

McDonald's Sustainability Accounting Standards Board (SASB) Index 2020

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

McDonald's has chosen to report through the voluntary SASB framework for the second time for our 2020 ESG reporting period. This is an important step in continuing our ESG journey, enabling us to communicate our progress in a transparent and standardized manner for investors and other important stakeholders. In certain instances, a specific SASB topic may be discussed in our reporting but McDonald's does not currently report progress on the corresponding SASB metrics. In these instances, we provide relevant data on the topic below and/or link to the corresponding issue page within the **Our Purpose & Impact** section of our corporate website, which acts as a live reporting platform where these topics and any relevant performance data are discussed in greater detail.

We are committed to continuous improvement and are actively working to improve our data collection and coordination across the McDonald's System. We look forward to continuing to identify ways to strengthen our reporting processes and disclosures in the coming years.

Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-RN-130a.1	<p>Energy Consumption for Company-Owned Restaurants & Offices Total energy consumed: 6,794,085.6 GJ Percentage grid electricity: 63.4% Percentage renewable: 11.8%</p> <p>GHG Emissions (In Metric Tons) Gross Scope 1 Emissions: 97,398 t CO₂e Gross Scope 2 Emissions (market-based): 431,395 t CO₂e Gross Scope 3 Emissions: 53,704,901 t CO₂e</p> <p>McDonald's is partnering with Franchisees to reduce greenhouse gas (GHG) emissions related to our restaurants and offices by 36% by 2030 from a 2015 base year (inclusive of both Company-Owned and Franchised restaurants). Through collaboration with our suppliers and producers, we are also committed to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain. This combined target has been approved by the Science Based Targets initiative (SBTi). We hold ourselves accountable by measuring emissions data annually.</p> <p>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 2030 absolute emissions target has been achieved.</p> <p>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 2030 emissions intensity target.</p> <p>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.</p> <p>In the U.S. in 2020, McDonald's completed three new virtual power purchase agreement (VPPA) transactions, with two wind farms and one portfolio of solar projects slated to be built in Illinois, Oklahoma, North Carolina and Ohio. In 2019, McDonald's also committed to two renewable energy wind and solar projects in Texas through VPPAs. Once all 2020 and 2019 transacted projects are online, the energy generated will be equivalent to over 7,000 U.S. restaurants' worth of electricity and is expected to contribute to a 20% GHG reduction from our 2015 base year. McDonald's portion of these renewable energy projects will help to prevent approximately 2,300,000 metric tons of CO₂e emissions each year.</p> <p>Please find additional information on our Climate Action reporting page and in our 2020 CDP Climate Change response.</p>
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m ³), Percentage (%)	FB-RN-140a.1	<p>Total water withdrawn is an estimated 156,000 m³.</p> <p>Water withdrawal was estimated based on 619 U.S. owned locations that provided withdrawal data and extrapolated to the 2,677 owned restaurants worldwide based on standardized usage intensities.</p> <p>Please find additional information on our Water Stewardship reporting page and in our 2020 CDP Water response.</p>



