmers to provide quality ingredients and packaging materials. By engaging our supply chain, we have greater visibility and can support more sustainable production, so we can continue to serve our customers the delicious meals they know and love. We have set ambitious goals to guide our responsible sourcing efforts, focusing on the products with the most potential to create positive change: beef, chicken, coffee, palm oil, fish and fiber-based packaging.



Responsible Antibiotic Use

We believe antibiotic resistance is a critical public health issue and we want to play our part to help preserve antibiotic effectiveness for future generations. That's why we are partnering with suppliers, veterinarians, academia and farmers to ensure the responsible use of antibiotics in our supply chain. Since February 2019, we've tracked antibiotic use in over 2.9 billion birds from 80 suppliers for 88 separate medicines, resulting in significant reductions in antibiotic use across our supply chain. In the U.S., the chicken we serve has been free of antibiotics important to human medicine since 2016.**



Animal Health & Welfare

We care about the health and welfare of the animals in our supply chain, which is why we partner across our supply chain to drive toward continuous improvement throughout their lives. We are helping to bring about positive change, ensuring the chicken, eggs, beef and pork we source come from suppliers who share our commitment to animal health and welfare. We also rely on strategic relationships with experts who provide guidance on our policies and implementation strategies in each of our local markets.



Farming Communities

At the heart of our supply chain are the farmers, ranchers and producers who grow our ingredients, and we want every one of them to thrive – from large agricultural businesses to smallholders and family farms. Through our Flagship Farmers Program, we're recognizing and connecting farmers who are leading the industry with pioneering practices that are ethical, sustainable and economically viable. We're also investing in farmer programs that help improve practices, ensure livelihoods and respect human rights, such as our McCafé Sustainability Improvement Platform (McCafé SIP) for coffee farmers.



Supply Chain Human Rights

We expect all suppliers, regardless of the cultural, social and economic context, to meet our expectations of fundamental rights for all people as established by the United Nations Declaration of Human Rights. This means treating their employees with fairness, respect and dignity, and following practices that protect the health and safety of the people working in their facilities. Our Supplier Code of Conduct and our Supplier Workplace Accountability (SWA) program aim to help suppliers understand our expectations, verify compliance with our expectations and work toward continuous improvement.



Sustainable Agriculture & Beef

We want to make sure the beef in our burgers contributes to a sustainable food system in which communities, animals and the planet thrive. We know that we don't yet have all the answers, but we're engaging with expert groups, farmers and industry to test and scale more sustainable and regenerative practices that help protect nature, reduce greenhouse gas (GHG) emissions and secure farmer livelihoods. For example, we have teamed up with the World Wildlife Fund (WWF), Walmart Foundation and Cargill to improve grazing management practices across one million acres of land in the Northern Great Plains – one of the last remaining temperate grasslands in the world. These efforts help us reduce GHG emissions and enable us to progress toward our climate commitment.

*U.S., Canada, Brazil, Argentina, U.K., France, Germany, Austria, Spain, Netherlands, Italy, Poland, Sweden, Switzerland, Russia, Hong Kong, China, Japan, Taiwan, Australia.

**Farmers still use ionophores, a class of antibiotics that are not prescribed to people, to help keep chickens healthy.



Food Safety



Why It Matters

Providing safe food is our number one priority and a responsibility that we take seriously. Our customers expect McDonald's to maintain food safety standards and protocols and we're working hard to ensure we always meet those expectations.

Food safety has been at the core of everything we do for decades. We integrate it into every aspect of our operations – from food sourcing and menu development to packaging, distribution and logistics, and the daily running of our restaurants. To mark our commitment to food safety, we celebrate World Food Safety Day in June, which was established by the United Nations to bring global attention to this priority topic.

Our Strategy

Food safety is a collaborative effort that starts long before food products reach restaurants. We work closely with a robust network of farmers and suppliers to ensure safe food is the number one priority for everyone in our value chain. To do this, McDonald's renewed and refreshed our Global Food Safety Strategy in 2019, which ensures we integrate food safety into the design of food, packaging, equipment and restaurants, as well as operational procedures and employee training. The strategy is centered on three operating principles:



1. The safety of our food and that of our customers is non-negotiable and top priority for McDonald's.
2. Our food safety protocols are science-based and validated by external third parties.
3. McDonald's fosters a culture of food safety from farm to fork. This means working with farmers, suppliers, distribution centers and restaurants to ensure food safety at every step along the way.

We also developed a new Global Food Safety Structure, receiving support from McDonald's leadership to add more resources to the global team in 2020 and 2021. Through the new structure, we have dedicated resources in the areas of global food safety risk management and food safety standard deployment and training. Our newly formed Food Safety Field Service Team supports our McDonald's markets to ensure they have received training and are operating in compliance with our Company's standards and expectations. The team also facilitates best practice sharing. 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. Despite starting its operations fairly recently, we are already experiencing enhanced communication between global and markets with updated food safety policies, standards and training programs.

To make sure our policies and procedures are upheld throughout our supply chain, we focus on assessing potential risks with our suppliers as well. This includes supplier selection/approval and onboarding; training and calibration with suppliers and farmers; and third-party audits for suppliers, distribution centers and restaurants to ensure compliance with our high standards.

Elevating Food Safety Culture

We recognize the importance of having a strong food safety culture within our Company for everyone from crew members to the CEO. That is why we have ongoing programs to educate employees about safe food handling with our suppliers, and provide regular food safety trainings for restaurant operators and staff. Restaurant crew members receive training on food safety during the onboarding process, with managers undergoing a more robust learning program. Webinars are held to train our market food safety and quality leads on the most up-to-date food safety, hygiene and sanitation standards.

In 2020, McDonald's developed training for all corporate staff as part of our e-learning modules. In the U.S., we also hold supplier calibration and trainings to ensure alignment.

As an example of this important work, in Latin America, our Franchisee Arcos Dorados launched the Be Safe Food Protection Program to reinforce Company culture and support the improvement plan for Restaurant Food Safety Audit Results. Be Safe is a



foundational program reinforcing a culture of service to our customers and employees, and is sponsored by Arcos Dorados' Chief Executive Order, Chief Operating Officer and divisional presidents. In light of the COVID-19 pandemic, Arcos Dorados has evolved this program to include Safety and Wellness.

In 2020, just over 62,000 employees in the Arcos Dorados region received food safety training. This is lower than the previous year, as crew and manager turnover decreased due to the COVID-19 pandemic.

In 2018 McDonald's used a third party's food safety culture assessment tool developed by [The British Retail Consortium \(BRC\) Global Standards](#) to conduct a food safety culture assessment of our entire System on a regular basis, including representatives of restaurant owners and operators, suppliers and corporate staff globally. The results informed the ongoing development of our Global Food Safety Strategy. Addressing any gaps identified during the assessment, we are now focusing on four key areas where we can elevate our food safety culture:

- Continue to engage our corporate leaders on food safety.
- Increase visibility of food safety by having relevant food safety training and communications.
- Invest in innovative approaches to improve food safety practices.
- Reward excellence in food safety.

Collaborating With Stakeholders

We work with leading food companies, academia and regulatory agencies on advancing food safety standards and practices globally. In particular:

- We have a Food Safety Advisory Council (FSAC) formed of food safety professionals and leaders. The group meets annually to listen to progress made by McDonald's and to offer guidance on areas for improvement and current industry best practices. Conference calls/virtual meetings occur between the annual meetings.
- McDonald's participates in the Global Good Agricultural Practices (GLOBALG.A.P.) working groups and the European Food Safety Authority (EFSA) to understand current and emerging food safety risks. We also contribute to the discussion and share best practices to benefit the food safety community at large.
- We are a member of [SSAFE, a not-for-profit organization](#) that aims to foster continuous improvement and global acceptance of internationally recognized food protection systems and standards through public-private partnerships. What makes SSAFE unique is its focus on driving collaboration between the



public and private sector to enhance the integrity of the food supply chain. In 2020-2021, McDonald's participated in a collaboration to develop a simple food safety culture assessment tool for companies to use globally. This tool is free for all users and will benefit the entire food industry to elevate food safety culture. On behalf of the SSAFE board, we have been actively sharing learning with industry and government agencies to strengthen food safety culture.

- We hold a membership with the research organization Campden BRI and Center for Food Safety at University of Georgia, USA. This enables us to remain up to date with the most current science and industry best practices. We also contribute information related to food safety by sharing our own best practices through Campden BRI and Center for Food Safety.
- McDonald's has a team of internal food safety professionals who keep abreast of leading science and risk management around food safety by participating in external meetings and collaborations with academia, government and industry. Several team members hold advanced science degrees in Food Microbiology, Food Science and Food Safety, and are members of the International Association for Food Protection, an organization with a mission to protect the global food supply.

Putting Standards Into Practice

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 Program (GAP), Supplier Food Safety and Quality Management Systems and the Distribution Center Quality Management Program. Our raw material and food processing suppliers, as well as logistic partners, must implement and document compliance with these standards.

Annual third-party food safety verification audits are conducted with our suppliers (including grower locations for produce and slaughter and deboning facilities for protein products), distribution centers and restaurant locations. Performance measure indicators are published and reviewed by our leadership team on a quarterly basis. Most McDonald's suppliers, distribution centers and restaurant locations meet or exceed our expectations. However, where our requirements are not met, corrective actions are implemented and verified.

Food safety standards are also implemented at every McDonald's restaurant. Restaurant food safety and quality management procedures are integrated into the McDonald's Operations and Training Program and based on [Hazard Analysis and Critical Control Point](#) principles. Daily checks against key food safety standards and procedures are conducted in all restaurants, while implementation of these standards is verified through internal or third-party audits. We host calibration sessions with our approved third-party auditing firms to ensure audits are as robust as possible. In 2019,



we updated our restaurant food safety auditing standards and supplier food safety and quality audit guidance.

The COVID-19 pandemic showed us that hygiene and safety are important drivers of brand trust for our customers as well as our employees throughout the supply chain.

We have identified opportunities to develop our hygiene and safety protocols. We are now using our experience, these learnings and scientific expertise to further strengthen our standards and processes and integrate enhancements into our review process.

We annually review our policies and standards to identify opportunities for improvement based on current science and industry best practices. We engage our stakeholders during the review process to gather their input before granting approval for any new or revised standards and policies.

Helping Support the Sustainable Development Goals

Our work to ensure food safety helps support the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



Goal 2: Zero Hunger



Our Actions

Ensuring Food Safety From Source to Destination

We're working closely with the produce industry, as well as relevant experts, to lead the effort on establishing best practices for on-farm activities, including those related to [Water Stewardship](#) and soil management, and on-farm food safety risk assessments. In sourcing protein, McDonald's has developed an Approved Supplier List. In order for our suppliers to be part of this preapproved list, they have to demonstrate compliance with our requirements and be able to pass audits. We provide online McDonald's Global GAP training, and regularly update related materials for our suppliers and farmers. We also host in-person training for our suppliers and farmers, as well as local government agencies, in various regions, such as in Asia, Latin America and Europe.

We engage with our global logistics partners to implement continuous temperature monitoring systems in the trucks that move our produce and ingredients. This gives us complete visibility of product temperature during transportation and helps us monitor food safety and quality in real time.

Bringing Supplier Training Online in China

In order to maximize supplier engagement and participation in food safety trainings, in June 2020, we launched the first in a new e-learning series for suppliers in China. The McDonald's Supply Chain Immersion Course is open to all suppliers and cross-functional teams at McDonald's, and is taught over seven modules through training videos and tests. The modules cover important information on issues ranging from global product quality and food safety standards to risk management systems and contingency plans. To date, over 856 suppliers, supply chain members and cross-function team members have registered for the program, with 268 already completing all seven modules.

McDonald's China has conducted annual food safety e-learning and certification with all company employees (including office staff) for the past seven years. In 2021, 170,000 employees went through the e-learning and were certified.

Digitizing Food Safety

We are always looking for new opportunities to harness technology to improve efficiency. Since 2017, we have launched an interactive global food safety website to connect our people all over the world to learn more about hygiene and safety in a fun way, with McDonald's CEO, Owner/Operators and suppliers sharing their commitment to food safety. For our corporate employees, we have developed a food safety e-learning module to learn more about safe handling of food at home.



We have started a process to implement digital food safety at restaurant level. The initiative helps restaurants more efficiently complete daily and monthly food safety tasks, such as temperature checks for cooked meat, monitoring product temperatures in freezers and chillers, converting paper lists to digital checklists and recording important food safety information. This Digital Food Safety system will be implemented in all markets by the end of 2022 and will make it easier and faster for our restaurant employees and managers to follow procedures and demonstrate compliance.

Sharing Food Safety Best Practices

We believe food safety should be a key consideration for every company in our industry, not a competitive advantage. That is why the McDonald's Global Food Safety Team continues to be actively engaged with a variety of external stakeholders to share best practices and learnings related to the mitigation of food safety risks. In February 2020, at the Global Food Safety Initiative's (GFSI) Global Food Safety Conference in Seattle, USA, a team member shared best practices of the steps McDonald's takes to better target food safety trainings to restaurant employees and how we are leveraging technology to ensure our food safety standards and procedures are communicated and implemented.

In July 2020, a member of the Global Food Safety Team who serves on the board of stakeholders for the BRC spoke on a panel about business resilience in the food industry. Another team member attended a virtual event at the Institute of Food Technologists in June 2020 to present findings on the presence and control of the parasite *Cyclospora cayetanensis*. He took to the virtual stage with leading academic and regulatory experts, sharing information with food safety professionals regarding the monitoring and mitigation strategies McDonald's is implementing to mitigate the prevalence of this organism in produce.

In the first half of 2021, our team members have continued to participate and speak at conferences. These include the BRC Food Safety Conference and the IAPF Asian Conference in January. Throughout March, they attended the GFSI Global Virtual Conference and the Center of Food Safety at University of Georgia, USA Annual Conference, engaged with EFSA emerging risk taskforce and Consumer Food Safety Education Conference and acted as co-chair for the Consumer Food Safety Education Conference, USA.

Enhancing Support for Food Safety

Our newly formed Food Safety Field Service Team supports McDonald's markets to ensure they have received training and are operating in compliance with Company standards and expectations. The team also facilitates best practices sharing, covering needs from farm to restaurant. The members of this team are enabling strong connection to all McDonald's DL markets and helping elevate our food safety culture globally. Despite starting its operations fairly recently, we are already experiencing



enhanced communication between global and markets with updated food safety policies, standards and training programs.

Virtually Celebrating Food Safety Week

In June of 2020 and 2021, we celebrated food safety week virtually due to the COVID-19 pandemic. For 2021, the theme was “Food Safety Matters Everywhere” with additional focus on hygiene and foreign material prevention. Leaders from different functions and markets shared their perspectives on how food safety matters to everybody and how it is connected with McDonald’s core values. We also engaged with suppliers and markets during the week, with successful features such as “Ask the Experts” which provided an opportunity for direct dialogue between market food safety leads and global food safety experts.

Recipe for Success

Our Recipe for Success program is designed to promote and elevate food safety and quality culture and was launched in the U.K. and Ireland in 2019. Through this program, our food and packaging are produced to exacting specifications and high standards of food safety and quality. In order to meet these standards, they need to be fully understood and practiced daily by everyone in our System, no matter what position they hold. Along with suppliers, McDonald’s has developed best practice processes to drive consistency and improvement.

Supporting Digital Connections for Food Safety

During the pandemic, we hosted two global supplier virtual events, one in October 2020 and another in April 2021 to share best practices on elevating food safety culture, controlling food safety hazards and mitigating food safety risks. Each event hosted over 650 global attendees and were well received.

We continue to host food safety training webinars for our suppliers and market food safety leads virtually in 2021. Between January and June 20 of 2021, we hosted four webinars with over 800 attendees.

Taking a Risk-based Approach to Supplier Audits During COVID-19

During the pandemic, McDonald’s Global Food Safety Strategy provided guidance to markets, suppliers and audit firms regarding a risk-based approach to conducting food safety audits. The advice focused on conducting audits during times of restricted movement or lockdown situations in countries or regions where suppliers operate. A method of risk quantification was used to allow for certain suppliers to be subjected to virtual audits. McDonald’s provided audit firms with specific guidance and recommendations to ensure pre-planning and remote assessment, and reporting/post-assessments were conducted to minimize disruptions in conducting audits and maintain audit quality. In addition, best practice sharing and learning sessions were



conducted where audit firms were able to exchange information on their challenges and successes. Reporting procedures were also changed to differentiate between on-site and virtual audits.



Nutrition & Marketing Practices



Progress Highlights

For **8 of our 20** major markets,¹ at least 50% of their Happy Meal Bundle Offerings meet McDonald's Global Happy Meal Nutrition Criteria as of 2019

12 out of 20 of our major markets have removed artificial flavors and added colors from artificial sources in Happy Meals as of early 2020

12 of our 20 major markets have made nutrition information for Happy Meals available and accessible through all owned websites and mobile apps used for ordering where they exist, as of Q2 2020

To learn more about our progress, download the [Global Happy Meal Goals 2020 Interim Progress Report \(PDF – 28.2 MB\)](#), or see the Our Performance section below.

Why It Matters

As one of the most frequented restaurants in the world, we help feed millions of people every day. We provide families with a variety of choices to meet their needs, bringing families together to share moments and create lasting memories.

Parents are looking for menu choices that they can feel good about feeding their kids, and that's why we're focused on evolving the Happy Meal and making balanced meals



more accessible to families across the world. McDonald's will continue to take a responsible approach to our Happy Meals by offering balanced options and promoting menu items that contribute to recommended food groups, such as fruits, vegetables and low-fat dairy.

Our Strategy

We are always listening to our customers and evaluating our menu to identify ways to evolve our offerings while maintaining the great taste our customers know and love. For example, we're working with and learning from families to find areas where our system has the best opportunity to create positive and meaningful change. We also have a team of food experts who are passionate about food and are always looking for the latest flavor and ingredient innovations.

Since 2013, we have been working with the [Alliance for a Healthier Generation \(Healthier Generation\)](#), a third-party nonprofit organization, to evolve our Happy Meal menu and use our size and scale to promote more balanced choices for kids. We also work with Keybridge, an independent third party, to measure and publicly report our progress in the 20 major markets toward our commitments. These organizations help us define our targets and measure progress, and we continue to prioritize future action and continuous improvement.

"McDonald's commitment to working with Healthier Generation to help increase access to fruits, vegetables, low-fat dairy and water options demonstrates a willingness to collaborate and leverage their global size and influence for public good.

Kathy Higgins, CEO, Alliance for a Healthier Generation

In 2018, we announced five new, ambitious Global Happy Meal Goals to be achieved by the end of 2022.





We developed these new goals in collaboration with Healthier Generation, focusing on kids and families, as that's where we believe we can have the biggest impact.

When developing these goals, we sought input from third-party nutrition experts and used rigorous criteria grounded in science and nutrition policy to ensure the goals were relevant and reflect the evolving needs of our customers.

The Global Happy Meal Goals continue our focus on Happy Meals, offering more wholesome choices that kids and parents love. We aim to deliver balanced meals that provide a variety of options from recommended food groups, using simpler, quality ingredients so parents can feel good about our Happy Meal menu.

We aim to achieve these goals in all markets globally² by the end of 2022, with measurement and progress reporting among 20 major markets representing nearly 85% of McDonald's System's global Happy Meal sales.

Marketing Responsibly

We're proud of our long history as an industry leader in responsible marketing to children. We recognize the role we play as a global food company and are actively involved in self-regulation focused on this important issue.

As a global brand reaching millions of children and families every day, we understand the importance of responsibly communicating with children. This is an area that must be addressed at both a company and an industry level.

That's why we participate in a number of local and regional pledges, such as the [EU Pledge](#) and the U.S. [Children's Food & Beverage Advertising Initiative](#). Our global policies are guided by these pledges as well as our own Global Marketing to Children Guidelines, which apply to all of our markets around the world.

Helping Support the Sustainable Development Goals

Our nutrition and marketing practices help support the [UN Sustainable Development Goals](#) a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 2: Zero Hunger \(Specifically targets 2.1\)](#)

Our Performance



We established goals around nutrition to ensure we are offering increased access to options that support balanced diets. At the same time, our marketing goals help us drive progress in supporting customers to make informed choices.

The Global Happy Meal Goals apply to all markets globally with measurement and reporting of progress among our 20 major markets: U.S., Canada, Brazil, Argentina, U.K., France, Germany, Austria, Spain, Netherlands, Italy, Poland, Sweden, Switzerland, Russia, Hong Kong, China, Japan, Taiwan and Australia.

For more detail on our progress, including scope, exclusions and methodology, please view our [Global Happy Meal Goals 2020 Interim Progress Report \(PDF – 28.2 MB\)](#). We used the latest data available for each goal in this progress report, while maintaining the rigor of verification from Keybridge, our third-party validator that monitors and evaluates our commitments.

Goal 1: Offer Balanced Meals

By the end of 2022, 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

8 of the 20 major markets met the 2022 goal in 2019, up from 3 markets in 2018.

An average of 43% of Happy Meal Bundles met the Nutrition Criteria across the 20 major markets in 2019.

Goal 2: Simplify Ingredients

By the end of 2022, remove artificial flavors and added colors from artificial sources in Happy Meals and reduce artificial preservatives where feasible in Happy Meals without sacrificing the safety, taste, quality or value of our food.

Progress

12 of the 20 major markets met the 2022 goal in early 2020.

Goal 3: Be Transparent With Happy Meal Nutrition Information

By the end of 2022, ensure that nutrition information for Happy Meals is available and accessible through all owned websites and mobile apps used for ordering where they exist.

Progress



12 of the 20 major markets met the 2022 goal in Q2 2020, up from 6 markets in Q1 2019.

Goal 4: Market Responsibly

By the end of 2022, 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.

Progress

16 of the 20 major markets met the 2022 goal in 2019.

Additionally, 100% of ads shown to children in 2019 featured water, milk or juice as the Happy Meal beverage and fruits, vegetables or dairy as a Happy Meal side.

Goal 5: Leverage Innovative Marketing

By the end of 2022, leverage innovative marketing to help increase purchase of foods and beverages that contain recommended food groups in Happy Meals.

Progress

16 of the 20 major markets sold an increased share of Happy Meal items containing recommended foodgroups in 2019 versus 2018.

Our Actions

Making Progress Toward Our Global Happy Meal Goals

These latest goals build on work we launched in 2013, in partnership with Healthier Generation, to develop a comprehensive plan to help increase customers' access to fruits, vegetables, low-fat dairy and water by 2020 across 20 major markets. The commitments, which a majority of markets achieved in 2019, encompassed five that relate to improvements in menu offerings, menu boards, packaging and advertising directed at children.

In October 2020, we released a global progress report, demonstrating [the meaningful progress we've made towards the five Global Happy Meal Goals](#). Across our 20 major markets, half of all beverages sold in Happy Meals were water, milk or juice in 2019, and over 2.5 billion Happy Meal items sold since 2018 contained fruits, vegetables, low-fat dairy, water, lean protein or whole grains. Additionally, as of early 2020, 93% of Happy Meal menu items have no artificial flavors, added colors from artificial sources, or artificial preservatives that could be feasibly reduced. To learn more about our progress, download the [Global Happy Meal Goals 2020 Interim Progress Report \(PDF – 28.2 MB\)](#).



We have served over 8 billion fruit, vegetable, low-fat dairy and water items in our Happy Meals since September 2013 across our 20 major markets.

We know there's more work to be done as we continue toward 2022. This progress marks an important step in providing access to more wholesome, balanced options made with high-quality ingredients.

Achieving the Commitments We Made in 2013

In 2019, we announced that the majority of McDonald's 20 major markets met the commitments we set in 2013 two years ahead of schedule. Across these markets, the percentage of Happy Meal customers choosing milk, water or juice as their beverage increased by 12 percentage points between 2013 and 2018.

Evolving the Menu in the U.S.

We are always looking for ways to innovate and evolve our menu options. Starting in May 2018, the beef served in Quarter Pounder® burgers in the U.S. is sourced only from North America,^{3|4} and cooked fresh in restaurants across the country. On September 26, 2018, we announced that all of our classic burgers have no artificial preservatives, no artificial flavors and no added colors from artificial sources. Our pickle contains an artificial preservative, so skip it if you like.⁵

In early 2020, we introduced a new reduced sugar, low-fat chocolate milk that contains 25% less sugar than leading quick service restaurants' low-fat chocolate milk.⁶ It's a great example of how we partner with the dairy industry and our supply chain to create a menu innovation and offer more balanced options for our younger guests.

Nutrition Improvements in the U.K.

We want to make it easier for our customers to make healthier choices. Our nutrition strategy in the U.K. has been in place for over 15 years. During this time, we have reformulated over 200 of our ingredients and invested heavily in broadening our menu of balanced healthy options. We have introduced more salad options, as well as fruit and vegetable bags, orange juice, mineral water and organic semi-skimmed milk. To date, 90% of our core food and drink menu is under 500 calories.

We review and update our Happy Meal menu regularly. In 2020, we launched our Veggie Dippers, approved by the Vegetarian Society. Around 70% of items in our Happy Meal menu are non-high in fat, salt and sugar (HFSS) according to the UK Nutrient Profile Model.

As part of our broader efforts, we are leveraging technology to encourage customers to choose balanced options. Showing the lower calorie soft drinks first on our menu ordering screens has encouraged more customers to buy them – with over 1.9 million



purchases switched from higher sugar variants to the no added sugar options⁷ when this was first introduced in 2017.

Footnotes

¹U.S., Canada, Brazil, Argentina, U.K. France, Germany, Austria, Spain, Netherlands, Italy, Poland, Sweden, Switzerland, Russia, Hong Kong, China, Japan, Taiwan and Australia.

²It is important to note that our global System consists of both Company-owned and franchised restaurants. The franchised restaurants are operated by conventional Franchisees, developmental licensees (i.e., a Franchisee that operates most or all of the McDonald's-branded restaurants in a specific market) or pursuant to other licensing arrangements, and make up the majority of McDonald's-branded restaurants around the world. Our Franchisees make independent decisions for their own business organizations, subject to their obligations under the operative franchise or other license agreements and core standards required for the McDonald's brand. McDonald's does not prescribe all business requirements for our Franchisees, but rather we work in collaboration with them to raise awareness and provide tools and opportunities to assist them as part of the brand's food journey. We also work with Franchisees to mutually set objectives and targets and to help monitor their related progress. As a result, while we will encourage Franchisees to participate in the important goals outlined in this document, we cannot guarantee their compliance. However, we can drive change in our Company-owned restaurants, so much of this work will start with Company-owned restaurants, with a plan to demonstrate success and expand measurement, and that will ultimately help to support independent Franchisees that choose to join us on this journey.

^{3¹⁴} Available at most restaurants in contiguous U.S. Not available in Alaska, Hawaii and U.S. territories.

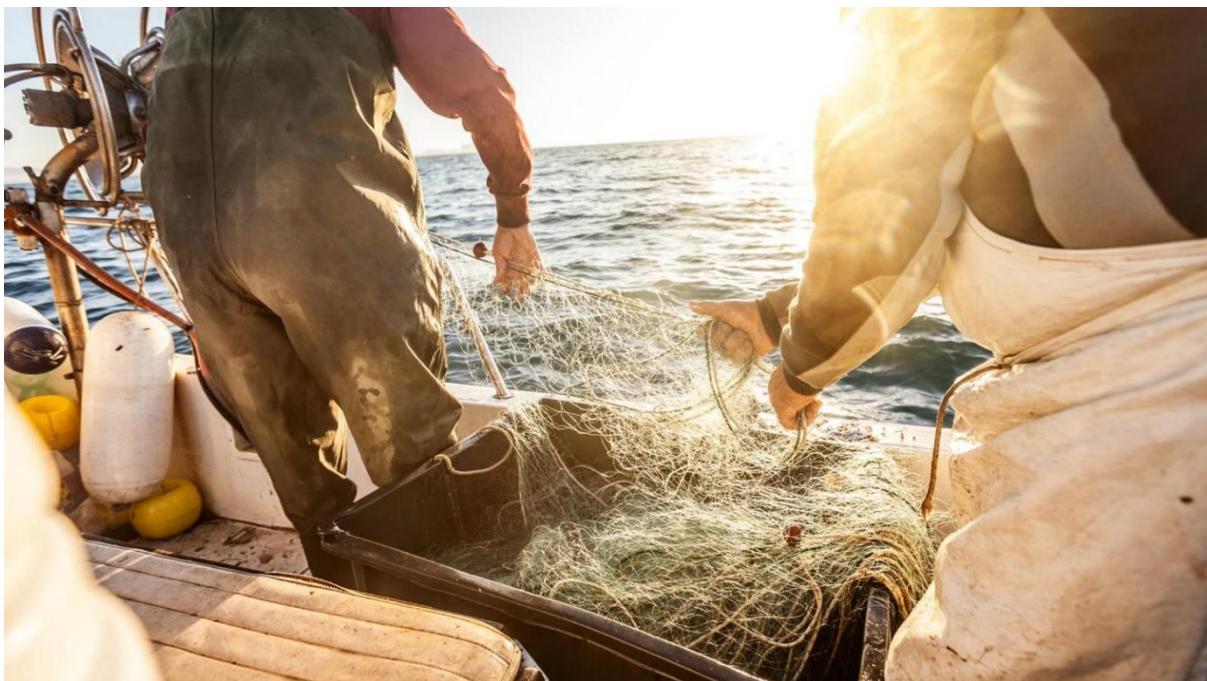
⁵ National sandwiches only. Excludes local and limited time options.

⁶14g of sugar vs. avg. 22g at leading quick service restaurants.

⁷Purchases of Coca-Cola Classic switched to Coke Zero or Diet Coke.



Responsible Sourcing



Progress Highlights

We are incredibly proud that we have substantially achieved¹ every one of our 2020 responsible sourcing goals related to sustainably sourcing our priority commodities. These are some of the world's most in-demand ingredients, requiring intensive agriculture to feed the world. It's imperative that they are produced with sustainability as the priority. Despite the complexity of our global supply chains that is just what McDonald's has done and with the scale of our operations, this means our work is already helping to have a positive impact around the world. Below are just some of the highlights from this work:

Substantially achieved¹ responsible sourcing goals for our six priority products: beef, chicken (soy for feed), coffee, palm oil, fish and fiber-based guest packaging

100% of our soy sourced for chicken feed globally supports the responsible production of soy

98.7% offish sourced for McDonald's Filet-o-Fish® came from verified sustainable sources in 2020

99.6% of our primary fiber-based guest packaging was sourced from recycled or certified sources in 2020 and supported deforestation-free supply chains



Please see [our performance](#) section and [footnotes](#) below for additional detail on goals and thresholds for achievement.

Why It Matters

Our customers' expectations continue to evolve, and we're evolving with them, putting even more focus on our food – where it comes from, what goes into it and how it's prepared.

McDonald's partners with a global network of suppliers and farmers to provide quality ingredients and packaging materials. By engaging our supply chain, we have greater visibility and can support more sustainable production, so we can continue to serve our customers the delicious meals they know and love.

Our Strategy

We approach responsible sourcing holistically, considering our impact on the planet, the livelihoods of the people who produce our food, the communities in which they live and the well-being of the animals we rely on.

We want to ensure that our sustainable sourcing programs drive lasting, meaningful outcomes on critical issues for people, animals, the environment and our business. This vision inspires our 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](#)
- [Protecting water resources](#)
- [Conserving forests](#)
- [Farmer livelihoods](#)

We set standards for our sourcing and engage closely with our supply chain to ensure they are upheld. To maintain a transparent, responsible supply chain, we require all our suppliers to comply with the [McDonald's Supplier Code of Conduct \(PDF – 1.4 MB\)](#), which sets out our values and expectations for human rights, the workplace environment and business integrity.



Our Focus Areas

Currently, we focus on six priority products: beef, chicken, coffee, palm oil, fish and fiber-based packaging. These products were identified through independent analysis by the World Wildlife Fund (WWF) as those that carry the greatest sustainability impacts and where we have the most potential to create positive change.

We have set ambitious goals to guide our responsible sourcing efforts. Learn more about the progress we're making in the [Our Performance](#) section below.

Beef

We're one of the world's biggest buyers of beef, so we are serious about our responsibility to help identify and scale the most sustainable practices.

In 2014, we released our global commitment to beef sustainability, outlining our strategy to work with beef producers and partners across the value chain to support the broader adoption of sustainability practices within and beyond our supply chain. Our strategy focuses on strengthening farming communities, conserving forests, reducing emissions related to beef production, enhancing soil carbon sequestration, promoting the responsible use of antibiotics, and protecting the health and welfare of animals.

Chicken (soy for feed)

We take a holistic and data-driven approach to sourcing our chicken, with a focus on promoting responsible antibiotic use, improving animal health and welfare, and identifying innovative solutions for feed.

In 2018, we brought together an independent global Chicken Sustainability Advisory Council, comprising experts in genetics, leading academics and nongovernmental organizations (NGOs) to define what sustainably sourced chicken means and to determine what actions should be prioritized.

We've been on a journey to enhance our chicken sourcing requirements – from launching our 8 Bold Moves for Broiler Welfare to supporting sustainable soy production designed to take pressure off tropical forests in the longer term. We know there's more to do and we're committed to improving the resiliency and the sustainability of our chicken supply chain.

Coffee

Our ambition is that our customers can walk into a McDonald's restaurant anywhere in the world and enjoy an affordable, high-quality cup of coffee that is sustainably sourced and supports farming communities.



We believe that, by sustainably sourcing coffee, we support the growth of a market that rewards farmers for adopting sound environmental and social practices. Most of our coffee is certified to international sustainability standards through world-leading certification schemes such as Rainforest Alliance, UTZ, Fairtrade International and Fair Trade USA. We also source from suppliers that are approved by the McCafé Sustainability Improvement Platform (McCafé SIP) program, established by McDonald's in partnership with [Conservation International](#) and our coffee roasters.

The McCafé SIP framework is our long-term investment for a more sustainable future. It's how we engage and guide our coffee supply chain in sustainable sourcing, as well as invest in coffee growers and their communities over the long term. Through the framework, McDonald's roasters leverage their expertise to innovate and advance sustainable farming practices in partnership with farmers. McCafé SIP is currently active in five countries across South and Central America, reaching nearly 6,000 farms as of 2019².

Palm Oil

All palm oil sourced for McDonald's restaurants and used as an ingredient³ in McDonald's products supports sustainable production and deforestation-free supply chains through [Roundtable on Sustainable Palm Oil \(RSPO\)](#). But there's still more to do.

Palm oil is the basis of livelihoods for millions of farmers and communities. It requires less land than other major oil-producing crops due to its [substantially higher oil yield](#). However, with demand growing, natural forests have been replaced by palm oil plantations, leading to reduced biodiversity, increased carbon dioxide emissions and even the displacement of communities.

We believe that palm oil *can and must* be sustainable and we will continue to explore high-impact partnerships at local and international levels. It has been a key focus for our responsible sourcing work since 2011 when we joined the [RSPO](#), and we remain committed to reporting on an annual basis to the RSPO Annual Communication on Progress.³

Fish

Thriving marine ecosystems are essential for biodiversity, livelihoods, food security and economies. We also depend on them for Filet-o-Fish, one of our much loved menu items.

Healthy aquatic ecosystems sustain fish supplies and, as such, are very important to the communities that depend upon them, and to McDonald's. That is why we've worked with partners and independent experts for many years, such as the Sustainable Fisheries Partnership (SFP), Conservation International and the Marine Stewardship Council (MSC), to continue identifying ways to improve the health of marine ecosystems.



Over the years, McDonald's has played an important role in improving the sustainability of the global whitefish sector via the implementation of independently verified criteria around healthy fish stocks, impact of fishing on ecosystems, fisheries' management and other key actions. We support global efforts to restore depleted fish stocks, improve fishery management and conserve marine environments.

We ask our suppliers to source all the wild-caught fish for McDonald's Filet-o-Fish from verified sustainable sources.

Additionally, most of the fisheries from which we source are MSC certified. McDonald's displays the MSC certification logo for our Filet-o-Fish in the U.S., Canada, Brazil and many of our European markets, where fisheries and restaurants are certified against the MSC Chain of Custody traceability standard.⁴

Fiber

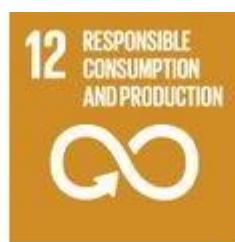
Fiber is the main material in our product packaging. If we are to conserve forests and accelerate climate action, we must also ensure we source fiber from recycled or certified sources and support deforestation-free supply chains.

We set a goal to source all primary fiber-based guest packaging for McDonald's restaurants from recycled or certified sources and support deforestation-free supply chains by the end of 2020. This ambition helps to ensure that in switching to more sustainable packaging materials, we're also actively assessing deforestation risk and taking action to conserve forests.

This target supports our larger goal that by 2025, all of McDonald's guest packaging will come from renewable, recycled or certified sources⁵.

Helping Support the Sustainable Development Goals

Our responsible sourcing achievements help support the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 12: Responsible Consumption and Production \(Specifically target 12.2\)](#)



Goal 17: Partnerships for the Goals (Specifically target 17.16)

Our Performance

Sustainable Sourcing Goals

Goal: Fish

By the end of 2020, all of the wild-caught fish sourced for use in McDonald's products to come from verified sustainable sources.⁴

Progress

McDonald's is one of the largest purchasers of white fish in the world. More than 265 million sustainably sourced, wild-caught Filet-o-Fish sandwiches were served in 2020 and 98.7% 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 Sustainable Fisheries Standard by the Sustainable Fisheries Partnership. Our Filet-o-Fish sandwiches represent more than 98% of the fish we used by weight in 2020.

Goal: Beef - Accelerate Industry Progress

By the end of 2020, source a portion of our beef from suppliers participating in sustainability programs aligned with the Global Roundtable for Sustainable Beef (GRSB) principles and criteria and that meet McDonald's requirements in our top 10 beef sourcing countries globally.⁶

Progress

We sourced beef from sustainability programs aligned with the Global Roundtable for Sustainable Beef (GRSB) principles and criteria and that meet McDonald's requirements in 10 out of 10 of our top 10 beef sourcing countries by the end of 2020. Read about these initiatives on our Sustainable Agriculture & Beef page.

Goal: Palm Oil



By the end of 2020, all the palm oil sourced for McDonald's restaurants and used as an ingredient in McDonald's products will support the production of sustainable palm oil and deforestation-free supply chains.³

Progress

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 and deforestation-free supply chains in 2020. We estimate this is equal to over 60,000 acres of palm oil production meeting our criteria in 2020, an area larger than 485,000 McDonald's restaurants side-by-side, which is 12 times the number of actual McDonald's restaurants globally.

