

2022-2023

Our Purpose & Impact Progress Summary
McDonald's Corporation



Progress Summary

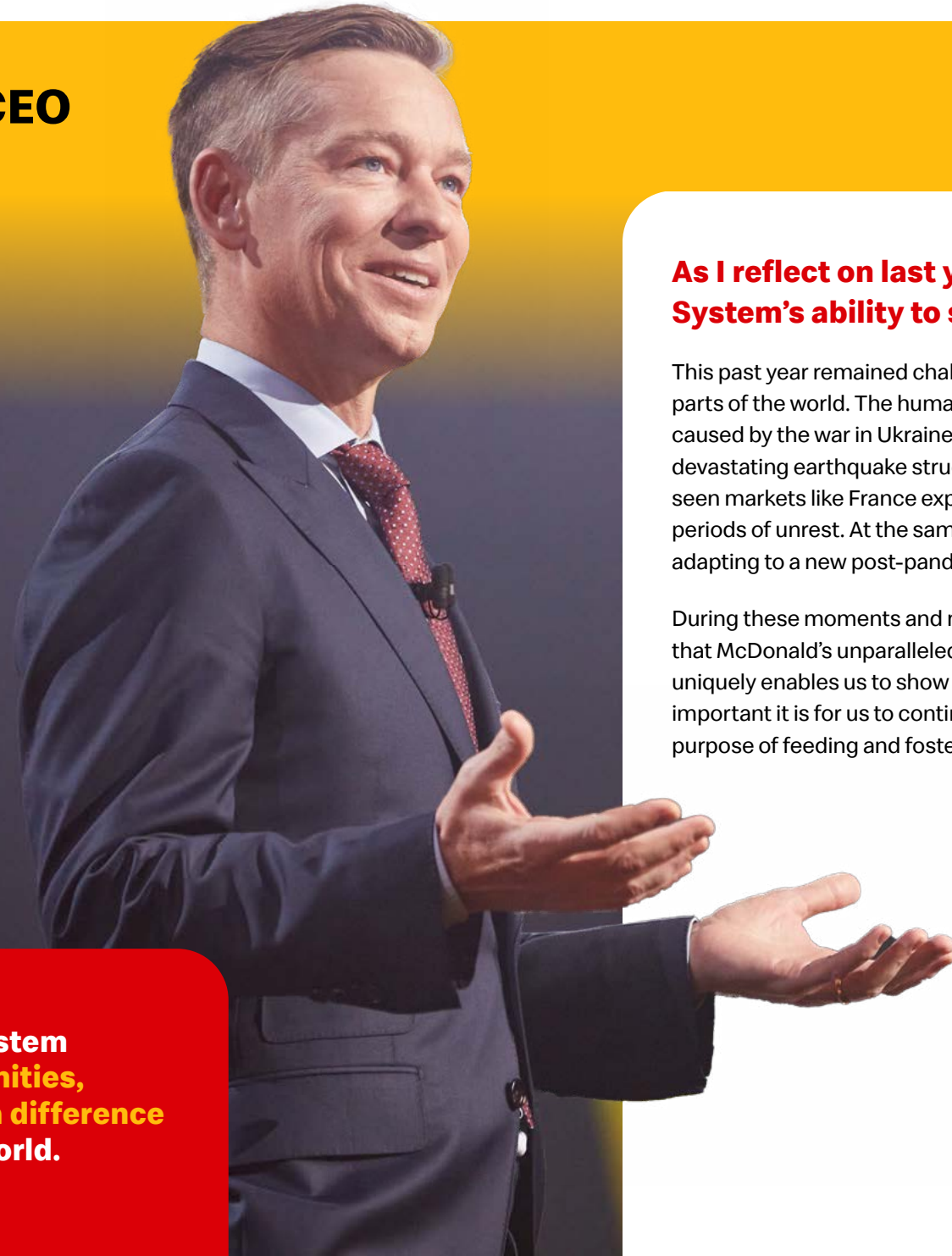


Our purpose is to feed and foster communities. As the leading global foodservice retailer, we believe it's our responsibility to make a positive impact on the world.

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



A Message From Our CEO



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

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

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

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

Offering Families the Choices They Love

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

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

Nurturing Our Planet

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

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

Creating Inclusive Workplaces & Restaurants

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

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

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

Serving Our Communities

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

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

Looking Toward the Future

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

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

Chris Kempczinski,
President and CEO, McDonald's Corporation



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

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

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

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

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

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

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

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

Who We Are

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

While much has changed over the last six decades, Ray Kroc's original commitment to Quality, Service, Cleanliness and Value has endured and made McDonald's a trusted favorite for over 65 years.

