



## **Purpose & Impact Reporting Website Archive 2021**

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 2021 (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 2023, originally published online during 2022. Unless otherwise stated, the information and data covers McDonald's Corporation and its majority-owned subsidiaries worldwide during fiscal year 2021 (January to December).

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# Our Purpose & Impact

## Feeding and Fostering Communities

### 2021–2022 Purpose & Impact Progress Summary

Explore our main points of ESG progress and performance from 2021–2022.

[Learn More](#)

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

As the leading global foodservice retailer, we believe it's our responsibility to make our impact on this world a positive one.

We believe in using our influence, size and reach, and engaging with McDonald's customers, Company staff, Franchisees, suppliers and partners, as a responsible business with a positive impact on communities globally. We're proud of the work we do to help make a difference – and will continue working to deliver progress in the communities in which we operate.

We're driving impact by living our purpose. The actions we continue to take today across people, communities and our planet will ensure we're building a better business and a more trusted brand for generations to come.

## The Issues We're Acting On

### Our Planet

#### [Climate Action](#)

We are working to take climate action and helping transform our food systems to be more resilient for the future ahead.

#### [Packaging, Toys & Waste](#)

We are accelerating solutions that reduce waste while also transitioning to more sustainable materials in our packaging and toys.

#### [Nature, Forests & Water](#)

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

### Food Quality & Sourcing

#### [Food Safety](#)

We have a long-standing commitment to serve safe and quality food to customers in every single market, each and every day.



### [Nutrition & Marketing Practices](#)

As one of the most frequented restaurants in the world, we help feed millions of people every day, with a focus on evolving the Happy Meal and making balanced meals more accessible to families across the world.

### [Responsible Sourcing](#)

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

### [Responsible Antibiotic Use](#)

At McDonald's, we are working to ensure the responsible use of antibiotics in our supply chain, including reducing the use of medically important antibiotics in food animal production.

### [Animal Health & Welfare](#)

We continue to prioritize the health and welfare of animals throughout our supply chain.

## Jobs, Inclusion & Empowerment

### [Diversity, Equity & Inclusion](#)

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

### [Talent & Benefits](#)

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

### [Safe & Respectful Workplaces](#)

We believe we all have a responsibility to protect the health and safety of employees and anyone who enters a McDonald's-brand restaurant.

### [Human Rights](#)

McDonald's purpose is to feed and foster communities. Central to that purpose is respecting human rights wherever we do business.

## Community Connection

### [Community Impact](#)

With more than 39,000 restaurants, we have a unique connection with communities the world over. We believe that comes with a responsibility to help support people.

### [Ronald McDonald House Charities®](#)

Ronald McDonald House Charities® helps families stay together when children are sick or injured, and McDonald's is proud to be its founding mission partner.

## Reporting Our ESG Progress

This section of our website – Our Purpose & Impact – is a living report where we share our approach to, and progress against, our priority ESG issues. Our goals and performance work in tandem to drive transformation across our four Impact Areas – the topics we know matter most to our stakeholders – helping us stay accountable for realizing our purpose and driving meaningful impact. Within these Impact Areas we have established strategies, goals, policies and performance indicators to manage our performance.



## Relevant Reports and Summaries

- [2021–2022 Purpose & Impact Progress Summary \(PDF – 5 MB\)](#)
- [2021 SASB Index \(PDF – 143 KB\)](#)
- [2021–2022 Diversity, Equity & Inclusion Report \(PDF – 32 MB\)](#)
- [2021 Diversity Snapshot \(PDF – 903 KB\)](#)
- [2021 Climate Risk & Resiliency Summary \(PDF – 3.82 MB\)](#)

[See All Current and Past Reports](#)

## Our Approach

### [Impact Strategy & Governance](#)

Explore how we manage our impact strategy and govern our priority ESG issues.

### [Business Resilience](#)

We build resilience by anticipating risks, preparing mitigation plans and building in contingencies to strengthen our business.

### [Stakeholder Engagement & Public Policy](#)

We engage closely with a range of stakeholders to inform our strategies and embrace the role we play in communities with policymakers globally.

### [Performance & ESG Reporting](#)

We are committed to measuring our impact across our priority ESG issues and communicating transparently on it, adapting our approach in line with key stakeholder expectations and third-party guidance.

### [Contributing to the UN Sustainable Development Goals](#)

Our work across each of our Impact Areas contributes important progress toward the multi-stakeholder agenda for sustainable development around the globe.

## More in Our Purpose & Impact

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### Our Planet

We're driving climate action and helping to keep waste out of nature.

[Read More](#)



## Food Quality & Sourcing

We're responsibly sourcing delicious, quality ingredients.

[Read More](#)

## Jobs, Inclusion & Empowerment

We're serving up bright futures in our communities.

[Read More](#)

## Community Connection

We are committed to being good neighbors everywhere we operate.

[Read More](#)



# ESG Approach & Progress

## Reporting on Our Progress

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[See All Current and Past Reports](#)

## Our ESG Approach

### [Impact Strategy & Governance](#)

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# Impact Strategy & Governance

## Our Commitment to Addressing ESG Issues

As the leading global foodservice retailer, 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 environmental and social challenges important to our stakeholders.

Our shareholders, Franchisees, suppliers, employees and key nongovernmental organizations (NGO) stakeholders expect us to proactively manage the environmental, social and governance (ESG) issues most relevant to our business operations. We are committed to addressing both how these issues impact our business and how our management of these issues impacts the world.

We believe that understanding and effectively managing McDonald's ESG work through robust governance structures, strategies, goals and performance indicators is part of operating our business responsibly. The benefits are aimed at maximizing shared value, ensuring brand trust and building long-term resiliency.

## How We Prioritize ESG Issues

McDonald's prioritizes ESG issues that are of the highest importance to our stakeholders and customers, and where the business can have the greatest impact. In partnership with teams across nearly every aspect of the business, our Global Sustainability & ESG Strategy team continuously gathers internal and external insights to help us understand where to prioritize our efforts, evolve our strategy and tailor our reporting. This includes tracking customer insights globally and engaging regularly with shareholders, suppliers, employees, communities and key NGO stakeholders to discuss the evolution of key issues and transparency expectations in the shifting external landscape.

The Company's enterprise risk management framework is designed to identify, assess and prioritize strategic, financial and reputational risks with the potential to have a sustained impact on our Company. The framework leverages internal risk committees comprised of cross-functional leadership, including ESG leaders and team members, which meet regularly to evaluate and prioritize risk in the context of our strategy, with further escalation to our CEO, Board and/or Committees, as appropriate.

## Overview of Our Impact Strategy

In 2020, we announced our Impact Strategy, centered around the four impact areas of Our Planet, Food Quality & Sourcing, Jobs, Inclusion & Empowerment and Community Connection. Within these impact areas we have established strategies, goals, policies and performance indicators to manage our performance across priority ESG issues. These commitments are designed in partnership with, and based on feedback from, customers and trusted external organizations, so that we can help make a difference at scale and drive industry-wide change across our Company and within communities. We hold ourselves accountable by reporting against our goals annually.





# Our Impact Areas

The [Purpose & Impact section of our website](#) is designed to be a living reporting platform where our stakeholders can track how we're progressing each year. To find the latest on our approach and performance across ESG issues, check out each of the ESG issue pages below.

## Our Planet

- [Climate Action](#)
- [Packaging, Toys & Waste](#)
- [Nature, Forests & Water](#)

## Food Quality & Sourcing

- [Food Safety](#)
- [Nutrition & Marketing Practices](#)
- [Responsible Sourcing](#)
- [Animal Health & Welfare](#)
- [Responsible Antibiotic Use](#)

## Jobs, Inclusion & Empowerment

- [Safe & Respectful Workplaces](#)
- [Diversity, Equity & Inclusion](#)
- [Talent & Benefits](#)
- [Human Rights](#)



# Community Connection

- [Community Impact](#)
- [Ronald McDonald House Charities® \(RMHC®\)](#)

## Business Resilience

We are a trusted brand around the world, and we deliver that trust every day by being resilient and agile in the face of challenging circumstances beyond our control. We work to anticipate risks and develop robust mitigation plans through our evolving enterprise risk management, business continuity and crisis management processes. We think holistically about resilience throughout the McDonald's System, to help secure what's necessary in the near term, while building the flexibility to deliver quality, value and trust over the long term.

## Governance of ESG Issues

Established governance is critical to managing the strategies, goals, policies and performance indicators tied to ESG issues. The leaders and teams with responsibility for our ESG strategies guide our actions and performance across issues. Supported by working groups, Franchisees and suppliers, our cross-functional teams manage these issues and seek to deliver long-term value for customers, stakeholders and communities. Our Board of Directors and Cross-Functional Leadership team 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](#) support the Board's oversight. These are Audit & Finance, Compensation, Governance, Public Policy & Strategy, Sustainability & Corporate Responsibility and Executive.