We are committed to increasing traceability for palm oil used in the McDonald's System. Our palm oil supply has been RSPO-certified since 2017 through either physical certification or credits. In 2020, 78% of our palm oil globally was physically certified (RSPO Identity Preserved, Segregated and Mass Balance), increasing from 71% in 2019. Additionally, 93% of products using the largest amounts of palm oil in the McDonald's System (restaurant and parfry oils) were RSPO physically certified.

By RSPO Supply Chain Model:

- 78% Physical RSPO Certified
- 71% Mass Balance
- 7% Segregated
- 0.1% Identity Preserved
- 22% Book and Claim Credits

Goal: Chicken (including soy for feed)

By the end of 2020, all soy sourced for the feed of chicken used in McDonald's products will support deforestation-free supply chains⁷.

Progress

100% of soy sourced for the feed of chicken used in McDonald's products supports deforestation-free supply chains globally. We support responsible soy production through the purchase of RTRS credits. A number of our chicken suppliers to Europe also use physical certification through Proterra standards. In 2020, in relation to the soy for the feed of chicken used in McDonald's products in Europe, McDonald's assessed that 17% of the volume was linked to physical certification and 83% of the volume was matched through the purchase of book and claim credits.



We estimate that the volume of sustainably farmed soy McDonald's used in 2020 adds up to more than 359,000 acres of farms – or enough to cover the Island of Manhattan 24 times over – meeting this production standard.

Goal: Coffee

By the end of 2020, all coffee sourced for McDonald's restaurants will be sustainably sourced².

Progress

98.1% of our ground and whole bean coffee was sustainably sourced in 2020. Our volume of sustainably sourced coffee is enough to brew close to five billion small cups of McCafé coffee.

Goal: Fiber

By the end of 2020, all primary fiber-based guest packaging sourced for McDonald's restaurants will come from recycled or certified sources⁵.

Progress

McDonald's is one of the top sustainable fiber users in the world. In 2020, 99.6% of our primary fiber-based guest packaging was sourced from recycled or certified sources.

Animal Health and Welfare Goals

Goal: Animal Housing

Progress

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 2022.

We achieved our 2017 milestone to source pork for our U.S. business only from producers who share our commitment to phase out gestation stalls.

The U.S. pork supply chain is currently tracking at around 50% of our 2022 target. Although progress and conversion rates have been delayed by the impacts of COVID-19 and the global outbreak of African Swine Fever, we remain committed to working with our suppliers and agricultural partners to achieve our commitment.

Goal: Cage-Free and Free-Range Eggs

Progress



The U.S. egg supply chain is 62% cage-free. Canada now sources more than 55% cage-free eggs. Australia's egg supply chain is 100% cage-free.

All European markets have used cage-free eggs for the breakfast menu since 2011 (except Belarus, Russia and the Ukraine, which account for approximately 6% of whole eggs in Europe), while France, Germany and the U.K. have achieved a 100% cage-free egg supply chain.

Goal: Chicken Welfare

Progress

Our commitment to sourcing chickens raised with improved welfare outcomes impact more than 70% of our global chicken supply and will be fully implemented on or before 2024.

Responsible Antibiotic Use Goals

Goal: Responsible Antibiotic Use in Chicken

Eliminate the use of antibiotics defined by the World Health Organization (WHO) as Highest Priority Critically Important (HPCIAs) to human medicine – as defined by the WHO – from all chicken served in McDonald's restaurants by 2027.⁸

Progress

We strive to eliminate HPCIAs in our chicken supply chains in the following nine markets by 2027. So far, we have achieved the following:

- Australia: All chicken suppliers eliminated the use of HPCIAs in our chicken supply chain as of July 2019.
- Brazil: HPCIAs have been eliminated in broiler chicken since 2018.
- Canada: HPCIAs have been eliminated in broiler chicken since 2018.
- China: On track to remove HPCIAs from chicken supply chains by 2027.
- Europe: All chicken suppliers eliminated the use of HPCIAs in our chicken supply chain as of July 2019.
- Japan: HPCIAs have been eliminated in broiler chicken since 2018.
- Russia: Granted extension until 2021 to onboard new chicken suppliers.
- South Korea: Granted extension until end of 2021 to onboard new chicken suppliers.
- U.S.: 100% of chicken served in the U.S. has been free of antibiotics important to human medicine since 2016.

Goal: Responsible Antibiotic Use in Beef



In collaboration with our suppliers, producers and farmer partners, we will reduce the overall use of medically important antibiotics – as defined by the WHO – in our beef supply chain.⁹

Progress

McDonald's has established pilots in each of our top 10 beef sourcing countries. Within each of these 10 countries, there are pilot farms selected that represent differing geographies and rearing practices covering commercial feedlots, small producers and dairies.

Footnotes

¹2020 Goal Progress Key:

Achieved	100%
Substantially Achieved	95% to 99.9%
Not Yet Achieved	<94.9%

² 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, which 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); Fair Trade 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.

³ 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 which 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), 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.

⁴ 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 www.sustainablefish.org. MSC Certification: MSC certification is optional to McDonald's markets. Fisheries may also be independently certified as meeting the Marine Stewardship Council (MSC) Principles and Criteria for Sustainable Fishing where a certificate of conformity to an MSC Standard has been granted. Source: www.msc.org. 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 which 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, 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.

⁵ Fiber: 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. Certified Sources refer to suppliers of primary fiber-based packaging to the McDonald's system which 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 FSC Controlled Woodsources with full chain of custody



certification. Recycled sources refers 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; wood stirrers and cutlery, tray liners, straws and limited locally sourced items.

⁶ Beef. Scope: Includes all beef raw material used in beef patties sourced for McDonald's products from beef patty manufacturers that supply McDonald's restaurants in the United States, Australia, Brazil, Germany, Ireland, France, New Zealand, Canada, the United Kingdom or Poland. Includes all McDonald's restaurants owned and operated by the Company and its Franchisees in these countries which collectively represent circa 85% of our global beef volumes. [Global Roundtable of Sustainable Beef](#) (GRSB) principles and criteria aim to define beef sustainability globally. The five core principles are focused on 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 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 which sell chicken. Europe refers to Austria, Azerbaijan, Belarus, Belgium, Bosnia, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Herzegovina, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Moldova, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom, 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.



⁸ Responsible Antibiotic Use in Chicken. Scope: Includes all chicken raw material sourced for McDonald's products in Brazil, Canada, Japan, South Korea, the U.S., Australia, Russia, China and Europe. Europe refers to Austria, Azerbaijan, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Moldova, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Sweden, United Kingdom, Ukraine. Farmers will still use ionophores, a class of antibiotics that are not prescribed to people, to help keep chickens healthy.

⁹ Responsible Antibiotic Use in 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 United States, Australia, Brazil, Germany, Ireland, France, New Zealand, Canada, the United Kingdom or Poland. Includes all McDonald's restaurants owned and operated by the Company and its Franchisees in these countries which collectively represent circa 85% of our global beef volumes.



Responsible Antibiotic Use



Progress Highlights

Use of antibiotics in our chicken supply chain defined as Highest Priority Critically Important to Human Medicine (HPCIA) has been eliminated in: Australia, Brazil, Canada, Europe, Japan, South Korea and the United States.

Pilots established in each of our top 10 beef sourcing countries to reduce the overall use of medically important antibiotics

Why It Matters

Antimicrobial resistance is a critical global public health issue. McDonald's understands the key role we play in creating awareness throughout our supply chains on responsible antibiotic use, ensuring antibiotic effectiveness for future generations.

According to the World Health Organization (WHO), "overuse and misuse of antibiotics in animals and humans is contributing to the rising threat of antibiotic resistance in humans."¹ McDonald's is partnering with suppliers, veterinarians, academia and farmers to ensure the responsible use of antibiotics in our supply chain, including reducing the use of medically important antibiotics in food animal production. Our approach is one of responsible use. We know that animals, like people, get sick and when they do, effective treatment includes use of the narrowest spectrum of antibiotics, based on the professional opinion and diagnosis of the veterinarian.



Through our commitment to responsible antibiotic use, we are doing our part to help preserve its effectiveness for future generations.

Our Strategy

McDonald's is committed to the responsible use of antibiotics according to guidelines set out by the World Health Organization (WHO), the World Organization for Animal Health (formerly the OIE) and other recognized public and animal health bodies.

Our efforts to address antimicrobial resistance within our supply chain is highlighted in our revised [2017 Vision for Antibiotic Stewardship \(VAS\)](#). This document outlines our approach to responsible antibiotic use and commitment to the development of species-specific (Chicken, Beef and Pork) policies.

Our VAS seeks animal production practices that reduce and, where possible, eliminate the need for antibiotic therapies in animals, by helping to identify and scale leading practices that progressive farms already employ. Our VAS and protein-specific policies are based on the “One Health” approach, which emphasizes the need for collaborative, multi-discipline efforts at local, national and global levels to attain optimal health for people, animals and the environment.

We understand that animals, like people, get sick and require treatment. Treatment of sick animals supports our decades-long commitment to improving the health and welfare of animals in our supply chain. As such, we support a responsible use approach, which focuses on refining antibiotics selection and administration, reducing their use and ultimately replacing antibiotics with long-term solutions to prevent diseases 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 the consumer food supply chain.

Collaborating With Stakeholders

Partnering with external experts is at the core of how we approach the development and implementation of our antibiotics policies. The issue of antimicrobial resistance is one that requires global multi-stakeholder, cross-industry collaboration to tackle. We engage a variety of stakeholders, including academia, suppliers, farmers and ranchers, NGOs, veterinary networks and others who have deep understanding of these issues and of ways that progress can be made. McDonald's was a founding participant of the [International Consortium for Antimicrobial Stewardship in Agriculture \(ICASA\)](#). Through this cross-industry collaboration, we work to identify and advance commercial solutions to address antimicrobial resistance.

“The path for creating and implementing a global antibiotic use policy for beef is unprecedented. I’ve been encouraged by the thoroughness with which McDonald’s has



engaged diverse experts while creating this policy and the seriousness with which they take this important issue.

Dan Thomson, MS, PhD, DVM, Department of Animal Science, Iowa State University

Putting Standards Into Practice

The Responsible Use of Antibiotics in Food Animals is the foundation of McDonald's global VAS. The following principles draw from existing frameworks:

- People first – Antibiotics that are approved for both human and animal use, other than those defined by the WHO as HPCIA, may be used in animals for disease treatment or prevention only in accordance with applicable regulatory requirements and after thorough consideration of alternatives, including the use of antibiotics belonging to classes not used in human medicine.
- Quality and safety – McDonald's is committed to ensuring wholesome and safe food for our customers. Safe food is McDonald's number one priority and is central to all Company operations.
- Animal health and welfare – Treating animals with care is integral to McDonald's animal health and welfare program. Disease prevention strategies, such as good husbandry and hygiene, routine health monitoring, immunization and other preventative options, should be emphasized before the use of antibiotics. However, to not treat sick animals is inhumane and inconsistent with McDonald's belief that food animals within the McDonald's System supply chain are properly cared for throughout their lives.
- Antibiotics for food animals – Responsible use of any category of antibiotic is an integral part of an overall animal health and welfare program. These principles do not preclude the responsible use of any category of antibiotic, except for HPCIAs, to treat or, where appropriate, prevent disease.
- Veterinary oversight – Veterinary oversight through a valid veterinary client-patient relationship is core to responsible antibiotic use. Antibiotics shall be used in accordance with all applicable regulatory requirements, and shall be used only in accordance with the product license requirements and as directed by a veterinarian.
- Limit exposure – Antibiotic use should be confined to appropriate clinical indications. Exposure to antibiotics for disease treatment or prevention should be minimized by limiting treatment to sick animals or animals at risk of a specific disease. The use of any category of antibiotic for disease prevention should be regularly reassessed by a veterinarian. Usage of an antibiotic in a manner that is not in accordance with labeled directions, including but not limited to, a different dosage, time interval, route/application method, clinical indication or species,



may be prescribed only after other antibiotic treatment options have been exhausted, and must be prescribed in accordance with the most up-to-date laws and regulations that govern drug use.

- Record keeping – Accurate records of treatment and outcomes should be used to evaluate antibiotic regimen. Identify, track and maintain medication and treatment records for all treated animals.

Helping Support the Sustainable Development Goals

Our work on responsible antibiotic use supports the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet, and ensure prosperity for all, in particular:



[Goal 2: Zero Hunger \(Specifically target 2.4\)](#)



[Goal 12: Responsible Consumption \(Specifically target 12.2\)](#)



[Goal 17: Partnerships for the Goals \(Specifically target 17.16\)](#)

Our Performance

Goal

Eliminate the use of antibiotics defined by the World Health Organization (WHO) as Highest Priority Critically Important Antibiotics (HPCIA) to human medicine – as defined by the WHO – from all chicken served by 2027.²

Progress

HPCIA use has been eliminated in the following McDonald's markets: Australia, Brazil, Canada, Europe, Japan, South Korea and the United States. China will comply on or before 2027.



Goal

In collaboration with our suppliers, producers and farmer partners, we will reduce the overall use of medically important antibiotics – as defined by the WHO – in our beef supply chain.³

Progress

Beef Antibiotic Monitoring Pilots have been conducted in Australia, New Zealand, France, Germany, Ireland, Poland, U.K., Canada, U.S., and Brazil, representing our top 10 beef sourcing markets which supplied over 82% of our global beef supply chain as of the end of 2020. Starting in 2022, we will collaborate with industry leaders, academics, suppliers and experts to refine our measurement capabilities and plans to help shape a path forward. Following this engagement, the results from our pilots will be used to inform targets for responsible antibiotic use in our beef supply chain.

Our Actions

Implementing a Global Chicken Antibiotics Policy

As part of our commitment to use responsibly sourced chicken, in 2017 we implemented our Chicken Antibiotics Policy in our 10 markets around the world.³ This policy requires responsible use of antibiotics in broiler chickens by System Suppliers and prohibits antibiotics used for routine prevention or growth promotion. All in-scope markets are on track to eliminate the use of HPCIs in our chicken supply on or before 2027.

We are focused on expanding our efforts globally year-over-year. Since February 2019, we've tracked antibiotic use in over 4.25 billion birds from 20 suppliers, and 85 slaughter facilities for 88 separate medicines, resulting in significant reductions in antibiotic use across our supply chain. We partner with Farm Animal Initiative (FAI), a farm animal and agricultural research company based in Oxford, UK, on data collection and third-party verification of producer data.

Advocating for Responsible Antibiotic Use in Beef

We implemented our [Antibiotic Use Policy for Beef and Dairy Beef \(PDF – 520 KB\)](#) in 2018. Our beef policy is informed by the VAS, and follows global guidance from expert bodies like the WHO and Organization for Animal Health. While our policy maintains focus on the overall reduction of medically important antibiotics – as defined by the WHO, aligned with the One Health approach and the 3 R's (Reduce, Refine and Replace) – where appropriate and measurable, due to COVID related delays and knowledge gained along the way, we are evolving our plan with approaching targets.



As a first step in our policy, we completed global pilot tests, partnering with producers and suppliers, to inform market-specific baseline antibiotic use from commercial feedlots, small farm operations and dairies. Our efforts focused on Australia, Brazil, Canada, France, Germany, Ireland, New Zealand, Poland, the U.K. and the U.S. markets, which represented our top 10 beef sourcing markets and accounted for over 82% of our global beef supply chain in 2020.

The data from these pilots will be used to inform market-appropriate targets for responsible antibiotic use in collaboration with input from multi-stakeholder perspectives. Starting in 2022, we will collaborate with industry leaders, academics, suppliers and other expert stakeholders to refine the targets and measurement capabilities that will shape our path forward for responsible antibiotic use. Following this engagement, we will report insights from our pilot test baselines across our major beef sourcing markets.

Our Pork Policy

In 2021, we created a global, cross-functional working group to help develop an antibiotic policy for pork in our supply chain, anchored to responsible use. This draft policy has been introduced to our global suppliers, who were asked to conduct gap assessments between the requirements in our policy and their current internal policies on antibiotic use. These gap assessments will be evaluated during the first half of 2022 and used to inform the implementation timeline for the policy.

Footnotes

¹ <https://www.who.int/news-room/detail/07-11-2017-stop-using-antibiotics-in-healthy-animals-to-prevent-the-spread-of-antibiotic-resistance>

² Markets covered by the goal include: Brazil, Canada, Japan, South Korea, the U.S., Australia, Russia, China and Europe. For the sake of this goal, Europe includes the following countries: Austria, Azerbaijan, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Moldova, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Sweden, United Kingdom, Ukraine.

³ This goal focuses on our top 10 beef sourcing countries: 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 82% of our global beef supply chain as of the end of 2020.

⁴ Markets covered by the policy include: Brazil, Canada, Japan, South Korea, the U.S., Australia, Russia, China and Europe. For the sake of this policy, Europe includes the



following countries: Austria, Azerbaijan, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Moldova, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Sweden, United Kingdom, Ukraine.



Animal Health & Welfare



Progress Highlights

100% of the egg supply chain in France, Germany, Australia and the U.K. is cage-free

More than 74% of the U.S. egg supply chain is cage-free

More than 61% of the U.S. pork supply chain has phased out the use of gestation stalls for housing pregnant sows

Why It Matters

More than ever, our customers want to know how their food is produced and where it comes from. McDonald's is using our size and global reach to improve animal health and welfare in the McDonald's supply chain and ensure we source chicken, eggs, beef and pork from producers who share our commitments.

We care about the health and welfare of the animals in our supply chain and we know that our ability to serve safe, quality food comes from animals that are cared for properly. To achieve this, we are partnering with suppliers and producers across our supply chain to drive toward continuous improvement throughout their lives.

Our Strategy



To achieve positive impact in the health and welfare of the animals in our supply chain, we focus on:

- Creating objective measurement systems that are third-party verified to measure performance against industry benchmarked standards.
- Taking a whole-system approach that considers everything from housing and husbandry to humane slaughter.
- Working with recognized subject matter experts and academia to access guidance and to challenge the way we think.
- Leveraging our global scale in our local markets to drive the right outcomes.

While our standards for animal welfare are global, they incorporate the geographic variations in the way animals are raised within a global supply chain. In this regard, we have come to realize that a focus on a desired outcome is the best approach, allowing the local producer to achieve that outcome based on their management system.

Norm Stocker, Vice President of Eggs & Chicken at Cargill, says, “As McDonald’s USA’s egg supplier, the commitment they made to source 100% cage-free eggs represented a shift not only for our business with them, but for the industry, given their position as a leader. Consumer preferences are changing and people are increasingly interested in how their food is sourced. 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.”

“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

Collaborating With Stakeholders

We believe that animal health and welfare is a pre-competitive opportunity and encourage industry and cross-sector collaboration. We rely on strategic and personal relationships with experts who provide guidance on our policies and implementation strategies in each of our local markets.

This is why, in 2018, McDonald’s formed the Chicken Sustainability Advisory Council (CSAC). The group includes genetics experts, farm management consultants such as FAI Farms, leading academics and researchers, such as Dr. Temple Grandin and Dr. Harry Blokhuis, and nongovernmental organizations (NGOs), including the World Wildlife Fund. Drawing on the expertise of CSAC members, we are implementing and evolving our chicken welfare and sustainability strategies.

In 2019, a global cross-functional team helped to define 15 globally aligned farm- and processing-level key welfare indicators (KWI) for chicken. Measurement against



these indicators started in January 2021. The KWIs are objective measurements aligned with recognized national and international standards such as the World Organization for Animal Health and the National Chicken Council.

McDonald's is also a founding member of the [Global Roundtable for Sustainable Beef \(GRSB\)](#) and many of the regional and national chapters around the world. We strongly support the five core principles of the GRSB, among them animal health and welfare.

In 2021, using an extensive [goal-setting initiative](#), the GRSB launched its first Global Goal for Animal Health and Welfare. McDonald's supports GRSB's efforts to promote goals that reflect global opportunities for industry advancement and improvement, and we are proud to serve in leadership roles and in key working groups within the GRSB.

Helping Support the Sustainable Development Goals

Our animal health and welfare work supports the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 2: Zero Hunger \(Specifically targets 2.3 and 2.4\)](#)



[Goal 12: Responsible Consumption and Production \(Specifically target 12.2\)](#)



[Goal 13: Climate Action \(Specifically target 13.2\)](#)



[Goal 15: Life on Land \(Specifically targets 15.1, 15.2 and 15.5\)](#)



[Goal 17: Partnerships for the Goals \(Specifically targets 17.16 and 17.17\)](#)



Our Performance

Goal: Animal Housing

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

In 2017, we achieved our milestone to source pork for our U.S. business only from producers who share our commitment to phase out gestation stalls for pregnant sows in our supply chain.

At the end of 2021, the U.S. pork supply chain is more than 61% of the way toward our target, which we are on track to achieve by the end of 2024. We expect to further reach 85 to 90% of our target by the end of 2022. Although progress and conversion rates have been delayed by the impacts of COVID-19 and the global outbreak of African Swine Fever, resulting in our extending this target by two years, we remain committed to working with our suppliers and agricultural partners to achieve our commitment. Our commitment is guided by the industry- and [American Association of Swine Veterinarians \(AASV\)-endorsed definition](#) for group housing for pregnant sows.

Goal: Cage-Free and Free-Range Eggs

The US has a goal of sourcing 100% cage-free eggs by 2025.

Progress

The U.S. egg supply chain is more than 74% cage-free as of year-end 2021. Canada now sources more than 57% cage-free eggs as of the end of 2021.

Australia's egg supply chain is 100% cage-free.

All European markets have used cage-free eggs for the breakfast menu since 2011 (except Belarus, Russia and the Ukraine, which account for approximately 6% of whole eggs in Europe), while France, Germany and the U.K. have achieved a 100% cage-free egg supply chain.

Goal: Chicken Welfare

Progress



Our commitments to sourcing chickens raised with improved welfare outcomes impact more than 70% of our global chicken supply and will be fully implemented on or before 2024.



Our Actions

Ensuring Humane Slaughter

McDonald's has stringent requirements regarding the humane slaughter of animals in approved slaughterhouses in our global supply chain. These expectations are defined through species-specific standards and criteria verified by independent audits. Slaughterhouses on our approved supplier list (ASL) for beef, chicken and pork are independently audited annually to ensure compliance.

Stunning animals to assure insensibility prior to slaughter is a critical animal welfare requirement for McDonald's. Failure to meet our stun efficacy requirements results in immediate removal from our ASL. Regardless of stun method, any sensible animal observed on the bleed rail constitutes an automatic audit failure.

As a global company, we comply with religious slaughter requirements, including Halal and Kosher, when required by our customers. With the exception of a limited number of markets that do not allow stunning prior to slaughter for religious reasons, all animals within our supply chain are stunned before slaughter. For animals subject to religious slaughter, McDonald's religious Animal Health and Welfare standards are strictly observed.

For more than two decades, we have worked with the industry and respected experts to better understand and improve performance on animal welfare issues at slaughter. We remain steadfast in our commitment to improving the health and welfare of animals in our supply chain throughout their lives, and we continue to monitor progress and identify opportunities to improve.

Ensuring Supply Chain Compliance

Our animal health and welfare requirements for all suppliers are defined in our Global Raw Material Sponsorship Program and further outlined in our Global Sustainable Sourcing Guide, as well as being embedded in our product Quality System Specifications. Our global and market Quality Systems teams are in frequent contact with our suppliers, reviewing their performance to ensure policies are properly implemented and consistently met.

We expect 100% of the abattoirs on our ASL to adhere to our standards for humane slaughter. Where suppliers are identified through independent audits as not complying, we work with them to develop their practices and, where necessary, implement robust and sustainable corrective action plans.

We have aligned with the National Dairy FARM ([Farmers Assuring Responsible Management](#)) Program in the U.S. As of 2018, all U.S. dairy suppliers have tracked the percentage of farms in their supply chain that have completed the FARM second-party assessment. In 2021, McDonald's USA achieved its 2020 commitment for all U.S.



dairy product suppliers to be able to demonstrate that 100% of the farms in their supply chain participate in FARM and have completed the second-party assessment.

In the U.K. and the Netherlands, we only use Royal Society for the Prevention of Cruelty to Animals (RSPCA) Assured pork, which means that all pig farmers are required to provide bedded pens for pigs and environments with plenty of space for them to move around.

How We're Sourcing Chicken Responsibly

In 2017, McDonald's announced a global commitment to source chickens raised with improved welfare outcomes. To achieve this, we have outlined eight bold moves for sustainable chicken:

1. Measuring key farm-level welfare outcomes – We do this an ongoing basis, setting targets and reporting on progress across our largest markets.
2. Developing state-of-the art welfare measurement technology – Through our [Sensors, Monitoring, Analysis and Reporting Technologies \(SMART\) Broiler partnership with the Foundation for Food and Agriculture Research \(FFAR\)](#), McDonald's seeded \$4.6 million (\$2 million in investment with an additional \$2.6 million enabled in matching grants) to develop systems to automatically gather on farm key health and welfare indicators, including behavioral measures. These technologies will be among the first of their kind available on a commercial scale and will help McDonald's identify opportunities for improvement in broiler welfare.
3. Providing enrichments to support natural behavior – We are working with supply chain partners to ensure housing environments promote natural behaviors such as pecking, perching and dust-bathing.
4. Running commercial trials to study the effects of certain production parameters on welfare outcomes – We are conducting 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.
5. Implementing third-party auditing – As we implement our global broiler key welfare standards, we will establish third-party verification to confirm continuous improvement.
6. Controlled Atmospheric Stunning (CAS) – 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. McDonald's was one of the first retailers to implement a CAS system into a broiler supply chain in the U.S.; currently, 100% of our Canadian supply chain and approximately 40% of our U.S.



supply chain utilizes CAS, while it is widely practiced by McDonald's suppliers in Europe and Australia. We are on track to achieve 100% CAS in our U.S. supply chain by 2024.

7. Establish McDonald's Chicken Sustainability Advisory Council, which has now been in operation since 2018 and is supporting our continued journey by providing crucial insights and knowledge.
8. Complete an assessment to measure the feasibility of extending these commitments to additional global markets where McDonald's operates.

These commitments will positively impact more than 70% of our global chicken supply and will be fully implemented by 2024.¹

The chickens used for meat in our global supply chain are only reared in cage-free systems. We do not accept any chickens raised in caged housing, including stacked or patio systems.

"I think it's one of the most comprehensive corporate programs I have seen for chickens because it includes welfare, environmental enrichment, and sustainability."

Dr. Temple Grandin, animal welfare expert and livestock researcher who pioneered humane slaughterhouse practices

Industry Partnership on Beef Sourcing

One of the ways we actively contribute to bringing the GRSB principles to life is through the European Roundtable for Beef Sustainability (ERBS). In 2018, McDonald's chaired the ERBS as it set out its ambitious long-term commitments to beef sustainability, including several related to animal welfare:

- Target mortality rates are below 1.5%.²
- All animals have access to loose housing (when housed) by 2030.
- All animals are given pain relief (analgesics) for all surgical procedures and for all forms of castration, dehorning and disbudding.

McDonald's is working with our suppliers and industry groups to implement these targets across our largest European sourcing countries. The target for loose housing will have a particular positive impact in Poland and Germany, where tethered systems are commonplace for dairy cattle during the winter months and where changes to this practice require high levels of investment at the farm level.

Sourcing Pork Responsibly



As of early 2022, over 60% of McDonald's U.S. pork supply chain has phased out the use of gestation stalls for pregnant sows, a significant step on our journey to phase out this type of confined housing and maximize the time that pregnant sows spend in a group environment. Our commitment is guided by the industry- and [American Association of Swine Veterinarians \(AASV\)-endorsed definition](#) for group housing for pregnant sows.

Since announcing the commitment in 2012, McDonald's and our supplier partners have worked diligently to meet this goal and remain dedicated to achieving it, engaging with industry-wide stakeholders to share our vision with an ongoing focus to driving progress at scale. In 2017, we reached a milestone to source pork for the U.S. business only from producers who share our commitment.

McDonald's targeted the end of 2022 for completion, however industry-wide challenges for farmers and producers—such as the impacts from global outbreaks of African Swine Fever and the COVID-19 pandemic—have delayed progress for producers and interrupted business. By the end of 2022, we expect 85 to 90 % of our U.S. pork volumes will be sourced by suppliers from producers in conformity with our commitment, representing material progress against our original 10-year timeframe. McDonald's currently buys nearly 175 million pounds of pork sourced from a group housing environment for pregnant sows.

Due to these challenges, McDonald's has extended the timeframe for achievement of this commitment by two years. Phasing out the use of gestational stalls for pregnant sows in the U.S. is an objective that remains vital to McDonald's business and builds on our decades-long commitment to animal health and welfare. We remain committed to this journey, and we are on track to achieve our target by the end of 2024. We will continue to transparently communicate progress on this target, in lockstep with our supplier partners.

Sourcing Cage-Free and Free-Range Eggs

The U.S. egg supply chain is now more than 74% cage-free as of the end of 2021, and in 2021 we sourced more than 1.3 billion cage-free eggs for our McDonald's U.S. restaurants.

Canada sources more than 57% cage-free eggs, and in 2021 we sourced more than 79 million cage-free eggs for our McDonald's Canadian restaurants.

Australia's egg supply chain is 100% cage-free.

We've been cage-free for the breakfast menu in all European markets since 2011 (except Belarus, Russia and the Ukraine, which account for approximately 6% of whole eggs in Europe).



All of the eggs used in our menu and as ingredients in McDonald's Netherlands products are free-range. France, Germany and the U.K. have also achieved a 100% cage-free egg supply chain.

Footnotes

¹These commitments apply to chicken raised for sale at McDonald's restaurants in Australia, Canada, France, Germany, Italy, Ireland, the Netherlands, Poland, Russia, South Korea, Spain, Switzerland, U.K., and U.S.

²For systems with mortality rates above this target, a year-on-year reduction of 20% should be achieved.



Farming Communities



Why It Matters

We count on our suppliers to bring us quality ingredients and products, so that we can serve delicious meals to every customer in every McDonald's restaurant. We depend on the success, resilience and sustainability of the many businesses across our supply chain.

At the heart of our supply chain are the farmers, ranchers, growers and producers who grow our ingredients, and we want every one of them to thrive – from large agricultural businesses to smallholders and family farms. We believe the key to this is to drive positive social, economic and environmental benefits for everyone. This is even more urgent today because farming communities have been facing significant pressure – from environmental challenges to the recent economic and social impacts of the COVID-19 pandemic.

Our Strategy

The strength and resiliency of our supply chain comes from our strong collaborations and partnerships. We work closely with suppliers to support economically viable farming and improve access to knowledge, tools and best practice farming methods that lead to positive social, economic and environmental benefits.

Recognizing Leading Farmers



By helping to enable peer-to-peer knowledge sharing, we want to positively impact farmers' ability to increase their efficiency, productivity and profitability while preserving the planet over the long term. This is why we've launched programs such as McDonald's [Flagship Farmers Program](#) to recognize leading farmers and encourage knowledge sharing across the farming community.

Our Flagship Farmers Program harnesses the knowledge and experiences of forward-thinking farmers, ranchers, producers and growers who are passionate about agricultural sustainability and sharing the best practices they use to supply our ingredients. By inspiring, engaging and collaborating with other farmers, individual producers can help drive positive change. Applying field-proven best practices is one way in which we believe farmers can address critical challenges, make positive contributions to nature and ensure long-term viability.

Investing in Farming Communities

Through partnerships with our suppliers and expert groups, we are investing in programs that support farmers and their livelihoods to enhance their resilience in the face of multiple challenges, including changing weather patterns and labor shortages.

When it comes to coffee, McDonald's launched the McCafé Sustainability Improvement Platform (McCafé SIP) in partnership with [Conservation International](#) and our coffee roasters. McCafé SIP is a framework to engage and guide our coffee supply chain in sustainable sourcing, as well as invest in coffee growers and their communities over the long term.

McCafé SIP is currently active in five countries across South and Central America, reaching nearly 6,000 farms as of 2019. McDonald's and our Franchisees partner with roasters to invest in programs that provide, for example, direct premiums to farmers to support economic viability, as well as farmer training, technical assistance, tools and resources, and measurement and evaluation. Together, we can help them better care for the land, increase their overall productivity and improve the quality of the coffee they produce.

We have also created an Advisory Council to provide input on the strategic direction of McCafé SIP. The Advisory Council members include Conservation International, the Rainforest Alliance, Committee on Sustainability Assessment (COSA), Solidaridad, Sustainable Food Lab and Fair Trade USA. In partnership with Conservation International and with input from the Advisory Council, we developed and introduced a set of minimum requirements that all farms must meet and that will be assessed through third-party audits. These requirements are focused on social and environmental impacts such as human rights, health and safety, and deforestation.

In partnership with COSA, we have also expanded performance metrics that measure continuous improvement toward social, environmental and economic standards annually. Through analysis of these metrics, our roasters can better target



investments in programs that support income diversification or food security and help to build the resilience of these communities.

"There's leadership coming out of some surprising places. Companies like McDonald's are actually leading the field now. They're doing a lot more than some very visible coffee brands. And they do sell a ton of coffee."

Daniele Giovannucci, President of the Committee on Sustainability Assessment

Accelerating Sustainable and Regenerative Farming

As we continue to listen and learn from the farming community, we're focused on finding ways to work together to scale nature-based solutions, including climate, solutions, across the supply chain. This includes partnering with suppliers, expert nongovernmental organizations (NGOs) and other organizations on farmer and rancher-led programs to help scale up sustainable and regenerative farming; this not only helps to mitigate climate change but also supports farming communities to be more resilient and economically viable for the long term.

Sourcing Locally

As a business of our size and scale, our ability to be agile rests on a diverse supply chain made up of local farmers, multinational agriculture companies and everything in between. In markets around the world, we work closely with local farmers and producers to source ingredients for some of our most iconic menu items. For example, in Romania, our Egg McMuffin® is made with eggs sourced in Romania. Cheeseburgers in Brazil use beef, produce, cheese, buns and even ketchup supplied exclusively by Brazilian producers. In nearby Argentina, the buns and lettuce in the McPollo® sandwich come from Argentinian producers.

In the U.K. and Ireland, we have a long-standing track record of using ingredients from local farming communities. We are proud to partner with over 23,000 local farmers to source ingredients like the beef for our iconic hamburgers, the eggs for our Egg McMuffins and the potatoes for our delicious French fries.

Helping Support the Sustainable Development Goals

Our work on farmer livelihoods supports the [UN Sustainable Development Goals](#) – a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 2: Zero Hunger \(Specifically targets 2.3 and 2.4\)](#)



Goal 8: Decent Work and Economic Growth (Specifically target 8.5)



Goal 12: Responsible Consumption and Production (Specifically target 12.2)



Goal 15: Life on Land (Specifically targets 15.1, 15.2 and 15.5)



Goal 17: Partnerships for the Goals (Specifically targets 17.16 and 17.17)

Our Actions

Celebrating Farmers Who Are Leaders in Their Communities

We are proud to elevate exceptional producers who can encourage wider adoption of sustainable practices but who are also leaders in their communities. Flagship Farmer Stephen Hughes, a beef producer from western Canada, [is a good example of this](#). Stephen is committed to working with nature rather than against it. Bringing together a community of people who share his desire to raise cattle in a more environmentally conscious way, he is helping to leave the land better than when he started.

Stephen is also committed to supporting his community and believes future generations should see sustainability as normal practice, which is why he is actively engaged with 4-H, a nonprofit youth organization that works with young people to develop life skills and leadership. As a 4-H Beef Club leader, Stephen works to promote sustainability through workshops and debates. By promoting this type of engagement, Stephen is teaching young people about the importance of being an active contributor to their community.

We are proud of the impact our Flagship Farmers Program is having through farmers like Stephen. Recently, the program completed its near-term objective of identifying beef Flagship Farmers in 10 of McDonald's leading beef-sourcing countries. That means that since its launch in 2007, Flagship Farmers has recognized 34 farmers in 17 countries across four continents.



Empowering Coffee Farmers in South America

Through McCafé SIP, we're enabling coffee roasters to leverage their expertise and relationships at origin to innovate and advance sustainable farming practices. For example, in 2019 over 2,000 farmers in the Antioquia region in Colombia took part in fertilizer management training and storage training, which has in part contributed to farms seeing a substantial increase in water quality. As of 2019, 50% of farmers surveyed as part of one supplier-led program were implementing all water contamination prevention practices, up from 22% in 2018.

In the same year, a further 1,600 individuals from over 650 farms in Valle de Cauca, Colombia, received training on record keeping, environmental stewardship and quality assurance. This took place as part of a course to help them become coffee quality technicians, ensuring production of high-quality coffee beans. Of the participants, 40% identified as youth, an underemployed population, and truly the next generation of coffee stewards.

One coffee grower who has been positively impacted by McCafé SIP is Tatiana Machado, based in Urrao, a town in Colombia's Antioquia region. When Tatiana started the coffee business with her husband, she knew little about farm management. Through McCafé SIP, she has been able to attend trainings and receive technical assistance on a wide range of topics, such as caring for coffee seedlings and learning best practices for the bean fermentation process. All the knowledge and expertise gained has helped Tatiana improve the quality of her coffee, and she is now helping to replicate the same practices on nearby farms to uplift everyone in the community.

Supporting McDonald's Move to Cage-Free Eggs in the U.S.

In 2015, McDonald's USA announced that it was committing to sourcing 100% cage-free eggs by 2025. This target posed a big challenge to our egg suppliers, many of whom were not set up to meet this new demand. That's why we are supporting our farmers as they migrate to new farming systems and processes by providing the resources and aid they need to make large operational shifts. By collaborating with our farmers in this way, we can work towards our own targets while supporting farmers as they move to more sustainable and profitable operations.

The U.S. egg supply chain is now more than 60% cage-free while Canada now sources 55% cage-free eggs. We are proud to say that Australia, France, Germany and the U.K. have all achieved a 100% cage-free egg supply chain. In addition, all European markets have used cage-free eggs for the breakfast menu since 2011 (except Belarus, Russia and the Ukraine, which account for approximately 6% of whole eggs in Europe).

Investing in Regenerative Farming

In the Northern Great Plains, we're working with World Wildlife Fund (WWF), Cargill and the Walmart Foundation to [improve regenerative grazing practices across one million](#)



[acres of land](#). Meanwhile, in Nebraska, we've teamed up with Target, Cargill and The Nature Conservancy to [invest in regenerative soil health practices](#). These projects work directly with local farmers and ranchers, providing important peer-to-peer learning networks, as well as technical expertise, training and tools to implement practices. Through these programs we can help to reduce emissions, mitigate climate change and support livelihoods, which also support achieving our science-based target to significantly reduce emissions across our supply chain, restaurants and offices by 2030.

“As we’ve moved forward in this journey, we’re proud to farm in a way that’s good for the birds, that makes our staff proud of the work they do, and results in a product consumers love. We’re really proud to be a supplier for McDonald’s and we hope to continue our family tradition for generations to come.