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

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

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

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

Behind our Golden Arches is a global community of crew, farmers, suppliers, Franchisees and countless others who make up who we are as a brand. People are at the cornerstone of our business and are an essential part of the System. Company employees,

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

As the consumer landscape shifts, we are using our competitive advantages to further strengthen our brand. Our growth pillars build on our strong foundations to ensure we can meet the moment today and have long-term success.

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

Living these values is the foundation of McDonald's next great chapter. We're committed to improving the lives of our people, our industry and the planet by putting our customers and employees first, sourcing quality food, reducing waste impact and expanding job opportunities around the world. As one of the world's largest restaurant companies, McDonald's believes it has the responsibility to take on some of the most pressing challenges of our time, and we embrace this opportunity to lead by example and create meaningful change.

The Company's Five Core Values

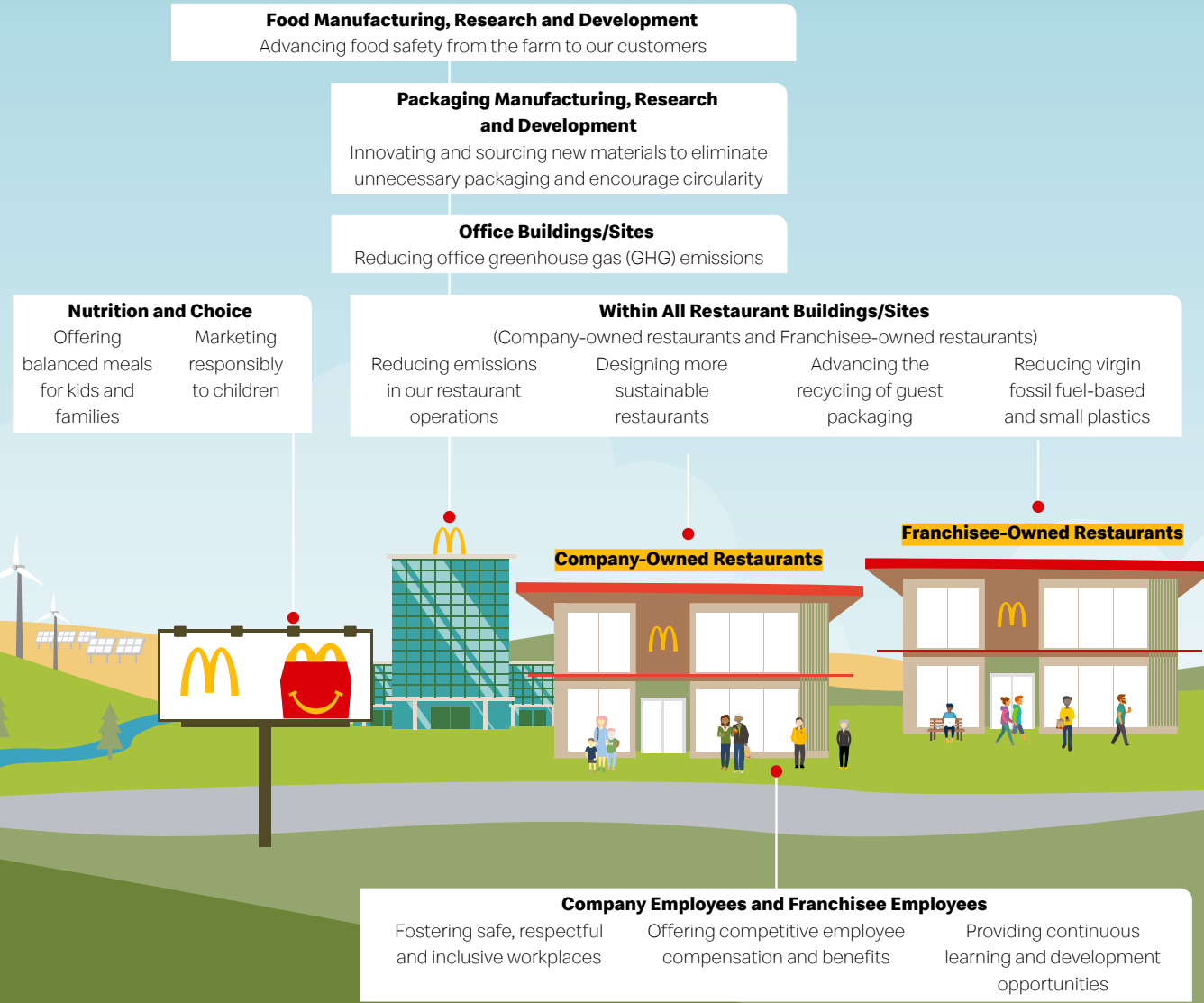
- 1 **Serve** – We put our customers and people first.
- 2 **Inclusion** – We open our doors to everyone.
- 3 **Integrity** – We do the right thing.
- 4 **Community** – We are good neighbors.
- 5 **Family** – We get better together.