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Food & Packaging Waste Management	(1) Total amount of waste, (2) percentage food waste, and (3) percentage diverted	Quantitative	Metric tons (t), Percentage (%)	FB-RN-150a.1	<p>By the end of 2020, we offered guests the opportunity to recycle packaging waste in over 25% of restaurants in our 30 largest markets.</p> <p>In these restaurants, guest packaging is collected in customer-facing recycling bins, or collected for sorting and recycling back of house or off-site.</p> <p>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.</p> <p>Learn more about our approach to food and packaging waste management on our Packaging & Waste and Food Waste & Donations reporting pages.</p>
	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	Quantitative	Metric tons (t), Percentage (%)	FB-RN-150a.2	<p>Total weight of primary guest packaging: 850,047 metric tons.</p> <p>This is inclusive of centrally managed guest packaging and Happy Meal book and toy packaging, for a significant portion of the more than \$90 billion in system sales across more than 39,000 restaurants.</p> <p>As of 2020, we are approximately 80% of the way toward our goal to source all (including both fiber-based and plastic) guest packaging from renewable, recycled or certified sources by 2025. This is inclusive of centrally managed guest packaging and Happy Meal book and toy packaging.</p> <p>We take recoverability into account whenever we design guest packaging. Whether packaging items are recyclable in practice and at scale depends on the waste and recycling infrastructure in each market. We do not track this data centrally. We are working to eliminate or replace small plastic items that are hard to recycle, not needed for safety or functionality and likely to leak into the environment, such as straws, plastic bags and cutlery.</p> <p>Learn more about our approach to packaging sustainability on our Packaging & Waste reporting page.</p>
Food Safety	(1) Percentage of restaurants inspected by a food safety oversight body, (2) percentage receiving critical violations	Quantitative	Percentage (%)	FB-RN-250a.1	<p>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.</p>
	(1) Number of recalls issued and (2) total amount of food product recalled	Quantitative	Number, Metric tons (t)	FB-RN-250a.2	<p>Annual food safety 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.</p>
	Number of confirmed foodborne illness outbreaks, percentage resulting in U.S. Centers for Disease Control and Prevention (CDC) investigation	Quantitative	Number, Percentage (%)	FB-RN-250a.3	<p>Learn more about our approach to food safety on our Food Safety reporting page.</p>
Nutritional Content	(1) Percentage of meal options consistent with national dietary guidelines and (2) revenue from these options	Quantitative	Percentage (%), Reporting currency	FB-RN-260a.1	<p>Learn more about our approach to nutritional content on our Nutrition & Marketing Practices reporting page.</p>
	(1) Percentage of children's meal options consistent with national dietary guidelines for children and (2) revenue from these options	Quantitative	Percentage (%), Reporting currency	FB-RN-260a.2	<p>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. An average of 43% of Happy Meal Bundles met McDonald's Global Happy Meal Nutrition Criteria across 20 major markets in 2019. Happy Meal bundles that meet the Global Happy Meal Nutrition Criteria have less than or equal to 600 calories, 10% of calories from saturated fat, 10% of calories from added sugar, and 650 mg of sodium. Moreover, Happy Meal Bundles shown on menu boards across the 20 major markets contained an average of 450 calories.</p> <p>As part of our Global Happy Meal Goals, we are working toward ensuring that 50% or more of Happy Meal Bundle Offerings presented on menus across the 20 major markets meet McDonald's Global Happy Meal Nutrition Criteria by the end of 2022. These criteria are consistent with national dietary guidelines for children.</p> <p>Please find additional information on nutritional content on our Nutrition & Marketing Practices reporting page and in our Happy Meal Goals 2020 Progress Report.</p>
	Number of advertising impressions made on children, percentage promoting products that meet national dietary guidelines for children	Quantitative	Number, Percentage (%)	FB-RN-260a.3	<p>An average of 83% of all Happy Meal Bundles shown in children's ads across the 20 major markets met McDonald's Global Happy Meal Nutrition Criteria in 2019. Additionally, Happy Meal Bundles shown in children's ads across the 20 major markets contained an average of 372 calories, and 100% of ads with Happy Meal menu items shown to children featured water, milk, or juice as a beverage and fruit, vegetables, or dairy as a side.</p> <p>As part of our Global Happy Meal Goals, we are working toward ensuring that all Happy Meal bundles advertised to children meet McDonald's Global Happy Meal Nutrition Criteria and continue to meet any existing applicable local or regional advertising pledges.</p>



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Labor Practices	(1) Voluntary and (2) involuntary turnover rate for restaurant employees	Quantitative	Rate	FB-RN-310a.1	McDonald's USA announced in 2021 that it will be raising hourly wages for more than 36,500 hardworking employees at McDonald's-owned restaurants in the U.S. by an average of 10%. These increases, which have already begun, will be rolled out over the next several months and include shifting the entry level range for crew to at least \$11-\$17 an hour, and the starting range for shift managers to at least \$15-\$20 an hour based on restaurant location.
	(1) Average hourly wage, by region and (2) percentage of restaurant employees earning minimum wage, by region	Quantitative	Reporting currency, Percentage (%)	FB-RN-310a.2	Based on this trajectory of the current marketplace, McDonald's expects the average hourly wage for its Company-owned restaurants to increase to \$15 an hour in a phased, market-by-market approach. 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.
	Total amount of monetary losses as a result of legal proceedings associated with (1) labor law violations and (2) employment discrimination	Quantitative	Reporting currency	FB-RN-310a.3	<p>As of the end of 2020, 29.1% of leadership roles (Senior Director and above) located in the U.S. are held by individuals in historically underrepresented groups, and 37.4% of leadership roles (Senior Director and above) globally are held by women.</p> <p>Among staff employees:</p> <ul style="list-style-type: none"> - 54% of all staff are women - 41% of those in Director positions or above are women - 30% of those in Officer positions are women <p>Among Company-owned restaurant employees:</p> <ul style="list-style-type: none"> - 56% of all crew are women - 64% of shift managers are women - 73% of managers are women <p>Learn more about our approach to labor practices throughout our Jobs, Inclusion & Empowerment, Diversity, Equity & Inclusion and Skills & Education reporting pages.</p>
Supply Chain Management & Food Sourcing	Percentage of food purchased that (1) meets environmental and social sourcing standards and (2) is certified to third-party environmental and/or social standards	Quantitative	Percentage (%) by cost	FB-RN-430a.1	<p>McDonald's set ambitious targets and made significant progress in the areas of sustainable sourcing and supporting deforestation-free supply chains across our six priority commodities where we've identified we can have the biggest impact. The scope of this work includes all McDonald's restaurants worldwide owned and operated by the Company and its Franchisees. Full performance data and relevant definitions, scope and exclusions are available on our Conserving Forests and Responsible Sourcing reporting pages on our website. Statements are as of the end of 2020 unless otherwise noted.</p> <p>Beef: All of our top 10 beef sourcing countries sourced beef from sustainability programs aligned with the Global Roundtable on Sustainable Beef (GRSB) principles and criteria and met McDonald's requirements by the end of 2020. All of these countries recognized one or more beef producers as Flagship Farmers to work with peers and share their industry-leading practices. 99.4% of McDonald's global beef supply supported deforestation-free supply chains in line with our Commitment on Forests. We also met our additional goals of establishing research projects and supporting or sponsoring beef producer sustainability groups, tools or programs that support the wider adoption of best practices in 10 out of 10 of our top 10 beef sourcing countries.</p> <p>Fish: 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. 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.</p> <p>Palm Oil: 100% of the palm oil used in McDonald's restaurants and as an ingredient in McDonald's products supported the production of sustainable palm oil and deforestation-free supply chains in 2020. We are committed to increasing traceability for palm oil used in the McDonald's system. Our palm oil supply has been Roundtable on Sustainable Palm Oil (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 par-fry oils) were RSPO physically certified.</p> <p>Soy: 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 Round Table 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.</p> <p>Coffee: 98.1% of our ground and whole bean coffee was sustainably sourced in 2020. Our volume of sustainably sourced coffee is enough to brew more than 177 million 12 oz cups of McCafé coffee.</p> <p>Fiber: 99.6% of our primary fiber-based guest packaging was sourced from recycled or certified sources and supported deforestation-free supply chains in line with our Commitment on Forests.</p> <p>Additionally, 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. 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 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.</p> <p>Please see our Responsible Sourcing, Animal Health & Welfare and Climate Action reporting pages for more information.</p>