Peter Forsman, Farmer, Forsman Farms

Supply Chain Human Rights



Why It Matters

McDonald's has a complex global supply chain with thousands of direct suppliers employing more than a million people in over 100 countries. A supply chain of this scale gives us an important responsibility to only do business with suppliers that respect the fundamental rights of their employees and partners.

Human rights are universal rights intrinsic to every human being. While individual states have a duty to protect human rights, we also believe that businesses like McDonald's, and our suppliers, have a responsibility to respect them within our sphere of influence. We know we can be a force for good in communities and empower our suppliers to do the same, always considering the impact of our decisions so that we can stand by them with confidence.

Our Strategy

The success of the McDonald's System lies in our trusted relationships with suppliers. All suppliers must, regardless of the cultural, social and economic context, meet our expectations of fundamental rights for all people.

At McDonald's, we conduct our activities in a manner that respects human rights as set out in the Universal Declaration of Human Rights. Our commitment to respect human rights is defined in our [Human Rights Policy \(PDF – 91KB\)](#), which applies to McDonald's Corporation and our wholly owned subsidiaries worldwide. Our



expectations of our suppliers around the world are outlined in our [Supplier Code of Conduct \(PDF – 1.4 KB\)](#) ("Code").

In order to provide goods and services to the McDonald's System, suppliers must meet our high standards, and direct suppliers are required to commit to upholding the standards contained in our Code. We expect, and provide guidance to assist, our suppliers to meet the standards for human rights, workplace environment, business integrity and environmental management contained in the Code. We also expect suppliers to implement their own management systems in these areas.

We expect that suppliers treat their employees with fairness, respect and dignity, and follow practices that protect the health and safety of people working in their facilities, in compliance with national and local laws. We also require our suppliers to hold their own suppliers to the same standards as outlined in our Code, and to create internal mechanisms and programs for handling reports of workplace grievances, including anonymous reporting.

Our Supplier Workplace Accountability Program

McDonald's has a comprehensive Supplier Workplace Accountability (SWA) program, which supports compliance with the standards and expectations outlined in our Code. The SWA program aims to help suppliers understand our expectations, verify compliance and work toward continuous improvement.

The SWA program provides suppliers and McDonald's Global Supply Chain Team with training to understand human rights issues and our SWA program requirements. Built on a model of continuous improvement and education, SWA includes an online training platform where suppliers can access optional tools and resources that provide guidance on human rights issues.

In addition to our Code, McDonald's Supplier Workplace Standards and Guidance Document (SWSGD) is shared with all suppliers and provides detailed guidance on each aspect of the Code and how suppliers and their supply chains can meet our expectations. For example, the SWSGD clearly explains that all suppliers should:

- Ensure their hiring process and that of their recruitment agencies provide people employment under voluntary terms.
- Maintain legally accepted age verification records to demonstrate all workers are of legal working age when they commenced work.
- Respect the right to associate, or not, with any group of their choice, as permitted by law, without fear of reprisal, intimidation or harassment.



- Respect the rights of people to bargain collectively where such rights are established by law or contract.

In 2021, McDonald's updated the SWSGD and hosted training sessions on the updated standards that reached more than 4,000 suppliers and McDonald's staff and featured interviews with external experts.

Since the launch of the SWA program, McDonald's has engaged with thousands of suppliers and facilities to ensure respect for human rights and mitigate risk. We are proud that many of our suppliers take their commitments seriously and, in some cases, have their own equally robust compliance and reporting programs that have been evaluated and approved as equivalent to McDonald's SWA program. We have seen an improvement in compliance overall since the SWA program began and, as of June 2021, more than 4,300 facilities are actively participating in the program.

Verifying Compliance With Our Supplier Code of Conduct

Human rights due diligence is incorporated into the SWA program through on-site announced and unannounced audits conducted by third-party auditing firms that assess compliance with our Code. As part of the onboarding process to become a McDonald's supplier, suppliers must complete the required steps of the SWA program (outlined below) to verify that they can meet our expectations.

We work with a number of third-party social compliance auditing firms around the world that have expert knowledge and understanding of local languages and cultures. On-site audits are physical inspections of the facility and include visits to worker housing and cafeterias. The auditing firms also conduct private worker interviews and review facility records and business practices. In addition, they check the supplier's compliance with each aspect of the Code, such as verifying that all workers are of legal age to work. As well as maintaining legally accepted age verification records, suppliers are also expected to invest in remediation systems in the event an under-age person is hired, to assist in their return to their school or support any other solution that serves the child's best interest.

Instances of noncompliance are shared with the supplier, who must then produce and complete a corrective and preventive action plan to address noncompliance. The plan must provide specific time frames within which corrective action will be taken, root causes analyzed, and policies and procedures updated. In instances of significant noncompliance, suppliers are subject to a follow-up audit.

McDonald's SWA program is designed to support suppliers in meeting our standards. However, there are circumstances under which McDonald's will remove a supplier from the supply chain to address instances of significant noncompliance with the Code.



McDonald's Process for Verifying Compliance

Step 1: Online training to help suppliers understand what is expected of them.

Step 2: Suppliers complete a rigorous annual self-assessment questionnaire to appraise their current systems and practices. This results in a report indicating areas for improvement.

Step 3: Third-party firms conduct announced and unannounced audits.

Step 4: The auditing firm shares any noncompliances with the supplier, who is then required to produce an action plan to address the noncompliance.

In the case of serious noncompliances, a follow-up audit will be carried out to monitor progress. Ultimately, McDonald's may remove the supplier from the supply chain.

Ethical Employment and Recruitment Practices

Fundamental to our Code is an expectation of ethical employment practices by our suppliers and their supply chain, including subcontractors and third-party labor agencies. Our Code clearly prohibits any form of slave, forced, bonded, indentured or involuntary prison labor, and prohibits suppliers and third-party labor agencies from retaining employees' government-issued identification, passports or work permits as a condition of employment. We also expect our suppliers to provide their own internal reporting mechanisms, to ensure their employees have a safe and timely way to report workplace concerns without fear of retaliation.

On-site audits include a review of ethical recruitment practices to verify that workers are employed under voluntary conditions and have freedom of movement. This includes verification that:

- Workers are not charged illegal fees as a condition of employment.
- Worker contracts are in the local language and signed by the worker.
- Suppliers do not retain workers' government-issued identification, passports or work permits.

Understanding and Assessing Risks

An important element of our human rights due diligence approach is understanding global and national human rights risks and using this information to evolve the SWA program. We assess the potential human rights risks of our supply chains through desk-based research, supply chain mapping and on-site audits, and relevant stakeholder engagement.



A key indicator of risk we use is the country of origin from which we are sourcing products or raw materials. For example, we use analysis of country-level human rights risks to help inform the audit cycles for our suppliers. Facilities situated in countries that are considered to be at high risk require more regular on-site audits, regardless of the outcome of previous audits.

Conducting a Human Rights Impact Assessment Along the Supply Chain

In order to uphold our high standards for respecting human rights, we knew we needed to better understand the human rights risk associated with the various commodities we source. In 2018, McDonald's engaged an external provider to conduct a Human Rights Impact Assessment (HRIA) at the farm level. The assessment enabled us to identify that, of all of the commodities we source, palm oil, tea, coffee and timber present the greatest risk of exposure to human rights concerns, with occupational health and safety, migrant workers and decent working time identified as the highest risk areas.

In addition to the farm-level commodity assessment, the HRIA also included a stakeholder consultation with key nongovernmental organizations (NGOs) to understand how industry experts view the human rights risks associated with the production of the various commodities, as well as their observations on how the risks can best be mitigated.

The HRIA findings, and the corresponding recommendations, help us strengthen human rights management frameworks to better identify, assess, prevent, mitigate or remediate salient human rights issues. For example, as we update our sustainable sourcing policies for specific commodities, we consider these recommendations in informing our human rights due diligence requirements for suppliers.

We also use the HRIA findings to raise awareness of human rights risks among our supply chain staff who procure product for the McDonald's System and have taken steps to strengthen risk management procedures and improvement plans.

By identifying the most salient human rights issues within these supply chains, we aim to strengthen our risk management procedures, develop appropriate improvement plans and increase awareness of these issues within our business. In the spirit of ongoing collaboration, McDonald's also shared the information from the HRIA with other brands that purchase similar commodities, and we are exploring further ways to work with the wider industry.

Reporting Mechanisms

Our SWSGD provides a step-by-step best practice process to help suppliers establish an effective grievance mechanism, guided by the UN Guiding Principles on Business and Human Rights. While we require suppliers to provide their workers with their own robust internal procedures to raise issues, our Business Integrity Line, and an email to



reach the SWA global management team, are open to third parties, including suppliers and their employees, if they suspect or become aware of any alleged breaches to our Code. Our Code explicitly states that the supplier's reporting program must protect the worker's confidentiality and must prohibit retaliation in response to reporting issues.

Collaborating With Stakeholders

McDonald's is committed to engaging with relevant stakeholders to continue to advance our approach to human rights, and we participate in relevant forums to track and address emerging risks. In 2019, McDonald's convened a multi-stakeholder roundtable of human rights experts and advocates on the sidelines of the UN Forum on Business and Human Rights. Among the group were stakeholders from civil society, academia, the public sector, peer companies and international organizations. The group received an update on McDonald's supply chain human rights activities and provided feedback and advice on how to advance the program.

We believe that real, systemic change throughout the supply chain requires partnership with industry. In 2016, we joined the [ICTI Ethical Toy Program \(IETP\)](#) for our Happy Meal® toys scheme, bringing together industry partners to support a sustainable supply chain for the toy and entertainment industry. We also participate in initiatives such as [AIM-PROGRESS](#), which supports responsible sourcing, and Business for Social Responsibility's Human Rights Working Group (HRWG), which supports implementation of the UN Guiding Principles on Business and Human Rights in a shared-learning forum of more than 40 companies.

Leveraging Certifications Within Commodity Supply Chains

We are exploring ways to map the SWA program against commodity certifications to better understand which issues are being assessed at the farm level. In addition, our 2020 commodity goals – for beef, chicken (including soy for feed), palm oil, coffee and fiber – address human rights through certification schemes that help to provide human rights assurances deeper within our supply chain. These standards complement our overarching strategy:

Beef

We are working with our supply chain to expand programs that align with the [Global Roundtable for Sustainable Beef \(GRSB\)](#) principles and criteria, which include ensuring respect for people and communities.

Soy (Used For Chicken Feed)

We leverage [ProTerra](#) or [Round Table on Responsible Soy \(RTRS\)](#) certification standards, which have criteria regarding human and labor rights, abolition of any type



of discrimination and forced labor, as well as establishing requirements for relations with neighboring communities and indigenous communities and their rights.

Palm Oil

We are committed to sourcing [Roundtable on Sustainable Palm Oil \(RSPO\)](#) certified palm oil, which aims to strengthen social development, environmental protection and economic prosperity across the sustainable palm oil value chain. We also have expectations of our centrally managed suppliers of restaurant and par-fry oil to address human rights concerns.

Coffee

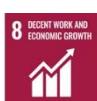
Sourcing coffee certified to international sustainability standards such as Rainforest Alliance, UTZ and Fairtrade International, and Fair Trade USA is key to our supply chain human rights strategy. In parallel with our certification work, we have also launched the McCafé Sustainability Improvement Platform (SIP) in partnership with [Conservation International](#). These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts.

Fiber

McDonald's leverages existing certification schemes, including [Forest Stewardship Council®](#) (FSC®), [Programme for the Endorsement of Forest Certification](#) (PEFC) and PEFC-endorsed national systems, which ensure the rights of forest-dependent communities are respected.

Helping Support the Sustainable Development Goals

Through our efforts to respect human rights we aim to support the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 8: Decent Work and Economic Growth \(Specifically targets 8.7 and 8.8\)](#)



[Goal 16: Peace, Justice and Strong Institutions \(Specifically targets 16.5 and 16.6\)](#)



Goal 17: Partnerships for the Goals (Specifically target 17.16)

Our Actions

Supporting Family Friendly Spaces Program in China

McDonald's works with partners and suppliers to support working parents in the supply chain as a member of the IETP. We encouraged Happy Meal toys suppliers to partner with IETP and their implementation partner CCR CSR to create Family Friendly Spaces at several facilities in China. These have subsequently had a meaningful impact on migrant workers. Across China, millions of workers have to leave their children in rural villages with family and friends while they are away working at urban factories. The program reunites some of these "left-behind" children with their working parents during the school summer holidays.

In 2019, 10 toy facilities took part in the program and in 2020, despite the pandemic, we had two toy facilities participate in the program. The 466 participating children, aged 3–12 years, attended factory-based childcare run by trained staff. The children took part in activities and day trips that helped broaden their horizons and strengthened parent-child relationships. An impact study of the wider program done in 2020 found that workers felt confident that their child was safe while they went to work and that the spaces allowed them to spend more time with their child. The study also revealed a 321% increase in worker satisfaction and a 39% increase in worker retention.

Continuous Improvement Through Supplier Workplace Accountability Program

The SWA program includes an online training platform where suppliers can access optional tools and resources that provide guidance on human rights issues. Additionally, in 2017 McDonald's teamed up with other AIM-PROGRESS brands to provide optional training to suppliers on the importance of responsible sourcing. Through this coalition, suppliers around the world received training on critical human rights issues, including:

- Training suppliers in Malaysia on forced labor, grievance mechanisms and managing migrant labor in 2017.
- Sessions on health and safety, forced labor, working hours and social insurance for Chinese suppliers in 2018.
- Training on forced and child labor, wages and working hours, and health and safety for suppliers in Brazil in 2019.



Collaborating With Coffee Producers

Launched in partnership with Conservation International in 2016, the McCafé Sustainability Improvement Platform (SIP) is a framework to engage and guide our coffee supply chain in sustainable sourcing, as well as invest in coffee growers and their communities over the long term. We collaborate with coffee producers to design and implement programs and deliver optional tools and resources that aim to address needs specific to the farming community and improve farm performance.

McCafé also provides roasters who supply our coffee with guidance across four key elements they must achieve in order to have a SIP-approved program.

How McCafé SIP Works

Transparency

Understanding who grows our coffee and identifying all farms and farmers participating in a SIP-approved program.

Producer Collaboration

Identifying needs specific to the farming community and collaborating with them and local partners to provide relevant training and tools.

Measured Performance

Tracking progress against globally recognized minimum requirements and continuous improvement indicators for sustainable coffee production.

Assurance

Verifying data through third-party audits.

We created an Advisory Council to provide input on the strategic direction of McCafé SIP, with members including Conservation International, Rainforest Alliance, Committee on Sustainability Assessment (COSA), Sustainable Food Lab, Fair Trade USA and Solidaridad. The Council has introduced a set of minimum requirements focused on social and environmental impacts, such as human rights, health and safety, and deforestation, that all farms must meet and that will be assessed through third-party audits.

In partnership with COSA, we have also expanded performance metrics, which annually measure continuous improvement toward social, environmental and economic standards. Through analysis of these metrics, our roasters can better target investments in programs that support income diversification or food security and help to build the resilience of these communities.

ℳ



Our Planet



We Are Driving Climate Action and Helping to Keep Waste Out of Nature

In partnership with our Franchisees, suppliers and producers, we're finding new and innovative ways to reduce emissions, keep waste out of nature and preserve natural resources. From minimizing how much packaging we use to investing in renewable energy and partnering to advance sustainable and regenerative agriculture practices – we want to help protect our planet for communities today and in the future.

"To secure a thriving food system for the future, the food industry has an opportunity – and responsibility – to help mitigate the impacts of climate change and find more sustainable ways to feed people. I'm proud of McDonald's commitment to accelerate action and achieve the widespread adoption of more sustainable practices, even as we navigate the impact of COVID-19. Drawing on the support of our Franchises, suppliers and producers we can continue to build a more sustainable and resilient industry.

Francesca DeBiase, Executive Vice President, Chief Supply Chain Officer



Our Impact Areas



Climate Action

We were the first global restaurant company to set a science-based target to reduce emissions in our restaurants, offices and across our supply chain. By 2030, we expect to prevent approximately 150 million tons of greenhouse gas emissions from being released into the atmosphere, the equivalent of taking 32 million passenger cars off the road for an entire year. We're prioritizing action in areas where we have the biggest opportunities for impact – including renewable energy. Our 2019 investments in renewable energy will prevent roughly 700,000 tons of carbon emissions each year in the U.S. – the equivalent of planting more than 11 million trees. In 2020, we also unveiled a first-of-its-kind restaurant designed to create enough renewable energy on-site to cover 100% of its own energy needs on a net annual basis.



Packaging & Waste

We're testing new packaging and recycling solutions around the globe to help us reduce packaging, switch to more sustainable materials and help customers to reuse and recycle. Today, we are approximately 78% of the way toward our ambition to source all packaging from renewable, recycled and certified sources. We're also partnering to help drive change at scale. This includes our role as a convening member of the NextGen Consortium, which aims to advance recoverable solutions for the fiber to-go cup system, and our partnership with Loop to test a reusable cup system for hot drinks.



Sustainable Agriculture & Beef

We want to make sure the beef in our burgers contributes to a sustainable food system in which communities, animals and the planet thrive. We know that we don't yet have all the answers, but we're engaging with expert groups, farmers and industry to test and scale more sustainable and regenerative practices that help protect nature, reduce greenhouse gas (GHG) emissions and secure farmer livelihoods. For example, we have teamed up with the World Wildlife Fund, Walmart Foundation (WWF) and Cargill to improve grazing management practices across one million acres of land in the Northern Great Plains – one of the last remaining temperate grasslands in the world. These efforts help us reduce GHG emissions and enable us to progress toward our climate commitment.



Conserving Forests



Water Stewardship

We've set an ambitious goal to eliminate deforestation from our global supply chain by 2030 and are committed to working collaboratively – and urgently – to address the complex challenge of deforestation. We're making important progress on the raw materials we buy in the greatest volume and where we can have the biggest impact: beef, soy for chicken feed, palm oil, coffee, and fiber-based guest packaging. Our ambition is to drive transformative practices by testing cutting-edge technology, such as satellite mapping, and sharing best practices in our industry and beyond.

We've identified and prioritized water savings and improvement opportunities across four key areas of water management – irrigation, public and staff amenities, cleaning and beverage services – and we have partnered with the World Wildlife Fund (WWF), the World Resources Institute and our Franchisees and suppliers to develop a holistic water stewardship approach to protect this essential resource. Across the world, we already have locally relevant water strategies. For example, our US 20x2020 By Design program in the U.S. aims to use innovative design strategies to reduce energy and water use by 20% by 2020 from a 2005 baseline.



Climate Action



Progress Highlights

8.5% reduction in the absolute emissions of our restaurants and offices from the 2015 baseline

5.9% decrease in supply chains emissions intensity from the 2015 baseline

Why It Matters

We believe climate change is the biggest environmental issue of our time, with impacts that affect communities around the world: from melting ice caps and devastating forest fires, to shifting weather patterns that disrupt agricultural supply chains and threaten food security.

As one of the world's largest restaurant companies, we have a unique opportunity to mobilize our entire value chain to act now. In collaboration with our Franchisees, and through our relationships with suppliers, farmers and ranchers around the world, we can help to catalyze action around emissions reductions and strengthen climate resiliency.

Reducing emissions and adapting to climate change is critical to the collective success and resilience of the McDonald's System, and our ability to feed communities today and in the future. While taking action on climate change is challenging and requires significant investment, we believe it will drive business



value in the long term by ensuring we are managing operational costs in our energy supply, improving the security of supply of our raw materials and reducing our exposure to increasing environmental risks, regulation and taxes.

Our Strategy

We are working in partnership with our Franchisees and suppliers to take on climate change and transform the food system for the better. We have been on this journey for a number of years and we are proud that, in 2018, McDonald's became the first global restaurant company to set a science-based target approved by the Science Based Targets initiative (SBTi) to significantly reduce greenhouse gas (GHG) emissions. Through partnership and collaboration with our Franchisees, suppliers and producers, we committed to reduce GHG emissions related to our restaurants and offices by 36% by 2030 from a 2015 base year, as well as a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain.

Pledge to Achieve Net Zero Emissions by 2050

Climate science has progressed since we first set our targets in 2018, and we are raising our ambition to meet current recommendations and guidance from the SBTi. In 2021, we joined the United Nations Race to Zero campaign, pledging to put McDonald's on the path to net zero emissions by 2050.

In pursuit of this ambition, we have committed to evolve our current 2030 targets to align with the SBTi Business Ambition for 1.5°C campaign, which focuses on reducing emissions by 2030 to keep global temperature rises under 1.5°C. We will also develop a longer-term emissions reduction and neutralization strategy to reach net zero emissions by 2050.

Taking Action to Cut Our Carbon Footprint

In collaboration with thousands of Franchisees, suppliers and producers, we are prioritizing action on the largest elements of our carbon footprint. These include restaurant energy use and sourcing, packaging and waste, and the sourcing of key ingredients for our menu, such as beef. We are also contributing to the development of GHG accounting methods to demonstrate the impact of factors such as land use change and carbon sequestration to our footprint, to keep our strategy robust and resilient.



Restaurant Energy Usage and Sourcing

Together with our Franchisees, we are working across our restaurants to be more innovative and efficient, with investments in areas such as renewable energy, LED lighting and energy-efficient kitchen equipment. Across the globe, our markets are in various phases of strategy development, and in 2020 we launched a new internal climate data and insights platform to support market-level local climate strategies and track progress.

Packaging & Waste

Packaging helps us serve food quickly and safely to our customers, but we also know that how it is designed, produced, transported and disposed of can have an impact on the planet. Our packaging and waste strategy aims to accelerate a circular economy and design out waste to further help reduce emissions across our operations and supply chain.

Beef Production

We are one of the biggest buyers of beef in the world, and beef is one of the top three contributors to the overall carbon footprint of our supply chain. This is why we are prioritizing action in this area in partnership with our suppliers, nongovernmental organizations (NGOs) and climate experts. Since 2011, we have supported and participated in global, regional and national roundtables, bringing together partners to identify, develop and scale the most sustainable agricultural practices. We request all of our globally managed beef suppliers report their actions on climate through CDP Supply Chain. The majority have their own climate targets, and we are working with suppliers to develop tailored roadmaps for key ingredients (including beef) to meet our global GHG emissions target.

We are also working with partners to advance the science around sustainable beef farming practices. Our work with the [Foundation for Food & Agriculture Research](#) and universities in the U.S., for example, is looking at how regenerative grazing practices can capture more carbon in the soil and increase biodiversity.

Engaging Our Supply Chain

To achieve our supply chain goals, we work closely with suppliers and producers, particularly our biggest suppliers in the product categories in which we can have the greatest impact. We all share a common commitment to delivering action on climate and driving continuous improvement. We have set an expectation for all McDonald's globally managed suppliers to set climate targets, measure emissions and make reductions – particularly in Scope 3 emissions – in line with their broader sustainability strategies.



We work with expert partners such as CDP, an organization that helps companies manage their environmental impacts, to support our suppliers in developing their own approach to climate action. Through the CDP Supply Chain program, we engage with our suppliers to better understand the level of action they are undertaking across their own businesses.

In 2021, we asked 131 suppliers to report to [CDP Climate and Forests](#). This was up from 2020 when we asked 107 suppliers – representing 79% of our global spend across food, packaging, logistics and equipment – to report to CDP.

Our supply chain focus will be on areas including:

- **Farm management** – On farms, sustainability and efficiency are interconnected; a carbon footprint is an indicator of a farm’s overall proficiency and therefore its profitability. When farmers are able to optimize their resources, they also improve their economic viability and minimize their carbon footprint. We are improving our insight into the farming systems that supply the food for our menu, and our suppliers work with farmers to help them improve their efficiency and reduce emissions by adopting more sustainable practices.
- **Rebuilding soils** – Progressive grazing techniques and other agricultural practices can bolster soil’s ability to store carbon and improve climate resiliency while optimizing the nutrition it can provide animals. We support initiatives to help farmers adopt management practices that improve soil health, and at the same time ensure that farming systems that actively sequester carbon are recognized in GHG measurements.
- **Conserving forests** – Forests play a pivotal role in absorbing GHG emissions, creating oxygen and supporting ecosystems – and yet around the world they are under threat from deforestation and degradation. Deforestation is estimated to account for 15% of the planet’s global GHG emissions, and presents a real risk to our shared environment, as well as our business, supply chain and customers. We are working with partners across our global supply chains to verify that the products sourced for our menu are not putting forests at risk, and we are committed to eliminating deforestation from our global supply chains by 2030. Read more about our work [on our Conserving Forests page](#).
- **Post-farm efficiency** – We are constantly looking for new opportunities to cut emissions throughout the rest of our supply chain, and are working on initiatives that include improving energy usage at supplier facilities, transportation efficiency and reducing food waste.



Keeping Our Transport and Logistics Impact Low

McDonald's logistics network transports our food products more than 250 million miles every year. Our logistics providers are working to minimize the environmental footprint of our distribution activities by reducing the distances our products travel, moving toward alternative fuels and making product journeys as efficient as possible.

We have a twofold approach to working with our suppliers to achieve world-class logistics operations with the lowest possible environmental footprint:

1. Using fewer miles and less fuel through continuous routing improvements, innovations like engineless cooling and air deflectors, and ongoing driver training.
2. Increasing the use of alternative fuels with lower emissions.

In 2019, our two largest logistics providers, HAVI and Martin Brower (MB), also signed up to the SBTi, and committed to cutting carbon emissions from their operations by 40% per metric ton of goods delivered by 2030, respectively, from a 2015 base year. Since then, all of McDonald's Global and North American independent logistics suppliers have set science-based targets, approved by the SBTi.

We also pair innovation in transportation with our efforts to eliminate waste from our kitchens and supply chains. For instance, rather than relying on a separate collection service, trucks in some countries "back-haul" waste from McDonald's restaurants when returning to the distribution centers. This helps to recycle waste streams, like cardboard, used cooking oil, some plastics and cups, while reducing mileage and emissions in the process.

We encourage all our logistics providers to use carbon-efficient fuels. This includes alternative fuels such as renewable natural gas created from biowaste, biofuels, hydrogen, natural gas, propane and electricity. Where possible, these biofuels are generated from by-products rather than crops grown for food. In 2017, McDonald's and our logistics providers became signatories to sustainability specialist BSR's Sustainable Fuel Buyers' Principles, supporting growth in the market for low-carbon vehicles.

Managing Climate-Related Risks and Opportunities

We are assessing climate risk and strengthening our collective resiliency because it's the right thing to do for our planet, our communities and our business. We look to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to guide our approach. In 2021, we released our [Climate Risk & Resiliency Summary](#), demonstrating our continued commitment to disclose climate-related risks and opportunities for our business. Key takeaways from the summary include:



- McDonald's has taken action on climate for years, and we are actively working toward our science-based targets that cover Scopes 1, 2 and 3, as well as sustainable sourcing goals, deforestation commitments and more.
- We are leveraging scenario modeling to understand the transition and physical risks and opportunities for the McDonald's System, including our supply chain, Company offices and Company-owned and franchised restaurants.
- We pledged to put McDonald's on the path to net zero emissions by 2050, and are working with partners to define a science-based framework that will guide the future evolution of our existing targets.
- Our climate change strategy is guided and governed by a cross-functional leadership team that engages all levels of the Company, from the Board of Directors to country-level sustainability staff.

Collaborating to Drive and Advocate for Transformative Change

We know that addressing climate change requires a collective effort across our global community. That is why we're partnering with our suppliers, Franchisees, industry, governments, NGOs and others to take action. Knowing we are stronger working in partnership with others, McDonald's works with other organizations and coalitions to advocate for further progress on climate action.

- McDonald's pledged to achieve net zero emissions by 2050 through the United Nations Race to Zero Campaign.
- Through the SBTi Business Ambition for 1.5°C campaign, we committed to evolve our current targets with a focus on reducing emissions by 2030 to keep global temperature rises under 1.5°C.
- We continue to advocate for climate policy, including serving as a Leader's Circle of [America Is All In](#) (formerly We Are Still In) and recently building on our existing engagement with [Ceres](#) (see below). With these networks and a coalition of businesses, cities, states, faith groups, cultural institutions, healthcare organizations and universities, in 2021 [we called on the United States](#) to raise its ambition on climate action and meet the goals of the Paris Agreement.
- McDonald's participates on the [Renewable Energy Buyers Alliance \(REBA\)](#) Board of Directors, collaborating with other energy buyers, energy providers, and service providers to navigate the complexities of the energy market.
- In 2020, we became members of the Ceres Business for Innovative Climate and Energy Policy (BICEP) network where, alongside nearly 70 other organizations, we are supporting the development of strong climate and energy-efficiency policies



in the U.S.

- Since announcing our climate commitment in 2018, McDonald's has been meeting with members of U.S. Congress and their staff to share our commitment to climate action and also to discuss important topics such as recycling, soil health and renewable energy. We believe public policy is a critical part of the solution and our advocacy work in Washington, D.C. is driven by our [U.S. Environmental Sustainability Policy Principles](#).

Across the world, we collaborate with supplier partners and industry peers on a range of projects and to help develop tools and best practices:

- We are working with other organizations as part of the C-Sequ working group to help develop a clear methodology to account for carbon sequestration in lifecycle analysis (LCA) calculations. The group aims to improve accounting techniques to provide more certainty when organizations are investing in projects to sequester and store carbon through agricultural activity. We also support the work to define the action of methane more accurately as a greenhouse gas.
- We are members of the Greenhouse Gas Protocol Land Based Technical Working Group, which is developing new technical guidance and standards on how companies account for and report emissions, reductions and removals from land use activities in their GHG inventories.
- We are involved with the SBTi Forest, Land and Agriculture (FLAG) Working Group, led by World Wildlife Fund (WWF), to define a pathway for 1.5°C for agricultural, forestry and land-based businesses and supply chains. We are testing and providing feedback on the approach companies worldwide can use to set and achieve credible science based targets.
- As part of the Cool Farm Alliance, we have supported the development of the Cool Farm Tool that provides farmers in multiple countries and farming sectors with free access to a GHG measurement system, which they can use to assess their carbon footprint.
- As members of the Gold Standard Value Chain Initiative – a not-for-profit established to ensure projects that reduced carbon emissions featured the highest levels of environmental integrity – we work with others to test new techniques of carbon accounting in the supply chain and deal with challenges around traceability.
- We support the work of the GWP* Group to examine and model the impact and application of the GWP* methodology to reflect the warming impact of methane



as a greenhouse gas.

Helping Support the Sustainable Development Goals

Our climate change work supports the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 7: Affordable and Clean Energy \(Specifically targets 7.2 and 7.3\)](#)



[Goal 9: Industry, Innovation and Infrastructure \(Specifically target 9.4\)](#)



[Goal 13: Climate Action \(Specifically target 13.2\)](#)



[Goal 17: Partnerships for the Goals \(Specifically targets 17.16 and 17.17\)](#)

Our Performance

The figures below reflect our 2020 progress and the latest enhancements to our 2015 base year emissions, which have been updated based on best practice guidance on leveraging the latest methodology and data available. As we continue to enhance our methodology and data quality over future reporting cycles, we expect the baseline and annual progress figures to further adjust.

For our comprehensive disclosure on climate action in 2019, see [McDonald's CDP Climate Change \(2020\) Report \(PDF – 557 KB\)](#).

Goal



By 2030, partner with Franchisees to reduce GHG emissions related to McDonald's restaurants and offices by 36% from a 2015 base year.

Progress

As of the end of 2020, we have made an **8.5%** reduction in our restaurants' and offices' absolute emissions from the 2015 baseline.

This means approximately **23.6%** of our target has been achieved.

Once all 2019-2021 transacted U.S. renewable energy projects are online, the energy generated will be equivalent to over 8,000 U.S. restaurants' worth of electricity and is expected to contribute to a **22%** reduction from our 2015 baseline.

Goal

By 2030, reduce emissions intensity (per metric ton of food and packaging) by 31% across our supply chain from 2015 levels.

Progress

As of the end of 2020, the emissions intensity of our supply chain has decreased by 5.9% from the 2015 baseline.

This means we are 19.3% of the way toward our target. We continue to partner with our suppliers to make progress, and we are seeing an increase in the number of our suppliers setting climate targets and implementing strategies to reduce emissions intensity that are tailored to their own supply chains.

GHG Emissions (In Metric Tons)

Emissions	2015 (Baseline)	2020
Gross Scope 1: Emissions	162,958	97,398
Gross Scope 2: Emissions (market-based)	1,295,123	431,395
Gross Scope 3: Emissions	49,344,096	53,704,901

Total Energy Consumed

Energy	2020
Total Direct Energy (MWh)	1,887,246
% Renewable	11.8%
% Grid	63.4%

Our Actions



Improving our Climate Impact Measurement

We hold ourselves accountable by measuring emissions data annually and partnering with experts to leverage leading methodologies for data collection and measurement. In 2020, we launched a new, internal, enterprise-level climate tracking system that pulls together restaurant, office and supply chain climate data. It runs parallel with our supply chain sustainability reporting system and uses common sources of information. We also work with the CDP Supply Chain program to integrate the actions of key suppliers on climate and forests.

The climate tracking system is also a way to share actionable data and benchmarking insights with key internal audiences in order to inform strategy development. We will continue to evolve the system via annual improvements on both the data quality and climate accounting methodology, as well as insights and benchmarking capabilities.

Adding Renewable Energy to the Grid

In 2019, McDonald's committed to two renewable energy projects in Texas through virtual power purchase agreements (VPPAs). These were a first for the company and helped us join other leading corporate renewable energy buyers in adding new, large-scale, renewable energy to the U.S. grid. Then in 2020, McDonald's completed three new VPPA transactions, with two wind farms and one portfolio of solar projects slated to be built in Illinois, Oklahoma, North Carolina and Ohio.

Once all the projects initiated in 2019-2021 are online, the energy generated by renewable energy projects will be equivalent to over 8,000 restaurants-worth of electricity and is expected to contribute to a 22% GHG reduction from our 2015 baseline. McDonald's portion of these renewable energy projects will help to prevent approximately 2,300,000 metric tons of CO₂e emissions each year.

In Europe, renewable energy purchases in 2020 covered over 6,000 restaurants' worth of electricity across 11 markets (Austria, France, U.K. and Ireland, Germany, the Netherlands, Poland, Portugal, Spain, Sweden and Switzerland). These markets have achieved purchasing over 75% renewable electricity for their restaurants, and in many cases are at or close to 100% renewable electricity.

Creating McDonald's First Net Zero Energy-Designed Restaurant

In 2020, McDonald's unveiled a first-of-its-kind net zero energy-designed restaurant at Walt Disney World Resort in Orlando, Florida. The global flagship restaurant is designed to create enough renewable energy on-site to cover 100% of its annual energy needs, and will serve as a learning hub to test solutions for reducing energy and water use.

The restaurant includes:



- A solar-paneled roof, photovoltaic glass panels integrated throughout the building, and solar-powered parking lot lights.
- An automated energy system and passive ventilation dining-room that circulates air and regulates temperature, allowing the building to “breathe.”
- Family-friendly educational elements, such as static bikes that generate electricity and illuminate McDonald’s Golden Arches and tablet games that teach children and adults about renewable energy.

To reinforce the restaurant’s net zero energy status, we are working towards the International Living Futures Institute’s Zero Energy Certification. Data and learnings from the restaurant will also inform McDonald’s global sustainability efforts, including progressing towards our science-based target.

“The design of their global flagship restaurant is another positive step in how McDonald’s is tackling the climate challenge by bringing proven renewable energy solutions under one roof and educating their customers about the importance of sustainable practices and renewable energy sources.”

Marty Spitzer, Senior Director, Climate and Renewable Energy, WWF

Operating Sustainable Restaurants Around the World

We are focused on designing and delivering the most resource-efficient restaurants possible. This means minimizing our use of energy and water, and maximizing the use of renewable energy, wherever possible. Our Global Restaurant Building & Equipment Standards include minimum requirements and recommendations on issues such as lighting, refrigeration and the energy efficiency of heating, ventilation and air conditioning systems, as well as energy management and even the way in which buildings are constructed to optimize solar gain.

To advance the overall sustainability of McDonald’s restaurants in Europe, we also operate to Green Building Guidelines, which are part of our continuous efforts to reduce energy consumption by sharing best practice and using the latest technologies.

Progress we are making around the world:

- Australia – In 2020, McDonald’s Australia launched its 1000th restaurant as the market’s first sustainability flagship and hub for testing industry-leading sustainability innovations. It features 25 core initiatives to reduce its environmental impact, from energy-efficiency to water conservation to recycling, and is designed to operate with 100% renewable energy and elements like carbon-neutral McDelivery.U.K. – New McDonald’s restaurants have 100% LED lighting, which uses 50% less energy than fluorescent lighting. Close to 240,000 LED lights have been installed across McDonald’s restaurants,



right down to the bulbs in our emergency lighting.

- France – With a focus on energy efficiency and water reduction, a typical McDonald's restaurant in France uses LED lighting and consumes, on average, just 7 liters of water per meal, compared to 10 to 20 liters in traditional restaurant kitchens.
- Germany – We have consistently reduced energy consumption through modernization, employee training, energy monitoring and alarms in recent years. We achieved an overall reduction in energy consumption of 15%, as measured in 2019 compared to 2011. Due to the COVID-19 pandemic (e.g., partly closed restaurants, fewer guest visits) in 2020, we achieved an overall reduction in energy consumption of 23%.
- U.S. – McDonald's U.S. operated an environmental sustainability program, US 20x2020 By Design. The program aimed to reduce energy and water by 20% by 2020 from a 2005 base year, using innovative strategies in the design of new restaurants. These include LED lighting, low oil-volume fryers, high-efficiency hand dryers, toilets and faucets, and low-spray valves. In a concluding study, McDonald's U.S. 2020 prototype buildings have achieved a 26.4% reduction in electric use, and a 3.7% reduction in natural gas use from 2005. For water, they achieved a total water use reduction of 19% (including a reduction of approximately 27% for hot water and water to sewer).
- U.S. – After two years in operation, McDonald's Chicago Flagship restaurant – a sleek, glass-clad landmark in the city's architecture – rich downtown – received LEED (Leadership in Energy and Environmental Design) Platinum® certification. It is the first McDonald's location in the U.S. to receive LEED Platinum® certification, and the second worldwide. The restaurant serves as a learning hub to test sustainable solutions for future locations to meet sustainability targets through thoughtful design, construction and operation.
- China – McDonald's China put in place an action plan to focus on green restaurants and green packaging. It expects to open more than 1,800 restaurants by 2022 and that these restaurants target LEED (Leadership in Energy and Environmental Design) certification standards in the "Interior Design & Construction" category, issued by the United States Green Building Council. For the existing restaurants, McDonald's China has been continuously updating and optimizing the energy management systems, including the use of LED energy-saving lamps, as well as more efficient air conditioning and kitchen equipment.