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 ESG 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 the 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 currently 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.
- Executive Vice President and Chief Legal Officer.

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.

## Global Sustainability & ESG Team

Within Global Impact, the McDonald's Global Sustainability & ESG team provides Corporate Staff leadership, coordination and support for our global sustainability policies, programs and reporting. This includes close partnership with global cross-functional teams, such as Global Supply Chain and Customer Experience, and support for country-level sustainability staff for localized execution relevant to our 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 with respect to 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 farmer and supplier communities, 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.

## Roadmap of Our ESG Journey

We've been working to integrate ESG considerations into our business for decades. Over the years, our strategic ambitions have grown and expanded from a collection of focused strategies for targeted issues to today's holistic Impact Strategy that is grounded in our corporate purpose to feed and foster the communities we serve.

One thing that's remained unchanged is our commitment to engaging trusted organizations through strategic partnerships to develop strategies, goals, policies and performance indicators informed by best practice science and industry thinking. Read more about the key outcomes of our strategic partnerships in 2021 on our [Stakeholder Engagement & Public Policy](#) page.

### 1996 to 2006 – We partnered with trusted organizations to build sustainability considerations into our business

- Collaborated with Dr. Temple Grandin to develop McDonald's Animal Welfare Auditing Program.
- Established McDonald's Animal Welfare Council and guiding principles.
- Partnered with [FAI farms](#) on our agriculture programs, including the Agricultural Assurance Program in Europe.
- Partnered with Conservation International to develop our Sustainable Fisheries Program and Supplier Environmental Scorecard.
- Collaborated with the Environmental Defense Fund to create our Global Antibiotics Policy.
- Collaborated with Project Kaleidoscope to promote sustained compliance with labor standards.
- Formed a global expert panel on nutrition and children's well-being.





## 2007 to 2017 – We supported industry-wide change through strategic partnerships and global commitments

- Became a member of the Global Food Safety Initiative Board.
- Worked with World Wildlife Fund on a supply risk analysis to inform our Sustainable Land Management Commitment.
- Established the Global Sustainability Framework Stakeholder team to inform McDonald's global aspirational goals.
- Established our Global CSR & Sustainability Framework, with time-bound commitments on Food, Sourcing and Planet.
- Became a member of the Roundtable on Sustainable Palm Oil.
- Became a signatory to the NY Declaration on Forests.
- Became a founding member of the Global Roundtable for Sustainable Beef and numerous regional roundtables.
- Partnered with Alliance for a Healthier Generation to promote balanced food and beverage choices.

## 2018 – Launched our Scale for Good platform to drive a more focused and holistic ESG strategy

- Focused our goals and commitments where we could best leverage our large-scale System to drive sustainability and impact through our food, restaurants and communities.
- Centered five global priorities across the business in areas where we could make the greatest difference and drive industry-wide change in areas that matter to our brand, customers and stakeholders. The identified priorities were Beef Sustainability, Climate Action, Packaging & Recycling, Commitment to Families and Youth Opportunity.
- Informed our approach with stakeholder and customer insights, and enhanced ESG reporting and disclosures.

## 2020 – Launched enhanced Impact Strategy aligned more explicitly to our brand purpose of feeding and fostering the communities we serve



- Evolved our strategy to align impact with our corporate purpose and [refined values](#).
- Aligned around four key focus areas of Our Planet, Food Quality & Sourcing, Jobs Inclusion & Empowerment and Community Connection. Through these areas we organize commitments and cross-functional programs business-wide.
- With central coordination by Global Impact, we focused on harnessing and directing the full strength of McDonald's ongoing efforts to effect positive change around the world, with the support of our Government Relations, Public Policy, Communications and Sustainability & ESG teams.



# Stakeholder Engagement & Public Policy

Our business environment and markets are constantly evolving, influenced by global trends and issues that affect us all. With this in mind, we engage with key stakeholders, drawing on their insights and relevant expertise regarding the environmental, social and governance (ESG) issues that we believe McDonald's can have the greatest impact on. The lasting relationships we've developed with experts from academia, nongovernmental organizations (NGOs), the investment community and others help us better understand and advance progress on a range of impact areas.

## Investors & Shareholders

Our investors and shareholders are increasingly focused on ESG issues and are interested in engaging on these issues in order to drive continuous improvement across their portfolios and deliver long-term, sustainable value creation. We keep investors informed of our progress and efforts through annual reporting on our website and direct engagement. In response to investor feedback, we continue to leverage the Sustainability Accounting Standards Board (SASB) Reporting Guidance and publish a [SASB Index \(PDF – 143 KB\)](#) capturing our progress to date against SASB's sector-relevant focus areas.

More specifically, we recognize the importance of disclosing climate-related risks and opportunities for our business, as well as human capital data that supports investors in assessing our management of important human capital issues. In 2021, we published our first [Climate Risk & Resiliency Summary \(PDF – 3.82 MB\)](#), grounded in the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and our first Diversity Snapshot, which was updated in 2022 and published in partnership with our first comprehensive [Diversity, Equity & Inclusion report \(PDF – 32 MB\)](#). We recognize that these issues are of particular interest to our stakeholders, and we will continue to enhance disclosures about our priorities and metrics in these areas as our actions and transparency expectations evolve going forward.

## Franchisees

Our independent Franchisees are an integral part of our business, which is why the Company engages with them regularly through Franchisee-led groups, such as the National Franchisee Leaders Association in the U.S. Led by elected Franchisees, these groups connect directly with leaders at the Company on a regular basis to advocate for our Franchisees.

In the U.S., the National Franchisee Leaders Association often engages through teams focused on fundamentals such as franchising, economics, marketing, supply chain, people and technology, among others. It also engages through diversity networks.

Additionally, McDonald's hosts [Worldwide Convention](#) every two years to bring together Franchisees, suppliers, crew members and Corporate Staff to learn from one another, celebrate collective successes and plan for the future of the McDonald's brand. At this event, we recognize Franchisees who put their customers and people first, lead with integrity, promote inclusion in their community and champion the McDonald's System through the [Fred L. Turner Golden Arch Award](#).



## Suppliers & Producers

We work closely with our suppliers, farmers, ranchers and producers to inform, shape and partner on our strategies, working toward more sustainable agriculture practices. We leverage their insights, expertise and partnerships to drive effective action across the supply chain.

Together with our suppliers, we have continued to substantially achieve supporting deforestation-free supply chains across our primary commodities (beef, soy for chicken feed, palm oil, coffee and fiber for guest packaging) and we continue to hold our suppliers to the standards outlined in our [2020 Responsible Sourcing Goals](#). We also partner across our supply chain to drive progress against our commitments on climate action, forests, animal health and welfare, and human rights.

## Crew & Corporate Staff

Whether in restaurants or office buildings, Company employees are the face of our brand and critical to our success. We have developed several channels through which crew members in our Company-owned restaurants and Corporate Staff can communicate their thoughts, concerns and ideas for improvements. These help us to listen and stay responsive and supportive, empowering people to do their jobs better and rewarding jobs well done. We also host town hall meetings and offer face-to-face meetings to keep everyone up to date with the latest Company developments.

Our employee business networks (EBNs) serve as another forum through which Corporate Staff employees can come to together and engage with the Company. These groups help promote an inclusive work environment, foster relationships, support career development opportunities and grow the business.

## 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. Read more about this work on our [Community Impact](#) page.

## Nongovernmental Organizations & Academia

Engaging NGOs and academic advisors through strategic partnerships is a key part of how we have managed ESG priorities over the last few decades. We engage with a range of NGOs and external experts who provide insights and perspective that shape our strategies, research, goals, policies and performance indicators to drive greater impact. We often partner with organizations to help us develop and implement initiatives on the ground and to facilitate multi-stakeholder and industry-wide collaborations that help to drive change at scale.





## Key NGO Engagement Updates From 2021–2022

- We joined the [United Nations Race to Zero](#) campaign, committing to put McDonald's on the path to net zero emissions by 2050. We also participated in the United Nations Climate Change Conference ([COP26](#)) where our CEO joined panels and roundtables with other leaders to share notable developments in our climate journey, and to discuss the importance of addressing climate change on a global stage.
- McDonald's joined the [Taskforce on Nature-related Financial Disclosures \(TNFD\) Forum](#) to collaborate with others in the industry on the frameworks, metrics and tools that will be used to address nature-related risks and opportunities.
- We shared our plastic footprint data with World Wildlife Fund's [ReSource: Plastic](#) program, a first-of-its-kind effort to quantify corporate impact and track company actions and opportunities to prevent millions of tons of plastic waste. ReSource: Plastic's annual report [Transparent 2021](#) found that Keurig Dr Pepper, McDonald's Corporation, Procter & Gamble, Starbucks and The Coca-Cola Company cut their use of problematic plastic by 57% between 2018 and 2020.
- We donated \$5 million in 2022 to our Employee Assistance Funds and support relief efforts led by the [International Red Cross](#) in response to the war in Ukraine and the resulting humanitarian crisis in Europe.
- We continued the five-year \$100 million commitment to Ronald McDonald House Charities® (RMHC®) that we set in 2020 to help RMHC® continue increasing access to medical care for children around the world.
- We're proud to have joined the [World Business Council for Sustainable Development](#) in 2022, as well as participate in the [Consumer Goods Forum](#), Global Food Safety Initiative and Forest Positive Coalition, among other notable business organizations.