The McDonald's System

Our Suppliers



Our Operations, Employees and Franchisees



Our Communities



Our Impact Strategy & Approach

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

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

Our Impact Areas and Goals

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

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

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

How We Prioritize Impact Areas

McDonald's prioritizes environmental and social issues where we can have the greatest impact and are most important to our stakeholders. In partnership with other teams, our Global Sustainability & Social Impact team tracks internal and external insights to help prioritize efforts, evolve our strategy and tailor reporting. Through regular engagement, the team discusses the evolution of key issues and transparency expectations with shareholders, suppliers, employees, communities and key NGOs.

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



Our 2022 Progress at a Glance

→ Footnotes can be found on page 14

Our Planet

Nature, Forests & Water

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



Packaging, Toys & Waste

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

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

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

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

Climate Action

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

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

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

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

Food Quality & Sourcing

Responsible Sourcing

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

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

Animal Health & Welfare

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

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

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

Responsible Antibiotic Use

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

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

Nutrition & Marketing Practices

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



Jobs, Inclusion & Empowerment

Diversity, Equity & Inclusion

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

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

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

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



Human Rights

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

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

Safe & Respectful Workplaces

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

Talent & Benefits

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

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

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



Community Connection



Community Impact & Philanthropy

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

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

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



Ronald McDonald House Charities (RMHC)

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

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

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

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

Our Reporting

In Our Purpose & Impact Reporting


Unless otherwise stated, the information and data in this progress covers McDonald's Corporation and its majority-owned subsidiaries worldwide during fiscal year 2022 (January 1 to December 31).

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

Our progress and actions are covered in detail in our [Purpose & Impact Report 2022-2023](#), providing a holistic review of the strides and progress we made in 2022.

On Our Website

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

Go to more detail online wherever you see this symbol. 

Key Definitions

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

Forward-Looking Statements

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



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


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

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

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

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

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

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

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

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

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

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

Notes

- Deforestation** refers to the loss of natural forest as a result of conversion to agriculture or other non-forest land use; conversion to a plantation forest; or severe and sustained degradation as aligned with the definitions of Accountability Framework initiative (AFI).
- 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.
- Packaging. Scope:** Inclusive of all markets for our fiber-based guest packaging and Happy Meal book and toy packaging. For our plastic-based packaging, all markets are included except for Israel, Latin America, Turkey and Thailand. **Renewable sources** refer to material that is composed of biomass from a living source and that can be continually replenished. Renewable applies to plastics only, not fiber. **Source:** ISO 14021:2016 for plastic, ASTM 6866 or ISO 16620-2. **Fiber-based packaging** made from 100% recycled sources must be third-party verified, unless certified under a Chain of Custody Forest Management standard. McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be Forest Stewardship Council® (FSC®) certified or FSC-controlled wood sources with full chain of custody certification. Please refer to our Nature, Forests & Water web page for additional definitions. **Exclusions:** Primary fiber-based packaging in food packaged off-site of McDonald's restaurants, tray liners and limited locally sourced items.
- In 2022, we saw a decrease in the percentage of our primary guest packaging sourced from renewable, recycled or certified materials as compared to 2021 due to deployment of packaging materials not yet compliant with our goal standards. We know progress in this space is not always linear and we intend to continue making supply chain improvements to meet our packaging sourcing standards and remain committed to our 2025 goal.
- Markets with advanced infrastructure:** Mature waste and recycling infrastructure at a national level that has (1) recycling infrastructure network across the entire market, (2) multiple materials being recycled within this national infrastructure network, (3) existing legislation on recycling and (4) high customer awareness of waste and recycling. At the end of 2022, that included 21 markets where McDonald's operates.
- Beef. Scope:** Includes all beef raw material used in beef patties sourced for McDonald's products from beef patty manufacturers that supply McDonald's restaurants in the U.S., Australia, Brazil, Germany, Ireland, France, New Zealand, Canada, the U.K. or Poland. Includes all McDonald's restaurants owned and operated by the Company and its Franchisees in these countries, which collectively represent over 80% of our global beef volumes, as of the end of 2021. The Global Roundtable for Sustainable Beef (GRSB) aims to

define the principles of and criteria for beef sustainability globally. The five core principles are focused on the following: managing natural resources responsibly, respecting people and communities, caring for the welfare of animals, ensuring the safety and quality of beef, and driving efficiency and innovation to reduce waste and improve economic viability. These principles allow for national and regional interpretation, given the significant variation in production systems, legal frameworks, sociopolitical factors and climates that exist across the globe. **Exclusions:** Beef used as secondary ingredients in McDonald's products, for example, as flavoring in a sauce.