Installing Electric Vehicle Charging Points

We take a holistic approach to sustainability and that means exploring ways to help our customers reduce their own environmental impact. To help our customers embrace more sustainable technologies, we are in the process of rolling out electric vehicle (EV) charging points at numerous restaurants around the world.



- Through a collaboration with electricity producer Vattenfall, every Drive-Thru in the Netherlands will have two fast-charging points installed. This will enable EV drivers to charge their car within half an hour, using green electricity fully generated by Dutch wind turbines.
- McDonald's Sweden has worked with Recharge (formerly Fortum) since 2012 and with E.ON since 2018 to establish fast chargers for electric cars in Sweden. Customers can charge their electric or hybrid car at 64 restaurants in Sweden and an additional 10 - 15 restaurants will be added to the network by the end of 2021.
- McDonald's U.K. has entered a partnership with InstaVolt to introduce EV rapid-charging points as standard across new Drive-Thru restaurants.

Creating Supply Chain Climate Action Strategies

Through our climate data and insights platform, we know which suppliers and food-sourcing categories contribute the most to our emissions. This allows us to work with these suppliers to create strategies that support our science-based target and reduce our impact on the climate.

The first stage of this process is to share a commitment through target-setting. In 2019, we clearly communicated our expectations to all suppliers of the importance of setting science-based climate targets for their own businesses. We now regularly reinforce the importance of taking action during supplier webinars and reviews, while also supporting our suppliers with a Climate Action Toolkit.

As well as target-setting, we have an expectation that suppliers will instigate emissions monitoring and reduction programs, and report progress through the CDP Supply Chain program. We now request annual CDP reports from 131 key suppliers, up from 107 last year, which accounted for 79% of our annual global spend across food, packaging, logistics and equipment. This encompasses all globally managed suppliers of beef, chicken, dairy, cheese, bakery and baked goods, logistics, produce, liquid products and potato. It also includes the top 80% of our fiber-based packaging and key equipment suppliers and additional selected U.S. suppliers.

This partnership approach will help us to tailor supplier-led reduction initiatives that are specific to our supply chain, as well as foster new supplier collaborations to achieve an even greater impact.

Converting From Diesel to Alternative Fuels

HAVI, one of McDonald's logistics suppliers, announced a five-year joint plan with vehicle maker Scania in 2017 to improve its carbon footprint. The plan aims to significantly reduce the number of diesel-powered vehicles it uses and convert around 70% of its fleet to alternative fuels in several European countries by 2021. By the end of 2019, HAVI had already achieved 37% of the target.



In 2021, McDonald's Switzerland, in partnership with HAVI Switzerland, began operating its first hydrogen truck. This brings McDonald's Switzerland closer to its goal of transporting 70% of McDonald's Switzerland's goods to the restaurants in a carbon-neutral manner by 2025.

Martin Brower is also continuously expanding its capabilities and use of alternative fuels. Over 90% of its global fleet is currently capable of operating with some level of biodiesel mixes—which is a big step toward carbon reduction while other alternative fuels such as natural gas and electricity become more commercially viable.

We are also finding ways to recycle our used cooking oil into biodiesel for delivery trucks.

Achieving SmartWay Excellence

In 2017, 2019 and 2020, McDonald's U.S. received a SmartWay Excellence Award for outstanding environmental performance and leadership, having been a semifinalist in 2018. The SmartWay Excellence Award is the Environmental Protection Agency's (EPA) highest recognition for demonstrating leadership in freight supply chain energy and environmental performance.

In addition, based on the performance of McDonald's freight transportation operations in 2019, EPA has named us a 2020 [SmartWay High Performer](#). Our freight partners were recognized for achieving 98% of miles, or ton-miles, as SmartWay shipped, with strong performance in areas such as data reporting and validation, educational and collaborative work, and community links.

Engaging Crew to Take Action

Several markets have found ways to tap into the enthusiasm of restaurant staff and engage them in initiatives to lower the environmental impact of restaurants.

McDonald's France has developed a digital environmental management system called EcoProgress, which helps restaurant teams manage their environmental impact and includes a platform that provides training, tools and examples of best practice. It also involves a countrywide annual challenge that rewards the McDonald's restaurants with the highest performance.

Other markets, including the U.S., Russia, Portugal and Sweden, run internal sustainability campaigns to engage crew around the importance of taking action on climate. So far, the campaigns have included activities such as competitions and quizzes, with ongoing encouragement for crew members to share best practice examples from their restaurants.



Packaging & Waste



Progress Highlights

Over 80% of the guest packaging sourced for McDonald's restaurants was made of fiber sources. The remaining 20% was made of plastic

In total, 80% of our guest packaging came from renewable, recycled or certified sources

99.6% of our primary fiber-based guest packaging, was sourced from recycled or certified sources and supported deforestation-free supply chains

We offered guests the opportunity to recycle packaging waste in over 25% of restaurants in our 30 largest markets

Please see [our performance](#) section and [footnotes](#) below for additional detail.

Why It Matters

Improving the sustainability of our packaging and moving toward a circular economy are top priorities for our business. These strategies support our long-term business resilience, help keep our communities clean and aim to help protect the planet for future generations.



We realize the linear economic model – where we take, make and dispose of materials – can create waste that harms nature and impacts communities. That's why we believe the future of materials needs to be circular wherever possible.

One of our biggest opportunity areas is our packaging. It plays an important role in reducing food waste and helping us serve hot and freshly prepared food quickly and safely to customers. But we know that when packaging and plastic waste aren't recovered or recycled correctly, it can have a negative impact on our planet, creating litter and pollution.

There are systemic challenges that stand in the way of achieving a circular economy, but we want to invest and engage in strategic partnerships that advance circularity in our communities globally. As one of the world's largest restaurant company, we believe not only that McDonald's has a role to play in addressing this issue, but that we can use our scale to help transform packaging and waste systems across our industry.

Our Strategy

We will use our global scale and reach to implement and accelerate circular solutions to keep waste out of nature, by keeping valuable materials in use. To achieve this, we aim to design out waste and advance recovery and reuse of materials right across our value chain, prioritizing areas where we can have the greatest impact, such as packaging.

Progress in Sustainable Packaging and Recycling

When it comes to our packaging, we look at all aspects of our footprint and beyond. It's a process that encompasses a wide range of initiatives to reduce our use of packaging, switch to more sustainable materials and help our customers reuse and recycle too.

We've set goals to source 100% of our guest packaging from renewable, recycled or certified sources, and to recycle guest packaging in 100% of McDonald's restaurants, by 2025.¹

We understand that recycling infrastructure, regulations and consumer behaviors vary from city to city and country to country, but we plan to be part of the solution and help influence powerful change.

Our Priorities:

- Eliminate packaging through design innovation, introducing reusable solutions and encouraging behavior change to reduce usage.
- Shift materials to 100% renewable, recycled or certified sources, and streamline the variety of materials used to enable easier recovery without compromising on



quality and performance.

- Recover and recycle by finding ways to scale up systems to allow for greater acceptance of recycling, and making it easier for our guests to recycle too.
- Close the loop by using more recycled materials, including recycled plastic content, in our packaging, restaurants and facilities, and helping to drive global demand for recycled content.

The learnings and insights from this work also feed into other materials we use in our system, such as Happy Meal® toys, transport packaging and building materials.

Tackling Plastic Pollution

While our goals focus on all packaging, our plastics strategy specifically addresses how we are working to prevent plastic waste from ending up in nature.

We believe that some plastic packaging is necessary in the food industry to maintain quality and safety. Plastic has many benefits compared with other materials. For example, it's lighter than glass and fiber, and therefore causes fewer CO₂ emissions when transported. However, we know that when plastic is not recycled or recovered correctly, it creates plastic pollution, which is harmful to the environment, and we want to play our part in addressing this issue.

To improve capture rates and reduce the leakage of plastic waste into the environment, we are working to:

- Reduce plastic in guest packaging that is hard to recycle, is not needed for safety or functionality and is likely to leak into the environment, such as straws, plastic bags and cutlery.
- Prioritize innovation of new materials and redesign of plastic packaging to be more recyclable. We understand the importance of streamlining plastics in order to improve recycling rates. Our goal is to streamline material types and design packaging so that it's easier for customers to recycle.
- Increase the amount of recycled plastic content used in all parts of our restaurants, where possible, to help drive demand for plastic recycling. For example, using recycled plastics in trays, Happy Meal toys and interior design elements of our restaurants.
- Partner with companies and nonprofit organizations to support the development and expansion of recycling programs for plastics.
- Partner with Franchisees to support community-level anti-litter initiatives such as consumer communication campaigns and cleanup days.



The COVID-19 pandemic has also highlighted the importance of food packaging and personal safety equipment, such as gloves and masks, which have been crucial to ensure the safety of our restaurant employees. We are mindful of short-term challenges, such as additional waste caused by disposable safety wear, as well as some increase in plastic use. Hygiene and safety are currently at the forefront of customers' minds, and our challenge is to ensure they are balanced with long-term sustainability.

Meeting Customer Expectations of Convenience, Safety and Sustainability

Together with our Franchisees, suppliers and industry partners, we invest in research and development of new materials and packaging designs that fit our customers' needs for convenience, food safety and sustainability.

In partnership with our packaging suppliers, we have a holistic process on product stewardship, which includes continuous evaluation and robust testing for chemicals used in our packaging. This helps ensure that we serve food in packaging that is both safe and functional for its intended use.

We eliminated a significant subset of PFAS, including Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic acid (PFOS), from all guest packaging globally in 2008. We also eliminated BPA/BPS and phthalates from our guest packaging in 2013 and in 2015, respectively.

As a next step in our product stewardship journey, we are committed to remove all added fluorinated compounds from our guest packaging materials globally by 2025.¹ By the end of 2020, less than 7.5% of our guest packaging items globally still contained added fluorinated compounds. For these items, we continue our work to find and apply alternative coating materials that offer the right grease-resistant barriers.

McDonald's packaging materials are also compliant with the U.S. Food and Drink Administration (FDA), EU and all local regulatory bodies. We abide by all state, federal and national-level regulations, and verify through valid chemical testing.

Being good neighbors is important to McDonald's, which is why we're always innovating to meet our customers where they are, and making new commitments as our stewardship evolves.

One of the benefits of being a global company operating in more than 100 countries is our ability to test packaging and recycling concepts in different markets to find the sustainable solutions our customers want. By collecting customer feedback in our restaurants, we can identify the best solutions to accelerate and scale across multiple markets. For example, across the world, we've been trialing paper straws in place of plastic ones and running straws-upon-request initiatives. During earlier trials, some customers had challenges with respect to the ease of use and durability of the straws,



but following continued innovation, testing and learning, we have redesigned them to address these issues.

Minimizing Waste Behind the Counter

Behind the scenes in our kitchens and supply chain, we are working with suppliers to reduce, reuse and recycle. In restaurants around the world, we recycle kitchen waste materials, such as cooking oils, organic waste and corrugated cardboard used in packaging, all of which can be turned into new resources.

In multiple markets, our logistics providers play a key role in our commitment to reduce waste by collecting and back-hauling recyclables when they deliver supplies to our restaurants. This not only helps recycle material from restaurants in remote locations, it also reduces road mileage because we no longer have to arrange for a separate waste company to make the collection.

Collaborating to Drive System Change

Addressing waste is not a challenge we can tackle alone. We are engaging with the wider business community, expert nongovernmental organization (NGO) partners, political stakeholders and academia, as well as our Franchisees, suppliers, customers and our restaurant crew, to help drive change at scale.

We support multi-stakeholder initiatives to advance research and innovation and to advocate for policies that support the transition to a circular economy. We are proud to be a Principal Member of *ReSource: Plastic*, World Wildlife Fund's platform to leverage the power of business to stop the flow of plastic waste into nature. *ReSource* provides a critical hub to help companies collectively identify, measure and advance solutions at scale. Over the past year, we've shared our plastic footprint data with *ReSource* as part of a collective effort to find ways to reduce plastic pollution.

We are also members of the Foodservice Packaging Institute's (FPI) Paper Recovery Alliance and Plastics Recovery Group (PRA/PRG), along with supply chain partners and other industry brands. These groups work collaboratively to increase the amount of foodservice packaging that is composted and recycled. Recent initiatives have included the creation of the Design Guide for Foodservice Plastics Recyclability with the Association of Plastic Recyclers, partnering with many communities to add foodservice packaging recovery to U.S. households, and work with composters to accept foodservice packaging in their stream.

Helping Support the Sustainable Development Goals



Our packaging and recycling efforts support the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 9: Industry, Innovation and Infrastructure \(Specifically target 9.4\)](#)



[Goal 11: Sustainable Cities and Communities \(Specifically target 11.6\)](#)



[Goal 12: Responsible Consumption and Production \(Specifically target 12.5\)](#)



[Goal 14: Life Below Water \(Specifically target 14.1\)](#)



[Goal 17: Partnerships for the Goals \(Specifically target 17.16\)](#)

Our Performance

We track progress against our goals through supplier and restaurant reports on packaging composition, usage and waste. We use robust digital reporting tools that are subject to internal and external audits.

As we continue to enhance our methodology and data quality in future years, we can expect annual progress figures to adjust in future reporting cycles.

Goal 1

By 2025, all of our guest packaging will come from renewable, recycled or certified sources.¹

Progress



By the end of 2020, we were approximately 80% of the way toward our goal to source all guest packaging from renewable, recycled or certified sources by 2025.

99.6% of our primary fiber-based guest packaging, was sourced from recycled or certified sources and supported deforestation-free supply chains in 2020.

Goal 2

By 2025, recycle guest packaging in 100% of McDonald's restaurants. We understand that recycling infrastructure varies from city to city and country to country, but we plan to be part of the solution and help influence powerful change.¹

Progress

By the end of 2020, we offered guests the opportunity to recycle packaging waste in over 25% of restaurants in our 30 largest markets.

In these restaurants, guest packaging is collected in customer-facing recycling bins, or collected for sorting and recycling back of house or off-site.

In regions where infrastructure is more robust, we see greater progress toward our goal. For example, on average, just under 70% of our restaurants in McDonald's largest European markets are already providing recycling for guest packaging.

Goal 3

By 2025, we will have removed all added fluorinated compounds from our guest packaging.¹

Progress

By the end of 2020, less than 7.5% of our guest packaging items still contained added fluorinated compounds.¹ For these items, we continue our work to find and apply alternative coating materials that offer the right grease-resistant barriers.

Goal 4

By 2025, McDonald's ambition is to drastically reduce plastics in Happy Meal Toys around the globe and transition to more sustainable materials.²

Progress

Achieving this goal will result in an approximately 90% reduction in the virgin fossil fuel based plastic used to make Happy Meal toys with every toy in a Happy Meal to be



made using more materials from renewable, recycled, or certified sources² by the end of 2025.

Over the past two years, markets like the UK, Ireland and France have rolled out new Happy Meal toy innovations already resulting in a 30% reduction in plastic use. We're scaling these efforts globally to continue to reduce plastics from our System on our journey to design and innovate sustainably.

Our Actions

Material Innovation and Packaging Design

We are testing a range of new materials and designs in our restaurants around the world.

Cutting Down on Plastics

We have given our McFlurry® soft serve ice-cream packaging a makeover, eliminating the need for a separate plastic lid. The initiative has been implemented in Australia, New Zealand, India and most markets in Asia Pacific and Europe. In Europe alone, this change will save more than 1,200 metric tons of plastic per year.

In several markets across Europe and in Australia, New Zealand, Malaysia, India and Taiwan, we have also introduced a paper-based cup for shakes, moving away from the traditional plastic cups.

In France, we launched a 100% fiber Sundae cup to replace our plastic packaging while maintaining the iconic design. It is packaging innovations like these that we work to scale more widely across markets.

Introducing a New Strawless Lid

Across France, we have introduced an innovative new fiber lid made from certified sources for cold drinks, which replaces both the plastic lid and the need for a straw. We are encouraged by successful tests of this lid and while there are some obstacles to overcome, such as consumer acceptance of drinking from a new, less familiar material, the strawless lid could save 1,200 metric tons of plastic per year in France alone.

In China, McDonald's has begun to phase out plastic straws for cold drinks in around 1,000 restaurants across Beijing, Shanghai, Guangzhou and Shenzhen. By introducing a new lid that customers can drink from directly, the move is expected to reduce 400 metric tons of plastic waste per year.



Additionally, in Latin America, as part of its strategy to reduce plastic consumption across the 20 markets in which it operates, our Franchisee Arcos Dorados has removed all lids and straws from cold drinks for dine-in customers.

We are deploying alternatives to plastic cutlery in several markets, including transitioning to wooden cutlery in Australia and Europe. This has led to a plastic reduction of 2,585 metric tons. Trials are being conducted for paper alternatives to our spoons, in a bid to find the material that meets customer preferences, operational functionality and sustainability.

Piloting Reusable Cup Schemes

In 2020, we announced a global partnership with TerraCycle's circular packaging service, Loop, to test a new reusable cup model for hot beverages. The initiative, which is currently being trialed across select McDonald's restaurants in the U.K., will help customers enjoy their favorite McDonald's hot drink in a reusable cup, cutting down on packaging waste.

This new partnership will allow customers to reduce waste by choosing a durable Loop-created cup, for a small deposit. The deposit can then be redeemed by returning the cup to participating restaurants to be safely sanitized through the Loop system and reused again in McDonald's restaurants.

Exploring reusable packaging is part of our wider strategy to implement and accelerate circular solutions that keep waste out of nature and to shift to more sustainable packaging materials.

Through pilots in several markets, including France, Philippines, South Korea and Malaysia, we are assessing the feasibility and impact of reusable solutions for our packaging that also maintain the highest safety standards and convenience for in-store and on-the-go consumption.

Finding a New Solution for Plastic Cutlery

We are testing alternatives to plastic cutlery in several markets, including transitioning to wooden cutlery in Australia and Europe, and testing paper alternatives to our McFlurry spoons, in a bid to find the material that meets customer preferences, operational functionality and sustainability.

In France, we have transitioned our knives, forks and spoons to wood. These changes, paired with innovations in the packaging of milkshakes, salads and straws, will allow our restaurants in France to reduce plastic packaging by more than 2,600 metric tons.

Optimizing Packaging Weight and Size



We are continuously searching for ways to optimize packaging. For instance, McDonald's Taiwan is gradually switching plastic packaging and cutlery to paper and wood and optimizing packaging design to reduce waste. McDonald's Canada, meanwhile, has switched to napkins that are 20% smaller and produced with 100% recycled fiber. Across several markets in Latin America, Arcos Dorados has lightweight spoons and replaced plastic packaging such as salad plates with non-plastic alternatives.

By switching to fiber wraps instead of card boxes, McDonald's Netherlands has saved 250 metric tons of packaging, while in China, we have optimized the size of our cutlery and reduced the amount of plastic we use by about 10%.

We also have several packaging initiatives in test phases in the U.S., designed to reduce materials currently used to produce a range of products, such as sandwich clamshells and wraps, napkins, McCafé® hot and cold cups, and plastic car cups.

In 2018, McDonald's U.S. joined forces with Starbucks and Closed Loop Partners as a convening member of the NextGen Consortium, a multi-year consortium that aims to address single-use food packaging waste globally. NextGen Cup is the first initiative by the NextGen Consortium, that aims to advance recoverable solutions for the fiber, hot and cold to-go cup system. The NextGen Cup Challenge identified 12 innovative solutions for single-use cups that are functional to a high standard, minimize and streamline material use, and encourage wide recoverability.

While we work on vetting and testing these cup solutions for potential use in the McDonald's System, the NextGen Consortium is continuing to expand its work to explore the viability of reusable cup systems, and improve and increase recycling acceptance of both the fiber and polypropylene cups through working directly with cities in the U.S., as well as through membership in The Recycling Partnership's Polypropylene Coalition.

"The leadership exhibited by McDonald's and other NextGen Consortium partners demonstrates their commitment to solving a critical global waste issue and accelerating change together. Collaboration is critical if we are to innovate, test and scale the sustainable cup solutions of our future."

Bridget Croke, Managing Director, Closed Loop Partners

Transforming Our Happy Meal Toys

For more than four decades, the McDonald's Happy Meal has lived up to its name, bringing joy to children and families around the globe. Our customers who love the Happy Meal for the kids in their lives today also care deeply about the environment that this next generation will grow up in tomorrow.



With fun and safety still front and center, our ambition is to drastically reduce plastics and offer sustainable Happy Meal toys² globally by the end of 2025.

This transition to more renewable, recycled or certified materials for toys is already underway and will result in an approximately 90% reduction in virgin fossil-fuel based plastic use against a 2018 baseline—nearly the equivalent of the population of Washington, D.C., eliminating plastics from their lives for a year.

In 2020, McDonald's also stopped manufacturing toys with batteries or electronic components, reducing waste and improving the carbon footprint of our toys.

In addition to these efforts, beginning in 2018, McDonald's Japan initiated a toy recycling program with the Japanese Ministry of the Environment to collect plastic Happy Meal toys and convert them into restaurant serving trays. In the first year, McDonald's Japan collected around 1.27 million used plastic toys that were turned into over 165,000 trays. In 2019, we expanded the program and collected 3.4 million used plastic toys, followed by about 3 million toys in 2020.

Recovering and Recycling Our Packaging

Recycling shouldn't be a chore, which is why we want to make it easier for our guests. We have installed sorting and recycling points in select restaurants across our top markets and are implementing improved recycling bin signage to make the recycling process easier to understand.

In Germany, Austria, Czech Republic and Slovakia, our crew collects customer waste to sort for recycling, while in the Netherlands, we take the process off-site completely, sending customer waste to an innovative waste sorting facility.

While we design our packaging to be recyclable, recycling infrastructure varies from market to market. In some markets, we partner with municipalities, waste collectors and processors to find recycling opportunities for valuable parts of our customer waste, like plastics, clean paper, cups or bottles.

Keeping Communities Clean

Our restaurant crews across the world work to keep their communities clear of litter by means of regular clean-ups in the perimeter around our stores. In 2020, the COVID-19 pandemic prevented us from organizing large cleanup events. Instead, our owners, operators and restaurant teams worked to prevent and clean up litter in other creative ways:

- McDonald's Germany used social media to raise awareness and encourage customers to dispose of packaging waste correctly. "Social distancing? Not for the trashbin!"



- In the Netherlands, we increased customer awareness and reduced litter through the mass-media campaign “You Bin It You Win It,” awarding prizes to customers who disposed of their waste correctly. This campaign was followed by a series of others, such as the Trashdance challenge, aimed at incentivizing customers to use trashbins and clean up litter.
- McDonald’s Russia organized cleanups and eco lessons in over 50 cities in September and October 2020.

We also support national organizations that aim to end littering and promote recycling in communities across their countries. For example, in the U.S., McDonald’s is a long-standing supporter of Keep America Beautiful, helping to advance their work to end littering, improve recycling and beautify local communities across the country.

Closing the Loop

We intend to expand our use of recycled materials in our restaurants, packaging and supply chains to play our role in creating market demand for recycled content. That’s why in multiple markets we’ve incorporated recycled content in both fiber and plastic packaging, such as our coffee, frappe and sundae cups.

We also always look to close the loop where we can, buying back our own recycled materials to produce new packaging, fuel, clothing or furniture.

Reusing Cooking Oil From Fries to Fuel Our Trucks

Our cooking oil is a valuable resource, even after it’s been used to cook our famous French Fries. That’s why we collect and recycle used cooking oil (UCO) into biofuel across the globe. In some markets, we are taking these efforts a step further with our logistics partners HAVI and Martin Brower. In Switzerland, Ireland and the Netherlands, for example, we use our own UCO to fuel our delivery trucks with renewable and biodiesels, creating value out of waste while cutting down carbon emissions from logistics.

In the UAE in 2020, McDonald’s passed a major milestone when its suppliers’ fleet of logistics trucks traveled approximately 10 million miles running on 100% recycled vegetable oil from McDonald’s UAE restaurants through the biodiesel initiative.

In the U.K., we work to close the loop on organic waste as well. Food waste from stores is collected and converted into gas and electricity, some of which is supplied to the neighbouring Arla dairy. The dairy supplies all of McDonald’s organic milk, which is delivered in Martin Brower’s biodiesel-fuelled trucks, and so the circle continues.

In France, we currently have our LOGRE system pilot, which collects organic waste and converts it into renewable natural gas for the public gas network. This fuel then powers our LOGRE Bio-CNG trucks, closing the loop.



Recycling Coffee Waste to Make Cars

In North America, we have partnered with the Ford Motor Company to recycle coffee chaff – the husk of the coffee bean that peels off during roasting. The recycled chaff is heated and the residue mixed with other materials, before being molded into headlamp housings. Turning the coffee chaff into residue enables Ford to produce components that are 20% lighter than the traditional material and also require up to 25% less energy to produce. The use of coffee chaff as a resource shows how companies can work together to increase participation in the closed-loop economy.

Recycling Ocean Plastic Waste

Since 2018, McDonald's Norway has been working in partnership with a small group that makes plastic pellets from the marine waste collected by fishermen along the Nordland coast. The group creates products out of the marine plastic, like sunglasses, shoes and now, 100% recycled trays for all McDonald's Norway restaurants.

In 2020, we opened our 1,000th restaurant in Australia, which we used to test and roll out multiple circular initiatives, including a circular Playplace[®] that repurposed old play equipment into new decks, climbers, slide tubes and window panels. 60% of the entire structure is sourced from old play equipment, while the remaining 40% of material is fully recyclable.

Footnotes

¹ Packaging: Scope: Inclusive of centrally managed guest packaging 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. 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. 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. Certified sources refer to suppliers of primary fiber-based packaging to the McDonald's System which comply with the Forest management and Chain of Custody certification requirements set out by one of the following 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 FSC Controlled Wood sources with full chain of custody certification. Primary fiber-based guest 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. 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 Conserving Forest Page](#) for additional definitions. Exclusions: Primary fiber-based packaging in food packaged off-site McDonald's restaurants; wood stirrers and cutlery, tray liners, straws and limited locally sourced items.

²Toys: 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. Virgin fossil-fuel based plastics/Conventional/Traditional Plastic: plastics made from fossil fuel feedstock. 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. 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. Certified sources refer to suppliers of primary fiber-based packaging and toys to the McDonald's System which comply with the Forest management and Chain of Custody certification requirements set out by one of the following 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 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.



Sustainable Agriculture & Beef



Progress Highlights

10 out of 10 of our top 10 beef sourcing countries sourced beef from sustainability programs aligned with the GRSB Principles and Criteria and met McDonald's requirements by the end of 2020

10 out of 10 of our top 10 beef sourcing countries supported or sponsored beef producer sustainability groups, tools or programs that supported the wider adoption of best practices or measured sustainability performance by the end of 2020

10 out of 10 of our top 10 beef sourcing countries had recognized one or more beef producers as Flagship Farmers to work with peers and share their industry-leading practices by the end of 2020

10 out of 10 of our top 10 beef sourcing countries had established a pioneering research project to discover or validate new sustainability practices for beef farming related to our Priority Impact Areas by the end of 2020

99.4% of beef sourced for McDonald's restaurants supported deforestation-free supply chains by the end of 2020

Please see [our performance](#) section and [footnotes](#) below for additional detail.



Why It Matters

As the global population grows, we need to feed more people in increasingly sustainable ways. McDonald's can use our scale to play an important role in that effort.

We believe that more of our food can be produced in a way that not only protects the environment and contributes positively to a thriving global food system but also helps rehabilitate and enhance ecosystems around farms through better soil health, improved water management and increased biodiversity. We've made it a global priority to champion sustainability efforts across our supply chain, starting in the areas where we believe we can have the largest impact.

We can't talk about impact without talking about beef. More sustainable beef production gives McDonald's one of our greatest opportunities to address climate change and drive positive change in the global food system. As one of the world's biggest buyers of beef, we are striving to make sure that its production contributes to a more sustainable food system in which people and communities, animals and the planet thrive.

We've worked alongside a diverse, global network of suppliers, farmers, ranchers, nongovernmental organizations (NGOs) and scientists for many years. Through these efforts, we've collaborated with farmers and ranchers who have shown us it's possible to produce beef in a way that protects and maintains native landscapes including grasslands, improves biodiversity and sequesters carbon in soils while supporting farmer livelihoods for the long term.

Our Strategy

We approach sustainable agriculture holistically and consider our impact on the planet, the livelihoods of the people who produce our food, the communities in which they live and the well-being of the animals we rely on.

We also want to help create positive impact, especially with beef farmers, in areas such as improving biodiversity, maintaining native grasslands and capturing carbon, as well as rebuilding soils.

We have identified seven priority impact areas for us to address through our goals:

- Climate change
- Farmer livelihoods
- Protecting water resources
- Conserving forests
- Reducing food and packaging waste
- Respecting human rights



- Promoting the health and welfare of animals

For beef, one primary area of focus is supporting the development of national multi-stakeholder beef sustainability programs. These programs emphasize practices that align with the global definition of beef sustainability outlined by the [Global Roundtable for Sustainable Beef \(GRSB\)](#) Principles and Criteria. In partnership and collaboration with farmers, suppliers, industry groups, academia, civil society and GRSB, we have helped establish multi-stakeholder groups in our top 10 sourcing countries that represent approximately 85% of our global beef volumes, including:

- The U.S. Roundtable for Sustainable Beef (USRSB)
- The Canadian Roundtable for Sustainable Beef (CRSB)
- The European Roundtable for Beef Sustainability (ERBS) involving Germany, France Ireland, Italy Poland and the U.K.
- The Brazilian Roundtable on Sustainable Livestock (GTPS)
- The Australia Beef Sustainability Framework
- The New Zealand Roundtable for Sustainable Beef

We are committed to promoting sustainability programs across our system and taking sustainable farming practices to scale. This includes working with experts globally to advance research that quantifies the impacts and outcomes of sustainability practices to continuously advance the science that will help solve the challenges we face. We also set 2020 Beef Sustainability goals, which saw us further engage key stakeholders across our supply chain and the industry to share best practices, develop sustainability programs and support sustainability groups, tools or programs that support the wider adoption of sustainable farming standards.

We continue to work closely with farmers, ranchers, NGOs, scientists, industry groups and suppliers to collectively mitigate the impacts of beef production and to support the development of industry resources to help measure, benchmark and demonstrate advancements in sustainability.

Collaborating With Stakeholders

By collaborating with relevant stakeholders, we can identify and support practices that reduce greenhouse gas (GHG) emissions, optimize positive impacts and support resilient farms and farmer livelihoods. That's why McDonald's co-founded the GRSB in 2011 – the multi-stakeholder initiative that brings together key players across the beef value chain to accelerate and continuously improve sustainability throughout the sector.

In 2014, the GRSB members, including McDonald's, collectively finalized the beef sustainability Principles and Criteria. Recently, GRSB built on those principles to develop global goals that will help guide the beef industry over the next decade to



deliver measurable positive sustainability outcomes. McDonald's supports GRSB's efforts and we are proud to serve on key organizational working groups and in leadership roles within the GRSB. The GRSB Principles, Criteria and goals are intentionally high level to allow for national and regional groups to interpret them in a locally relevant way, given the significant variation in production systems, legal frameworks, socio-political factors and climates that exist across the globe.

The [GRSB Principles and Criteria](#) are focused on five core themes:

- Manage natural resources responsibly.
- Respect people and communities.
- Care for the welfare of animals.
- Ensure the safety and quality of beef.
- Drive efficiency and innovation to reduce waste and improve economic viability.

To support the delivery of the GRSB Principles and Criteria at a national level, we have worked with several national and regional multi-stakeholder platforms. We have helped our suppliers and other partners to establish, pilot and support programs to implement this with farmers and ranchers on the ground.

"McDonald's leadership as a founding member of GRSB helped drive the definition of sustainability, the development of principles and criteria and the establishment of 12 national and regional roundtables covering over 20 countries who share the same mission, vision and objectives as the GRSB. As a major player in the global beef network, their leadership through our Executive Committee and expertise in our Working Groups is invaluable as the GRSB launches our goals for 2030 and as we make progress towards achieving and measuring against them.

Ruaraidh Petre, Executive Director, Global Roundtable for Sustainable Beef (GRSB)

Reducing Emissions

In 2018, we became the world's first restaurant company to set a science-based target to reduce GHG emissions related to McDonald's restaurants, as well as reduce emissions intensity (per metric ton of food and packaging) across our supply chain. As beef is one of the top three contributors to the overall carbon footprint of our supply chain, we're prioritizing development of our Beef Climate Roadmap with input from our suppliers, NGOs, academics and other experts. We are in the process of developing product-specific roadmaps for meeting our Science Based Targets initiative (SBTi) goals. We also publish progress updates toward our 2030 goals annually through CDP and on our website to demonstrate transparency and accountability.

Based on our experience to date, we've identified four key drivers that will allow us to greatly reduce emissions intensity in our beef supply: elevating farm management; rebuilding soils; conserving forests; and post-farm efficiency.



Policies and Standards

McDonald's has set and communicates clear responsible sourcing expectations with beef suppliers. In all countries where we source beef raw material, we have traceability from the abattoirs through the processing plant and to McDonald's restaurants. We audit the processors that supply our beef annually and 100% of them pass our strict requirements for food safety. In many of these countries, traceability systems also exist to track further up the supply chain to the individual farms where animals are raised.

McDonald's suppliers representing approximately 80% of our spend are asked to report to [CDP](#) on Climate Change and Forests efforts, including 100% of our globally managed beef, chicken, dairy and cheese suppliers. We regularly update this guidance and assess emerging risks across the supply chain.

We also have a specific antibiotics policy for beef that fits into our broader commitment to beef sustainability.

In partnership with our suppliers and producers, our goal is responsible antibiotic use as defined by the World Health Organization (WHO), aligned with the One Health approach and the 3Rs (Reduce, Refine and Replace), across our top 10 beef sourcing markets, representing more than 85% of our global beef supply chain.

Our Deforestation-Free Beef Procurement Policy was developed to ensure our Commitment on Forests is upheld throughout our beef supply chain.

Helping Support the Sustainable Development Goals

Our beef sustainability work supports the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet, and ensure prosperity for all, in particular:



[Goal 2: Zero Hunger \(Specifically targets 2.3 and 2.4\)](#)



[Goal 12: Responsible Consumption and Production \(Specifically target 12.2\)](#)





Goal 13: Climate Action (Specifically target 13.2)



Goal 15: Life on Land (Specifically targets 15.1, 15.2 and 15.5)



Goal 17: Partnerships for the Goals (Specifically targets 17.16 and 17.17)

Our Performance

We set beef sustainability goals we aimed to achieve by the end of 2020. Four of these goals apply to our top beef sourcing countries (the U.S., Australia, Germany, Brazil, Ireland, Canada, France, New Zealand, the U.K. and Poland, which collectively represent circa 85% of our global beef volumes). The fifth goal, protecting forests, has a global scope.¹

Goal 1: Accelerate Industry Progress

By the end of 2020, source a portion of our beef from suppliers participating in sustainability programs aligned with the Global Roundtable for Sustainable Beef (GRSB) Principles and Criteria and that meet McDonald's requirements.

Progress

We sourced beef from sustainability programs aligned with the GRSB Principles and Criteria and met McDonald's requirements in 10 out of 10 of our top 10 beef sourcing countries by the end of 2020.

Goal 2: Share Knowledge and Tools

By the end of 2020, engage with local farmers through farmer outreach projects to help develop and share best practices related to our Priority Impact Areas.

Progress

10 out of 10 of our top 10 beef sourcing countries supported or sponsored beef producer sustainability groups, tools or programs that supported the wider adoption of best practices or measured sustainability performance by the end of 2020.

Goal 3: Promote Flagship Farmers



By the end of 2020, select and showcase McDonald's Flagship Farmers to demonstrate leading best practices related to key sustainability impact areas.

Progress

All of our top 10 beef sourcing countries recognized one or more beef producers as Flagship Farmers to work with peers and share their industry-leading practices by the end of 2020.

Goal 4: Pioneer New Practices

By the end of 2020, set up McDonald's Progressive Farm Partnerships to trial and discover new practices related to our Priority Impact Areas.

Progress

10 out of 10 of our top beef sourcing countries had established a pioneering research project to discover or validate new sustainability practices for beef farming related to our Priority Impact Areas by the end of 2020.

Goal 5: Conserve Forests²

By the end of 2020, all the beef sourced for McDonald's restaurants to support deforestation-free supply chains.

Progress

99.4% of the beef sourced for McDonald's restaurants supported deforestation-free supply chains by the end of 2020.

Our Actions

Recognizing Flagship Farmers

We are committed to help farmers leverage the power of peer influence to elevate, inspire and share beef sustainability best practices with one another. Our [Flagship Farmers Program](#) helps to recognize producers who are leading the industry with pioneering sustainability practices. We're proud to have identified and recognized Flagship Farmers across our 10 key beef sourcing regions. Through the program, we encourage peer-to-peer knowledge sharing that showcases farmers' leading sustainability efforts and encourages wider adoption of these practices. The program offers an online resource for producers worldwide that celebrates innovative solutions around issues such as soil health, sustainable grazing techniques, animal welfare, biodiversity, ecosystem protection and GHG emissions.



New Tools to Tackle Deforestation in the Beef Supply Chain

As part of our global Commitment on Forests, we are working in countries and regions with publicly identified or projected deforestation impacts to assess and address the link with the beef we source. We're working with AgroTools, an ag-tech company and certified B-Corp, and Proforest, a not-for-profit organization focused on responsible production and sourcing, to track the origin of all beef sourced for use in McDonald's restaurants from certain countries and regions. We use techniques such as cutting-edge satellite mapping and national government data sets to determine which areas to prioritize and track our sourcing from these areas by farm. Utilizing industry-standard definitions from the Accountability Framework Initiative, working with local stakeholders and tailoring our approach to specific factors in each priority country, we assess whether deforestation has happened at the farm level. This enables our suppliers to understand risk and, where required, implement continuous improvement plans with farms in order to support deforestation-free supply chains. We've pioneered this approach in Brazil and have since expanded this project to include beef supplied from other priority regions including Argentina, Australia and Paraguay, and shared it through platforms, such as the Tropical Forest Alliance, to encourage wider adoption.