## Public Policy Leaders

We engage with policymakers to inform them of our commitments and progress in relation to ESG issues and to collect feedback that helps inform our work. We are committed to the highest ethical standards when engaging in political activities and have strong governance practices and accountability measures in place.

We have developed effective policies for the appropriate oversight and disclosure of our political and lobbying activities, and can demonstrate transparency, as required by applicable disclosure laws. We maintain a robust Political Contribution Policy, which is designed to ensure that any political contribution made by the Company is legal, transparent and supportive of responsible business growth.

We publicly post membership in U.S. Trade Associations and ask those associations to certify that McDonald's membership dues are not used to support candidates or ballot issues.



Our spending on federal lobbying activities in the U.S. is required to be reported to the federal government and is publicly available on websites maintained by the U.S. House of Representatives and the U.S. Senate. Our spending on state government relations efforts is also generally required to be reported to applicable state governments and is publicly available on those states' websites. We publish [our political contributions](#) on our website.



## Business Resilience

We are a trusted brand around the world, and we deliver that trust every day by being resilient and agile in the face of challenging circumstances beyond our control.

We work to anticipate risks and develop robust mitigation plans through our evolving enterprise risk management, business continuity and crisis management processes. We think holistically about resilience throughout the McDonald's System, to help secure raw materials and processing capacity in the near term, while building the flexibility to deliver quality, value and trust over the long term.

## Our Strategy

Unexpected events and evolving issues, ranging from the impact of climate change to the humanitarian crisis in Ukraine and the ongoing COVID-19 pandemic, can impact our people and communities, disrupt operations and supply chains, damage restaurants and compromise information security. To respond and mitigate against such challenges, we have continuity plans in place that help us protect our business and continue delivering the quality food and familiar experience our customers know and love.

## Governance and Oversight of Our Approach

McDonald's enterprise-wide risk management (ERM) framework is designed to identify, assess and prioritize strategic, financial and reputational risks with the potential to have a sustained impact on our Company. We periodically review the ERM framework and incorporate learnings to drive transparency and enable strategic decision-making.

Management is responsible for the design and execution of the ERM framework. The ERM framework leverages internal risk committees comprised of cross-functional leadership, which meet regularly to evaluate and prioritize risk in the context of our *Accelerating the Arches* strategy, with further escalation to our CEO, Board and/or Committees, as appropriate.

Our Board exercises oversight of the ERM framework, both as a full Board and through its standing Committees. An important element of this oversight involves regular interaction among our Board and senior management regarding our risk exposures and mitigation effects, as they relate to our business strategy, operations and values.

Our Board also annually reviews strategic and enterprise risks and considers, among other items, our mitigation and overall strategy, competitive landscape, capital structure and management succession planning. Our internal auditors also support risk identification and monitoring.



# Supply Chain Resilience

We depend on effective supply chain management to ensure the reliable and sufficient supply of quality products. A resilient supply chain drives competitive advantage and business growth by successfully anticipating and recovering from disruptions, proactively adjusting to external change, consistently assuring supply and delivering against expectations on quality, value and trust. Importantly, a resilient supply chain also works to safeguard the communities and ecosystems that we rely on. This is how we strive to remain competitive, customer-centric, flexible, forward-looking, safe and resilient.

While many of the products we sell are sourced from a variety of global suppliers, some rely on a more limited supplier base, which may increase our reliance on those suppliers. We can also be impacted by supply chain interruptions caused by shortages, unexpected increases in demand, transportation issues, labor issues and weather-related events, natural disasters, hostilities or other factors beyond our control. We have accelerated the development and deployment of technology with the goal of having the information necessary for fast decision-making, activating contingencies where needed. Due to our investments in a more sustainable supply chain, we have helped to minimize supply chain interruptions despite challenges.

We apply years of effective contingency planning experience to build greater resiliency into our supply chain, from farm to restaurant. We do this by strengthening the identification and mitigation of risks, and activities that help to drive the sustained availability of each of our commodities. We also assess the necessary trade-offs between competitiveness and customer and stakeholder expectations to inform our long-term sourcing strategies.

By working alongside a diverse, global network of suppliers, nongovernmental organizations (NGOs) and scientists for over a decade, we've also collaborated with farmers and ranchers to help support long-term livelihoods and resiliency. This includes embedding beef farming methods that help protect and maintain native landscapes, improve biodiversity and sequester carbon in soils. We believe that regenerative agriculture – the process of restoring and rebuilding ecosystems – is an essential way to actively mitigate negative climate impacts, while also amplifying and creating new environmental benefits.

# Technology Resilience

With the increasing adoption and reliance on information technology within the McDonald's System, the capability to restore the availability of business-critical functions in the event of disruption continues to be a significant business priority. An event causing damage or loss could compromise McDonald's ability to provide critical functions, processes or services, which has the potential to cause customer, financial, operational, reputational and even human impact.

Partnering with the McDonald's business and infrastructure teams, our Business Technology Resilience team (BTR) within Global Technology is responsible for ensuring the necessary steps are taken to identify the impact of potential losses, maintain viable recovery strategies and implement plans to ensure the continuity of critical services. This reduces McDonald's exposure to the impacts caused by a disaster.

BTR is focused on 24/7 availability of McDonald's technology, maintaining business productivity and promoting investment in platforms for growth by aligning business needs with IT.





# Our Approach to Business Continuity and Crisis Management

The Enterprise Business Continuity & Crisis Management Governance program provides a common structure and operational framework to govern and sustain McDonald's preparedness and resilience to enterprise-level disruption. This program connects with and supports existing response capabilities at McDonald's functional and market levels.

The program provides increased governance infrastructure that supports cross-functional transparency and consistency and offers greater resilience to disruption through proactive business continuity planning and scenario-based exercises.

It also aligns crisis management playbooks and protocols to enable a streamlined response in the event of disruption, and supports continuous improvement through root cause analyses and after-action reporting.

To help ensure an effective response to enterprise level disruption, we leverage an Enterprise Crisis Management team consisting of cross-functional leaders and subject matter experts.



# Contributing to the UN Sustainable Development Goals

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

The United Nations Sustainable Development Goals (SDGs) is a global agenda established in 2015 to end poverty, protect the planet and ensure prosperity for all. We are proud to support this call to action and, through our work, we believe we are directly and indirectly contributing to a more equal and sustainable future for everyone.

McDonald's contributes to many of the agenda's 17 goals through our System, our scale and our collaborations. This page focuses on select SDGs, and the targets that underpin them, through which we have some of the largest impact.

- [SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all](#)
- [SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all](#)
- [SDG 12: Ensure sustainable consumption and production patterns](#)
- [SDG 13: Take urgent action to combat climate change and its impacts](#)

## Our Positive Impacts on the SDGs



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



## The Global Context

Disparities in access to education, technical and vocational skills development, and decent jobs persist around the world. The COVID-19 pandemic is set to reverse recent progress toward equitable education outcomes, with vulnerable groups being less able to adjust to remote learning. Due to the impacts of the pandemic, the UN has estimated that 101 million children and young people fell below the minimum reading proficiency level in 2020.

Considering this issue, the role of organizations to promote and provide equitable learning opportunities is vital. McDonald's, together with its Franchisees, sees education as a necessary tool to support and empower our respective employees, enabling us to foster a culture of lifelong learning.

[Find out more about SDG 4 on the UN SDGs website.](#)

## The Most Relevant SDG 4 Target for McDonald's

**SDG Target 4.4:** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

## What McDonald's Is Doing

### Our Signature Learning Approach

We believe that opportunity starts with education, which is why we're committed to offering equitable access to opportunity so that McDonald's Company-owned restaurant employees, as well as Franchisees and eligible employees from their organizations, feel empowered to reach their potential.

With eight global campuses and a 60-year legacy of training restaurant employees, Hamburger University (HU) has served as our platform from which to roll out McDonald's signature learning and development approach. Through HU, we provide training for Company-owned restaurant employees, as well as Franchisees and eligible employees from their organizations. Through in-person and online learning, we prepare thousands of students for leadership positions in the restaurant industry.