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Supply Chain Management & Food Sourcing continued	Percentage of (1) eggs that originated from a cage-free environment and (2) pork that was produced without the use of gestation crates	Quantitative	Percentage (%) by number, Percentage (%) by weight	FB-RN-430a.2	<p>We are committed to responsible antibiotic use and supporting the health and welfare of animals in our supply chain, and notably:</p> <p>The U.S. egg supply chain is now more than 60% cage-free and in 2020 we sourced more than 1.1 billion cage-free eggs for our McDonald's U.S. restaurants.</p> <p>Canada now sources more than 55% cage-free eggs, and in 2020 we sourced nearly 60 million cage-free eggs for our McDonald's Canadian restaurants.</p> <p>Australia's egg supply chain is 100% cage-free.</p> <p>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).</p> <p>All of the eggs used in our menu and as ingredients in McDonald's Netherlands products are free-range and France, Germany and the U.K. have also achieved a 100% cage-free egg supply chain.</p> <p>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. The U.S. pork supply chain is currently tracking at around 50% of our 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.</p> <p>In 2020, we completed our 11-market pilot test focused on understanding antibiotic use in our global beef supply chain. The outcome of that test was establishing a market-specific baseline of antibiotic use. Per our antibiotic use policy for beef, we are now collaborating with market subject matter experts to establish market-specific targets.</p> <p>Since February 2019, we have tracked antibiotics use in over 4 billion birds, resulting in significant reductions across our chicken supply chain. View our Responsible Antibiotic Use reporting page for progress across markets, as work continues to eliminate highest priority critically important antimicrobials (HPCIA) from all chicken served by 2027 (applicable to China only).</p> <p>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. Please see our Animal Health & Welfare reporting page for more information.</p>
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	Discussion and Analysis	N/A	FB-RN-430a.3	<p>McDonald's works with suppliers to embed sustainability commitments, including climate change and deforestation, into global sourcing decisions for food and packaging through Global Sustainable Sourcing Specifications and direct collaboration on initiatives. We engage in a robust discussion of our strategy to manage environmental and social risks within our supply chain throughout the Food Quality & Sourcing and Our Planet reporting pages, as well as our 2020 CDP Climate Change and 2020 CDP Forests responses.</p>

Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Response and Source(s)
Number of (1) company-owned and (2) franchise restaurants	Quantitative	Number	FB-RN-000.A	<p>(1) 2,677 Company-owned restaurants</p> <p>(2) 36,521 franchised restaurants</p> <p>Please find additional information throughout McDonald's Annual Report.</p>
Number of employees at (1) company-owned and (2) franchise locations	Quantitative	Number	FB-RN-000.B	<p>The Company's number of employees worldwide, including its corporate and other office employees as well as Company-owned and operated restaurant employees, was approximately 205,000 as of year-end 2020.</p> <p>Across our franchised and Company-owned restaurants, approximately 2 million people globally work in a McDonald's restaurant.¹</p> <p>Please find additional information throughout McDonald's Annual Report.</p>

This report 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 Securities and Exchange Commission. The Company undertakes no obligation to update such forward-looking statements, except as may otherwise be required by law.

For more information on terms and definitions, governance, performance data and more, please visit the **Our Purpose & Impact** section of our website, which is designed to be a living reporting platform.

¹ Franchisees are independent business owners who employ the individuals who work in their restaurants and for their businesses.