Latest Insights From Regenerative Farming Pilots

The positive environmental impacts of regenerative agricultural practices, such as improving biodiversity and capturing carbon, are demonstrable. We're working on a number of activities in this area, including:

- Improving grazing techniques in the U.S.: We launched a partnership with [The Foundation for Food and Agriculture Research](#). We also committed to match up to \$4.5 million in a research project with The ASU Foundation for A New American University. The research is analyzing the impact of Adaptive Multi-Paddock grazing practices, which mimic the natural grazing patterns of wild ruminants, against continuously grazed ranches across 10 ranches in southeastern U.S. This is helping us to identify what benefits the technique can have on the environment and farming communities, such as the potential to improve soil health, sequester more carbon, increase grassland biodiversity and promote farmer livelihoods and animal welfare.
- Regenerative grazing in the U.K.: In Oxford, we're working with [FAI Farms](#) on moving toward a regenerative grazing system. Focusing on activity in the soil below the ground, cattle are a vital part of the ecosystem on the farm, contributing to soil biology with the trampling of grass and addition of dung to feed microbes to create more and better soil. Healthy soil draws carbon out of the atmosphere, supports farm resilience in a changing climate and produces low-input beef. Qualitative and quantitative measures are being used to monitor progress, and learnings will be used to support and encourage others with the adoption of



regenerative agriculture techniques.

- Investing in soil and biodiversity in Nebraska, U.S.: In collaboration with Cargill, The Nature Conservancy and Target, we're supporting regenerative agricultural practices that help mitigate climate change and improve the resiliency of land, while also achieving other important environmental benefits for habitats and local water quality. This five-year project will impact 100,000 acres of land dedicated to corn production, through a joint \$8.5 million investment, and has the potential to sequester 150,000 metric tons of carbon – equivalent to removing over 32,000 cars from the road in one year.
- Supporting the ranching community in the Northern Great Plains, U.S.: McDonald's is proud to be partnering with Cargill, the Walmart Foundation and World Wildlife Fund in a five-year project to support ranchers implementing regenerative grazing practices across 1 million acres in the Northern Great Plains. The Ranch Systems and Viability Planning network will provide ranchers technical expertise, training and tools, including peer-to-peer learning, to implement regenerative cattle grazing practices. By improving these practices, we can enhance soil health and its ability to absorb further carbon from the atmosphere, ultimately reducing emissions, improving biodiversity and mitigating climate change. And that's not all – these practices can also help ranches be more resilient and economically viable for the long term. This covers approximately 15% of McDonald's U.S. cow-calf supply. By providing training and building rancher networks to support ongoing implementation and improvements, the project will reach over 1 million acres. McDonald's will be investing a total of \$1.6 million over a five-year period (2020–2025) to the project, demonstrating commitment to climate action and support for the ranching community.

Developing Programs to Measure and Scale Sustainability

We want to work with our suppliers to pioneer new sustainability practices that relate to our Priority Impact Areas. In partnership with farmers and ranchers and other experts, we're developing new approaches to beef production and helping scale them up – from an online environmental footprint calculator used by farmers in France, to an animal welfare and sustainability program that has reached 3,600 farms in Germany. These efforts are a key part of our 2020 goals to accelerate industry progress and share knowledge and tools in our top beef sourcing countries.

- **Improving industry standards in Poland:** McDonald's Poland and beef producer OSI Food Solutions have been working closely for over 15 years to assure that beef produced on Polish farms is safe, traceable and farmed to good standards of animal welfare. By working with the Polish Beef Sustainability Platform and the European Roundtable for Beef Sustainability (ERBS), this scheme has been strengthened further to help the Polish beef industry address the ERBS targets through a new sustainability platform called Cultivate.



- **Incentivizing sustainability in Germany:** At McDonald's Germany, we've helped to develop the BEST Beef program. Since 2010, this has engaged the entire supply chain, including 3,600 farms to take important steps toward more sustainable beef production. The program continues to evolve, including a revised focus on improving animal health while keeping the administration of medication to a minimum, expanding the life span of cows, reducing CO₂ emissions and ensuring animal-friendly husbandry practices – for example, by promoting modern loose housing and pasture grazing.
- **An industry first for Canada:** In July 2018, McDonald's Canada became the first company in the country to serve Canadian beef from certified sustainable farms and ranches, beginning with its Angus lineup. In September 2020, McDonald's Canada continued its beef sustainability journey with the addition of Quarter Pounder® patties. At least 30% of the beef used in McDonald's Quarter Pounder burgers is from certified sustainable sources, according to the Canadian Roundtable for Sustainable Beef (CRSB) standards. The CRSB consists of a diverse group of stakeholders, including NGOs like the World Wildlife Fund U.S. and Nature Conservancy Canada.

This achievement was made possible through the completion of McDonald's Canada's beef sustainability pilot project, and paved the way for the development of robust sustainability standards by the CRSB, which aligned with the Principles and Criteria for beef sustainability established by the GRSB in 2016. The third-party-audited assurance system is a locally relevant, outcomes-based initiative that recognizes sustainable practices in all parts of the supply chain, including ranchers, feedlot operators and packers. As a result, McDonald's Canada has been able to purchase a portion of its beef from a fully verified sustainable supply chain.

- **Reducing GHG emissions in France:** We helped to establish project CAP'2ER, an environmental footprint calculator that evaluates the environmental impacts within beef farming, helping to identify where farmers can work to reduce their GHG emissions. To date, more than 20,000 assessments have been carried out, and we have verified that 129,000 hectares of land is being managed to support biodiversity by French beef farmers who we source from.
- **Beef sustainability in Ireland:** Irish food board Bord Bia developed its Origin Green program, with the common goal of sustainable food production on a national scale. As a fellow board member of the ERBS, McDonald's works in partnership with Bord Bia, including sourcing all our Irish beef from members of the Origin Green program. The Bord Bia Sustainable Beef and Lamb Assurance Scheme is a key part of the Origin Green program, covering 34,000 farms and recognized by the ERBS.

Linking the Beef Value Chain in the U.S.



We want to accelerate industry progress, which is why we are committed to sourcing a portion of our beef from suppliers who participate in sustainability programs. McDonald's partnered with participants from each production phase of the U.S. beef value chain to define, measure and improve practices used to raise, process and deliver quality beef to consumers. The two-year [Integrity Beef Sustainability Pilot Project](#) brought the different players together to test standards and methods of measuring sustainability and share data and best practices. The goals were to increase efficiency, improve management practices, self-assess and document sustainability efforts, explore third-party verification of sustainability claims and evaluate a track-and-trace program across the chain.

The more than 1.2 million 100% fresh beef Quarter Pounder burgers* produced as part of the two-year pilot project were sold at McDonald's restaurants throughout the U.S. While selling the hamburgers at McDonald's may seem like the end of the beef supply chain, the Company's desire to support the beef industry's sustainability efforts and improve collaboration along the chain was the driving force at the start of the pilot project, which was supported by the U.S. Roundtable for Sustainable Beef (USRSB). The pilot helped shape sustainability metrics set by the USRSB, as well as the development of the USRSB's self-assessment tool, which is a concrete resource that others in the beef value chain can use to benchmark their performance and plan for continuous improvement. It also enabled McDonald's to support the industry in accelerating adoption of sustainability best practices.

*Weight before cooking. Available at most restaurants in contiguous U.S. Not available in Alaska, Hawaii and U.S. Territories.

Footnotes

¹Beef – Goals 1, 2, 3 and 4:

Definitions: Sourcing refers to the purchasing activities that suppliers to McDonald's restaurants undertake to procure raw materials for products used in McDonald's restaurants. In this context, sourced refers to cattle procured from last farm or feedlot prior to slaughter. [Global Roundtable of Sustainable Beef](#) (GRSB) principles and criteria aim to define beef sustainability globally. The five core principles are focused on 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, socio-political factors and climates that exist across the globe. Priority Impact Areas refers to seven areas that McDonald's has identified as the highest priorities to address through the supply chain, in order to drive lasting, meaningful outcomes for people, animals, the environment and our business. These are: Respecting human rights; Promoting the health and welfare of animals; Farmer Livelihoods; Addressing climate change; Reducing food and packaging waste; Protecting water resources and Conserving forests. Farmer Outreach



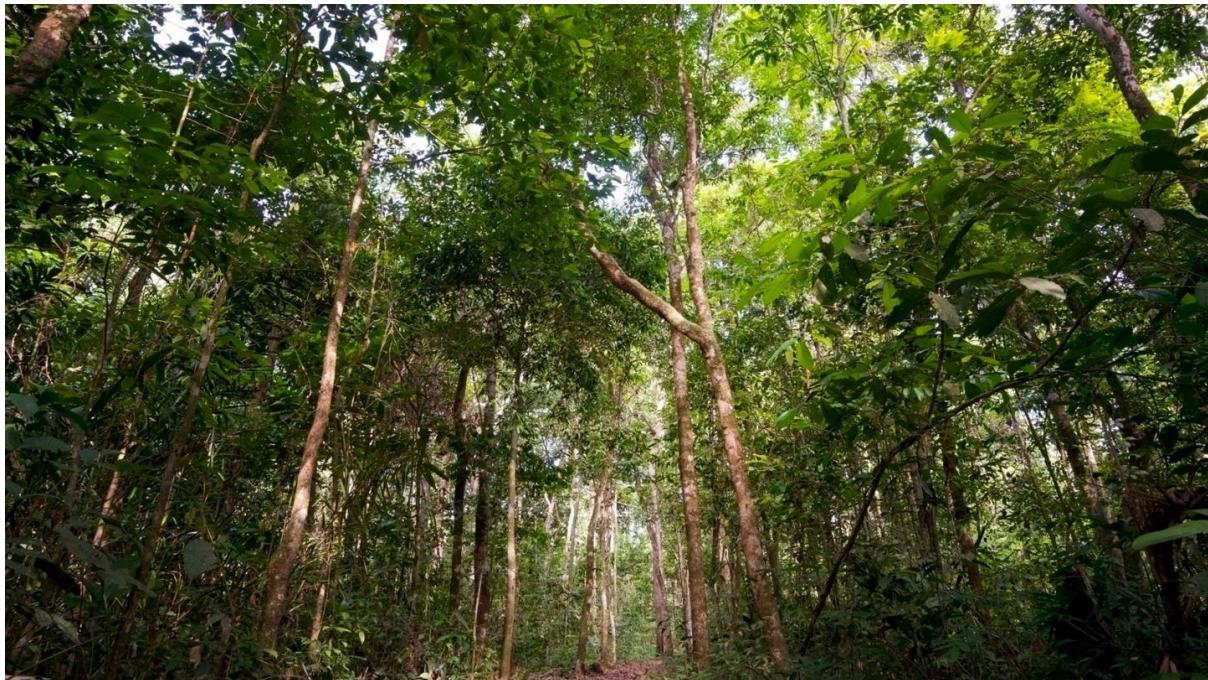
Projects are projects that engage groups of farmers within our supply base, with the aim of supporting progress towards our Beef Sustainability Goals, through either: Supporting knowledge sharing amongst producers to support the wider adoption of best practices related to our Priority Impact Areas, or; developing tools to enable producers to measure the sustainability performance of their enterprise in any of our Priority Impact Areas and inform their on-farm decision-making. Flagship Farmer: A Flagship Farmer refers to a farmer, producer, grower or rancher who supplies into the McDonald's supply chain and has been officially identified and onboarded into the Flagship Farmers Program. This process includes a review of his or her industry-leading sustainability practices via initial application and on-farm visit. The intent of elevating their experiences and practices is for sharing with a broader farmer/rancher peer group. This sharing is primarily achieved via collaboration between market supply chain contacts at the market level, and the individual farmer or rancher. Progressive Farm Partnerships: A research project aimed at demonstrating proof-of-concept for new innovative practices. Given the pioneering nature of this research, not all practices trialled may be successful. 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 United States, Australia, Brazil, Germany, Ireland, France, New Zealand, Canada, the United Kingdom or Poland. Includes all McDonald's restaurants owned and operated by the Company and its Franchisees in these countries which collectively represent circa 85% of our global beef volumes. Exclusions: Beef used as secondary ingredients in McDonald's products, for example as flavoring in a sauce.

² Beef – Goal 5: Conserve Forests:

Definitions: Please refer to [Our Conserving Forest Page](#) for definitions. 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 which 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-deforestation priority regions 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.



Conserving Forests



Progress Highlights

99.6% of our beef, soy sourced for chicken feed, palm oil, coffee and fiber used in guest packaging volumes supported deforestation-free supply chains in 2020.

99.4% of beef sourced for McDonald's restaurants supported deforestation-free supply chains by the end of 2020.

100% of soy sourced for the feed of chicken used in McDonald's products supported deforestation-free supply chains in 2020.

100% of the palm oil used in McDonald's restaurants and as ingredients in McDonald's products supported the production of sustainable palm oil and deforestation-free supply chains in 2020.

98.3% of coffee sourced for McDonald's restaurants supported deforestation-free supply chains in 2020.

99.6% of primary fiber-based guest packaging sourced for McDonald's restaurants supported deforestation-free supply chains in 2020.

Please see [our performance](#) section and [footnotes](#) below for additional detail.



Why It Matters

Forests play a vital role in creating oxygen and absorbing greenhouse gas (GHG) emissions. People, plants and animals rely on forests for food, fresh water and shelter, yet they and other high value conservation areas remain under threat.

The UN's [Global Forest Goals 2021 Report](#), states that "Between 2015 and 2020, deforestation, which measures the conversion of forest to other land use, stood at 10.2 million hectares (ha) per year."

When we fail to protect forests, climate change effects worsen, critical biodiversity is lost and livelihoods and human rights are threatened – as are the natural ecosystems that we all rely on for the food we eat. Which is why supporting deforestation-free supply chains and promoting forests as a climate solution is not just our responsibility, it is core to our business.

Our Strategy

We are accelerating our efforts and remain committed to eliminating deforestation from our global supply chains by 2030.

McDonald's has been on a journey to support sustainable food production and conserve forests for more than three decades. 2020 saw us reach a major milestone by achieving our deforestation-free goals for several of our primary ingredients and materials.

We are prioritizing the sourcing of raw materials we buy in the greatest volume and where McDonald's can use our sourcing scale to make the biggest impact – beef, chicken (soy in feed), palm oil, coffee and the fiber used in guest packaging.

Our [Commitment on Forests \(PDF – 350 KB\)](#) and its [Supporting Addendum for Commitment on Forests \(PDF – 491 KB\)](#) set out our vision to achieving our goal. The Commitment applies to all commodities and every region that we source from, and both direct and indirect suppliers to the McDonald's system.

Importantly, our commitment extends beyond forests to other areas of high conservation value, to the people and communities around the world who depend on forests. McDonald's is also a signatory to the [New York Declaration on Forests](#), a shared commitment from some of the world's most influential countries, companies and nongovernmental organizations (NGOs) to help end deforestation by 2030.

We are committed to driving industry transformation and supporting deforestation-free supply chains at scale. For us, supporting deforestation-free supply chains is about more than preventing forest clearances, it means using our size and position to protect biodiversity, reduce our carbon footprint and respect human rights. By



working in partnership with suppliers throughout our supply chain, we want to achieve the following:

- No deforestation of primary forests or areas of high conservation value.
- No development of high carbon stock forest areas.
- No development on peatlands, regardless of depth, and the utilization of best management practices for existing commodity production on peatlands.
- Respect human rights.
- Respect the right of all affected communities to give or withhold their free, prior and informed consent for plantation developments on land they own legally, communally or by custom.
- Resolve disputes over land rights through a balanced and transparent dispute resolution process.
- Verify the origin of raw material production.
- Support smallholders, farmers, plantation owners and suppliers to comply with this commitment.

Measuring and Reporting Progress

McDonald's is committed to transparently and regularly reporting progress toward our sustainability and sourcing goals, including our Commitment on Forests.

In addition to annual progress updates shared here, we report annually through CDP Forests. In 2017, we were one of the first major companies to join the [CDP Supply Chain Forests](#) group, alongside one of our largest Franchisees, Arcos Dorados in Latin America. Through this engagement, we've since provided CDP with important information on how we are working with our suppliers to manage risks linked to deforestation.

We recognize the challenges related to how companies report progress toward their deforestation commitments and targets, with efforts ongoing to standardize reporting practices. To ensure we are reporting clearly and consistently against our commitments, we work with expert partners and align our definitions with recognized frameworks such as the [Accountability Framework Initiative](#) (AFI). McDonald's commitments and expectations are formed based on the definitions of deforestation set out below:



- “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. In alignment with the definitions of AFi, we use the term “supporting deforestation-free supply chains” below to more accurately reflect the actions we are taking to implement, measure and report progress toward our Commitment on Forests.
- “Deforestation” refers to the loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a plantation forest; or iii) severe and sustained degradation as aligned with the definitions of AFi.
- “High-deforestation priority regions” are defined as countries, biomes, municipalities, postcodes or farms/ plantations that are identified as under threat of deforestation as determined through regular assessments. McDonald’s initially partnered with WWF and its Global Forest & Trade Network to assess its potential impact on deforestation in its priority supply chains. This assessment paired McDonald’s supply chain data with that of the 11 world regions projected to account for the majority of deforestation globally so that McDonald’s could take action to drive the greatest positive impact.
- “Low-deforestation 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-deforestation priority regions and comply with the certification or verification schemes as set out below; or are sourced from low-deforestation priority regions as above.

Additionally, we know that each commodity is different and requires a tailored approach. For each one, in order to be classed as supporting deforestation-free supply chains, we require the following:

- Beef – McDonald’s requires that all beef sourced from Brazil, Paraguay, Argentina and Australia meets the requirements of the McDonald’s Deforestation-Free Beef Procurement Policy (DFBPP) and the McDonald’s Commitment on Forests.
- Soy (for chicken feed) – McDonald’s requires that all soy sourced for the feed of chicken used in McDonald’s products to be either sourced from low-deforestation priority regions or, when sourced from high-deforestation priority regions, to support responsible soy production. We support responsible soy production through the purchase of Roundtable on Responsible Soy (RTRS) credits. A number of our chicken suppliers to Europe also use physical



certification through Proterra standards. Soy produced in the Amazon biome meeting the Amazon Soy Moratorium requirements is also recognized as compliant when suppliers can provide proof of traceability and assurance. Soy-producing 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 fall into high-deforestation priority regions with the exception of chicken sourced in the U.S. and Canada, where soy used in feed is locally produced and therefore volumes are considered low risk.

- Palm oil – Palm oil sourced for McDonald's restaurants or as ingredients in McDonald's products must meet the requirements of the [Roundtable on Sustainable Palm Oil \(RSPO\)](#) certification. All countries are considered high-deforestation priority regions for palm oil and all volumes are required to be covered by RSPO certification or credits. McDonald's is committed to increasing traceability by requiring physical certification for the palm oil used in the McDonald's System in the greatest volumes.
- Coffee – McDonald's requires coffee sourced from Honduras, Indonesia and Vietnam to be Rainforest Alliance Certified™ or UTZ certified. Further to the Rainforest Alliance's activation of a program of mutual recognition between the Rainforest Alliance and UTZ coffee certification programs, McDonald's considers both Rainforest Alliance certified coffee and UTZ certified coffee (www.utz.org) as equally meeting the sourcing requirements from high-deforestation priority regions. Countries with regions identified as high-deforestation priority regions for coffee include Honduras, Indonesia and Vietnam
- Fiber – 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 when the country of fiber origin includes Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia or Vietnam.



Our Commitment on Forests Priority Commodities

Volumes Supporting Deforestation-Free Supply Chains,* 2020



* **Supporting deforestation-free supply chains** refers to commodities in our supply chains that are either sourced from low-deforestation priority regions, or sourced from high-deforestation priority regions and comply with the certification or verification schemes as defined on the McDonald's Conserving Forests web page.

** Includes estimated non-reported volumes.

Download [Volumes Supporting Deforestation-Free Supply Chains graphic \(PDF – 50 KB\)](#)

Since 2017, McDonald's has been collaborating with [Proforest](#), a not-for-profit organization focused on responsible production and sourcing, and other key partners to develop a comprehensive framework to report on our commitments to conserve forests. Our work with Proforest aims to develop criteria, definitions and protocols for our sourcing activities, as well as implementing a strategy for engaging with our suppliers and monitoring and supporting their continuous improvement.

Prioritizing Action and Engaging Our Supply Chain

An important step in our journey was to understand exactly where our sourcing was driving deforestation, and where we could take action to drive the greatest positive impact. We partnered with the WWF and our suppliers to identify product origins and assess the potential for deforestation across five priority commodity supply chains. This assessment helped us determine priority geographies by pairing McDonald's supply chain data with that of the 11 world regions projected by WWF to contribute to the majority of deforestation by 2030, based on [WWF's Living Forests Report](#).

Our Commitment on Forests Priority Regions



Beef Soy Palm oil Coffee Fiber



Priority biome/region:

- 1 The Chaco in Argentina and Paraguay
- 2 The Amazon and Cerrado in Brazil
- 3 Queensland in Australia

Download [Our Commitment on Forests Priority Regions graphic \(PDF – 167 KB\)](#).

We monitor compliance with our Commitment on Forests to drive continuous improvement through internal and external audits of our direct suppliers, validating the volumes produced for each commodity. We also rely on reputable commodity-specific third-party certifications for assurance of our soy, palm oil, coffee and fiber. Where suitable certifications do not exist for our priority products, as in our beef supply chain, we invest in external verification systems to map, monitor and address our impact.

Where noncompliance is identified, we engage with suppliers to ensure they implement tailored corrective action plans to address noncompliances and mitigate future risks. Suppliers report to McDonald's on their progress and compliance annually. We also require our direct suppliers to do the same with their own suppliers.

"Tyson Foods is a proud global supplier to McDonald's, and is committed to producing quality, nutritious protein while empowering people, conserving natural resources and innovating for smart, responsible agriculture. We are investing to be part of the solution to climate change and recently raised our climate ambitions to be net zero by 2050. We also established a Global Forest Protection Standard in 2020 and are working toward eliminating deforestation in our global supply chain. This work supports McDonald's commitment to climate action, sustainable agriculture and beef, water stewardship and conserving forests.

John Randal Tyson, Chief Sustainability Officer, Tyson Foods, Inc.

Many of our suppliers are signatories to the New York Declaration on Forests and we rely on our trusted and collaborative supplier relationships to deliver on our 2020 and 2030 forest commitments. We know that the policies and expectations that



McDonald's sets, and the commitments and programs that our suppliers create, are watched closely, and we are encouraged by this because we know that no company can tackle deforestation on its own.

"Cargill works with farmers to implement sustainable agricultural practices and to protect forests and native vegetation. To advance McDonald's commitments, we've worked together to map key forest commodity supply chains and develop a soy footprint calculator. Together, McDonald's and Cargill will combine our scale to protect the planet and enhance communities.

Pilar Cruz, Chief Sustainability Officer, Cargill

McDonald's is proud to support the group of NGOs that make up the Accountability Framework initiative (AFI) as they work to create common definitions and guidance for establishing, implementing and demonstrating progress on ethical supply chain commitments in agriculture and forestry.

We aim to drive transformative practices by testing cutting-edge technology, such as global satellite mapping, spatial monitoring tools developed by national governments and utilizing industry-standard definitions from the AFI to define our work. We have incorporated their guidance into raw material specifications for beef, while providing feedback on the practical application of this important set of guidance. Additionally, in alignment with AFI reporting expectations, McDonald's believes it critical that companies adopt a more transparent and consistent approach to tracking progress, clarifying what progress has been made at various stages of the implementation journey, as well as identifying the challenges that remain.

We also partner with the Collaboration on Forests and Agriculture (CFA), whose focus on beef and soy in the Brazilian Amazon and Cerrado, and in the Gran Chaco in Argentina and Paraguay aligns closely with our own sourcing regions and products. Alongside our Latin American Franchisee Arcos Dorados, we provide continuous feedback to the CFA's framework and support solutions that help protect forests and native vegetation in the Amazon, Cerrado and Chaco. In 2020, we conducted a gap analysis against CFA's operational guidance. The [Tropical Forest Alliance \(TFA\)](#), and its Latin America Working Group, is another critical partnership that enables us to develop and implement locally tailored approaches.

McDonald's is a member of the [Cerrado Manifesto Statement of Support group](#), which launched in October 2017, and represents an international coalition of over 160 companies and investors aiming to eliminate deforestation in cattle and soy supply chains in Brazil's Cerrado biome. McDonald's participation reaffirms our individual and collective commitment to halting forest loss associated with agricultural commodity production, and recognizes the Cerrado's critically important role in climate change mitigation, biodiversity, water and agricultural production.

We are also engaged with the [Good Growth Partnership](#), a collaboration between the UN Development Program, the Global Environment Facility, the International Finance



Cooperation, WWF and Conservation International, and are leveraging their tools to support the implementation of our Commitment on Forests.

"It is very exciting to see McDonald's supporting greater transparency on progress across the whole production base, allowing actions to be targeted where they are most needed to drive sectoral improvement.

Dr. Ruth Nussbaum, Co-founder and Director, Proforest

We are pleased that, as of 2020, CDP Forests is fully aligned with the AFI. As a result of this alignment, CDP disclosure now enables companies to report on their level of alignment with the Framework's Core Principles.. Thanks to a year in alignment with this framework, we are in a stronger position to report with transparency.

Taking the Lead on Supporting Deforestation-Free Beef

As one of the world's biggest buyers of beef, we know the potential for positive impact in the beef supply chain is significant.

The beef supply chain presents an opportunity that McDonald's is uniquely positioned to address – unlike other major commodities, there was no established certification scheme or credible process to guide companies' efforts to eliminate deforestation. So we got to work.

In 2013, we started working with [Agrotools](#), a certified B-Corp, to track the origin of all the beef exported from Brazil and sold in McDonald's restaurants around the world. We then developed a strategy in partnership with Proforest in 2017 to define deforestation risk across the vast landscape of the Cerrado, prioritize specific locations, and assess whether deforestation and noncompliance with the additional social and environmental aspects of our Commitment on Forests were actually happening at the farm level.

This process enabled us to better monitor our beef supply chain and help our suppliers take targeted action. During this process, we also aligned closely with NGOs like WWF and tested emerging frameworks from groups like the AFI. We have since expanded this project to understand our deforestation risk and apply similar principles for our beef supplied from other identified priority regions: Argentina, Australia and Paraguay.

McDonald's is also a founding member of the [Global Roundtable for Sustainable Beef \(GRSB\)](#), and since 2011, has worked closely with industry leaders to bring together stakeholders from across the supply chain to drive collaboration and action around beef sustainability – which includes the conservation of forests. To support the delivery of the GRSB Principles and Criteria on the ground, McDonald's has helped set up and/or participates in national and regional multi-stakeholder roundtables in several countries, including Argentina, Brazil and Paraguay.



In addition, we are active on the GRSB's Joint Working Group on Land Use Change, made up of suppliers, producers, finance institutions and partners from civil society. This group has an outcome-focused goal to ensure the beef value chain is a net positive contributor to nature.

Our leadership in beef was also driven by the recognition that beef and soy supply chains are interconnected, as soy production has the potential to expand into existing degraded pasture land, instead of newly deforested land. As part of our overall beef sustainability strategy, we support a focus on intensification, which will allow for soy expansion into existing pasture land. In this way, we're maximizing our impact and addressing deforestation for both beef and soy by reducing pressure on forests from the expansion of agriculture.

Our Approach to Our Beef Supply Chain



1. Policy Development and Adaption

The McDonald's Deforestation-Free Beef Procurement Policy was developed to help implement the McDonald's Commitment on Forests in our beef supply chain in line with the McDonald's global sustainability strategy. This Policy applies to priority countries (Argentina, Australia, Brazil and Paraguay) where we aim to quantify and address the link between identified or projected deforestation and our supply chain. Since each priority country has a distinct context, Proforest and Agrotools have helped us adapt the Policy for each country.



2. Risk Analysis at the Territory Level

Risk analysis helps us prioritize and direct our efforts. We divide our main beef sourcing regions into a smaller set of locations and use Agrotools' TerraSafe analysis tool and national datasets to develop a score for each. The tool uses a range of data sources to prioritize action, such as using the local definition of forests, and maps of peatlands, environmental hotspots, and other social and environmental aspects relevant in each location.



3. Slaughterhouse Engagement



We work with our direct suppliers to engage with slaughterhouses, prioritizing those with the greatest levels of supply to the McDonald's System and the level of risk, based on their location. Facilities must identify the location of each supplying farm, and we prioritize these locations using the Agrotools location score.



4. Farm Assessments

A farm's location may make it a priority, but that does not mean deforestation is happening. Using the best available data in each country, Agrotools runs a detailed assessment, using satellite imagery of the area along with data analysis, to determine whether supplying farms comply with our Deforestation-Free Beef Procurement Policy. Suppliers are expected to address the findings and where required, implement corrective action plans with any farms in their supply chain identified as not in compliance.

This level of detail has given us confidence in the changes that are being made in our priority beef regions and allows us to continue to monitor our non-priority areas as well. It also means we can monitor and assess practices at scale and share our learnings with others.

Download our [Forest and Native Vegetation Priority Maps \(PDF – 3 MB\)](#).

This level of detail has given us confidence in the changes that are being made in our priority beef regions and allows us to continue to monitor our non-priority areas as well. It means we can monitor and assess practices at a landscape scale down to individual sourcing areas and farms, and work with others to make a difference.

Confronting Challenges and the Journey Ahead

McDonald's has been on this journey for some time and we have already made significant progress toward our commitments. Today, supported by transparent, credible data and external verification, we see significant progress toward our goal of eliminating deforestation. However, there is always more to do. Some of the challenges and future opportunities we are working to address include:

A Lack of Consistent Definitions Across the Industry

While a robust commitment to eliminating deforestation from our supply chains is a key part of our strategy, we acknowledge that all organizations, including McDonald's, face challenges from a lack of common understanding on how to define forests and deforestation.



Organizations such as the AFi and CFA have worked to create common definitions, and we need these to be adopted widely to ensure everyone is working toward similar goals and using comparable reporting.

Forests as a Climate Solution

We know that corporate accounting and disclosure of GHG emissions from deforestation is a major challenge, and that reporting expectations on these emissions will continue to evolve. We are committed to transparency and strengthening our reporting to help demonstrate how we are managing risks associated with deforestation. But we recognize that we have more work to do to ensure our policies and implementation plan for eliminating deforestation from our supply chains are built into our overall climate action strategy.

Our climate reduction targets include estimated impacts from land use change, and our climate impact tracking system is capable of modeling emissions from land use change such as deforestation for cropland. To demonstrate the positive impact that our Commitment on Forests has had, we have started to bring together our forests and climate measurement system to improve the way we measure the climate impact of forest conservation in our supply chain.

We are also conducting climate scenario modeling and are in the process of adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to help our Company, Franchisees and suppliers understand the impacts of climate change on our business – including deforestation – and advance our climate mitigation and resilience strategies.

Traceability

Increasing traceability in our supply chains, especially in areas of heightened risks for deforestation, gives us better idea of where challenges lie and how to best focus our resources and scale to effect lasting change. We also know that our complete supply chain emissions disclosure, including deforestation emissions, relies upon increased traceability. We have achieved significant milestones, especially in our chicken supply chain, by mapping soy sourced for animal feed with real data from our Soy Calculator, which you can learn more about below. Key opportunities for improving include engaging with indirect suppliers, auctions and feedlots for beef and continuing to expand soy traceability. We plan to expand this work to other commodities beyond 2020, continuing to understand the impacts of our supply chains.

Biodiversity Loss and Zoonotic Disease Risk

The COVID-19 pandemic has given much greater exposure to the risks posed to global public health by zoonotic diseases – diseases that pass from animals to humans. There is evidence to suggest that causes of biodiversity loss and climate change such as land use change and deforestation are potentially increasing the risk of similar



pandemics occurring in the future. This gives us an added reason to continue our work to protect biodiversity, to help protect our health in the future.

Seeing Deforestation as a Human Rights Issue

Deforestation-free supply chains are not only about preventing forest clearances – they also address social and human rights issues. Human rights are an important element of our forests commitments and our broad Company commitments, and we are constantly seeking to strengthen our implementation of these.

In 2020, we worked with Proforest to develop a gap analysis of our approach to address human rights in our priority supply chains of beef, palm and coffee. Building on insights from this analysis, we are continuing to work with Proforest to ensure robust mechanisms that embed respect for human rights in the production of these priority commodities.

Despite the challenges we face, we remain committed to the elimination of deforestation from our global supply chains by 2030.

Helping Support the Sustainable Development Goals

Our work on protecting forests supports the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 12: Responsible Consumption and Production \(Specifically target 12.2\)](#)



[Goal 13: Climate Action \(Specifically target 13.2\)](#)



[Goal 15: Life on Land \(Specifically targets 15.1, 15.2 and 15.5\)](#)



[Goal 17: Partnerships for the Goals \(Specifically targets 17.16 and 17.17\)](#)



Our Performance

Goal

By the end of 2020, eliminate deforestation in supply chains for our beef, chicken (including soy for feed), palm oil, coffee and primary fiber-based guest packaging sourced for McDonald's restaurants.

Progress

As of the end of 2020, 99.6% of our beef, soy sourced for the feed of chicken used in McDonald's products, palm oil, coffee and fiber used in guest packaging volumes support deforestation-free supply chains.¹

Beef

99.4% of beef sourced for McDonald's restaurants supported deforestation-free supply chains by the end of 2020.²

Chicken (including soy for feed)

100% of soy sourced for the feed of chicken used in McDonald's products supports deforestation-free supply chains globally. We support responsible soy production through the purchase of RTRS credits. A number of our chicken suppliers to Europe also use physical certification through Proterra standards. In 2020, in relation to the soy for the feed of chicken used in McDonald's products in Europe, McDonald's assessed that 17% of the volume was linked to physical certification and 83% of the volume was matched through the purchase of book and claim credits.³

Palm Oil

100% of the palm oil sourced for McDonald's restaurants and used as an ingredient⁴ in McDonald's products supported the production of sustainable palm oil and deforestation-free supply chains in 2020. We are committed to increasing traceability for the palm oil used in the McDonald's System in the greatest volumes, which means we are increasing our physical Roundtable on Sustainable Palm Oil (RSPO) certified volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils increased from 71.0% in 2019 to 78.1% in 2020.⁵

Volumes of McDonald's Palm Oil by RSPO Supply Chain Model:

- 78.1% Physical RSPO Certified
 - 0.1% Identity Preserved
 - 7.1% Segregated



- 70.9% Mass Balance
- 21.9% RSPO Book and Claim Credits

Coffee

98.3% of coffee sourced for McDonald's restaurants supported deforestation-free supply chains in 2020.⁶

Fiber

99.6% of primary fiber-based guest packaging sourced for McDonald's restaurants supported deforestation-free supply chains in 2020.⁷

Our Actions

Support of Jaguar Habitats

One of the ways McDonald's has expanded its work beyond our initial forest commitment is to engage in efforts to halt conversion of ecosystems that host critical biodiversity, including forests, grasslands and savannahs, such as our support of the [Instituto Onça-Pintada](#) in Brazil. Apex predators, such as jaguars, are a good indication of a robust and thriving ecosystem. The Certificado Onça-Pintada, or Jaguar Friendly Ranch Certification, by the Instituto Onça-Pintada recognizes accomplishments related to protecting this threatened species. By exemplifying actions and conduct that allow for the coexistence of cattle production and the jaguar, landowners are taking a leadership role in decisions that will help determine the jaguar's existence for future generations.

Developing the Soy Calculator: A Critical Tool to Tackle Deforestation

To meet our Commitment on Forests, we needed to ensure that the soy footprint calculation reflected the reality of the production of chicken around the world. But we and other companies lacked the tools to do so.

To create such a tool, we engaged with suppliers such as Tyson Foods and Cargill, Franchisees and external partners to develop a soy calculator. The tool's output is based on real supply chain data gathered across McDonald's global business.

The calculator provides an estimate of McDonald's soy footprint (in hectares and volume of soy) in the priority countries of Brazil, Argentina and Paraguay by combining different parameters related to the animal production systems in those countries. The chicken raw material volumes are gathered and analyzed and the summarized soy footprint is used to estimate the area for soy production, and the Roundtable on Responsible Soy (RTRS) equivalent premium (US\$) to be purchased by McDonald's chicken suppliers to initially compensate for it.



The Soy Calculator is a practical and valuable tool that not only helps us implement our Commitment on Forests, but is also an accessible resource for other companies on a similar journey to support deforestation-free supply chains. We first shared this tool at an open forum in São Paulo, Brazil, and we are looking to collaborate with others to widen the use of the tool.

Download the study [Estimating the Embedded Soy Footprint of Animal-Based Products \(PDF – 1.9 KB\)](#).

Supporting Jurisdictional Approaches

Jurisdictional approaches are multi-stakeholder governance, monitoring or enforcement programs at a sub-national level that tackle social or environmental challenges such as deforestation, biodiversity loss and farmer livelihoods.

These approaches define relevant boundaries to enable companies sourcing agricultural commodities to collaborate with local governments, communities and producers in their sourcing region. McDonald's supports jurisdictional approaches because we know that by working together, we can all ensure that local laws, regional efforts and corporate policies work in concert to make regions deforestation-free.

One of the leading jurisdictional approaches is the Produce, Conserve, Include (PCI) strategy in Mato Grosso, Brazil.

An important PCI project is the PECSA program (Pecuária Sustentável da Amazônia / Amazon Sustainable Cattle Ranching, formerly Novo Campo), which McDonald's and Arcos Dorados took part in alongside the Brazilian Roundtable on Sustainable Livestock, local NGOs and industry partners. It aims to help eliminate deforestation in the Amazon biome and to meet the GRSB Principles and Criteria.

The PECSA program focuses on the recovery of degraded pastures and improvements in animal management, protecting the area's biodiverse ecosystems.

By mapping beef already sourced from the Mato Grosso region, we are exploring further ways to support the work being done there.

Footnotes

¹ 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.

² 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 which 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-deforestation priority regions 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.

³ 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 which sell chicken. Europe refers to Austria, Azerbaijan, Belarus, Belgium, Bosnia, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Herzegovina, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Moldova, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom, 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.

⁴ 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 which 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), 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.

⁵ 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 which 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.

⁶ Fiber. Scope: Primary fiber-based packaging refers to 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. 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. 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 McDonalds restaurants; wood stirrers and cutlery, tray liners, straws and limited locally sourced items.



Water Stewardship



Why It Matters

We believe our size and scale can enable us to have a positive water impact. Our approach takes into consideration water conservation, stewardship, pollution, quality and use.

Water is one of the world's most precious resources, with supplies under increasing pressure from climate change, extreme weather, floods, growing populations and swelling demand. Heavy storms and harsh temperatures – made more frequent by climate change – can destroy crops and contaminate freshwater supplies, impacting our restaurants and supply chain.

We rely on agriculture – which accounts for 70% of the planet's freshwater use – and local watersheds to make our food and drinks and run our restaurants. Simply put, water is vital to our business.

Existing public infrastructure will need significant investment over the next 25 years if it is to keep serving all of the needs of our communities. Although we expect costs to rise, we recognize our role in responsibly managing a vital resource, and playing our part in protecting the availability and quality of our water.



Our Strategy

Shaping Our Strategy

In the communities where we operate, we're working to conserve water and use it responsibly and efficiently.