- Fish: Fish** refers to any type of fish species used as an ingredient in a McDonald's product and listed on the product's ingredient statement. **Wild-caught fish** refers to fish that come from seas, rivers and other natural bodies of water. **Filet-O-Fish** refers to the McDonald's menu item containing wild-caught fish. **Verified sustainable sources** refers to wild-caught fish, sourced by suppliers to the McDonald's System, from fisheries that are annually verified as compliant to the McDonald's Sustainable Fisheries Standard by the Sustainable Fisheries Partnerships. **Marine Stewardship Council (MSC) Certification** is optional to McDonald's markets. Fisheries may also be independently certified as meeting the MSC Principles and Criteria for Sustainable Fishing where a certificate of conformity to an MSC Standard has been granted. **Source:** www.msc.org. McDonald's may display the MSC certification logo in some of its markets, where fisheries and restaurants are certified against the MSC Chain of Custody traceability standard. **Scope:** Includes all wild-caught fish sourced for Filet-O-Fish portions served in McDonald's restaurants. Filet-O-Fish represents over 98% of the total fish volumes used in the McDonald's System (by weight). Includes all suppliers of wild-caught fish for Filet-O-Fish to the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that sell fish. **Exclusions:** Products that are not Filet-O-Fish containing wild-caught or farmed fish. We estimate that these products represent less than 2% of the total fish sourced by McDonald's by weight and may include products such as tuna, prawns, shrimp, salmon and calamari; other breaded products; and locally sourced products. The Company has set an expectation that these products are sustainably sourced, although they are not included in this global performance measure given the local, and often promotional, nature of these items.
- In 2022, we saw a decrease in the percentage of our fish sourced from sustainably managed wild-caught fisheries. This was due to impacts on our supply chain from the ongoing humanitarian crisis in Ukraine and McDonald's decision to exit the Russian market in 2022. This resulted in an increase of fish sourced from fisheries whose Fishery Improvements Projects are not yet compliant with our standards. Moving forward, we have plans in place to reduce sourcing from non-compliant fisheries and will increase our supply of fish sourced from compliant fisheries as new facility options have become available.
- Palm oil. Scope:** Includes all palm oil (including crude palm oil, palm kernel oil, derivatives and fractions) sourced for McDonald's restaurants for use

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

- Soy (for chicken feed). Scope:** Includes all soybean volume used in the feed of chicken sourced for McDonald's products by all chicken suppliers to the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that sell chicken. **Europe** refers to Austria, Azerbaijan, Belarus, Belgium, Bosnia, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Herzegovina, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the U.K. and Ukraine. Given the complexity of soy supply chains, we consider that, unless demonstrated, all of McDonald's sources of soy for chicken feed fall into high-deforestation priority regions, with the exception of chicken sourced in North America, where soy used in chicken feed is locally produced and considered low risk. **Exclusions:** Soy used as an ingredient in McDonald's products sold in restaurants, for example, soy oil.
- Coffee. Scope:** Includes all ground and whole bean coffee, including decaffeinated coffee, used in espresso-based drinks and coffee brewed at McDonald's restaurants, and all ground and whole bean coffee in McDonald's branded retail products. Includes all suppliers of coffee to the McDonald's System. Market scope includes all McDonald's restaurants owned and operated by the Company and its Franchisees that sell coffee, and retail outlets selling McDonald's branded coffee products. **Sustainably sourced** refers to coffee sourced by suppliers to the McDonald's System that complies with the requirements set out by one of the following third-party certification schemes as being either: Rainforest Alliance Certified (www.ra.org); UTZ Certified (www.utz.org); Fair Trade USA Certified (www.fairtrade-certified.org); Fairtrade International Certified (www.fairtrade.net), or sourced from an approved McCafé Sustainability Improvement Platform (SIP) program. McDonald's requires all coffee sourced from Honduras, Indonesia and Vietnam to be Rainforest Alliance Certified. **Exclusions:** Coffee extracts and ingredients used in products such as frappés and coffee in baked goods; coffee in cold

brew drinks if they are brewed off-site; coffee extract in ready-to-drink retail products; and other locally sourced products containing coffee.