In addition, to ensure restaurant teams are supported from their first day, we are modernizing the delivery of our learning and development tools through easy-to-access, inclusive content that leverages advanced technologies to meet learners where they are. This includes pivoting from traditional training programs to simulation and gamified offerings that support microlearning, as well as translating all training to support learning in native languages.

### Ongoing Educational Support for Restaurant Staff

In many regions, McDonald's and participating Franchisees are combining workplace training and study, and offering apprenticeship programs at various levels, so that people of all ages and at all stages of their professional journey can build a career, regardless of previous experience or qualifications.

Archways to Opportunity is a comprehensive education program in the U.S. that offers eligible employees the opportunity to graduate from college, earn a high school diploma, learn English as a second language and gain access to academic and career advising services.



**Since 2015, Archways to Opportunity has increased access to education for more than 72,000 people as of year-end 2021. Through the program, more than \$165 million was awarded to 55,000 restaurant employees for college tuition assistance.**

In the U.K. and Ireland, McDonald's industry-leading program offers apprenticeships for crew members, customer experience leaders, shift leaders and salaried managers, and has produced over 19,500 qualified apprentices to date.

## Reducing Barriers to Employment for Young People

The Youth Opportunity program was created by McDonald's with one objective in mind: reducing barriers to employment for young people. Youth Opportunity helps participants overcome these barriers through pre-employment job-readiness training, employment opportunities and workplace development programs.

Our goal is to impact 2 million young people by 2025, in partnership with the International Youth Foundation, which has three decades of experience in youth development around the world. Since the Youth Opportunity program launched in 2018, approximately 1.3 million young people have participated in training programs and/or been hired in McDonald's Company-owned or franchised restaurants.

Find out more about our skills development and youth opportunity efforts on our [Talent & Benefits](#) and [Community Impact](#) pages.



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

## The Global Context

Even before the pandemic, the UN estimated that one in five countries was likely to see per capita incomes stagnate or decline. But the economic and financial shocks associated with COVID-19 have caused a recession, with job losses, disrupted industrial production, falling commodity prices and market volatility. Collaborative efforts are needed to drive sustained and inclusive economic growth, create employment and improve living standards.





**McDonald's Corporation and its majority-owned subsidiaries employ approximately 200,000 people in corporate offices and Company-owned restaurants globally as of year-end 2021. More than 2 million people around the world work within a McDonald's-brand restaurant. We also have a complex supply chain with thousands of direct suppliers employing thousands of people in over 100 countries.**

We believe our scale and reach present significant opportunities to contribute to full and productive employment and decent work around the world. This starts by having human rights policies and standards in place across our supply chain and restaurants – both Company-owned and franchised. Building from that, we provide competitive compensation to Corporate Staff and Company-owned restaurant employees and reduce barriers to employment for young people.

[Find out more about SDG 8 on the UN SDGs website.](#)

## **The Most Relevant SDG 8 Targets for McDonald's**

**SDG Target 8.5:** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

**Target 8.6:** By 2020, substantially reduce the proportion of youth not in employment, education or training

**SDG Target 8.7:** Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms

**SDG Target 8.8:** Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

## **What McDonald's Is Doing**

### **Respecting Human Rights**

We believe that businesses like McDonald's have a responsibility to respect human rights within their sphere of influence – and we take that responsibility seriously. We know we can be a force for good in communities and empower our business partners and suppliers to do the same.

### **Preventing Forced Labor**

McDonald's does not engage in human trafficking or exploitation and works diligently to prevent the importation of goods tainted by slavery or human trafficking, conducting heightened human rights due diligence in higher risk geographies. The Company is committed to the elimination of any forced labor in our business and our supply chain. The Company does not use any form of slave, forced, bonded, indentured or involuntary prison labor.



At a minimum, we require all suppliers and their facilities to meet the standards and promote the principles outlined in our Supplier Code of Conduct. 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 our Code. This includes holding their own supply chains to the same standards in these areas. 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.

## Safe & Respectful Workplaces

We are committed to prioritizing safety in all our corporate offices and Company-owned restaurants around the world, as well as supporting our Franchisees in doing the same in the restaurants they own and operate. Our Global Brand Standards help foster safe, respectful and inclusive workplaces that protect the physical and psychological safety of crew and customers.

The Standards focus on four key areas: protecting employee health and safety; preventing workplace violence; preventing harassment, discrimination and retaliation; and listening through restaurant employee feedback. All Company-owned and franchised restaurants must implement these standards and, starting in 2022, are assessed on each criterion in accordance with the applicable McDonald's market's business evaluation processes.

## Compensation and Pay

In order to attract and retain talent at all levels of the business, we provide competitive compensation commensurate with an employee's position. We introduced our Global Pay Principles to our owned markets in 2019, to ensure that good pay practices are consistently implemented for all Company employees. We prioritize equal pay for equal work through our goal to close pay gaps identified in annual equal pay analyses, further demonstrating our contribution to SDG 8.

## Youth Opportunity

By increasing the number of youth and adults who have relevant skills for employment (SDG 4), our Youth Opportunity program will reduce the proportion of youth who are not employed and offer opportunities to have a decent job and promote economic growth (SDG 8). Our goal is to impact 2 million young people by 2025, in partnership with the International Youth Foundation, which has three decades of experience in youth development around the world. Since the Youth Opportunity program launched in 2018, approximately 1.3 million young people have participated in training programs and/or been hired in McDonald's Company-owned or franchised restaurants.

For related topics, also see our pages about our commitments to [Human Rights](#), [Safe & Respectful Workplaces](#), [Talent & Benefits](#), [Diversity Equity & Inclusion](#) and [Community Impact](#).



## SDG 12: Ensure sustainable consumption and production patterns



## The Global Context

The rise in global consumption and production associated with economic and social progress can negatively impact the natural systems on which we depend. To reverse current trends and make our consumption and production patterns more sustainable, we need to do more with less. According to the [UN Environment Program](#), this will require us to decouple economic growth from environmental degradation by increasing resource efficiency and promoting sustainable lifestyles.

We are investing in and engaging with strategic partnerships to advance circularity in our communities. By offering meals that are more sustainably produced, we have the opportunity to help customers feel even better about their choice to visit McDonald's restaurants. With our global reach, we can provide accessible waste management solutions in our restaurants and connect with communities on these issues.

[Find out more about SDG 12 on the UN SDGs website.](#)

## The Most Relevant SDG 12 Targets for McDonald's

**SDG Target 12.2:** By 2030, achieve the sustainable management and efficient use of natural resources

**SDG Target 12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

## What McDonald's Is Doing

Our packaging and waste strategy focuses on reducing materials used and switching to renewable, recycled or certified sources, advancing a more circular economy and scaling up recycling systems. We are a part of the World Wildlife Fund's (WWF) *ReSource: Plastic* coalition and the Foodservice Packaging Institute's Paper Recovery Alliance and Plastics Recovery Group – multi-brand coalitions working together to keep plastic waste out of the environment and to recycle foodservice packaging.

We co-founded the Global Roundtable for Sustainable Beef and are developing a Beef Climate Roadmap with input from suppliers, NGOs, academics and other experts across the sector. Our Flagship Farmers Program recognizes producers who are leading the industry with pioneering sustainability practices and enables them to share such best practices. We are also driving progress toward sustainable consumption and production in other priority areas of our supply chain through targeted activities and policies that drive lasting, meaningful outcomes. Examples of these actions include:

- Continuing to have 100% of the soy sourced for feed of chicken used in our products support deforestation-free supply chains.
- Developing policies for sourcing only Rainforest Alliance-certified coffee from areas that are deemed high-deforestation-risk zones.
- Establishing multi-stakeholder roundtable groups focused on sustainable beef in many markets around the world.



- Partnering with organizations such as the Sustainable Fisheries Partnership, Conservation International and the Marine Stewardship Council to help play a role in improving the sustainability of the global whitefish sector.

To address food waste, many of our suppliers and Franchisees donate meals and excess ingredients, turn used cooking oil into fuel for our delivery trucks and are exploring ways to further repurpose food waste.

In 2021:

- 100% of 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.
- 97.6% of our primary fiber-based guest packaging was sourced from recycled or certified sources.
- We sourced 98.7% of our ground and whole bean coffee from sustainable and certified suppliers.
- We partnered with Cargill, the Nature Conservancy and Target, investing in regenerative agriculture practices in Nebraska, U.S., to support soil health and biodiversity.
- We worked on our regenerative agriculture program with 60 wheat farmers in France, aiming to plant 230,000 trees by 2030.
- In 2021, McDonald's USA and its suppliers in the U.S. donated over 10.1 million pounds of food from suppliers and distribution centers – worth more than \$13.1 million – to support local charities and communities.
- McDonald's Australia donated the equivalent of 458,700 meals and 870 kilograms of grocery items as part of a long-standing partnership with local foodbanks.
- In our top 35 markets, on average 35% of McDonald's restaurants offer guests the opportunity to recycle packaging items.
- We deployed alternatives to plastic cutlery in several markets, including transitioning to wooden cutlery in Australia, Europe, China and India. This has led to an estimated reduction of over 2,600 metric tons of plastic annually.