We recognize water as an important sustainability issue area within our supply chain and restaurants. Water stewardship practices are embedded in our sourcing requirements and we expect suppliers to use water responsibly. We also include it in our Global Sustainable Sourcing Guide, which we regularly update as we establish targets, assess emerging risks and develop best practice.

We have partnered with experts like the World Wildlife Fund (WWF) and World Resources Institute to identify risks and create a stewardship approach that drives actions and improvements across our value chain, including sourcing, processing, transport and our restaurants. Franchisees and suppliers are also helping us develop this strategy, and we conducted a water risk analysis of our restaurants and suppliers in 2016 to inform our approach.

Through the actions we are taking across our supply chain and in Company-owned and franchised restaurants, we are seeking to reduce our overall water footprint, especially related to agriculture and row crops.

Putting Our Strategy Into Practice

To gather data around four key areas of water management – irrigation, public and staff amenities, cleaning, and beverage services – we conducted water surveys in McDonald's restaurants in the U.S. in 2018.

The findings have helped us and our Franchisees identify and prioritize water savings and improvement opportunities.

Our U.S. restaurant construction and remodel standards now include low-flow urinals and high-efficiency faucets that use less water. We also encourage the use of native and/or drought-tolerant landscaping, along with storm water management using rain gardens, permeable pavements, and rainwater collection and reuse. Water use is also a tenet of our Green Building Guidelines, which help us make our restaurants more resource efficient.

In 2020, we advanced our water engagement strategy with U.S. Franchisees that includes proactively upgrading to high-efficiency water equipment in the restaurants. It also involves establishing water engagement projects in our local communities in areas of high water stress.



We worked closely with suppliers to manage key resources throughout the supply chain. Water has been identified as one of our Priority Impact Areas in our supply chain. We encourage and support our suppliers to assess their own management of water in their operations and supply chains. The U.S. 2020 Supplier Facility Goals included that each facility should have an Environmental Management System in place that meets expectations of an internationally recognized standard. Facilities were able to choose between one of three aspirational goals to achieve, one of which was to reduce their water intensity by 20%.

Helping Support the Sustainable Development Goals

Our work on water supports the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 6: Clean Water and Sanitation \(Specifically target 6.4\)](#)



[Goal 14: Life Below Water \(Specifically targets 14.1 and 14.4\)](#)



[Goal 17: Partnerships for the Goals \(Specifically target 17.17\)](#)

Our Actions

Reducing Water Use in the U.S.

In the U.S., we're keeping our hot water hot while reducing the energy we need to heat it. Our environmental sustainability program, US 20x2020 By Design, aimed to reduce energy and water use by 20% by 2020 (measured against our 2005 building design) using innovative strategies in the design of new restaurants. In a concluding study, McDonald's U.S. 2020 prototype buildings have achieved a total water use reduction of 19% (including a reduction of approximately 27% for hot water and water to sewer).

Efficiency by Default in French McDonald's Restaurants



McDonald's France is focused on energy efficiency and water reduction: a typical McDonald's restaurant in France consumes only 7 liters of water on average per meal, compared to 10 to 20 liters in traditional restaurant kitchens.

Saving 45 Million Liters of Water Annually in Switzerland

In Switzerland, we save millions of liters each year through our urinals. The Urimat dry urinals, with a special siphon and large-scale float, neutralize odors and save around 45 million liters of water.



Community Connection



We Are Connecting Communities in Times of Need

Being part of the community means supporting people every day, and especially when they need it most. It's why we donate millions of pounds of food from our supply chain every year and hot meals from our restaurants to our communities in times of need and crisis. We're also so proud to support the Ronald McDonald House Charities® (RMHC®), which enables families to stay together near world-class care facilities when a child is diagnosed with a life-threatening illness.

"We are committed to being good neighbors everywhere we operate. Whether through serving as a hub for people to come together over a meal or dedicating time and resources in times of need, McDonald's is making sure we're there for our communities. This year, the global pandemic created new challenges for communities. In response, McDonald's suppliers and Franchisees around the world rallied together to help in impressive, all-new ways, grounded in McDonald's refreshed values."

Ian Borden, President, International McDonald's Corporation



Our Impact Areas



Community Support & Crisis Response

With over 38,000 locations worldwide, we are uniquely positioned to give something back to the many communities we serve. Because the majority of our restaurants are run by independent Franchisees, McDonald's has deep roots in communities and knows how best to be there for them, whether that's providing a delicious meal, volunteering in the neighborhood or helping during a time of need. COVID-19 has brought many new challenges, but our McFamily has stepped up to support communities during the crisis.



Ronald McDonald House Charities®

McDonald's plays an important role in keeping families together when their children are sick. As the founding mission partner, McDonald's has helped RMHC® provide a global network of over 260 Chapters in 65 countries and regions around the world, keeping families near the care their child needs.



Food Waste & Donation

McDonald's believes that good food and precious resources should never go to waste, and we want to use our scale to help tackle this global challenge. We're working with our supply chain and restaurants to ensure our food serves its purpose, and we're donating meals and ingredients to feed families in need in local communities across the globe.

Community Support & Crisis Response



Why It Matters

Our business thrives when our communities thrive. McDonald's is a part of so many communities around the world and that comes with a responsibility to help support people. We think globally and act locally to better connect with our customers, employees and wider society.

With our size and scale – over 39,000 locations worldwide – we're uniquely positioned to give something back to the communities we serve.

The global COVID-19 pandemic crisis in 2020 has heightened the importance of food security and health and safety for communities. Throughout it all, we've been able to be a critical resource – helping feed and support the most vulnerable people in our communities – elderly and isolated neighbors, families, and kids who depend on school meals.

Our Strategy

The communities in which McDonald's operates are rich with potential, but every community experiences its own challenges. Because most of our restaurants are run by independent Franchisees, McDonald's has deep roots in communities and knows how to best be there for them, whether that's providing a delicious meal, volunteering in the neighborhood or helping during a time of need.



McDonald's has also established shared value relationships with community-based organizations across the world. These relationships help provide us with direct insights into issues and challenges facing our communities – where Franchisees are neighbors as well as business owners.

Our community strategy focuses on three key areas:

- Local support – Together with our Franchisees, we are proud to contribute to local communities around our restaurants across the world through sponsorship, funding and resources. From giving kids access to free football training across the U.K. & Ireland, to providing grants and sponsorships to non-profit organizations in the U.S, we are committed to supporting the communities we serve.
- Volunteering – Giving back has been a celebrated part of McDonald's culture since we opened our first restaurant. All around the world, Company employees, Franchisees and suppliers volunteer their time, skills and energy to support local communities through our Global Volunteer Program.
- Crisis response – When it comes to preparing for and addressing disasters, we primarily work through our long-standing partnership with the Red Cross. In early 2020, the COVID-19 pandemic affected McDonald's operations, people, customers and communities. We took a multi-pronged approach to tackling it – from supporting our Franchisees who are small businesses facing financial pressure, to ensuring no breaks in our supply chain, and partnering with the Red Cross to support communities in need.

"The Illinois Red Cross is grateful for the McDonald's corporate employees' four-day commitment to volunteering alongside us at the United Center vaccination site. During this time, it is critical that partners like McDonald's come together and support our community as we all work toward recovery.

Don Herring, Chief Development Officer, American Red Cross

Helping Support the Sustainable Development Goals

Our support of charitable work and crisis response contributes to the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 2: Zero Hunger \(Specifically targets 2.3 and 2.4\)](#)



Goal 17: Partnerships for the Goals (Specifically target 17.17)

Our Contributions

Capital Investments

McDonald's also makes investments that help build stronger communities around the world. In 2020, McDonald's investments, which include capital expenditures and taxes paid, amounted to approximately \$3 billion.

Year-Over-Year Contributions

Year	Capital Expenditure	Income Taxes Paid
2017	\$1.9B	\$2.8B
2018	\$2.7B	\$1.7B
2019	\$2.4B	\$1.6B
2020	\$1.6B	\$1.4B

Our Actions

Responding to the COVID-19 Pandemic

While we were faced with new challenges and business disruption resulting from COVID-19, we leveraged the strengths of our global System to manage through the crisis.

Keeping Restaurants Running Safely During the Pandemic

As the COVID-19 pandemic unfolded, McDonald's implemented elevated practices informed by guidance from health ministries in the majority of the countries where we operate, as well as through recommendations from the Centers for Disease Control and Prevention and the World Health Organization.

We worked with Franchisees around the world to evaluate operational feasibility and to adapt and continue to serve customers where it was safe to do so. At the peak of the crisis, approximately 75% of our restaurants around the world were operational, the majority of which adapted to focus on Drive-Thru, delivery and takeout.

We put in place operational measures for closing and reopening restaurants, protecting customers, and supporting our crew and keeping them safe. We continue to utilize our long-standing relationships with external experts in the fields of epidemiology, medical, microbiology and chemistry in an ongoing effort to elevate the



hygiene and safety standards and procedures for our restaurants to protect our crew and our customers.

Helping Communities Access the Support They Needed

The McDonald's global System stepped up to help support communities to meet their basic needs. For example: U.S. – McDonald's provided roughly 12 million Thank You Meals to healthcare workers, police officers, firefighters and paramedics who helped keep us safe during the pandemic. McDonald's has also made commitments to [support truck drivers](#) across the country, and donated \$1 million to the [Illinois COVID-19 Response Fund](#) to ensure non-profits in our home state have the supplies they need during this time.

- Morocco – Crew members and local partners in Morocco donated and delivered free McDonald's meals to hospitals when our restaurants were closed.
- Malaysia – Provided around 63,000 McDonald's meals to healthcare workers all over Malaysia as an appreciation for their courage and commitment during these challenging times.
- Italy - In addition to donating food and meals to charities and first responders across Italy, McDonald's, together with RMHC, franchisees and suppliers, donated [€1 million](#) to support the treatment of COVID-19 patients at a new hospital in Milan and the "Vittore Buzzi" Children's Hospital.

Ensuring Our Supply Chain Never Broke

As a supply chain, we are constantly planning for natural disasters and facility closures, making contingencies to divert supply from one area to another in times of crisis. This resilience and forward-looking approach ensured we could provide a consistent, essential source of food to communities that faced growing food insecurity due to school closures and rising unemployment during the pandemic. It became critical to balance supply and demand so that we could do our part to feed communities and donate bulk ingredients and meals to those most in need. Visit our [Food Waste & Donations](#) page to learn more about how we donated food to meet these needs.

Supporting Franchisees

Most of our restaurants are owned and operated by independent small and medium businesspeople. When the pandemic hit, we knew it was critical to work with Franchisees around the world to support financial liquidity during this period of uncertainty. We granted the deferral of cash collection for certain rent and royalties earned from Franchisees, and we worked with suppliers and lenders to extend Franchisee payment terms when possible.



Providing Job Security for People in Germany

The COVID-19 pandemic forced us to cut staff time in many of our company-owned restaurants in certain markets because restaurant hours were limited as a response to the outbreak. Meanwhile, grocery stores were left understaffed. To give McDonald's restaurant workers in Germany the opportunity to keep working, we created a unique partnership with ALDI, where workers could fill in at the grocery stores. The top priority was to help franchisees and restaurant workers plan for the future and have a sense of security.

Volunteering to Support Our Communities

Our Global Volunteer Program launched in 2019. McDonald's individuals from our offices and Company-owned restaurants around the world dedicate their time to support important causes in their communities, including virtual volunteer opportunities. Through the program, individuals have been volunteering to help reduce barriers to employment or education for young people, support RMHC®, or address the unique needs of their communities. In 2020, virtual volunteer opportunities were created to allow employees to give back to their communities during COVID-19. In the U.S., employees participated in virtual career panels and resume/ job application workshops to benefit youth-serving organizations a part of the Youth Opportunity program.

Encouraging environmental volunteering at McDonald's Russia

In 2021, [McDonald's Russia](#) partnered with a leading environmental advocacy platform, +1City, to organize clean-ups around the country. Volunteers were rewarded for participating in the events with free menu items, redeemable through the McDonald's app. Just the beginning of our partnership with +1City, users of the platform can choose to sign up for events in 170 cities around Russia. This innovative approach to volunteering is increasing engagement in the communities we serve, getting employees and customers alike involved in our commitment to sustainability.

McDonald's Global Volunteer Awards

In June 2019, during U.S. National Volunteer Week, we launched new tools to make it easier for everyone in the McDonald's System to volunteer. To mark the occasion, we invited Franchisees, suppliers and Company staff to nominate colleagues who make a meaningful difference; people who donate their time and talents to a charity they are passionate about. Of the 234 individuals put forward, 12 finalists and six winners were selected, each receiving a donation to their charity of choice.

Supporting Local Community Programs Around the World

Encouraging Kids' Football



U.K.

McDonald's U.K. support over 5,000 local football clubs across the U.K., providing 250,000 kits, rewarding volunteers and holding community football days. In 2018, we also launched a new long-term commitment to improve the standard of grassroots football in the U.K. with the renewal of our partnership with four Football Associations (FAs) for a further four years.

Having worked closely with all four U.K. FAs over the past 16 years, McDonald's is the longest-standing supporter of grassroots football in the country. Building on the huge growth of grassroots football over the past decade and a half, the next four years will see the introduction of a new, participation-based program aiming to provide 5 million hours of football training for children across the U.K. by 2022.

Czech Republic

Established in 1992 by McDonald's Czech Republic, the McDonald's Cup is the largest football tournament for school pupils aged 6–11 in the country. More than 50,000 children from over half of all primary schools participate in the McDonald's Cup every year.

Community Donations

We are proud to build and maintain strong relationships with local communities around the world. In the U.S., by coordinating focused financial, volunteer and in-kind support, we are able to support non-profit organizations to deliver positive impacts in their communities. In 2020, we provided over \$1.7 million in grants and sponsorships, and since 2015 our contributions total over \$14 million. Additionally, in excess of \$3 million was made in food donations and more in face mask donations to communities around the U.S.

Throughout 2020, we donated \$20 million to Ronald McDonald House Charities® (RMHC) as part of a [\\$100 million commitment](#) over the next five years. Through a social media campaign designed to raise awareness, we donated \$100 in the name of each participant that posted supportive videos to their Instagram, Twitter, TikTok or Facebook using #HereForRMHC.

In addition, together with our Franchisees in the U.S., we donated \$250,000 to [Reach Higher's](#) Emergency Grants Relief Fund to support first-generation, low-income students and students of color who are on the path to obtaining a degree.

McDonald's also matches funds raised by Company staff up to \$5,000 (\$10,000 for a Vice President or Board member). Since 2015, over \$3 million has been matched by the Company. We also offer a payroll-giving program so that employees can donate to charities of their choice in a tax-efficient way.



Ronald McDonald House Charities®



What Is Ronald McDonald House?

Ronald McDonald House Charities® (RMHC®) is a nonprofit, 501(c)(3) corporation that creates, finds and supports programs that directly improve the health and well-being of children and their families.

Through a global network of over 260 Chapters in 62 countries and regions, RMHC® enables, facilitates and supports family-centered care through three core programs: the Ronald McDonald House®, the Ronald McDonald Family Room® and the Ronald McDonald Care Mobile®.

RMHC® programs help families with sick or injured children worldwide stay together and near leading hospitals and health care services, helping to ensure they have access to the medical care their child needs while being fully supported and actively involved in their care.

In 2020, RMHC® provided over 1.4 million overnight stays in Ronald McDonald House and Ronald McDonald Family Room programs, saving families more than \$443 million in meal and lodging costs alone.¹



What Ronald McDonald House Does

From the moment the charity opened its first Ronald McDonald House®, McDonald's owner/operators, suppliers, employees and customers have helped RMHC® provide stability and vital resources to families around the world.

Some countries or regions donate a percentage of the sale of specific products or run other special promotions in restaurants. We make it easy for our customers to support RMHC®, too. In total, McDonald's, our Franchisees and customers donated over \$145 million to RMHC® in 2020, helping provide more than 1.4 million overnight stays for RMHC® families around the world.¹

This collective support helps enable RMHC® to continue offering the programs needed to keep families near to the medical care and resources they need:

- Ronald McDonald House® programs – More than just a place to sleep, each House is just steps from the hospital and provides meals, comfort and support to families with sick kids.
- 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 paces from their child's bedside.
- Ronald McDonald Care Mobile® programs – Provide medical, dental and health care resources to children and families in underserved communities around the world.

Working Together for RMHC®

[Corporate and Foundation Partners](#) play a key role in the work of RMHC®, helping the organization to deliver comfort and care to families. Their gift of time, funds and in-kind services as well as community relations have helped RMHC® expand their impact throughout the world.

Volunteers make an incredible difference in the lives of the children and families served by RMHC® Chapters – by cooking, greeting, listening, cleaning or simply being there and supporting in any way they can. Volunteers are the heartbeat of RMHC®, helping to offset costs and allowing the charity to direct more donations to services supporting children and their families.

Many of McDonald's operators, employees and suppliers actively volunteer with RMHC® Chapters. Some even volunteer as board members, helping to shape the direction and approach in line with the critical needs of children and their families.



The COVID-19 pandemic and associated social distancing and safety measures in place at RMHC® programs meant that the number of volunteers decreased significantly in 2020. Despite this, more than 130,000 volunteers globally donated their time, talent and resources to support the work of RMHC®.

Additionally, earlier this year, McDonald's volunteers participated in a "Virtual Storytime" opportunity to support RMHC®. Volunteers recorded themselves reading McDonald's Happy Meal Reader Books, and shared the videos with RMHC® families to watch when they had downtime. Stories were available in English and Spanish, as well as one story in American Sign Language. Volunteers are also able to purchase essential items for RMHC® Chapters across the U.S. via their Amazon Wish Lists on an ongoing basis.

Helping Support the Sustainable Development Goals

Our support of charitable work helps contribute to the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



Goal 3: Good Health and Well-Being (Specifically target 3.8)



Goal 17: Partnerships for the Goals (Specifically target 17.7)

Our Actions

The generosity of time, as well as funds and in-kind services provided by the entire McDonald's community, have helped RMHC® positively impact millions of children and their families since 1974. Today, the actions we take – with our customers and Franchisees around the world – have helped us continue to support families, despite unforeseen global challenges.

Responding to the COVID-19 Pandemic

During the pandemic, McDonald's continued to support RMHC® Chapters around the world, helping families with sick children stay close together during very difficult times. In 2020, McDonald's donated \$20 million (as part of a five-year, \$100 million gift) to RMHC® to help the charity continue increasing access to quality health care for children around the world. The gift will help RMHC® deliver mission through direct



financial support (including Chapter capital expansion grants); Chapter capacity building (including infrastructure, branding and people development); and activation of significant initiatives and resource development (including financial management trainings and Chapter consultation).

Additionally, the McDonald's global community of suppliers and Franchisees also rallied together to help RMHC® in all-new ways. These are just a few of the many efforts made:

- McDonald's suppliers continued to support RMHC® families by: delivering food when volunteers couldn't prepare meals; donating hand sanitizer, masks and cleaning supplies and continuing to donate generously when live events had to be cancelled.
- Italy – McDonald's Italy and RMHC® Italy each donated €500,000. The €1 million funding went toward the construction of a temporary hospital to treat COVID-19 patients in Milan.
- Romania – When families with sick children were not using Ronald McDonald House during the pandemic, RMHC® Romania (with McDonald's support) opened their House doors and kitchens to frontline workers, offering a place to rest and eat, any time they needed.
- The Philippines – RMHC® Philippines and McDonald's Philippines launched "Kindness Kitchens" to feed frontline workers and the communities most impacted by the virus.
- Ukraine – McDonald's donated money to RMHC® Ukraine to purchase personal protective equipment (PPE) for 21 hospitals serving Ukrainian children affected by the coronavirus.
- France – McDonald's supplier Diversey used its expertise to help develop much-needed cleaning protocols for the Ronald McDonald House and Ronald McDonald Family Room programs in France. Global logistics provider Martin Brower donated 20,000 face masks to our facilities throughout France as well as to many other parts of the world.
- U.S. - McDonald's Owner/Operators in the United States stepped up their support and partnered for RMHC® through a Round-Up for RMHC® challenge. As McDonald's restaurants closed inside table service to limit the spread of the coronavirus, we needed new and creative ways to encourage continued donations from McDonald's customers. Local Round-Up for RMHC® challenges were a fun and effective way to demonstrate solidarity and commitment to the mission and to increase customer engagement.

Giving Back to RMHC® Chapters With Our Customers Around the World

There are many ways for our customers to support RMHC® Chapters around the world. The biggest ongoing fundraisers are RMHC® Donation Boxes at restaurant counters and Drive-Thru windows, making it easy to give spare change. In 2020, nearly \$29 million was donated worldwide through the Donation Box program. Modernized giving channels – such as self-ordering kiosks and within the McDonald's mobile app – are



also available in some markets. In-restaurant events in many countries also inspire customers to participate and give back.

- In Canada, various in-restaurant programs are available for Canadians to support RMHC® Canada year-round. These include coinbox donations and cashless giving at points-of-purchase, or simply by buying a Happy Meal or RMHC® Cookie, with a portion of these proceeds going to RMHC® Chapters across Canada. In 2020, nearly \$9 million was raised through direct and facilitated giving efforts.
- In France, over \$4.1 million was raised in-restaurant through customer donations in 2020. McDonald's also provided over \$1.3 million in direct donations to RMHC® Chapters in France.
- In Australia, all McDonald's restaurants host an annual McHappy Day, supporting RMHC® Australia. In 2020, nearly \$10 million was raised for RMHC® Chapters across the country through McHappy Day and other direct and facilitated giving efforts locally.
- In the U.S., we made it even easier for our customers to donate, with the launch of "Round-Up for RMHC®." Introduced in approximately 14,000 U.S. restaurants in 2019, this innovative technology provides customers the opportunity to round up their purchase to the nearest dollar at the digital self-order kiosks, front counter and at the Drive-Thru. In 2020, Round-Up for RMHC® raised nearly \$10 million in the U.S.

Footnotes

¹ Donation and impact information on this page includes self-reported totals provided by independent RMHC® Local Chapters that is not independently audited by RMHC® Global or McDonald's Corporation.



Food Waste & Donations



Why It Matters

As the global population rises, the world has more people to feed than ever before. Despite this, food waste is a serious global issue. The United Nations estimates that every year, a third of all food produced is either discarded, by consumers or retailers, or spoiled due to poor handling.¹

McDonald's believes that good food and precious resources should never go to waste, and we want to use our scale to help tackle this global challenge. We're working with our supply chain and restaurants to ensure our food serves its purpose and we're donating meals and ingredients to feed families in need in local communities across the globe.

This work became even more critical when COVID-19 struck in 2020. We found ourselves with a food surplus in many of our markets around the world because people were being asked to stay at home, or in some cases our restaurants were required to close due to government restrictions. We also saw sudden unemployment and school closures, making food insecurity an even greater threat to our communities.

It's not just about avoiding waste – it's about directing an essential resource to the people who need it most. We take seriously our purpose to feed and foster community and, whether through serving hot meals in times of need or donating surplus food from our supply chain or ingredients from our restaurants to local charities, we will continue to show up when our communities need us most.



Our Strategy

Our long-term objective is to ensure our quality and safe food is used to its full potential, starting with feeding people and their communities.

Doing the right thing takes commitment and partnership. We work with suppliers across the globe to reduce food loss and waste in our supply chain. We also engage with Franchisees to reduce food going to waste in restaurants.

McDonald's has a Global Food Disposition Policy to help ensure that food is not wasted if it is not needed in our restaurants. The policy was put in place to support our suppliers and distributors globally to dispose of food in alignment with McDonald's food waste hierarchy (see below), including food donations. In 2020, we expanded salvage methods (including retail sales) and updated our policy so ingredients like meat, lettuce, milk and cheese could be donated directly to charities – reaching communities faster and with far larger quantities than ever before. Our suppliers, Franchisees and crew are essential to our approach in ensuring our food supports communities in need. For example, in the U.S., we actively engage our Franchisees and suppliers in our food waste and donations strategy by providing suppliers with assistance in finding local donation partners. We also work closely with some of our Franchisees to avoid waste as outlined in our Global Food Disposition Policy. As a result, meal donation programs like [Thank You Meal](#), food donation efforts of our supply chain, and efforts like those of one of our Franchisees in Iowa, who donated Happy Meals, activity books and coloring supplies to support their community during COVID-19, happen throughout our system in ways that meet the needs of our local communities around the world.

In countries around the world, McDonald's, our suppliers and Franchisees have quickly mobilized in response to the situation created by the COVID-19 pandemic. In Australia, for example, some of our Franchisee and Company-owned [restaurants added staple food items](#), including eggs, milk and bread rolls to their regular menus during the peak of the country's COVID-19-related lockdowns, enabling customers to safely purchase essential food items they'd find at supermarkets via McDonald's contactless takeout and Drive-Thru services.

McDonald's Food Waste Hierarchy

McDonald's has developed a system to minimize food waste by aligning with our food waste hierarchy, including by enabling food donations to be made wherever possible. Our approach is based on global best practices² to avoid food waste and food loss, and is a critical part of McDonald's sustainability and our purpose to feed and foster community.



Minimizing Food Waste and Ensuring Supply

Every day, in over 100 countries around the world, we source beef, chicken, pork, fish, fresh produce and other ingredients from hundreds of local and global suppliers. Over the decades, we have developed strong, trusted supplier relationships, making it possible for us to reliably feed millions of customers around the world.

Through these relationships, we are able to minimize food waste by working together to design and implement efficient production practices throughout our supply chain. Our suppliers in turn make sure that their production processes use raw materials and ingredients, such as butter and eggs, in a well-managed way when making products for our menu, like a burger bun or bakery item.

We are constantly learning and evolving. There are many levers we can pull to maintain control of inventory, ensure supply for our customers and avoid waste. During the COVID-19 pandemic, we moved quickly to further diversify our beef supply chain in the U.S. by adding new local suppliers and sourcing additional products globally where needed.

Helping Support the Sustainable Development Goals

Our efforts to minimize waste in our kitchens and supply chain help support the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 11: Sustainable Cities and Communities \(Specifically target 11.6\)](#)



[Goal 12: Responsible Consumption and Production \(Specifically targets 12.3 and 12.5\)](#)



[Goal 17: Partnerships for the Goals \(Specifically target 17.16\)](#)



Our Actions

Supporting Communities During the COVID-19 Pandemic

The COVID-19 pandemic called on us to deepen our commitment to communities. We leveraged our supply chain to get more quality food to our nongovernmental organization (NGO) partners to help feed communities and ensure as little as possible went to waste.

As a global corporation, we have over 39,000 restaurants in 119 countries. This means that donating food or supplies isn't straightforward. Our Franchisees, suppliers and distribution centers around the world have always given back to their communities and implemented measures to avoid food waste. However, throughout the COVID-19 pandemic, and with the guidance of existing and new partners like Food Donation Connection (FDC), The Global Foodbanking Network (GFN) and Feeding America, we have made sure that millions of pounds of stranded food has not gone to waste. Instead, that food has helped to feed people who need it in thousands of local communities around the world.

"Getting food to men, women and children in need is at the core of our mission. We are excited to support our food banks as they partner with McDonald's to reach communities around the world who are facing additional challenges due to the impact of COVID-19.

Karen Hanner, GFN Director of Food Sourcing and Strategic Partnerships

- U.S. – In 2020, McDonald's and its suppliers in the U.S. donated over 17.4 million pounds of food from suppliers and distribution centers – worth more than \$27.2 million – to support local communities during the COVID-19 pandemic. McDonald's also provided roughly 12 million Thank You Meals in the U.S. to healthcare workers, police officers, firefighters and paramedics who helped keep us safe during the pandemic.
- Southeast Asia – The McDonald's team in Indonesia donated several pallets of frozen meat and cakes to families through GFN partners FoodCycle in Jakarta and Scholars of Sustenance in Bali. This was particularly helpful for the Bali community, which has been severely impacted due to the population's dependence on tourism. In Singapore, we worked with The Food Bank Singapore to donate milk for migrant workers.
- South Korea – We donated over 8,000 burgers and coffees to janitorial personnel from Seoul Metro through Seoul Volunteer Center in May 2020. We also handed out over 50,000 burgers and beverages to firefighters, medical staff, service members and vaccination support staff in 2020.
- Philippines – We opened up our kitchens to help feed those in need. As of July 2021, our Kindness Kitchens project has raised over \$460,000 and provided more



than 500,000 meals for medical frontliners in hospitals and vaccination centers, and marginalized communities affected by the COVID-19 pandemic, with volunteer staff delivering food parcels to those most in need.

- Latin America – In several markets throughout Latin America operated by our Franchisee Arcos Dorados, McDonald's has donated over 1,000 tons of food including meat, eggs, milk and produce, to feed communities during the COVID-19 pandemic through local organizations. For example, in Colombia, more than one million units of ingredients (e.g., English muffins) were delivered to the Colombian Association of Food Banks to support the vulnerable population of the cities where we operate. McDonald's also recognized first responders, medical personnel and others with programs such as McObrigado in Brazil, McGracias in Mexico, Meriendas Solidarias in Argentina and Ready to Eat Meals in Peru, Ecuador, Chile and Uruguay.
- Europe – In Italy, Germany, the U.K. and Ireland, as citizens went into lockdown, McDonald's partnered with organizations and local food banks to donate surplus ingredients such as eggs, cheese, milk, meat and produce to families in each of these countries. In Poland, restaurants have been supplying PowerPacks – free three-course meals – to frontline workers. So far, more than 71,000 (May 2020) have been donated to hospitals, care homes for children and the emergency services. In the U.K. and Ireland, over 700 tons of food and more than 100,000 liters of milk have been distributed in more than 1,900 town and cities. Since March 2020, McDonald's has provided 220 tons of surplus product to FareShare, and funded the redistribution of over 5 million meals to families in greatest need. In Italy, the European Food Banks Federation was essential to supporting donations throughout the country.
- Australia – McDonald's is working with logistics partner Martin Brower Australia to support [Foodbank](#), a non-profit organization that provides food to charities and community groups. The partnership has resulted in regular donations of surplus food to Foodbank's recipients, avoiding it being sent to landfill. In 2020, McDonald's contributed 138,360 meals and 418kg of non-food items via Foodbank donations.
- Russia – We served more than 500,000 free meals to ambulance staff at our Drive-Thrus as of May 2020. We also donated food to hospitals treating COVID-19 patients, and gave free lunches to volunteers who are taking care of elderly people.
- Canada – In response to COVID-19, McDonald's Canada donated over 250,000 pounds of food to food banks and other local charities.
- New Zealand – McDonald's is working with the GFN member Foodbank Canterbury and other local food donation organizations to donate hundreds of food items, including eggs, butter, lettuce, onions, apples, tomatoes and cheese, which help



feed families in need.

- Morocco – We launched #Mta7dine, a program developed with a delivery partner and local authorities to deliver free meals to child-focused charity groups in hospitals and children’s care homes across 19 cities.
- Lebanon – As well as coping with COVID-19, the Lebanese capital of Beirut also experienced a devastating explosion that destroyed a huge area of the city in August 2020. So far, we have distributed more than 8,000 burgers and 12,000 water bottles to those who are helping in the aftermath of the explosion.

“Through our partnership with McDonald’s, we aim to get closer to eliminating food waste – especially when there are so many people who are in need of food. We look forward to partnering with McDonald’s to make sure that this quality food is getting into the hands of people who need it.”

Tony Pupillo, Managing Director of Retail Food Industry Partnerships at Feeding America

Recycling Cooking Oil Into Biodiesel

In the U.K., food waste from kitchens is taken to an anaerobic digestion plant that makes renewable energy.

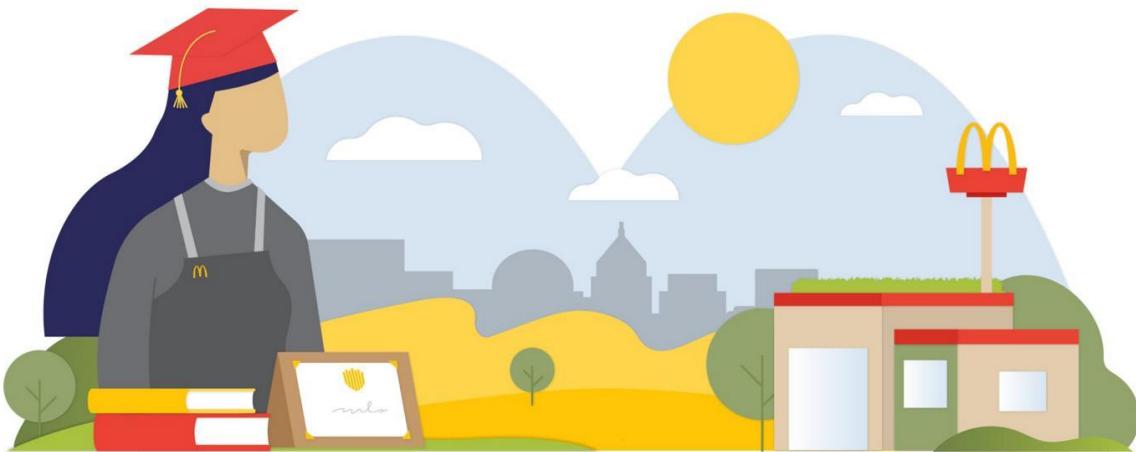
Footnotes

¹Source: <https://news.un.org/en/story/2019/10/1049181>.

²Our approach is informed by the work of the [United States Environmental Protection Agency](#) and the [Food and Agriculture Organization of the United Nations](#).



Jobs, Inclusion & Empowerment



We Are Accelerating Equity and Providing Opportunity

We are serving up bright futures by providing opportunity for education and skills in the communities we serve and through accelerating equity and inclusion across our business. Whether it's providing access to local education, tuition assistance or job-readiness programs – together with our Franchisees, we make opportunity open for all.

"I'm so proud of the people who work at McDonald's – in restaurants, in office buildings and throughout our supply chain. Their resilience, the care they show for one another and their commitment to do the right thing is inspiring. I also know it is one thing to recite our values, to write them on posters and display them in our restaurants and offices. It's much more meaningful to intentionally live these values every day, to the best of our abilities. That is why we will continue to support programs and policies that are actionable and encourage accountability – from our recently announced global diversity, equity and inclusion ambition to our education assistance programs and our approach to people safety."

Heidi Capozzi, Executive Vice President and Global Chief People Officer, McDonald's Corporation



Our Impact Areas



Diversity, Equity & Inclusion

Guided by our values, we are committed to being better allies, better sponsors and better leaders, helping to create a future where equality, fairness and opportunity are not just goals but the lived experience of everyone. Globally, we are committed to representing the diverse communities in which we operate, accelerating cultures of inclusion and belonging, and dismantling barriers to economic opportunity.



Skills & Education

We are committed to leveraging our scale to provide training and education programs to build a path forward for people that supports their goals, no matter where they are in their lives. From apprenticeship opportunities, to language and technical skill training, to support for continuing education, we are committed to helping people continue their path forward.



Human Rights & Respectful Workplaces

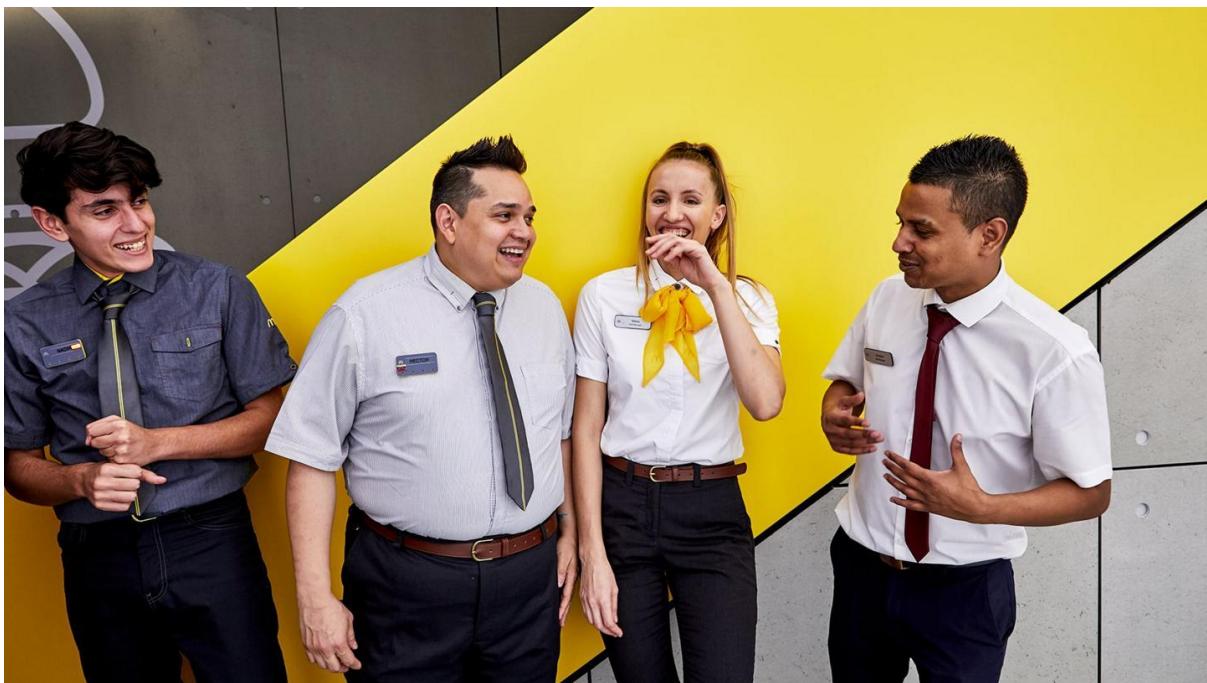
We're passionate about people and are committed to creating and fostering environments where everyone is equally supported and empowered to realize their full potential. We recognize that developing respectful workplaces is an ongoing process that requires continuous effort and improvement. We are committed to regularly assessing our practices and approach, in order to be more transparent and effective in supporting people.



People Safety

We realize we have an enormous responsibility to keep everyone safe and healthy. We're committed to customer and crew safety, promoting robust health and safety measures in our restaurants and helping employees make more informed decisions to support their own well-being. As the global community is faced with new and evolving safety risks, we know that we must continue to adapt and enhance our approach. Our elevated practices are informed by guidance from health ministries in most of the countries where we operate, as well as by recommendations from the World Health Organization.

Diversity, Equity & Inclusion



Why It Matters

Our global aspiration is that no matter where you are in the world, when you interact with McDonald's—through the app, in a restaurant, by watching a commercial, working in an office setting or as a crew member—Diversity, Equity and Inclusion (DEI) are as evident and familiar as the Arches themselves.

Our aspiration is to ensure at every interaction, all are welcome, comfortable and safe, because we commit to delivering equitable treatment for all. This means the full expression of diversity: the representation and inclusion of different genders, races, cultures, identities, sexual orientations, ages, religions, abilities, languages, experiences and expressions. We aim to identify and eliminate barriers to fair treatment for underrepresented groups.