- Fiber. Scope: Primary fiber-based packaging** refers to products that are used to package guest food on premises at McDonald's restaurants. This type of packaging includes containers, cups, wraps, bags for food, beverages, napkins, folding cartons, clamshells, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, drink carriers and cup carriers. In 2021, the primary fiber-based packaging scope was expanded to include wood stirrers and cutlery, as well as paper straws and lids. **Certified sources** refer to suppliers of primary fiber-based packaging to the McDonald's System that comply with the forest management and chain-of-custody certification requirements set out by one of the following third-party schemes: Forest Stewardship Council® (FSC®); Programme for the Endorsement of Forest Certification (PEFC™) or PEFC-endorsed national systems including, for example, Sustainable Forestry Initiative® (SFI®), CSA Group (Canada) and Cerflor (Brazil). McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be Forest Stewardship Council® (FSC®) certified or from an FSC-controlled wood source with full chain-of-custody certification. **Recycled sources** refer to material that has been reprocessed from recovered (reclaimed) material by means of a manufacturing process and made into a final product or into a component for incorporation into a product. **Recycled material** applies to plastics and fiber. Fiber-based packaging made from 100% recycled sources must be third-party verified, unless certified under a chain-of-custody forest management standard. **Source:** ISO 14021:2016. **Renewable sources** refer to material that is composed of biomass from a living source and that can be continually replenished. Renewable applies to plastics only, not fiber. **Source:** ISO 14021:2016, for plastic, ASTM 6866 or ISO 16620-2. **Third-party verification** means that an independent accredited organization has reviewed the manufacturing process of a product and has determined that the final product complies with standards for the attributed claim. Credible third parties include professional auditing and certification bodies. **Exclusions:** Primary fiber-based packaging in food packaged off-site McDonald's Restaurants, tray liners and limited locally sourced items
- Please see McDonald's Australia's website for more information: <https://mcdonalds.com.au/our-impact/food-quality-sourcing>.
- These commitments apply to chicken raised for sale at McDonald's restaurants in Australia, Canada, France, Germany, Italy, Ireland, the Netherlands, Poland, South Korea, Spain, Switzerland, the U.K. and the U.S.
- This goal focuses on Australia, Brazil, Canada, France, Germany, Ireland, New Zealand, Poland, the U.K. and the U.S., which represented our top 10 beef sourcing countries and accounted for over 80% of our global beef supply chain as of the end of 2022.

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

17 The following countries are included in the 2022 analysis: U.S.A, Canada, France, Germany, the U.K., Australia, New Zealand, the Czech Republic, Slovakia, Poland, Austria, Belgium, Switzerland, the Netherlands, Spain, Italy and Portugal. In addition to these countries, descriptive analysis without statistical modeling has been conducted over the employees in the following countries: Singapore, Hong Kong, UAE (Dubai) and Ireland. These countries have been excluded from the statistical modeling due to insufficient headcount.

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

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

20 2022 Data includes aggregate numbers from Australia, Austria, Belgium, Canada, Czech Republic, France, Germany, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain, Switzerland, Ukraine, the U.K. and the U.S. Corporate employees who support our Development Licensees (DLs) are also included. Data was obtained through various means, including informal identification and voluntary self-disclosure.

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

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

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

24 This figure includes supplier spending by all restaurants, whether operated by McDonald's or by Franchisees. Further, this figure is inclusive of U.S. Company-owned restaurant spend, supply chain, restaurant development, marketing, legal, global technology, workplace solutions, communication, finance, global people and other corporate functions. This figure also includes purchases made by Franchisees for advertising, restaurant development, technology, food, distribution, packaging, equipment and uniforms. This scope excludes noncontrollables (taxes, utilities, rent, aircraft fuel, airport fees, facility leases, donations, bank fees and subscriptions). Our diverse-owned diversity spend figures in the U.S. includes both self-certified and formal industry-recognized certification and Tier 1 and Tier 2 spend. Tier 1 suppliers are those from whom McDonald's buys directly. Tier 2 suppliers are those with whom our suppliers do business. FY2020 percent spend through the U.S. System with diverse-owned suppliers was restated following update of diversity classification of two suppliers and evolved data practices around Tier 2 spend reporting and accounting for Supply Chain managed spend for equipment and operating supplies.

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

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