Find out more about our efforts to reduce food loss and waste across our value chain on our [Responsible Sourcing](#), [Nature, Forests & Water](#) and [Packaging, Toys & Waste](#) pages.



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



## The Global Context

Climate change impacts every country, with rising temperatures and sea levels, and more extreme weather events disrupting national economies and affecting lives. The 2015 Paris Agreement sought to strengthen the global response by keeping the rise in global temperature well below 2 degrees Celsius above pre-industrial levels. As outlined by the [UN Environment Program](#), although greenhouse gas (GHG) emissions fell during the pandemic as a result of travel bans and economic slowdowns, they are rising again as economies recover and the need to address the climate emergency remains urgent.

At McDonald's, we believe we have a responsibility to be part of the solution to this global issue. We are embracing the unique opportunity we have – as a brand of global scale – to mobilize the entire McDonald's System to act now and be a catalyst of change across the world. Climate change has the potential to pose risks to the resilience of our food supply and to the communities where we source and operate. While taking action on climate change is challenging and requires investment, collaboration and innovation, we recognize the importance this collective action holds to ensure a brighter, better world for the future.

[Find out more about SDG 13 on the UN SDGs website.](#)

## The Most Relevant SDG 13 Target for McDonald's

**SDG Target 13.2:** Integrate climate change measures into national policies, strategies and planning

## What McDonald's Is Doing

Through partnership and collaboration with our Franchisees, suppliers and producers, we have committed to reduce GHG emissions related to our restaurants and operations by 36% by 2030 from a 2015 baseline. We have also set a 2030 commitment to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain from a 2015 baseline. As a member of the United Nations Race to Zero campaign, we are committed to reaching net zero emissions by 2050 across our business and supply chain, for which we will continue to develop a longer-term emissions reduction and neutralization strategy. Additionally, we are committed to eliminating deforestation from our global supply chain by 2030, building on our momentum and action to support deforestation-free supply chains for our highest priority commodities by 2020.

We are working with suppliers, NGOs and climate experts to address our supply chain footprint, relying on third-party certifications for our soy, palm oil, coffee and fiber. Where such certifications do not yet exist, we invest in external monitoring and verification systems.

We are creating more sustainable and efficient restaurants by investing in more energy- and water-efficient equipment, renewable electricity and energy management systems.

In 2021:

- 97.7% of our priority commodities (beef, chicken (soy in feed), palm oil, coffee and packaging) supported deforestation-free supply chains.
- Our CEO joined panels and roundtables with other leaders to share notable developments and to discuss the importance of addressing climate change on a global stage at COP26.
- We released our inaugural [Climate Risk & Resiliency Summary](#), guided by recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).



- As of the end of 2021, we have achieved a **10.2%** reduction in the absolute GHG emissions of our restaurants and offices, and a **9.1%** reduction in supply chain GHG emissions intensity, compared to 2015 baseline figures.

Find out more about our climate mitigation efforts on our [Climate Action](#) and [Responsible Sourcing](#) pages.





# Food Quality & Sourcing

Creating a Future of Secure and Sustainable Food That Has a Positive Impact



## Our Priority ESG Issues

### [Food Safety](#)

We have a long-standing commitment to serve safe and quality food to customers in every single market, each and every day.

### [Nutrition & Marketing Practices](#)

As one of the most frequented restaurants in the world, we help feed millions of people every day, with a focus on evolving the Happy Meal and making balanced meals more accessible to families across the world.

### [Responsible Sourcing](#)

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

### [Animal Health & Welfare](#)

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

### [Responsible Antibiotic Use](#)

At McDonald's, we are working to ensure the responsible use of antibiotics in our supply chain, including reducing the use of medically important antibiotics in food animal production.



Strict **food safety** standards and protocols are embedded in everything we do, from food and product sourcing, menu development, packaging and distribution to the running of our restaurants.

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. 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.

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

Serving safe, quality food relies on animals that are properly cared for throughout their lives. At McDonald's, this includes both **animal welfare** and **responsible antibiotic use**. We remain focused on the positive impact we can have by working with our suppliers.

Learn how we aim to preserve and regenerate nature, support biodiversity and engage the communities and farmers closest to [natural ecosystems](#), as well as how we are building [business resilience](#) into our business in a changing world. We are also committed to respecting the [human rights](#) of the people who work for us, directly and across our supply chain.

## Recent Highlights

### Food Safety

- **2,000+** farmers globally on McDonald's Good Agricultural Practices (GAP) standards.
- **2,077** third-party audits performed according to our Supplier Quality Management System (SQMS) in 2021.
- **93%** of our audited suppliers fully met our SQMS standards in 2021.
- **46,241** restaurant food safety audits (announced and unannounced) conducted in 2021.

### Nutrition & Marketing Practices

- Continued monitoring markets to support progress against the Global Happy Meal Goals, which we are on track to publish progress against in 2023.
- Strengthened internal network with representation from Nutrition, Sustainability, Quality Assurance and Supply Chain functions to collaborate and share best practices on nutrition across the company and insights across our global markets.

### Responsible Sourcing

- **100%** of the palm oil we sourced in 2021 was certified by the Roundtable on Sustainable Palm Oil (RSPO).
- **100%** of soy sourced in 2021 for the feed of chicken supported deforestation-free supply chains.
- **98.7%** of our ground and whole bean coffee was sustainably sourced in 2021.
- **96.3%** of wild-caught fish came from verified sustainable fisheries in 2021.



## Animal Health & Welfare

- France, Germany, Australia and the U.K. have achieved a **100%** cage-free egg supply chain, and the U.S. sources more than **74%** cage-free eggs as of the end of 2021.
- More than **61%** of our pork purchased in the U.S. comes from producers that have phased out the use of gestation stalls for housing confirmed pregnant sows.
- We are currently on track to achieve our 2024 Broiler Welfare Commitments across our in-scope markets, which once fully implemented, will positively impact more than 70% of our global chicken supply.

## Responsible Antibiotic Use

- Pilots in our 10 in-scope beef sourcing markets are helping to inform future market-appropriate targets for the responsible use of medically important antibiotics – as defined by the WHO – in our supply chain.

## Relevant Reports and Summaries

- [Global Happy Meal Goals 2020 Interim Progress Report](#)
- [2020–2021 Purpose and Impact Summary \(PDF – 5.26 MB\)](#)
- [2022 Broiler Welfare Progress Update \(PDF – 97KB\)](#)

[See All Current and Past Reports](#)

## Related Issues

Additional issues across our four pillars include:

- [Nature, Forests & Water](#)
- [Business Resilience](#)
- [Human Rights](#)

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## Food Safety

We have a long-standing commitment to serve safe and quality food to customers in every single market, each and every day.



Strict food safety standards and protocols are embedded in everything we do, from food and product sourcing, menu development, packaging and distribution to the running of our restaurants.

## Recent Progress

2,000+ farmers globally trained on McDonald's Good Agricultural Practices (GAP) standards.

2,077 third-party audits performed through our Supplier Quality Management System (SQMS) in 2021.

93% of our audited suppliers fully met our SQMS standards in 2021.

46,241 restaurant food safety audits (announced and unannounced) conducted in 2021.

## Our Strategy

Through our food safety strategy, we work to source and serve safe food and beverages each day, building trust as we strive to achieve food safety excellence across our industry.

The strategy is centered on three operating principles:



1. **Customer Obsessed:** The safety of our food and that of our customers is non-negotiable and a top priority for McDonald's.
2. **Better Together:** Our food safety systems and decisions are based on science and validated by external third parties.
3. **Committed to Lead:** We lead the advancement of food safety from farm to customer and deploy processes to anticipate risk.

Our standards and policies drive the implementation of our strategy. Through annual review, we identify opportunities for their improvement based on current food safety science and industry best practices.

## Listening to Our Customers

We value customer feedback, operating multiple global social media accounts and toll-free numbers in the U.S. for customers to share their experiences with us. We use this feedback to identify opportunities where we can improve the quality and safety of our products and services. We look at customer reports to ensure programs are in place to address any issues and to continuously improve.