When we talk about equity in the workplace, we mean fair treatment in access, opportunity and advancement for all.

We know there's a lot of work ahead, but it is work we welcome. Few companies on the planet are better positioned to make a difference than McDonald's. We feed more people, reach more markets, and serve more communities than any other restaurant company in the world.

When we harness our scale to change the System, there's no telling how much impact we can help make.



Our Strategy

Living our values means extending them to everyone: from the tens of millions of people who visit us daily, work in our restaurants and our corporate offices, to the communities we feed and foster. Rather than hear we care about diversity, equity and inclusion, our communities need to experience it.

We will pursue this aspiration by using McDonald's influence and scale to accelerate meaningful and overdue societal change for our employees, Franchisees, suppliers, customers and communities. This means striving to:

- Represent the diverse communities in which we operate.
- Accelerate cultures of inclusion and belonging.
- Dismantle barriers to economic opportunity.

Increasing Representation in Corporate Leadership

We seek to represent the diverse communities in which we operate by increasing the diversity of our leadership through the following goals:

- By the end of 2025, McDonald's expects to increase representation of historically underrepresented groups¹ in leadership roles (Senior Director and above) located in the U.S. to 35%.²
- By the end of 2025, McDonald's expects to increase representation of women in leadership roles globally (Senior Director and above) to 45%³, with an overall goal to reach gender parity globally in leadership roles (Senior Director and above) by the end of 2030.⁴

In setting these goals, we leveraged data to understand where we are currently, and where we want to be in the future. This included a review of internal and external data, including labor and census talent availability statistics, industry EEO-1 data, consumer insights, customer trends and expected demographic changes over the next 10 years. These insights made it clear that we have an opportunity to strengthen our representation to better represent our current and future base.

We are helping drive change by giving leaders direct responsibility and accountability for making tangible progress on our DEI goals. Beginning in 2021, the Company has incorporated quantitative metrics related to human capital management into annual incentive compensation awards for its CEO and Executive Vice Presidents. In addition to financial performance, executives will be measured on their ability to champion our core values, improve representation within leadership roles for women and historically underrepresented groups, and create a strong culture of inclusion within the Company.



Equal Pay

As we continue to emphasize action, accountability, and integrity as we make progress against our DEI strategy, we have prioritized our work around equal pay, a critical issue that sits at the nexus of all five of our Values. Through an annual analysis of our compensation data, followed by appropriate remediation action, we are committed to help ensure equal pay for equal work.

Our equal pay analysis compares employees in similar roles, while considering the many factors that legitimately drive differences in pay between employees, such as experience (general, McDonalds-specific, job-specific), job level/grade, performance and location.

We introduced our Global Pay Principles to our owned markets in 2019, to ensure that good pay practices are understood, consistently implemented and executed across McDonald's.

Competitive

- Pay opportunities are aligned with the external value of a job to optimally attract, engage and motivate talent.
- The competitiveness of our pay rates are reviewed regularly relative to peer companies that reflect our size, scale, performance and talent needs.

Non-Discriminatory

- 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.

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 with compelling clarity.
- We strive for simplicity and focus in the design of our programs to ensure employees understand what determines their pay.

Compliant



- We comply with all applicable legal and regulatory requirements and standards.

Our annual pay gap assessment will help ensure we are following our pay principles globally in our operated or owned markets, and identify any gaps based on gender (globally) and race/ethnicity (US) for review. While 2021 is the first time we have communicated our equal pay commitment publicly, we believe that greater transparency is important to building trust with our people, living our values, and holding ourselves accountable.

As such, working toward equal pay is not a one-time project; it requires ongoing focus and effort. We are committed to run pay gap analyses annually and report on progress as we continue to advance our strategy.

Supplier Diversity and Our Mutual Commitment to Diversity, Equity and Inclusion

With an annual systemwide spend of \$14 billion⁵ with suppliers in the U.S., we believe we have a responsibility to help drive change both in our business and in industries beyond it. Collaborating with our suppliers is a critical catalyst in achieving the more equitable and inclusive future we want to see.

McDonald's and our U.S. Franchisees spent approximately \$14 billion throughout our U.S. supply chain in 2020⁶, an industry-leading 23% of which is with diverse-owned suppliers – meaning businesses that are 51% owned and controlled by women and/or Black, Hispanic, Asian, Indigenous, Veteran, LGBTQ+, and disabled persons.

We recognize that through our scale and influence, McDonald's has the opportunity to help accelerate change – not just in our own business but also in those with which we work with – by inviting our suppliers to commit to building within their own organizations the talent pipelines, infrastructure and culture that support increased representation and inclusion, and close equity gaps.

Starting in July 2021, US-based suppliers of goods and services to McDonald's are invited to sign a Mutual Commitment to Diversity, Equity & Inclusion.

When our suppliers sign onto this joint pledge, they commit to taking actions such as:

- Implementing an overall DEI strategy, including annual training or education for employees to be better DEI practitioners and leaders.
- Increasing representation and underrepresented talent in leadership and in staffing McDonald's business overall, and increasing their use of diverse suppliers.
- Investing in innovation with new partnerships and programs designed to make a measurable difference.
- Creating infrastructure accountability to track progress, share regular updates and best practices on effective programs and measurement.



As our suppliers continue on their journey, McDonald's will offer access to resources and tools, including sharing of best practices.

Because collaboration is rooted in our DNA, we're proud to join forces with the following organizations as early adopters to the Mutual Commitment pledge:

- Accenture
- Admerasia
- Advertising Production Resources, Inc.,
- Alma, Analytic Partners, Inc.,
- Canvas Worldwide
- Cargill
- Capgemini
- Creata
- Baker McKenzie
- Burrell Communications
- CPH Inc.
- Ecolab
- Elkay Interior Systems (EIS)
- Everbrite LLC
- Euromonitor International
- Fair Oak Foods LLC
- Flavor Reddy Foods LLC
- FordHarrison LLP
- Greenberg Traurig LLP
- Halverson Group
- HAVI/The Marketing Store
- IW Group Inc.
- Kantar
- Lopez Negrete Communications
- Medallia
- Narrative Media Group
- New Horizons Baking Company
- Omnicom Group
- Perrino & Associates
- Schreiber Foods
- TSMGI
- Tyson Foods
- Voxpopme
- Wieden+Kennedy

We will also continue to act in tangible ways beyond the Mutual Commitment.

- McDonald's and its U.S. Franchisees expect to increase purchases of goods and services from diverse-owned suppliers by nearly 10% by 2025 from a 2020 base



year. With this increase, approximately a quarter of U.S. spend – about \$3.5 billion – would be with diverse-owned suppliers.

- Additionally, McDonald's USA and its U.S. Franchisees expect to increase national investments in diverse-owned media companies from 4% to 10% by 2024.
 - McDonald's USA and its U.S. Franchisees expect to increase spend with Black-owned media and production properties from 2% to 5% by 2024, in addition to increased investments with other diverse segments, including Hispanic, Asian Pacific American, Women and LGBTQ-owned properties.

Change takes focused effort alongside a commitment to keep doing more. Part of our journey to becoming a world-class supplier diversity hub is empowering our suppliers to grow their businesses beyond the McDonald's System.

- Until 2018, McDonald's USA allowed suppliers to self-certify as diverse. We have started the process of notifying our suppliers that we will require third-party certification through nationally recognized certification organizations such as the National Minority Supplier Diversity Council, Disability: IN, and the Women's Business Enterprise National Council. The long-term benefits of third-party certification allow for increased confidence in our reporting numbers, integrate our suppliers into a national network of organizations and provide visibility of certification to other businesses looking to procure their services.
- Starting in 2021, U.S. Marketing will forge multi-year partnerships with diverse-owned media and production companies and diverse content creators and influencers; strengthen the marketing supply chain; enable deeper, more inclusive storytelling; and foster conduits for cultural connectivity.
- McDonald's USA is forming an advisory board of external marketing and advertising subject matter experts dedicated to identifying the biggest barriers to economic opportunity facing diverse-owned media and production companies and putting collective efforts behind new programs and initiatives to eliminate them. The Group's focus will be to drive change and impact across the industry.

Strengthening Diversity and Inclusion with Our Franchisees

The diversity of our Franchisees is a source of pride—and importance. Through our global DEI efforts, we continue to attract more diverse Franchisees while also developing the next generation of Franchisees.

In 2021, we announced a franchisee recruitment initiative to help increase the number of franchisees from historically underrepresented groups in McDonald's U.S. and all McDonald's International Operated Markets. Worldwide, the effort – tailored for each market – seeks to increase ownership opportunities for new talent from all backgrounds, both in terms of the number of individual restaurants owned as well as the number of qualified franchisees overall.

As of 2020, individuals from historically underrepresented groups, including those that identify as Asian, Black or Hispanic, accounted for 29% of all U.S. franchisees. Women



accounted for 29% of all U.S. franchisees. We will commit \$250 million in the U.S. over five years to provide alternatives to traditional financing, helping candidates who may face socio-economic barriers join the McDonald's System. We seek to reduce upfront equity requirements for eligible franchisee candidates, and will also leverage our network of banking partners to increase access to financing solutions that will reduce the barrier to entry for candidates.

Additionally, over 2,600 independent, local U.S. owners have access to five advocacy groups:

- The National Black McDonald's Operator Association
- The McDonald's Hispanic Operator Association
- The Women's Operator Network
- The Asian McDonald's Operator Association
- The McDonald's Owner Operator Pride Network

Our Inclusive Approach to Recruitment

We're blending technology and new recruiting techniques to achieve a more bias-aware and inclusive System:

- Using artificial intelligence (AI) tools to create gender-neutral, inclusive job descriptions.
- Harnessing technology platforms to broaden the number of candidates we screen.
- Strategically structuring interviews and interview guides to ensure equity and fairness throughout the selection, interview and offer process.
- Further embedding and encouraging diverse candidate slates and interviewer panels.
- Driving our University Talent Attraction strategy, with a focus on supporting job placement from historically black colleges and universities (HBCUs) and other minority serving institutions (MSIs) through job postings, messaging campaigns, career fairs and career development workshops.

Collaborating With Stakeholders

Change is a two-way street. It is made of the actions we take, and the expectations and expertise of people around the world who devote their lives to diversity, inclusion, gender equality and women's empowerment.

On International Women's Day 2019, we signed the [UN Women's Empowerment Principles](#), which will continue to act as a guiding force as we increase our global efforts to improve representation of women at all levels of the company.



We have also joined Catalyst's Gender and Diversity KPI Alliance (GDKA)⁷ and pledge to adopt Key Performance Indicators (KPIs) to measure and improve diversity in our organization.

Our organization is committed to evaluating the following indicators:

1. Percentage of representation on an organization's board
2. Percentage of representation by employee category
3. Pay equality: the ratio of compensation by employee category (e.g., equal pay for equal work)

Our aspirational goals announced in 2021 complement these commitments and are designed to fully realize our ambition of increasing representation of historically underrepresented groups by 2025 and reaching gender parity by 2030.

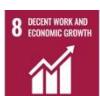
As we refine our strategy, we'll continue to seek feedback and guidance from these experts to ensure our approach has the greatest reach and impact. That's how we can make DE&I as evident and familiar as the Arches themselves.

Helping Support the Sustainable Development Goals

Our DEI strategy supports the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 5: Gender Equality and Inclusive Workplaces \(Specifically target 5.1\)](#)



[Goal 8: Decent Work and Economic Growth \(Specifically target 8.6\)](#)



[Goal 10: Reducing Inequalities \(Specifically targets 10.2\)](#)



[Goal 17: Partnerships for the Goals \(Specifically target 17.17\)](#)

Our Performance



Goal

By the end of 2025, McDonald's expects to increase representation of historically underrepresented groups¹ in leadership roles (Senior Director and above) located in the U.S. to 35%.²

Progress

As of the end of 2020, 29% of leadership roles (Senior Director and above) located in the U.S. are held by individuals in historically underrepresented groups.

Goal

By the end of 2025, McDonald's expects to increase representation of women in leadership roles globally (Senior Director and above) to 45%, with an overall goal to reach gender parity globally in leadership roles (Senior Director and above) by the end of 2030.³

Progress

As of the end of 2020, 37% of leadership roles (Senior Director and above) globally are held by women.

Additional Key Performance Indicators

Diversity Snapshot

Since 2020, we have made progress and continue to enhance our processes for collecting data and reporting. As the Company continues its journey of accountability and transparency, in 2021 we published our data on employee, Board and Franchisee representation and supplier diversity through a Diversity Snapshot. We know our actions are even more powerful when they are underpinned by clearly measuring and transparently reporting our progress, which is why we plan to publish this data



annually and continue to enhance our data collection processes.

McDonald's Diversity Snapshot

In July 2020, McDonald's re-imagined its global diversity, equity, and inclusion (DEI) commitment, in addition to identifying opportunities that exist across McDonald's business to create meaningful, measurable and actionable changes.

This includes prioritizing actions to refine our data collection processes across the organization to further support our DEI strategy. Since 2020, we have made progress and continue to enhance our processes for collecting data and reporting.

As the Company continues its journey of accountability and transparency, we're publishing our data on employee, Board and Franchisee representation and supplier diversity through this Diversity Snapshot.

We know our actions are even more powerful when they are underpinned by clearly measuring and transparently reporting our progress, which is why we plan to publish this data annually and continue to enhance our data collection processes.

Board diversity

A Directors

2018 Total: 22% Women: 14% Black: 10% Hispanic: 4% Other: 2%

2019 Total: 25% Women: 16% Black: 10% Hispanic: 4% Other: 3%

2020 Total: 26% Women: 17% Black: 10% Hispanic: 4% Other: 3%

2021 Total: 29% Women: 19% Black: 10% Hispanic: 4% Other: 2%

B Approved owner/operators (Franchisees)

2018 Total: 20% Women: 10% Black: 10% Hispanic: 10% Other: 10%

2019 Total: 20% Women: 10% Black: 10% Hispanic: 10% Other: 10%

2020 Total: 20% Women: 10% Black: 10% Hispanic: 10% Other: 10%

2021 Total: 20% Women: 10% Black: 10% Hispanic: 10% Other: 10%

C Approved owner/operators (Franchisees)

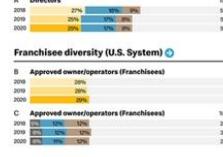
2018 Total: 12% Women: 10% Black: 10% Hispanic: 10% Other: 10%

2019 Total: 12% Women: 10% Black: 10% Hispanic: 10% Other: 10%

2020 Total: 12% Women: 10% Black: 10% Hispanic: 10% Other: 10%

2021 Total: 12% Women: 10% Black: 10% Hispanic: 10% Other: 10%

Franchisee diversity (U.S. System)



Read more about our diversity, equity and inclusion strategy as well as further details about McDonald's strategy, goals, progress and definitions at our [Purpose & Impact website](#).

All data is reported as of December 31 of the stated calendar year. Footnotes can be found on the next page.



Employee diversity

Representation of women

Corporate staff: Global

D Senior director and above

E All corporate staff

F Manager

G Shift manager and crew

H All restaurant staff

I Manager

J Shift manager and crew

K All restaurant staff

L Senior director and above

M All corporate staff

N Manager

P All restaurant staff

Q % Spend Through U.S. System with Diverse Suppliers

Representation of Historically Underrepresented Groups

Corporate staff: U.S.

L Senior director and above

M All corporate staff

N Manager

O Shift manager and crew

P All restaurant staff

Q % Spend Through U.S. System with Diverse Suppliers

Company-owned restaurants: U.S.

I Manager

J Shift manager and crew

K All restaurant staff

N Manager

O Shift manager and crew

P All restaurant staff

Q % Spend Through U.S. System with Diverse Suppliers

Company-owned restaurants: Global

F Manager

G Shift manager and crew

H All restaurant staff

I Manager

J Shift manager and crew

K All restaurant staff

Q % Spend Through U.S. System with Diverse Suppliers

Supplier diversity (U.S. System)

Q % Spend Through U.S. System with Diverse Suppliers

2020

385 certified and classified diverse suppliers throughout U.S. supply chain in 2020. Additionally, McDonald's USA and its Franchises expect to increase national investments in diverse-owned media companies, production houses and content creators from 4% to 10% by 2024.



Download the [Diversity Snapshot \(PDF - 342 KB\)](#).

Equal Pay

Our 2021 pay gap analysis showed women globally are paid on average 99.85% of what men are paid for comparable work, and we are on track to close that gap in 2022. For historically underrepresented groups in the US, we have substantially attained equal pay.

In the tables below, the term “None” indicates there is no statistically significant pay gap disfavoring Historically Underrepresented Groups or Women for the job category or the aggregated total of job categories by market.

U.S. Market Non-White (Historically Underrepresented) Groups⁸

	Total # of Employees included in analysis	% Pay Gap for Historically Underrepresented Group (2021)
U.S.	47,116	None
By Job Category:		
Staff	3,592	None
Restaurants	43,524	None

2021 Gender Pay Gap Analysis (U.S.)

	Total # of Employees	% Pay Gap for Women (2021)
U.S.	47,594	None
By Job Category:		
Staff	3,593	-0.84%
Restaurants	44,001	None



2021 Gender Pay Gap Analysis (Global)⁹

	Total # of Employees	% Pay Gap for Women (2021)
Global (10)	182,010	-0.15%
By Job Category:		
Staff	8,083	-1.72%
Restaurants	173,927	-0.07%

Our Actions

We are dedicated to improving on our commitment to being better allies, better sponsors and better leaders, through our continued action in this area. Globally, we are taking actions to accelerate cultures of inclusion and belonging, dismantle barriers to economic opportunity, and represent the diverse communities in which we operate.

Accelerating Cultures of Inclusion & Belonging

We aim to offer an experience where everyone is aware of their unique ability and can develop the meaningful relationships with colleagues that inspire and drive business growth.

Below are some examples of how we are continuing to support and grow the diversity of our teams globally:

- In 2020, for the fifth year running, we received a score of 100 on the Human Rights Campaign Foundation's Corporate Equality Index, demonstrating our commitment to LGBTQ equality and inclusion through our policies, practices and benefits. In addition, McDonald's Corporation signed on to the Human Right's Campaign Business Coalition for the Equality Act. The coalition brings together leading U.S. employers that support the Equality Act, federal legislation that would provide the same basic protections to LGBTQ people as are provided to other protected groups under federal law.
- In the U.S., 75% of corporate staff hires in 2020 were women and/or individuals in underrepresented groups (54% women, 44% individuals in underrepresented groups).
- We welcomed 140 people into full-time or internship positions via our University program in 2020–2021: 85% are women and/or individuals in underrepresented groups (54% women, 54% individuals in underrepresented groups).
- Language barriers stifle progress towards more inclusive communities. In markets around the world, Company-owned restaurants and participating Franchisee employees can access online training to help improve their language skills and build a sense of belonging at their restaurant.

Fostering and measuring more inclusive environments to create a stronger sense of belonging



In September 2020, our biannual staff pulse survey introduced an “Inclusion Index.” The index asked questions designed to measure the critical components of building an inclusive culture – including whether our employees feel that they can bring their “whole” selves to work and have equal opportunities.

The index measures behaviors and actions the company is taking to ensure that we have an inclusive environment for everyone that works for the Brand. The index measures attributes that are critical to being yourself at work, offering different opinions, and advancing through the company. Our plan is to measure inclusion every six months to not only monitor our progress but identify areas of opportunity. In fact, all officers (Vice Presidents and above) will receive reports every six months that provide results on the index and suggest key areas of action.

The Inclusion Index is made up of five questions that measure the extent to which respondents agree with the following statements:

1. McDonald’s has a safe environment where I can bring my whole self to work.
2. Differing views are openly accepted.
3. I have a role model at work.
4. Everyone has an equal opportunity to succeed.
5. I feel comfortable asking my manager for flexibility.

The questions above represent the Inclusion pillar of the core values, tying directly to our DEI strategy.

Supporting Diverse Employee Business Networks

Our employee business networks (EBNs) promote an inclusive work environment, fostering relationships, supporting career development opportunities and helping grow businesses. EBNs also provide a source of mentors, role models and sponsors, as well as giving members access to senior leadership, information on career strategies and opportunities for advancement.

Our EBNs bring our company values to life every day and share important and timely cultural insights when situations arise within and outside of McDonald’s. We were proud to leverage their perspectives in real time to create meaningful and overdue change by working together to stand in solidarity with partnering organizations that challenged anti-hate movements and advocated for social justice – all to create a unified company position in support of impacted business networks to promote and ensure inclusion and belonging throughout our System.

A Proud Commitment to America’s Black Future Leaders



In 2020, McDonald's USA launched a \$500,000 Black & Positively Golden Scholarship Fund to help students attending historically black colleges and universities (HBCUs).

Many of these colleges, which support a large percentage of low-income students, have been severely hit by the impact of COVID-19, especially the unexpected costs of shifting to an online education infrastructure. This new fund is designed to help students continue their education, despite the extra burdens brought about by the pandemic.

Additionally, in [June of 2020](#), McDonald's made a \$500,000 donation to the NAACP and a \$500,000 donation to the National Urban League.

Job Readiness Training and Education Benefits

To support career and personal advancement, we offer targeted education and development programs that enable people working in our restaurants to leverage opportunities that they may not otherwise have access to. This is a critical strategy to ensure that diverse talent, often from underserved communities, can reach their potential.

Our Youth Opportunity program offers young people the pre-employment training and support they need to enter the workplace and is a key part of our commitment to tackle youth unemployment. We have programs in Chicago and Washington D.C. and in 2020:

- 58% of those who enrolled in our program were women.
- 72% of all program graduates were in education or employment 60 days after completion.
- 54% of those who were in education or employment after completing the program were women.

Footnotes

1. Historically Underrepresented Groups is a term that refers to groups who have been denied access and/or suffered past institutional discrimination in the United States and, according to the Census and other federal measuring tools, includes Black Americans, Asian Americans, Hispanics or Chicanos/Latinos, and Native Americans. This is revealed by an imbalance in the representation of different groups in common pursuits such as education, jobs, and housing, resulting in marginalization for some groups and individuals and not for others, relative to the number of individuals who are members of the population involved.
2. The December 2020 baseline data shows underrepresented groups make up 29% of leadership (Senior Director and above) roles.
3. The December 2020 baseline data shows women make up 37% of leadership (Senior Director and above) roles.



4. 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.
5. 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 non-controllables (Taxes, Utilities, Rent, Aircraft Fuel, Airport Fees, Facility Leases, Donations, Bank Fees and Subscriptions).
6. FY2020 diversity spend 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.
7. GDKA - <https://www.gdka.org> - is a group of corporations, diversity, equity, and inclusion (DEI) advocates, academics, and trade organizations that have come together to promote and advance the adoption of these KPIs. The GDKA steering committee includes Catalyst and Working Mother Media (co-chairs), along with [Ascend](#), [The B Team](#), [ELC](#), [Equilar](#), [Frost Included](#), [Gender Fair](#), [HACR](#), [LEAP](#), and [the WBC](#).
8. The analysis is conducted on U.S. employees who disclosed race/ethnicity information.
9. Markets included in the analysis: US, Canada, Russia, Germany, Australia, UK, Ireland, Slovakia, Austria, Portugal, France, Belgium, Czech Republic, Italy, Netherlands, New Zealand, Poland, Spain, Switzerland and Ukraine; and our Corporate Offices in Dubai, Hong Kong and Singapore.



Skills & Education



Progress Highlights

Approximately 1,000,000 young people have participated in training programs and/or have been hired in McDonald's or participating Franchisee restaurants since July 2018¹

In the U.S., McDonald's Archways to Opportunity has increased access to education for more than 65,000 people since 2015

Why It Matters

At McDonald's, we believe that we all get better together – that education and training can unlock a world of potential for people and communities.

That's why, together with our Franchisees, McDonald's has a long-standing commitment to provide training, education and career pathways to empower the people and the communities we serve. McDonald's and participating Franchisees are dedicated to providing learning and development opportunities for people at all stages of their journey, whether they choose to build a career with McDonald's, or beyond. This way, we're supporting everyone as they enhance their skills and fulfill their potential.

Our Strategy

Supporting Employees to Learn and Grow



At McDonald's, people are the face of our brand and critical to our success. Our ambition is to leverage our scale to provide training and education programs to help build a positive future for everyone, no matter where they are in their lives.

For those who choose to build a career with McDonald's, our training, education and leadership development programs can take them to the highest levels of our organization. Regardless of where someone starts at McDonald's, everyone has an opportunity to grow and progress through a variety of pathways. From apprenticeship opportunities, to language and technical skill training, to support for continuing education and competitive benefits, we are committed to helping staff and Company-owned restaurant employees continue their path forward, and we encourage Franchisees to do the same.

McDonald's USA is raising hourly wages for more than 36,500 hardworking employees at Company-owned restaurants by an average of 10% starting in mid-2021. These raises reflect McDonald's commitment to evaluating competitive wage data and the evolving legislation and regulatory environment to determine the appropriate wage ranges in Company-owned restaurants on a local level. Based on this trajectory of the current marketplace, McDonald's USA expects the average hourly wage for its Company-owned restaurants to increase to \$15 an hour in a phased. Some restaurants have, or will, reach an average hourly wage of \$15 an hour in 2021, and average hourly wages are expected to reach \$15 an hour by 2024. The business will assess periodic adjustments to wages and benefits on an ongoing basis to remain competitive and support the needs of employees.

This also includes offering a job experience where everyone is aware of their unique ability and is able to develop the meaningful relationships with colleagues that inspire and drive business growth. We do this through our beyond bias education and training programs that support staff and Company-owned restaurant employees with the right information and tools to make objective, simplified, collaborative choices, and analyze the nature and source of our unconscious judgments. By the end of 2020, over 10,000 people had participated in the training globally.

Fostering Incredible Careers - Employee Spotlight

Isabelle Kuster began her career at McDonald's in France in 1985 as a restaurant trainee manager. She worked her way up through the restaurant into our staff roles, where she has held various leadership roles in multiple countries, including France, Belgium and Austria. Today, Isabelle is a Vice President of the European Business Unit, where she oversees McDonald's in 23 countries.

"My time in the restaurant taught me many of the fundamental skills I believe are key to success in today's workplace. The problem solving, innovative thinking, communication and leadership skills I built in the restaurant have supported me throughout my career.

Isabelle Kuster



Supporting Our Local Communities

Around the world, almost one in four young people is not in employment, education, or training ([Decent Jobs for Youth](#)), which can dramatically impact skills development, earning capacity, long-term employability and well-being. This, in turn, can have negative long-term impacts on communities. We want this to change. We believe that education and training are essential to lifelong success, which is why we extend our focus to the communities in which we operate. McDonald's and participating Franchisees are partnering with local organizations to provide critical life skills and early job opportunities.

Helping Support the Sustainable Development Goals

By leveraging the immense scale of the McDonald's System to provide learning and development opportunities to employees and young people in our communities around the world, we are working to make a lasting global impact.

Our investments in skills and education help to support the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 4: Quality Education \(Specifically target 4.4\)](#)



[Goal 8: Decent Work and Economic Growth \(Specifically target 8.6\)](#)



[Goal 17: Partnerships for the Goals \(Specifically target 17.17\)](#)

Our Performance

Goal

By 2025, reduce barriers to employment for 2 million young people.

Progress



Since July 2018, approximately 1,000,000 young people participated in training programs and/or have been hired in McDonald's or participating Franchisee restaurants.¹

Our Actions

Fostering Career Growth Through Apprenticeships

Apprenticeships are an important way for young people to access development opportunities. The apprenticeships McDonald's and participating Franchisees offer in some communities combine workplace training and study, enabling people to gain practical work experience and new skills that will last a lifetime – all while earning money at the same time.

We recognize the importance of meeting people where they are, which is why in many communities the Company and participating Franchisees offer apprenticeship programs at various levels, so that people of all ages and at all stages of their educational and professional journey can build a career, regardless of previous experience or qualifications.

In Europe, McDonald's and participating Franchisees have pledged to offer 45,000 apprenticeships by 2025. Through this pledge, McDonald's joined the [European Alliance for Apprenticeships](#) to help promote and improve access to vocational training for young people. These apprenticeships are offered in Austria, Denmark, France, Germany, Italy, the Netherlands, Switzerland and the U.K. In the first year of the commitment in 2018, McDonald's offered more than 13,000 apprenticeships across the participating markets.

Providing Comprehensive Educational Support

McDonald's and participating Franchisees offer education opportunities to restaurant employees in 25 countries and counting.

Because we believe opportunity starts with education, in 2018 we invested in [Archways to Opportunity](#), a comprehensive education program that offers eligible employees the opportunity to graduate from college, earn a high school diploma, learn English as a second language, complete an apprenticeship and gain access to advising services.

By the Numbers: Impact of Archways to Opportunity

Find out how Archways to Opportunity has made an impact in the lives of individuals around the world.

U.S.: (Since Program Inception, 2015 through June 2021)



- McDonald's Archways to Opportunity has increased access to education for more than 65,000 people.
- 50,000 restaurant employees awarded college tuition assistance.
- Over 1,400 graduates in the Career Online High School program.
- Over 7,900 graduates from English Under the Arches since 2007.
- Over \$145 million awarded in high school and college tuition assistance.

U.K.:

- Across the U.K., McDonald's industry-leading apprenticeship program marks its 12th year creating a range of opportunities from an entry-level Crew to degree level qualifications, with over 19,000 qualified apprentices to date.
- Since re-launching its degree programme in 2018, McDonald's first two cohorts of 22 managers graduated from university in 2020 and 2021. McDonald's currently has over 150 managers on their way to completing a degree apprenticeship across England and Scotland.
- In recent years, McDonald's U.K. apprenticeship programs and its' apprentices have been recognized by a number of external awarding bodies, including:
 - Top 100 Apprenticeship Employers - Rate My Apprenticeship Table 2020-21
 - Rate My Apprenticeship Awards 2021 – Outstanding Intermediate Apprentice
 - BAME Apprenticeship Awards 2021 – Hospitality Apprentice Finalist
 - National Apprenticeship Awards 2020 – Regional Degree Apprentice Finalist
 - School Leaver Awards 2019/2020 including nominations in:
 - Best Level of Responsibility
 - Top Employer – Hospitality & Tourism
 - Top Employer – Large School Leaver Intake
 - Best School Leaver Program

Australia:

- McDonald's Australia has been a registered training organization (RTO) since 1997, providing nationally recognized training to its employees in the areas of retail, business, barista skills and food safety.
- As of April 30, 2021, more than 48,000 qualifications have been issued.
- McDonald's has been recognized consistently both nationally and in each state in the National Training Awards.

Training Future Leaders at Hamburger University



Since it first opened its doors in 1961, McDonald's Hamburger University has grown to nine campuses around the world and prepared thousands of students for leadership positions in the restaurant industry. It provides training for Company-owned restaurant employees, as well as Franchisees and eligible employees from their organizations.

Contrary to its name, the university is about a whole lot more than cooking burgers. Over the past few years, thousands of people have learned management and leadership skills that enable them to become the best that they can be – for themselves, their restaurant and the customers they serve. In many areas, students are even eligible to receive college credits for their courses.

Developing the Skills for Success Through Youth Opportunity

In 2018, we set a global goal to reduce barriers to employment for 2 million young people by 2025 through our Youth Opportunity program.

To achieve this ambition, we are focused on a few key areas where we believe we can have the greatest impact:

Training and Developing Young People

In the U.S., we have partnered with local community organizations and [IYF](#), which has three decades of experience in youth development around the world, to offer a pre-employment work-readiness and soft skills training program. The program is designed to help young people develop the life skills and competencies employers look for in entry-level employees. In addition to being considered for job opportunities at Company-owned and participating franchised restaurants, graduates from the training have the chance to pursue opportunities with potential employers across a variety of industries.

Internationally, McDonald's, or its Franchisees in participating markets, has partnered with local organizations and programs to provide pre-employment training to young people, as part of the Youth Opportunity initiative.

Supporting Community-Based Organizations

To ensure our youth training and development efforts make a meaningful impact, we team up with local organizations embedded in their communities. We know that these partnerships are critical to reaching young people where they are.

When we launched the Youth Opportunity program in Chicago, IL, in 2018, McDonald's distributed \$1 million in grants to four local organizations with deep regional roots and decades of experience serving young people and their communities. These organizations paired relevant skills training programs with a specialized version of



IYF's curriculum, developed in partnership with McDonald's, to offer a pre-employment work-readiness and soft skills training program.

The partnership proved incredibly successful, and over 4,200 young people received life skills training through the Chicago pilot, exceeding the initial goal of reaching 4,000 youth in the program's first year. Of those participants surveyed after completing the program, 87% reported an increase in life skills and 71% were engaged in education or employment.² Following the success of the pilot program, McDonald's expanded it to Washington, D.C. in July 2019, once again in partnership with local organizations in the area.

As of the end of the 2019-2020 grant year, over 9,000 young people had received training through the program across Chicago and Washington, D.C. Of those that completed the program, 71% were either employed or in education, with 82% of completers reporting an increase in life skills.³

McDonald's U.K. also has a range of programs in place to develop youth employment skills. As we work toward our goal of helping 1 million people into training, jobs or new opportunities, the U.K. is providing "Get Job Ready" resources alongside a restaurant-based and online work experience programme. Each year, McDonald's U.K. invest £43 million in training to help young people access apprenticeships, as well as dedicated careers advice in partnership with Youth Employment U.K.

McDonald's U.K. will provide a Youth Worker in all restaurants to give young people confidence, build their employment skills and actively engage with schools in our local communities to open up a range of opportunities for students.

Partnering to Accelerate Efforts

We know we cannot solve youth unemployment alone, which is why, in 2018, McDonald's joined the [Global Initiative on Decent Jobs for Youth](#), a United Nations-led multi-stakeholder initiative, to help accelerate efforts to tackle the youth employment challenge.

"With 64 million young people unemployed worldwide, the youth employment challenge is vast and affects all countries. This new initiative by McDonald's has the potential to support many young women and men, especially in disadvantaged areas, with relevant skills for employability and targeted strategies to boost their transition into quality jobs – jobs that protect their rights and support their development."

Sukti Dasgupta, Chief, Employment and Labour Market Policies Branch, International Labour Organization

McDonald's also partners with local governments and regional initiatives to multiply our impact. Through its Youth Opportunity program, our Latin American Franchisee



Arcos Dorados has established strategic alliances with leading nongovernmental organizations (NGOs) focused on education and skills development. These programs reach an average of 250,000 young adults between 16 and 24 every year.

Engaging With Young People

In 2019, McDonald's and IYF launched the [Youth Opportunity Youth Ambassador Program](#). The Youth Ambassadors give their perspective on issues that are barriers to success for Youth Opportunity program participants, as well as feedback on the program's ability to support them. We also supported IYF's development of a digital, game-based life skills curriculum in English and Spanish to complement the Youth Opportunity in-person life skills training. McDonald's and IYF extended this digital curriculum to external organizations in the U.S. with partners such as historically black colleges and universities (HBCUs) and, in partnership with Arcos Dorados, across Latin America, such as with partners such as the Mexico Ministry of Education and Historically Black Colleges and Universities (HBCUs). To date, 14,000 young people have accessed the curriculum with the goal of reaching up to 100,000 young people in diverse communities during the COVID-19 pandemic.

Footnotes

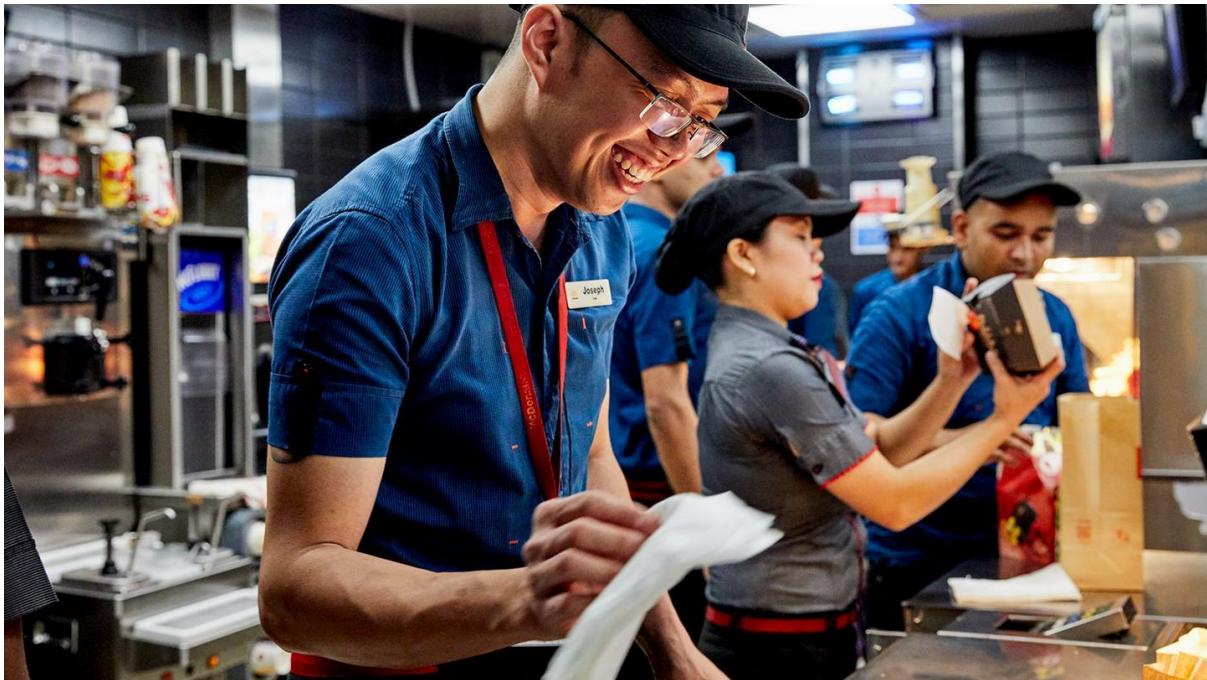
¹This figure is based on actual and, in some cases, extrapolated data for the following participating markets: Argentina, Australia, Brazil, Canada, China, Colombia, Hong Kong, Italy, Japan, Jordan, Korea, Mexico, Portugal, Spain, Switzerland, U.K. & and U.S.. McDonald's bases its figures on aggregated data from company-owned restaurants and franchisees who choose to provide it but extrapolates in locations where it does not have data.

² Percentages were collected from IYF and include results from Chicago participants who elected to share with the local organizations that collect education/employment data. Therefore, not all data sets add up to the total enrollment number.

³ Percentages were collected from IYF and include results from Chicago and Washington, D.C. participants who elected to share with the local organizations that collect education/employment data. Therefore, not all data sets add up to the total enrollment number.