## Partnering With Experts

Our McDonald's Global Food Safety Advisory Council includes food safety and public health professionals and leaders from North America, Europe and Asia. Founded in the 1990s, the Council meets with our Executive Vice President and Chief Supply Chain Officer annually to discuss our progress and to provide recommendations for the advancement of our food safety practices and standards. In 2021, the Council advised on topics including Produce Safety standards and Restaurant Food Safety practices, which has enabled McDonald's to continuously improve and enhance our standards.

Beyond the Council, we are a member of the Global Food Safety Initiative as well as the SSAFE Board. SSAFE's goal is to bring together industry, government and nonprofit organizations, including the World Health Organization (WHO) and Food and Agriculture Organization (FAO), to solve issues that affect the integrity of the food supply chain.

## Engaging With Our Supply Chain

Our commitment to food safety stretches back to the production of our raw materials. We maintain strict standards through embedded supplier policies and procedures. These procedures are reinforced through in-person training for our suppliers, farmers and local government agencies.

In collaboration with our suppliers and other stakeholders, in 2021 we updated our SQMS standards to improve food safety culture assessments and environmental controls, among other enhancements.

We also conduct annual independent, third-party food safety audits of our suppliers to verify their compliance with our strict food safety and quality standards. Audit performance is reviewed by our Global Supply Chain leadership team on a quarterly basis.

In 2021, 93% of our audited suppliers fully met our SQMS requirements. Where improvement areas are identified with a supplier, we require corrective action plans that are based on root cause analysis



and mutually agreed timelines to act on the issue. After this, we implement verification steps to ensure the actions are effective and to prevent noncompliance from reoccurring.

How we engage with our supply chain partners:

- **Farmers** – We work with various external partners, such as [Global Good Agriculture Program](#) (GLOBALG.A.P.), to improve food safety standards at farm level and train farmers on the best food safety standards. GLOBALG.A.P. is the internationally recognized standard for farm production, benefiting farmers, retailers and consumers. Over 2,000 farmers globally are now trained on our own GLOBALG.A.P. standards, which also cover topics such as soil health, water use and land management.
- **Processors** – Our raw material and food processing suppliers must comply with our science and risk-based food safety and quality standards. These include the McDonald's GLOBALG.A.P. standards, SQMS standards and the Distribution Center Quality Management Program standards. As well as meeting these requirements, McDonald's also has approved suppliers for all raw protein sourcing that must meet additional rigorous standards. To be approved by McDonald's, these suppliers must demonstrate compliance with our requirements and pass regular audits. To support these suppliers, we provide online and in-person training and regularly updated materials.
- **Distribution Centers** – We work closely with our global logistics partners and distribution suppliers, who implement continuous temperature monitoring systems in the trucks that move our produce and ingredients, particularly for frozen or refrigerated products that require a consistent temperature to be maintained during distribution.

## Product Traceability From Ingredient to Restaurant

Ensuring traceability is a key step in McDonald's food safety protocols. To achieve this, we work closely with our suppliers, through standards like the SQMS and our Distributor Quality Management Process. To align with these standards, suppliers must establish, implement, document and maintain food safety and quality management systems, and meet all applicable laws, regulations and McDonald's requirements. This includes demonstrating food safety best practice throughout our processes, such as manufacturing, personal hygiene, employee training, pest management and water quality.

## Advancing Restaurant and Food Safety

Restaurant food safety and quality management procedures are integrated into the McDonald's Operations and Training Program, which is based on our Hazard Analysis and Critical Control Point principles and are followed in every restaurant.

Daily checks against key food safety standards and procedures are conducted in all restaurants. Third-party audits verify that these standards are implemented. In 2021, 46,241 restaurant food safety audits (announced and unannounced) were carried out. To ensure audits are robust, we host calibration sessions with our approved third-party auditing firms.

In addition, our Food Safety Field Service team supports our markets to ensure they have received training and are operating in compliance with our standards. The members of this team are strategically located in the Middle East, Europe and Latin America, enabling strong connection to the Developmental Licensee (DL) markets and helping to elevate our food safety culture globally.





## Embedding Technology

We are always seeking ways to integrate food safety requirements into equipment designs and use modern technology to support automation, improve both food safety and quality and facilitate the integration of data into our operations.

For example, we have started implementation of our Digital Food Safety (DFS) initiative in 90% of our restaurants. DFS is an initiative comprised of several phases to digitize Food Safety tasks in restaurants. It simplifies Restaurant Food Safety management while mitigating risk by implementing automated systems.

The first phase of DFS converts paper lists of daily and monthly food safety tasks into digital checklists on a tablet, e.g. it captures product temperatures via a Bluetooth-enabled thermometer and automatically transfers the daily checks to the digital list. Real-time reports help identify potential food safety risks and prompt immediate remedial action. Currently 84% of our restaurants have fully implemented the digital food safety checklist.

In a second phase, we will deploy the automation of temperature measures for products in storage areas. In some markets, McDonald's restaurant managers are considering how, with the help of their digital food safety system, they can identify any potential issues with cold storage equipment early. In this way, the system can help ensure food safety, reduce energy waste and improve shift efficiency.

With an implementation rate of 21% of our restaurants already, we are now deploying the system to more markets. Having overcome the challenges faced during the pandemic, we are planning to finalize deployment of phase 1 in 2023.

## Building on Our Food Safety Culture

Running great restaurants and serving safe food is the basis for building strong brand trust. To achieve this, we have created a robust culture around food safety, where every employee knows what to do, cares about what they are doing and will always do the right thing.

We have ongoing programs to educate employees about safe food handling with our suppliers and provide regular food safety training for restaurant operators and staff. We train restaurant crew members on food safety during the onboarding process, while managers complete a more robust educational program. We use webinars to train our market food safety and quality leads on the most up-to-date food safety, hygiene and sanitation standards.

Our interactive global food safety website brings worldwide users together to learn more about hygiene and safety, with McDonald's CEO, owner/operators and suppliers sharing their commitment to food safety.

## Sharing Best Practices

Collaboration is important for standardizing food safety practices and requirements, and we have been actively sharing food safety best practices at global conferences and meetings with industry, academia, government agencies and consumer groups for decades. We also participate in advancing food safety practices in countries where we do business as part of our local engagement. Our recent activity in this area includes the following:



- We have shared our farm-level best practices – for example, on water management, land use assessment and pre-harvest food safety risk assessment – with GLOBALG.A.P. working groups and the European Food Safety Authority (EFSA) to understand current and emerging food safety risks.
- McDonald's participated in the Global Food Safety Initiative Board from 2008 to 2020, providing leadership in global food safety in the food industry, government and academia.
- McDonald's collaborated with [SSAFE](#) to develop a simple food safety culture assessment tool for companies to use, elevating food safety culture around the world. We also ran food safety webinar sessions with our suppliers throughout 2021.
- We are members of the research organization Campden BRI and Center for Food Safety at the University of Georgia (UGA), USA, enabling us to keep up to date with the latest science and industry practices. Our Global Food Safety team shared our approach to DFS at the annual UGA meeting in March 2021, and the team also presented at the Campden BRI industry meeting about food safety culture best practices in spring 2021.
- We collaborated with the Philippine National Department of Agriculture in their training program on food safety risk management in March 2022.
- We have been a strong supporter of consumer food safety education with the [Partnership for Food Safety Education](#), a not-for-profit organization advancing consumer food safety education by collaborating with government, the food industry and academia in the U.S. One of our Global Food Safety team members was a co-chair for the 2021 Consumer Food Safety Education Conference in the U.S.

## Evaluation and Intervention

### Our Product Withdrawal Process

Each market is required to do annual product withdrawal exercises. Some of these exercises are carried out by third-party companies, and others by internal staff members. In our European markets, we have started this practice using third-party companies. It is essential that we conduct this product withdrawal process verification annually, continue to ensure the process is current and that people are trained in this area in every market.

### Responding to Incidents Within Our Global System

We have global supply chain incident management processes in place that are reviewed and updated periodically. Each market is required to comply with the process. If an incident involves multiple markets, our global and market teams collaborate to manage the issues in a timely manner. Our incident response process is also in place as part of our wider crisis management approach.

### Monitoring Food Safety Complaints

At global and market level, we track food safety incidents and aim to capture root causes of any issues. Our markets and global product category leads are responsible for tracking the number of complaints and incidents, which we strive to reduce year over year by putting relevant targets in place. We strive to continually improve our practices and processes as part of our ongoing improvement plans.



## Our Actions

### Continuing Supplier Food Safety Audits When Faced With Lock-Down Restrictions

During the pandemic, we faced the problem of not being able to perform in-person audits. When this occurred, McDonald's Global Food Safety Strategy provided guidance to markets, suppliers and audit firms on how to conduct audits during times of restricted movement.

Based on previous auditing performance and to maintain compliance when in-person audits were not possible, we selected suppliers to partake in virtual audits.

McDonald's provided audit firms with specific guidance to minimize disruptions during audits while ensuring audit quality. On evaluation of the 2020 and 2021 results, we found our virtual audit process to be comparable with on-site audits, highlighting the potential to use virtual audit processes more broadly in the future.

### Bringing Supplier Training Online

To maximize supplier engagement in food safety training, we launched the first in a new e-learning series for suppliers in China in 2020. The Supply Chain Immersing 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-functional 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.

### Market Focus: Continuous Improvement in Egypt

McDonald's Egypt sets food safety objectives for their restaurants on an annual basis, aligning with cross functional teams to agree on KPIs. Restaurants are continuing their work to improve the overall food safety culture, becoming ambassadors for the McDonald's brand. Regular training, training refreshes, sharing challenges and communicating with global teams all drive progress toward their goals. In 2021, McDonald's Egypt rolled out digital food safety to the whole market which includes 155 stores.

Since rolling out ISO 22000 guidelines in 2017, McDonald's Egypt aims to have all stores accredited by the end of 2024. The Food Safety team participated in the organization of the first National Food Safety Conference to develop and enhance the country's food safety network. In early 2022, McDonald's Egypt was named as a Food Safety Leadership Award winner.

Annual goals and objectives are also set for suppliers during business review sessions with each vendor, establishing a wider expectation of high food safety standards. Attaining these goals includes



second-party visits, third-party audits, feedback on customer complaints, compliance with regulatory authorities and quarterly reporting. McDonald's Egypt also works with suppliers to maintain effective crisis management procedures, such as responding to the Omicron COVID-19 variant with support from our medical consultant. In 2021, the team achieved a 72% increase in suppliers achieving A grade ratings compared to 2019.

McDonald's Egypt Food Safety Department has continued working with suppliers to build a culture of trust. In total, 69 restaurants in Egypt are accredited by ACERTA Middle East, receiving governmental authority for accreditation from the Egyptian Accreditation Council.

## Market Focus: Driving High Standards in Portugal

McDonald's Portugal has a record of maintaining the highest food safety standards, receiving APCER 3002 certification for the past 14 years and the McDonald's Global Food Safety Leadership Award in early 2022. In 2021, the BSV-Unannounced Food Safety visit was conducted, with all restaurants in the market receiving one unannounced visit from a third-party company. To maintain the high-level results of these unannounced audits, the Quality Assurance Department conducted follow-up visits for lower scoring restaurants.

Since 2018, McDonald's Portugal has been regularly communicating food safety goals through a newsletter, establishing the objectives of third-party audits and updating employees on progress. The Quality Assurance Department defines these goals, considering third-party audit results. In partnership with the Training Department, Quality Assurance updates food safety training courses and continues to reinforce implementation of food safety procedures.

Maintaining high standards extends to suppliers and, in 2021, McDonald's Portugal developed a Supplier Evaluation form to help suppliers to quantify their annual performance and implement action plans to improve results. They also conduct biannual mock recall exercises with local suppliers to boost the resilience of our supply chain.

## Market Focus: Strengthening Food Safety Through Technology and Training in the Baltics

Driving a culture of high food safety and quality in our restaurants is a top priority across our Baltics markets. To target continuous improvement, all 40 restaurants across Lithuania, Estonia and Latvia have yearly goals for food safety and quality assurance, which are reviewed monthly to drive progress. They are expected to communicate updates and implement corrective actions wherever further improvements are required. Performance is measured on an ongoing basis to advance food safety across the markets.

Demonstrating their commitment to high standards, McDonald's Baltics was named as a Food Safety Leadership Award winner for 2021.

Also in 2021, Premier Capital – our Developmental Licensee in the Baltics – received an ISO 50001:2018 certificate and recognition of digital food safety (DFS) usage in all 40 restaurants.

All restaurants across the Baltics are using a DFS system alongside other technologies such as temperature monitoring loggers. By working closely with the system provider, they modernized daily tasks such as product safety checklists, shift management tasks and weekly equipment calibration checklists, all in the local language for each country. The hand in hand collaboration of Food Safety, Operations and Restaurant Management ensures continuous improvements of all measures. These actions have enhanced food safety practices at restaurants by elevating the usage of the tool from a pure checklist to a management tool.



McDonald's Baltics understand the importance of rigorous training to support their staff to learn and implement the advanced tools that the system provides. To enhance a culture of excellent food safety, they went even further by creating, testing and improving the annual recalibration process for DFS users (loggers) in 2020 together with the DFS provider. In 2021, the first calibrations were complete. McDonald's Baltics continue to expand and digitize employee training options and shifted their ServSafe food safety training course online to enable greater flexibility, with 244 people from across 40 restaurants completing the course throughout 2021.

In Latvia, during 2021, the Food Safety and Quality team worked together with the Operations and Training Department, to launch a new multi-level Food Safety training. Additionally, detailed development plans have been created for Food Safety Managers at each restaurant, including online seminars. Lithuania and Estonia will implement the same project in 2022.

## Virtually Celebrating Food Safety Week

In June 2021, we celebrated food safety week virtually due to the COVID-19 pandemic. The chosen theme was "Food Safety Matters Everywhere." Leaders from different functions and markets shared their perspectives on why food safety is an important issue for everybody and how it relates to McDonald's core values. We engaged with suppliers and markets during the week, and held a successful "Ask the Experts" session that provided an opportunity for direct dialogue between market food safety leads and global food safety experts.

## Supporting Digital Connections for Food Safety

During the pandemic, we hosted two global supplier virtual events, one in October 2020 and the other 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 was well received. In addition, we also ran seven global food safety training and education webinars for suppliers in 2021, with 2,286 participants. The events covered a range of food safety topics, including:

- Clean packaging and equipment hygienic design.
- Allergen management.
- Anticipatory issues management.
- Integrated pest management.
- What to look for when evaluating a Hazard Analysis and Critical Control Point (HACCP) plan.
- Mitigating and preparing for supply chain disruptions.



## Nutrition & Marketing Practices

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



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

Parents in particular are looking for menu choices that they can feel good about when it comes to 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.

## Recent Progress

Continued supporting markets on their progress against the Global Happy Meal Goals, which we are on track to publish progress against in 2023.

Integrated our nutrition strategy into the Sustainability and ESG team to provide leadership, coordination and support for McDonald's global nutrition goals, policies and reporting.

Strengthened internal network with representation from Nutrition, Sustainability, Quality Assurance and Supply Chain functions to collaborate and share best practices on nutrition across the Company and insights across our global markets.

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





# Our Strategy

We're working with and learning from families to find areas where our System has the best opportunity to create positive and meaningful change. Our strategy is grounded in goals around nutrition in our Happy Meals, as we believe focusing on kids and families is where we can have the biggest impact.

## Global Governance

Our Chief Sustainability Officer and Global Chief Marketing Officer oversee our nutrition and marketing practices strategies, including progress against our Global Happy Meal Goals. Together, they provide regular updates to a cross-functional leadership team of senior executives from across the Company who are accountable for leading McDonald's Impact Strategy and reporting to the Chief Executive Officer.

## Our Happy Meal Goals

We want to use our scale to promote more balanced choices for kids. In collaboration with [Alliance for a Healthier Generation \(Healthier Generation\)](#), we developed five ambitious Global Happy Meal Goals to be achieved by the end of 2022. We aim to deliver balanced meals with a variety of options from recommended food groups, using quality ingredients that allow parents to feel good about our Happy Meal menu.

## Our Five Global Goals



We aim to achieve these goals in all markets globally<sup>1</sup> by the end of 2022. The measurement and progress reporting covers 20 major markets,<sup>2</sup> representing nearly 85% of the McDonald's System's global Happy Meal sales. Due to McDonald's Corporation's [announcement to exit the Russian market in May 2022](#), the inclusion and reporting of Russia in our final Global Happy Meal Goals Progress Report may vary. Keybridge, an independent third party, supports us in defining our targets, measuring and publicly reporting our progress in these markets.



## Marketing Responsibly

We're proud of our long history as an industry leader in responsible marketing to children. To address responsible marketing to children at both a Company and an industry level, 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](#).

McDonald's Global Marketing to Children Guidelines incorporate many of McDonald's commitments related to responsible marketing in this area, and apply to all of our markets around the world. In each of our markets, family marketing employees are required to take an e-learning course on these Guidelines. We recognize the role we play as the leading global foodservice retailer and are actively involved in self-regulation focused on this important issue.

## Supporting Informed Decisions

McDonald's recognizes the importance of nutrition labeling and aims to help consumers make informed choices. From printed brochures and nutrition labeling on select food packaging to innovative use of our mobile apps, kiosks and online nutrition calculators, as well as displaying calories on menu boards, many of our markets publish nutrition information in a variety of ways to our customers.