Franchisees are independent employers and each franchisee restaurant is unique. Franchisees are alone responsible for all employment matters in their restaurant(s), including alone making all decisions regarding the requirements for jobs and setting all terms and conditions of employment, including hiring, firing, discipline, supervision, staffing and scheduling. McDonald's Corporation and its subsidiaries have no control over employment matters at restaurants owned and operated by franchisees.

Human Rights & Respectful Workplaces



Why It Matters

McDonald's and our Franchisees are committed to fostering environments where everyone is equally empowered to realize their full potential. Upholding human rights and cultivating respectful workplaces protects the integrity of our brand and fuels our success. It's the right way to do business.

"The basis of our entire business is that we are ethical, truthful and dependable.

These words are as relevant today as they were when spoken by McDonald's founder, Ray Kroc, in 1958.

We're passionate about people and are committed to prioritizing safety, nurturing talent and developing leaders in our offices, owned restaurants and communities around the world, while supporting our Franchisees to do the same.

In addition, McDonald's has a complex global supply chain with thousands of direct suppliers employing more than a million people in over 100 countries. A supply chain of this scale gives us an important responsibility to only do business with suppliers that respect the fundamental rights of their employees and partners.

Our Strategy

McDonald's has always been a people business. At the end of 2020, we employed approximately 200,000 people worldwide, including our Company staff and crew at



our Company-owned and operated restaurants. In addition, more than 2 million people worked at franchised McDonald's restaurants globally. With our global reach, fostering safe, inclusive and respectful workplaces wherever we do business is integral to McDonald's, and has been for more than 60 years.

Our commitment to respect our people and their rights is defined in several documents:

- [Global Statement of Principles Against Discrimination, Harassment and Retaliation \(PDF – 272 KB\)](#)
- [Global Statement of Principles on Workplace Violence Prevention \(PDF – 144 KB\)](#)
- [Human Rights Policy \(PDF – 91 KB\)](#)
- [Standards of Business Conduct](#)

These standards, principles and policies work together to reinforce a culture of integrity and respect and are foundational to how we serve our communities, our people and our customers around the globe. They apply to McDonald's Corporation and our wholly owned subsidiaries worldwide.

Our Human Rights Policy (the "Policy") is informed by the Universal Declaration of Human Rights and guided by internationally recognized standards, including the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the principles set out in the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Where the Company may impact the human rights of diverse and particularly vulnerable groups, such as migrant laborers, indigenous peoples, women or children, we are also guided by other international standards that elaborate on their rights. The Human Rights Policy is signed by our Chief Executive Officer.

The Global Principles Against Discrimination, Harassment and Retaliation outline McDonald's expectations around these critical topics and set expectations for addressing and preventing discrimination, harassment and retaliation for Company-owned restaurant employees and staff globally. To drive a best-in-class framework, a cross-functional internal working group developed our approach in partnership with external experts in corporate sustainability and women's empowerment, and drew guidance from international standards, including the ILO Violence and Harassment Convention.

In 2021, McDonald's announced Global Brand Standards aimed at advancing a culture of safety for everyone working under the Arches and McDonald's customers worldwide. All 39,000 McDonald's restaurants across the globe, both Company-owned and franchised locations, will be required to adhere to these standards. McDonald's is committed to supporting implementation of the Global Brand Standards with Franchisees through a suite of policies, tools, trainings and reporting mechanisms.



Our commitment to respect human rights is also set out in our [Standards of Business Conduct](#) (“Standards”), which apply to Company employees, and in our [Supplier Code of Conduct \(PDF – 1.4 KB\)](#) (“Code”), which applies to McDonald’s suppliers globally. Company staff are trained regularly on the Standards and are required to annually certify their understanding of and commitment to upholding them.

“People come to work at a McDonald’s because they want to be a part of a community and grow as individuals. Our job as employers is to make that possible while fostering an environment where those ambitions are never compromised by concerns of safety. As Franchisees, we’re developing comprehensive programs centered on building healthy relationships, trusting environments and resolving conflict to support our people in all facets of their lives – at work, at home and out in their communities.

Dorothy Stingley, President of McDonald’s Women Operators Network, franchise owner and 36-year veteran of the McDonald’s business

Putting Our Commitments Into Practice

In 2018, we created a global cross-functional Human Rights Working Group, which oversees implementation of the Policy and improves our procedures and practices. McDonald’s Chief Global Impact Officer, in partnership with the Chief People Officer, is ultimately responsible for our corporate human rights efforts. The Public Policy & Strategy Committee of the Board of Directors also has oversight of human capital management matters affecting the Company.

To help employees understand their rights and their duty to respect the rights of others, the Company offers training to all employees on the Policy. Both our Policy and training are available in 15 languages.

In addition to online training, in 2019 senior leadership received in-person training in partnership with an external human rights consultancy.

Global Brand Standards

We recognize that developing respectful workplaces, where everyone’s rights are recognized, is an ongoing process of continuous improvement. We know we have more work to do. We are committed to regularly assessing our approach, and engaging with relevant stakeholders to improve our monitoring, analysis and remediation of human rights impacts in order to be more transparent and effective in supporting people.

The Global Brand Standards extend requirements to all Company-owned and franchised restaurants. The standards are required, and all restaurants will be assessed and held accountable in accordance with the applicable McDonald’s market’s business evaluation processes starting in 2022. The Global Brand Standards prioritize actions in four areas:



- Harassment, discrimination and retaliation prevention: Procedures in place for reporting claims of harassment, as well as policy and training established to prevent harassment and discrimination.
- Workplace violence prevention: Procedures in place for incident reporting, as well as policy and training established to mitigate the risk of violence in the workplace.
- Restaurant employee feedback: At least one crew and manager survey completed each year in each restaurant, with an accompanying action plan.
- Health and safety: Annual Health and Safety audits with action plans to reinforce a culture of safety.

These standards were informed by input from perspectives across the system, a cross-functional global team and reviews of global market practices.

Ensuring Fair Reporting Processes

We take seriously our responsibility to act with due diligence to avoid infringing on the rights of others and to address any human rights impacts should they occur. This includes encouraging honest communication with managers and human resource representatives, when appropriate, as well as providing anonymous channels for employees to report ethics or human rights concerns. Company employees can raise concerns via an anonymous global channel, the Business Integrity Line – staffed by a live operator from an independent company – 24 hours a day, 365 days a year. This is complemented by additional reporting channels in many markets.

We take seriously all concerns that are raised. We will not impede state-based grievance processes via our employee system and we do not require employees to waive their right to use such external mechanisms to participate in our hotline. We do not tolerate retaliation of any kind against anyone who reports an issue and do not tolerate unlawful threats, intimidation, or physical or legal attacks against human rights defenders. We provide access to remediation and encourage our business partners to do the same, and recognize that this commitment should not obstruct access to other remedies.

Each of our internationally owned markets has HR staff that are responsible for handling concerns in an appropriate and timely manner. This process may include investigating complaints, interviewing witnesses, reviewing documentation and determining next steps.

For example, in the U.S. market, there are several reporting mechanisms available. Company-owned restaurant employees may report concerns or complaints to their restaurant's General Manager or Ops consultant, HR Consulting or HR Manager, or the Business Integrity Line. We also provide Company-owned restaurant employees with third-party Employee Assistance Programs (EAPs) such as the McResource Line and the Employee Resource Connection. These EAPs offer services such as counseling, referrals and other support, and are free and confidential.



Additionally, in the U.S. market, the Company offers Franchisees a third-party managed hotline. This hotline supplements what Franchisees already offer their employees and provides callers with another anonymous way to file a concern with their employer. We encourage Franchisees to implement a shared values commitment to workplace safety that includes a mutual understanding and acknowledgment of their responsibility in ensuring a safe, respectful and inclusive environment for their employees.

Preventing Forced Labor

McDonald's is committed to ethical recruitment in our employment practices. We prohibit direct or indirect fees or costs being charged to those seeking employment with or who are employed by the Company for the services directly related to recruitment for temporary or permanent job placement, unless legally permissible and within the legal limit. This includes where we may use private recruitment services, a labor broker or employment agent, or where we perform recruitment activities directly.

Even where such fees or costs are legally permissible and within the legal limit, our policies and practices are designed to ensure that no one is indebted to the Company or to a recruiter, labor broker or employment agent in a manner that prohibits the individual from freely leaving his or her employment. Likewise, we do not retain employees' original government-issued identification, passport or work permit as a condition of employment.¹

The Company provides any agreements, whether oral or in writing, in a language understood by the person agreeing to be bound, and expects that any recruiter, labor broker or employment agent will do the same and will be responsible for ensuring that the agreement is understood by the person agreeing to be bound.

We do not engage in human trafficking or exploitation, or import goods tainted by slavery or human trafficking. The Company is committed to the elimination of any forced labor in our business and our supply chain. The [McDonald's Supplier Code of Conduct \("Code"\)](#) applies to our suppliers and is aligned with these goals and standards.

We are also committed to preventing forced labor and support the goals of the U.K. and Australian Modern Slavery Acts. McDonald's U.K. published its first U.K. Modern Slavery Act statement in 2017. The Company does not use any form of slave, forced, bonded, indentured or involuntary prison labor.

Maintaining Respectful and Inclusive Contractual Practices

The Company is committed to diversity, equal opportunity and an [inclusive workplace culture](#). This commitment is fundamental to the way we do business and we embed it in our policies and practices. We further recognize that maintaining our commitment



will require ongoing reflection on and evolution of these policies and practices. In this regard, we are also providing greater transparency regarding our approach to certain contractual arrangements we may enter into with Company employees based in the United States. Specifically, arbitration, noncompetition and nondisclosure covenants have come under public scrutiny where their overbroad application may result in inequities. With this in mind, we limit our use of such agreements as follows:

- We do not and will not, as a condition of employment, require mandatory arbitration of harassment and discrimination claims.
- While leadership within the officer level, representing less than 10% of the employee population in 2019, sign noncompetition covenants, we do not require as a condition of employment any employee below the officer level to sign post-termination, noncompetition covenants, except in very limited situations as authorized by the General Counsel for an employee who has unique skills, knowledge or access to intellectual property, trade secrets or highly confidential customer information that would provide a competitor with an advantage (e.g., complex knowledge regarding menu innovation or critical technology applications or systems).
- In the event that McDonald's seeks a nondisclosure covenant in connection with the settlement of a harassment or discrimination claim brought by an employee or former employee against an officer of McDonald's Corporation, we will provide notice of such arrangement to the Board of Directors to ensure the Board has appropriate oversight.

Helping Support the Sustainable Development Goals

Through our efforts to create respectful workplaces, we aim to help support the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 5: Gender Equality and Inclusive Workplaces \(Specifically target 5.1\)](#)



[Goal 8: Decent Work and Economic Growth \(Specifically targets 8.7 and 8.8\)](#)



Our Actions

Identifying, Preventing and Addressing Discrimination, Harassment and Retaliation in the U.S.

We have taken several steps over the past few years to strengthen our approach in the U.S. market. This includes our work with RAINN (the largest anti-sexual violence organization in the U.S.) to update our [U.S. Policy against Discrimination, Harassment and Retaliation](#). This policy sets out expectations on workplace conduct, manager responsibilities, employee resources and our investigation process. The policy applies to all company-owned restaurant and staff employees. We have shared the policy with our Franchisees and encourage them to use it, along with other resources, to continue to support safe and respectful work environments in their restaurants.

To enhance our restaurant training, we launched an initiative in partnership with the U.S. National Franchisee Leadership Alliance (NFLA) in 2019. The program's aim is to educate and empower people working at McDonald's brand restaurants across the country with important resources and training that support building healthy relationships and trusting work environments. The program is a combination of interactive and computer-based trainings on various topics, including harassment, discrimination and retaliation, and workplace violence mitigation. The training is required for Company-owned restaurant employees and has been made available to U.S. Franchisees for use in their organizations.

These training modules include:

- Mitigating Workplace Violence
- Safe and Respectful Workplace
- Anti-Bullying
- Bystander

We have also taken steps over the past few years to provide robust training to U.S. staff employees. For example, in 2020, we provided respectful workplace training aimed at the prevention and mitigation of harassment, discrimination and retaliation in our U.S. corporate offices, as well as a separate training called "Speak Up," which is aimed at encouraging employees to raise and report issues and guiding them on how to do so.

By taking actions to strengthen our Policy against Discrimination, Harassment and Retaliation, training offerings and reporting mechanisms, we work to create and sustain a culture of trust where employees feel safe, valued and respected.

Footnotes



¹We may hold copies and/or temporarily hold onto such documents for no longer than 24 hours and to the extent reasonably necessary to complete legitimate administrative and immigration processing and/or comply with local law.

People Safety



Why It Matters

At McDonald's, safety is paramount. We are committed to keeping everyone safe – whether it's the employees in our corporate offices, the team members in our restaurants or the customers who are visiting to eat.

Nearly 2 million people work within a company-owned or franchised McDonald's restaurant globally across approximately 39,000 locations worldwide. We have a responsibility to protect the safety, health and wellness of everyone who enters one of our restaurants. We're committed to customer and crew safety, promoting robust health and safety measures in our restaurants and helping employees make more informed decisions to support their own well-being.

Our Strategy

As the global community is faced with new and evolving safety risks, we know that we must continue to adapt and enhance our approach to ensure the safety and well-being of our customers and people.

Living by our core value of putting our customers and people first means that we must continue to provide a safe and clean environment in McDonald's restaurants around the world. Our international markets and Franchisee partners implement safety programs, set goals and provide access to well-being resources and training to support healthy working conditions. In 2021, McDonald's announced Global Brand



Standards to further advance a culture of safety for everyone working under the Arches and McDonald's customers worldwide.

Cleanliness has been one of the hallmarks of the McDonald's business for over 65 years. Our elevated practices during the COVID-19 pandemic were informed by guidance from health ministries in most of the countries where we operate, as well as by recommendations from the World Health Organization (WHO). We continue to leverage our long-standing relationships with experts in health and science in an ongoing effort to elevate the hygiene and safety standards and procedures for our restaurants.

Informed by health authorities around the world, we implement practices to foster an environment where crew feel safe and supported, and customers have a variety of choices for contactless order and payments. This is our Safety+ commitment. Our measures included:

- Taking wellness and temperature checks for crew.
- Providing equipment designed to reduce spread, like gloves, face coverings and protective barriers.
- Adjusting our restaurant operations to better allow for appropriate social distancing between crew and customers.
- Expanding our contactless ordering and payment methods, and sealing bags for delivery.
- Promoting a timed handwashing system to ensure employees wash their hands with approved soap for at least 20 seconds and on every hour at a minimum.
- Increasing the frequency of cleanliness and sanitization/disinfecting of high-touch surfaces such as counters, door handles and kiosks.
- Providing hand sanitizer in dining rooms in most of our markets.

McDonald's also puts a strong emphasis on well-being and access to benefits and resources for company-owned staff and crew, something we have expanded during the COVID-19 crisis. We created a cross-functional team to get relevant information out as quickly as possible.

The team implemented several new resources, including:

- BeWell@McD – an internal webpage dedicated to the well-being of our U.S. staff and employees at Company-owned restaurants and organized into five pillars: Physical, Emotional, Financial, Social and Workplace.
- A toolkit to equip markets around the world with resources to create well-being material relevant in their jurisdiction and a well-being cross-functional team.
- A weekly *BetterTogether* newsletter, sent to around 4,000 staff, which features relevant benefits, and highlights new offerings and resources.



- Regular additions and enhancements to McDonald's benefits, offerings and resources for staff and company-owned restaurant employees.
- An interactive PDF resource featuring well-being offerings for company-owned restaurant crew and managers. Content is updated monthly.

These efforts build upon the work McDonald's has been committed to for decades. In addition to our global efforts, several of our markets have led the way in developing a robust approach to helping keep people safe.

Helping Support the Sustainable Development Goals

Through our efforts to create safe workplaces, we aim to support the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



[Goal 8: Decent Work and Economic Growth \(Specifically target 8.8\)](#)

Our Actions

Adjusting Operations and Processes to Help Protect Customers and Teams

At the height of the COVID-19 pandemic, 99% of McDonald's U.S. restaurants remained open, providing Drive-Thru, McDelivery® and carryout. Safety measures were kept under review and quickly bolstered as required, including increased training for crew.

We introduced over 50 process changes in all 14,000 U.S. restaurants, from increased frequency of cleaning and sanitization to at least hourly handwashing routines for all employees.

As restrictions began to ease, the U.S. market continued to move carefully, using guidance provided from local authorities. A 59-page “playbook” was produced, outlining the minimum standards and elevated processes all U.S. restaurants must implement, in addition to state and local laws, before reopening a dining room.

McDonald's restaurants around the world have also adopted significant measures and procedures in accordance with local health and safety guidelines, ranging from contactless operations to providing equipment like gloves, face coverings and protective barriers. There have been inspiring examples of best practice, including fun, informative videos about social distancing in the Netherlands, and plans for restaurant reopening celebrations in Portugal.



Responding to COVID-19 in Our Communities

As part of our ongoing efforts to support communities and local neighborhoods during the COVID-19 pandemic, McDonald's recently [announced a partnership with the Biden Administration](#) to make access to information on vaccines even easier for the millions of customers who enjoy McDonald's each day in the U.S.

As part of this partnership, McDonald's hot McCafé® cups and McDelivery® seal stickers will lead customers to [vaccines.gov](#), where they can learn more about how they can protect themselves and the people they love from COVID-19, as well as where to find vaccine appointments near them. The new packaging and ads feature art from the national [We Can Do This](#) campaign, setting the campaign's slogan against a map of the United States.

This partnership builds on McDonald's continued efforts to provide for the safety of customers and restaurant crew throughout this pandemic. McDonald's remains committed to being as safe as possible for crew and customers and has enhanced more than 50 safety processes at restaurants over the last year.

Additionally, our Franchisees have stepped up to offer use of McDonald's restaurants as vaccination centers. As an example, Owner/Operators in [Flint, Michigan](#) and [Nashville, North Carolina](#) worked with their communities to use their McDonald's locations as vaccination sites for – offering free COVID-19 vaccines and, in some cases, free McDonald's meals with their shots.

In the U.S., we remain committed to leading by example as an organization, which is why we've donated one million N95 masks to Chicago and the state of Illinois and donated \$1 million to the [Illinois COVID-19 Response Fund](#) to ensure nonprofits in our home state have the supplies they need during this time. McDonald's has always been a home base for our communities, and we're proud to provide calm and comfort to them throughout this crisis.

Engaging Expert Advisors in Ongoing Cleanliness and Safety Practices

McDonald's has been proactive in ensuring our standards for cleanliness are as robust as possible during the pandemic. In July 2020, McDonald's engaged Mayo Clinic, a global leader in serious and complex healthcare, to provide counsel and expertise in infection prevention and control. Learn more about [how McDonald's works with Mayo Clinic](#).

Market Focus: Promoting Health and Safety in Canada

In Canada, McDonald's has aligned the provincial and territories health and safety regulations with national health and safety policies/procedures. As a result, the



business developed a cross-functional team to execute an annual business plan to improve health and safety management, supporting incident reduction and continuous improvement. Quarterly reporting is provided to senior management to inform on progress against key performance indicators. The market wants everyone to be involved in taking ownership for their safety. That is why crew, managers, maintenance people and department leaders are trained on personal safety, with annual health and safety audits to ensure compliance.

The Canadian market is constantly on the lookout for ways to improve its health and safety measures. Market-level Health & Safety Notice Boards are available to restaurant staff. Through these portals, staff can access information on how to raise issues related to health and safety, including how to submit a Personal Action Letter for any concerns.

Market Focus: Leadership as Champions of People Safety in Australia

Our commitment to people safety starts at the top in our Australian market. The Senior Leadership Team (SLT) plays a key role, proactively promoting a positive safety culture among employees and customers and engaging with operators and contractors to instate similar standards in their own operations.

Safety is on the agenda at every SLT meeting and included in formal presentations to McDonald's management, staff and Franchisees. The Strategic Plan is reviewed and updated annually, with targets set against numerous safety metrics. Donesafe, the digital workplace safety reporting database, has greatly improved the market's visibility of hazard and incident reporting, and audit and inspection results. Donesafe allows the market to identify safety and security trends and proactively act to reduce injury potential and maintain compliance.

Additionally, a general personal safety module is included in every new employee's orientation program. Managers also receive numerous training sessions on safety and our Safety Squad (crew members) participate in Development Programs as safety champions. We also deploy programs for franchise businesses to upskill them in general safety awareness and McDonald's safety systems, as practices continue to evolve. In 2021, McDonald's management, staff and Franchisees collectively tackled the challenges of managing aggressive customers, including developing a suite of materials and strategies to ensure that everyone feels supported and is aligned on safety.

Performance & Reporting



Progress on Our Goals, Initiatives and Commitments

Below is a summary highlighting our progress on the goals, initiatives and commitments across our identified Impact Areas. The below progress statements are in summary form. For more information on these statements, including definitions, exclusions and scope, please follow the accompanying links to each Impact Area page.

2020 Responsible Sourcing Performance

We have established the below achievement categories and key to market our progress on our 2020 Responsible Sourcing Goals. We are proud of the progress we have made against our range of ambitious goals. We have achieved or substantially achieved all of these goals and will continue to advance our responsible sourcing of these commodities and more in the future. At our scale and due to extraordinary events of 2020, some data was not collected. We treated missing data as non-compliant to be conservative, but most data available was compliant with goals.

Learn about our progress in our 2020 Responsible sourcing goals video:



How
Can the World's Entire
Food System Become
More Sustainable?

Responsible Sourcing Goal Progress Key

	Achieved	100%
	Substantially Achieved	95-99.9%
	Not Yet Achieved	<94.9%
	In Progress	—

Animal Health & Welfare

Goal: Animal Housing



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.

In Progress

In 2017, we achieved our milestone to source pork for our U.S. business only from producers who share our commitment to phase out gestation stalls for pregnant sows in our supply chain.

As of the end of 2021, the U.S. pork supply chain is more than 61% of the way toward our target, which we are on track to achieve by the end of 2024. We expect to further reach 85 to 90% of our target by the end of 2022. Although progress and conversion rates have been delayed by the impacts of COVID-19 and the global outbreak of African Swine Fever, resulting in our extending this target by two years, we remain committed to working with our suppliers and agricultural partners to achieve our commitment. Our commitment is guided by the industry- and [American Association of Swine Veterinarians \(AASV\)-endorsed definition](#) for group housing for pregnant sows.

Goal: Cage-Free and Free-Range Eggs

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

In Progress

The U.S. egg supply chain is more than 74% cage-free as of the end of 2021. Canada sources more than 57% cage-free eggs as of the end of 2021.

Australia's egg supply chain is 100% cage-free.

All European markets have used cage-free eggs for the breakfast menu since 2011 (except Belarus, Russia and the Ukraine, which account for approximately 6% of whole eggs in Europe), while France, Germany and the U.K. have achieved a 100% cage-free egg supply chain.

Goal: Chicken Welfare

In Progress

Our commitments to sourcing chickens raised with improved welfare outcomes impact more than 70% of our global chicken supply and will be fully implemented on or before 2024.

Climate Action



Goal

By 2030, partner with Franchisees to reduce GHG emissions related to McDonald's restaurants and offices by 36% from a 2015 base year.

In Progress

As of the end of 2020, we have made an 8.5% reduction in our restaurants' and offices' absolute emissions from the 2015 baseline. This means approximately 23.6% of our target has been achieved.

Goal

By 2030, reduce emissions intensity (per metric ton of food and packaging) by 31% across our supply chain from 2015 levels.

In Progress

As of the end of 2020, the emissions intensity of our supply chain has decreased by 5.9% from the 2015 baseline. This means we are 19.3% of the way toward our target.

Community Support

Helping Communities Access the Support They Needed

The McDonald's global System stepped up to help support communities to meet basic needs.

For example:

- U.S. – McDonald's provided nearly 4 million Thank You Meals to healthcare workers, police officers, firefighters and paramedics who helped keep us safe during the pandemic. McDonald's has also made commitments to [support truck drivers](#) across the country, and donated \$1 million to the [Illinois COVID-19 Response Fund](#) to ensure nonprofits in our home state have the supplies they need during this time.
- Malaysia – Provided around 63,000 McDonald's meals to healthcare workers all over Malaysia as an appreciation for their courage and commitment during these challenging times.
- Italy – In addition to donating food and meals to charities and first responders across Italy, McDonald's, together with Ronald McDonald House Charities® (RMHC), Franchisees and suppliers, donated [€1 million](#) to support the



treatment of COVID-19 patients at a new hospital in Milan and the “Vittore Buzzi” Children’s Hospital.

Conserving Forests

Goal

Eliminate deforestation from our global supply chains by the end of 2030.

In Progress

Below is our progress on individual priority commodities:

- Beef: 99.4% of beef sourced for McDonald’s restaurants supported deforestation-free supply chains by the end of 2020.
- Chicken (including soy for feed): 100% of soy sourced for the feed of chicken used in McDonald’s products supports deforestation-free supply chains globally. We support responsible soy production through the purchase of RTRS credits.
- Palm Oil: 100% of the palm oil sourced for McDonald’s restaurants and used as an ingredient in McDonald’s products supported the production of sustainable palm oil and deforestation-free supply chains in 2020.
- Coffee: 98.3% of coffee sourced for McDonald’s restaurants supported deforestation-free supply chains in 2020.
- Fiber: 99.6% of primary fiber-based guest packaging sourced for McDonald’s restaurants supported deforestation-free supply chains in 2020.

Goal

By the end of 2020, eliminate deforestation in supply chains for our beef, chicken (including soy for feed), palm oil, coffee and primary fiber-based guest packaging sourced for McDonald’s restaurants.

Substantially Achieved

As of the end of 2020, 99.6% of our beef, soy sourced for the feed of chicken used in McDonald’s products, palm oil, coffee and fiber used in guest packaging volumes support deforestation-free supply chains.

Diversity, Equity & Inclusion

Goal



By the end of 2025, McDonald's expects to increase representation of historically underrepresented groups in leadership roles (Senior Director and above) located in the U.S. to 35%.

In Progress

As of the end of 2021, 30% of leadership roles (Senior Director and above) located in the U.S. are held by individuals in historically underrepresented groups.

Goal

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

In Progress

As of the end of 2020, 37% of leadership roles (Senior Director and above) globally are held by women.

Additional Key Performance Indicators

Since 2020, we have made progress and continue to enhance our processes for collecting data and reporting. As the Company continues its journey of accountability and transparency, in 2021 we published our data on employee, Board and Franchisee representation and supplier diversity through a Diversity Snapshot.

Download the [Diversity Snapshot \(PDF - 342 KB\)](#).

Equal Pay

Our 2021 pay gap analysis showed women globally are paid on average 99.85% of what men are paid for comparable work, and we are on track to close that gap in 2022. For historically underrepresented groups in the US, we have substantially attained equal pay.

Food Donations

Our Franchisees, suppliers and distribution centers around the world have always given back to their communities and implemented measures to help avoid food waste. However, throughout the COVID-19 pandemic, and with the guidance of existing and new partners, we have made sure that millions of pounds of stranded food has not



gone to waste. Instead, that food has helped to feed people who need it in thousands of local communities around the world.

- U.S. - McDonald's provided roughly 12 million Thank You Meals in the U.S. to healthcare workers, police officers, firefighters and paramedics who helped keep us safe during the pandemic.
- South Korea – McDonald's donated over 8,000 burgers and coffees to janitorial personnel from Seoul Metro through Seoul Volunteer Center in May 2020, and over 50,000 burgers and beverages to firefighters, medical staff, service members and vaccination supporting staff in 2020.
- Canada – In response to COVID-19, McDonald's Canada donated over 250,000 pounds of food to food banks and other local charities.
- Latin America - In Colombia, more than one million units of ingredients (e.g., English muffins) were delivered to the Colombian Association of Food Banks to support the vulnerable population of the cities where we operate.

Global Happy Meal Goals

Goal 1: Offer Balanced Meals

By the end of 2022, 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, 10% of calories from added sugar.

In Progress

8 of the 20 major markets met the 2022 goal in 2019, up from 3 markets in 2018.

An average of 43% of Happy Meal Bundles met the Nutrition Criteria across the 20 major markets in 2019.

Goal 2: Simplify Ingredients

By the end of 2022, remove artificial flavors and added colors from artificial sources in Happy Meals and reduce artificial preservatives where feasible in Happy Meals without sacrificing the safety, taste, quality or value of our food.

In Progress

12 of the 20 major markets met the 2022 goal in early 2020.

Goal 3: Be Transparent With Happy Meal Nutrition Information



By the end of 2022, ensure that nutrition information for Happy Meals is available and accessible through all owned websites and mobile apps used for ordering where they exist.

In Progress

12 of the 20 major markets met the 2022 goal in Q2 2020, up from 6 markets in Q1 2019.

Goal 4: Market Responsibly

By the end of 2022, 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.

In Progress

16 of the 20 major markets met the 2022 goal in 2019.

Additionally, 100% of ads shown to children in 2019 featured water, milk, or juice as the Happy Meal beverage, and fruits, vegetables or dairy as a Happy Meal side.

Goal 5: Leverage Innovative Marketing

By the end of 2022, leverage innovative marketing to help increase purchase of foods and beverages that contain recommended food groups in Happy Meals.

In Progress

16 of the 20 major markets sold an increased share of Happy Meal items containing recommended food groups in 2019 versus 2018.

Packaging & Waste

Goal

By 2025, all guest packaging will come from renewable, recycled or certified sources.

In Progress

By the end of 2020, we were approximately 80% of the way towards our goal to source all guest packaging from renewable, recycled or certified sources by 2025.



99.6% of our primary fiber-based guest packaging, was sourced from recycled or certified sources and supported deforestation-free supply chains in 2020.

Goal

By 2025, recycle guest packaging in 100% of McDonald's restaurants. We understand that recycling infrastructure varies from city to city and country to country, but we plan to be part of the solution and help influence powerful change.

In Progress

By the end of 2020, we offered guests the opportunity to recycle packaging waste in over 25% of restaurants in our 30 largest markets.

In these restaurants, guest packaging is collected in customer-facing recycling bins, or collected for sorting and recycling back of house or off-site.

In regions where infrastructure is more robust, we see greater progress toward our goal. For example, on average, just under 70% of our restaurants in McDonald's largest European markets are already providing recycling for guest packaging.

Goal

By 2025, we will have removed all added fluorinated compounds from our guest packaging.

In Progress

By the end of 2020, less than 7.5% of our guest packaging items still contained added fluorinated compounds. For these items, we continue our work to find and apply alternative coating materials that offer the right grease-resistant barriers.

Goal

By 2025, McDonald's ambition is to drastically reduce plastics in Happy Meal Toys around the globe and transition to more sustainable materials.

In Progress

Achieving this goal will result in an approximately 90% reduction in the virgin fossil fuel based plastic used to make Happy Meal toys with every toy in a Happy Meal to be made using more materials from renewable, recycled, or certified sources by the end of 2025.

Over the past two years, markets like the UK, Ireland and France have rolled out new Happy Meal toy innovations already resulting in a 30% reduction in plastic use. We're



scaling these efforts globally to continue to reduce plastics from our System on our journey to design and innovate sustainably.

Responsible Antibiotic Use

Goal

Eliminate the use of antibiotics defined by the World Health Organization (WHO) as Highest Priority Critically Important Antibiotics (HPCIA) to human medicine – as defined by the WHO – from all chicken served by 2027.

In Progress

HPCIA use has been eliminated in the following McDonald's markets: Australia, Brazil, Canada, Europe, Japan, South Korea and the United States. China will comply on or before 2027.

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.

In Progress

Beef Antibiotic Monitoring Pilots have been conducted in Australia, New Zealand, France, Germany, Ireland, Poland, U.K., Canada, U.S., and Brazil, representing our top 10 beef sourcing markets which supplied over 82% of our global beef supply chain as of the end of 2020. Starting in 2022, we will collaborate with industry leaders, academics, suppliers and experts to refine our measurement capabilities and plans to help shape a path forward. Following this engagement, the results from our pilots will be used to inform targets for responsible antibiotic use in our beef supply chain.

Responsible Sourcing

Goal: Fish



By the end of 2020, all of the wild-caught fish sourced for use in McDonald's products to come from verified sustainable sources.

Substantially Achieved

98.7% of the fish sourced for Filet-o-Fish came from sustainably managed wild-caught fisheries, assessed and verified annually against the McDonald's Sustainable Fisheries Standard by the Sustainable Fisheries Partnership. Our Filet-o-Fish sandwiches represent more than 98% of the fish we used by weight in 2020.

Goal: Beef

By the end of 2020, we will source a portion of our beef from suppliers participating in sustainability programs aligned with the Global Roundtable for Sustainable Beef (GRSB) Principles and Criteria and that meet McDonald's requirements in 10 of our top beef sourcing countries globally.

Achieved

We sourced beef from sustainability programs aligned with the GRSB Principles and Criteria and that meet McDonald's requirements in 10 out of 10 of the beef sourcing countries in scope of the goal.

Goal: Palm Oil

By the end of 2020, all of the palm oil sourced for McDonald's restaurants and used as ingredients in McDonald's products will support sustainable production and deforestation-free supply chains.

Achieved

100% of the palm oil used in McDonald's restaurants and as ingredients in McDonald's products supports the production of sustainable palm oil and deforestation-free supply chains.

Goal: Soy for Chicken Feed

By the end of 2020, all soy sourced for the feed of chicken used in McDonald's products will support deforestation-free supply chains.

Achieved

100% of soy sourced for the feed of chicken used in McDonald's products supports deforestation-free supply chains globally. We support responsible soy production through the purchase of Roundtable on Responsible Soy (RTRS) credits. A number of our chicken suppliers to Europe also use physical certification through Proterra



standards. In 2020, in relation to the soy for the feed of chicken used in McDonald's products in Europe, McDonald's assessed that 17% of the volume was linked to physical certification and 83% of the volume was matched through the purchase of book and claim credits.

Goal: Coffee

By the end of 2020, all coffee sourced for McDonald's restaurants will be sustainably sourced.

Substantially Achieved

98.1% of our ground and whole bean coffee was sustainably sourced in 2020.

Goal: Fiber

By the end of 2020, all primary fiber-based guest packaging sourced for McDonald's restaurants will come from recycled or certified sources and support deforestation-free supply chains.

Substantially Achieved

99.6% of our primary fiber-based guest packaging was sourced from recycled or certified sources and supported deforestation-free supply chains in 2020.

Ronald McDonald House Charities

In 2020, RMHC provided over 1.4 million overnight stays in Ronald McDonald House® and Ronald McDonald Family Room® programs, saving families more than \$443 million in meal and lodging costs alone.

Additionally, the McDonald's global community of suppliers and Franchisees also rallied together to help RMHC in all-new ways. These are just a few of the many efforts made:

- Italy – McDonald's Italy and RMHC® Italy each donated €500,000. The €1 million funding went toward the construction of a temporary hospital to treat COVID-19 patients in Milan.
- Romania – When families with sick children were not using Ronald McDonald House® during the pandemic, RMHC® Romania (with McDonald's support) opened their House doors and kitchens to frontline workers, offering a place to rest and eat, any time they needed.
- The Philippines – RMHC® Philippines and McDonald's Philippines launched "Kindness Kitchens" to feed frontline workers and the communities most impacted by the virus.



- Ukraine – McDonald’s donated money to RMHC® Ukraine to purchase personal protective equipment (PPE) for 21 hospitals serving Ukrainian children affected by the coronavirus.
- France – McDonald’s supplier Diversey used its expertise to help develop much-needed cleaning protocols for the Ronald McDonald House® and Ronald McDonald Family Room programs in France. Global logistics provider Martin Brower donated 20,000 face masks to our facilities throughout France as well as to many other parts of the world.

Sustainable Agriculture & Beef

Goal 1: Accelerate Industry Progress

By the end of 2020, source a portion of our beef from suppliers participating in sustainability programs aligned with the Global Roundtable for Sustainable Beef (GRSB) Principles and Criteria and that meet McDonald’s requirements in 10 of our top beef sourcing countries globally.

Achieved

We sourced beef from sustainability programs aligned with the GRSB Principles and Criteria and met McDonald’s requirements in 10 out of 10 of the beef sourcing countries in scope of the goal by the end of 2020.

Goal 2: Share Knowledge and Tools

By the end of 2020, engage with local farmers through farmer outreach projects to help develop and share best practices related to our Priority Impact Areas.

Achieved

10 of our top 10 beef sourcing countries are supporting or sponsoring beef producer sustainability groups, tools or programs that support the wider adoption of best practices or measure sustainability performance by the end of 2020.

Goal 3: Promote Flagship Farmers

By the end of 2020, select and showcase McDonald’s Flagship Farmers to demonstrate leading best practices related to key sustainability impact areas.

Achieved



All of our top 10 beef sourcing countries recognized one or more beef producers as Flagship Farmers to work with peers and share their industry-leading practices by the end of 2020.

Goal 4: Pioneer New Practices

By the end of 2020, set up McDonald's Progressive Farm Partnerships to trial and discover new practices related to our Priority Impact Areas in 10 of our top beef sourcing countries globally.

Achieved

10 out of 10 of our top beef sourcing countries had established a pioneering research project to discover or validate new sustainability practices for beef farming related to our Priority Impact Areas by the end of 2020.

Goal 5: Conserve Forests

By the end of 2020, all the beef sourced for McDonald's restaurants will support deforestation-free supply chains

Substantially Achieved

99.4% of the beef sourced for McDonald's restaurants supported deforestation-free supply chains by the end of 2020.

Skills & Education

Goal

By 2025, reduce barriers to employment for 2 million young people.

In Progress

Since July 2018, approximately 1,000,000 young people participated in training programs and/or have been hired in McDonald's or participating Franchisee restaurants.

Past ESG Reports



[2019-2020 Purpose & Impact Summary Report \(PDF - 2.7 MB\)](#)

[2019-2020 Progress Highlights \(PDF – 869 KB\)](#)

[2019 SASB Index \(PDF – 123 KB\)](#)

[2019 ESG Reporting Website Archive \(PDF – MB\)](#)

[2018 ESG Reporting Website Archive \(PDF – 1.7 MB\)](#)

[2017 ESG Reporting Website Archive \(PDF – 2.2 MB\)](#)

[2016 ESG Reporting Website Archive \(PDF – 2.4 MB\)](#)

CDP Responses

[2020 CDP Climate Change \(PDF – 552 KB\)](#)

[2020 CDP Forests \(PDF – 521 KB\)](#)

[2019 CDP Climate Change \(PDF – 520 KB\)](#)

[2019 CDP Forests \(PDF – 441 KB\)](#)

[2018 CDP Climate Change \(PDF – 521 KB\)](#)

[2018 CDP Forests \(PDF – 426 KB\)](#)

[2017 CDP Climate Change \(PDF – 1.3 MB\)](#)

[2017 CDP Forests \(PDF – 1.1 MB\)](#)

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.