## Our Performance

The Global Happy Meal Goals apply to all markets globally,<sup>1</sup> with measurement and reporting of progress ongoing among our 20 major markets.<sup>2</sup>

Our [Global Happy Meal Goals 2020 Interim Progress Report](#) captures our latest progress toward the five Global Happy Meal Goals, leveraging the latest data available for each goal. Our third-party validator Keybridge audited our measurement and reporting.

We plan to publish our final progress report in 2023, which will include our performance against the goals as of the end of 2022. We are working closely with markets to achieve our goals by the target date, and to identify any market-specific situations that may warrant a limited extension or exemption, such as local regulatory standards or unique operational circumstances. Despite challenges faced during the pandemic, we remain focused on actions we can take to help promote more balanced choices for kids, including leveraging innovative marketing practices to promote recommended food groups in Happy Meals.

## Offer Balanced Meals Goal

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 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.



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## Simplify Ingredients Goal

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 goal in early 2020.

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## Be Transparent With Happy Meal Nutrition Information Goal

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 goal in Q2 2020, up from 6 markets in Q1 2019.

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## Market Responsibly Goal

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 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 the Happy Meal side.

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## Leverage Innovative Marketing Goal

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 food groups in 2019 as compared to 2018.

## Our Actions

### Market Focus: Nutrition Improvements in the U.K.

McDonald's U.K. wants to make it easier for our customers to make balanced 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. Currently, 92% of our core food and drink menu is under 500 calories.

We review and update our Happy Meal menu regularly. Around 70% of items in our Happy Meal menu are non-high in fat, salt and sugar (non-HFSS), according to the U.K. Government's Nutrient Profiling 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 options<sup>3</sup> when this was first introduced in 2017.

### Market Focus: Evolving the Menu in the U.S.

McDonald's USA is always looking for ways to innovate and evolve our menu options. Starting in 2018, the beef served in Quarter Pounder<sup>®4</sup> burgers in the U.S. is sourced only from North America,<sup>5,6</sup> and cooked fresh in restaurants across the country. In 2018, we announced that all of our classic burgers have no artificial preservatives, artificial flavors or added colors from artificial sources. Currently, our pickle does contain an artificial preservative.<sup>5</sup>

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.<sup>7</sup> 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.

### Market Focus: Helping Customers Choose the Healthier Option in the Netherlands

McDonald's Netherlands's ongoing commitment to support customers in choosing a more varied diet, alongside product improvements, is what helps us advance our menu further to keep delivering healthier



options. Aiming to continually improve their menu offering, McDonald's Netherlands have offered water as the default drink for their Happy Meals for several years. In 2019, a further menu update was made so that Cheeseburgers are now available by request only. More recently, further menu updates have resulted in McDonald's Netherlands achieving 12 million pieces of fruit sold every year. For example, the dessert menu now contains more fruit and vegetable options.

## Footnotes

<sup>1</sup> It 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.

<sup>2</sup> Our major markets include the U.S., Canada, Brazil, Argentina, the U.K., France, Germany, Austria, Spain, Netherlands, Italy, Poland, Sweden, Switzerland, Russia, Hong Kong, China, Japan, Taiwan and Australia. Due to McDonald's Corporation's [announcement to exit the Russian market in May 2022](#), the inclusion and reporting of Russia in our final Global Happy Meal Goals Progress Report may vary.

<sup>3</sup> Purchases of Coca-Cola Classic switched to Coke Zero or Diet Coke.

<sup>4</sup> Weight before cooking: 4oz.

<sup>5</sup> Available at most restaurants in the contiguous U.S. Not available in Alaska, Hawaii and the U.S. territories.

<sup>6</sup> National sandwiches only. Excludes local and limited time options.

<sup>7</sup> 14 g of sugar vs. avg. 22 g at leading quick service restaurants.



## Responsible Sourcing

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



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

## Recent Progress

**100%** of the palm oil we sourced in 2021 was certified by the Roundtable on Sustainable Palm Oil (RSPO).

**100%** of soy sourced in 2021 for the feed of chicken used in McDonald's products supported deforestation-free supply chains globally.

**98.7%** of our ground and whole bean coffee was sustainably sourced in 2021.

Find out what we're doing to protect ecosystems in our supply chain on the [Nature, Forests & Water](#) page. See [Our Performance](#) and footnotes below for additional detail on these metrics and thresholds for achievement.





# Why Responsible Sourcing Matters

We're committed to creating transparent and trusted supply chains because it is key to meeting our brand value of doing the right thing and to our long-term ability to provide quality food to our customers.

For McDonald's, 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.

Our aim is to deliver responsible sourcing programs that drive lasting, meaningful outcomes on critical issues for people, animals, the environment and our business. With this in mind, we focus on the following Priority Impact Areas: promoting the health and welfare of animals; respecting human rights; addressing climate change; reducing food and packaging waste; protecting water resources; conserving forests; and farmer livelihoods.

## Our Strategy

### Using Our Global Scale Where We Can Have the Largest Impact

We believe that with global scale can come global impact. We are proud to have substantially achieved<sup>1</sup> all of our 2020 responsible sourcing on each of our priority products – beef, soy for chicken feed, coffee, palm oil, fish and fiber. See our [2020–2021 Purpose and Impact Summary](#) to learn more about this milestone. With goals on animal health & welfare, climate and forests spanning through 2050, we plan to build on this success.

## Building on Our Progress

Looking ahead, there is always the opportunity to achieve more. We believe that regenerative agriculture – the process of restoring and rebuilding ecosystems – can provide crucial solutions to help tackle climate, biodiversity and environmental challenges. It is an essential way to actively mitigate negative climate impacts while also amplifying and creating new environmental benefits. Regenerative agriculture can:

- Build healthier and more productive soil that better sequesters carbon and is more drought and flood resilient.
- Decrease the use of chemical inputs.
- Improve water aeration and retention, and foster cleaner/safer runoff.
- Enhance wildlife habitats and increase the biodiversity of flora and fauna.





## Focus on Beef

As one of the world's largest buyers of beef,<sup>2</sup> we have the opportunity to help drive positive change across global food systems, in partnership with many farmers, ranchers and producers. We continue to use our influence as a global business to help galvanize action and collaboration between suppliers, producers and others.

McDonald's policies, standards and specifications for raw materials and finished products outline our expectations of our beef suppliers. These include strict requirements for food safety and animal health and welfare, as well as employee workplace accountability. Suppliers are audited annually by third parties and must be compliant to retain their ability to supply McDonald's.

## More Than a Decade of Collaborative Action

We've worked alongside a diverse, global network of suppliers, nongovernmental organizations (NGOs) and scientists for over a decade. Through these efforts, we've collaborated with farmers and ranchers to support long-term livelihoods and resiliency, as well as embed beef farming methods that protect and maintain native landscapes, improve biodiversity and sequester carbon in soils.

As of the end of 2021, our top 10 beef sourcing markets represent over 80% of our global beef supply chain. Working with farmers, suppliers, industry groups, academia, civil society and the Global Roundtable for Sustainable Beef (GRSB), we have helped establish multi-stakeholder roundtable groups in each of these markets, including: the U.S., Canada, Australia, New Zealand and Brazil, as well as the European Roundtable for Beef Sustainability (ERBS) involving Germany, France, Ireland, Italy, Poland and the U.K.

We co-founded the GRSB in 2011. This brought together key players across the beef value chain to accelerate and continuously improve sustainability. Our leadership in the GRSB helped establish principles and criteria for sustainable beef farming, as well as key principles and criteria for natural resource management, respecting people and communities, animal welfare, food safety and quality, waste reduction and economic viability.

## Reducing Emissions in Our Beef Supply Chain

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. Read more about our climate commitment on our [Climate Action](#) page.

## Focus on Chicken

### Enhancing Chicken Welfare

Our global commitments are to source chickens raised with improved welfare outcomes and, where possible, replacing antibiotics with long-term solutions to prevent diseases and protect animal welfare. Read more about our approach to responsibly sourced chicken on our [Animal Health & Welfare](#) page.



## Supporting Sustainable Soy for Chicken Feed

One of the primary environmental impacts of raising chickens comes from the use of soy in their feed. In 2021, we continued to meet our previous goal to have 100% of the soy sourced for feed of chicken used in McDonald's products support deforestation-free supply chains globally.<sup>3</sup>

We've been on a journey to enhance our chicken sourcing requirements – from launching our Eight 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.

Read more about our approach to responsibly sourced chicken on our [Animal Health & Welfare](#) page.

## Focus on Coffee

We want customers to walk into any McDonald's restaurant globally and enjoy an affordable, quality cup of coffee that is sustainably sourced,<sup>4</sup> benefits farming communities and supports a deforestation-free supply chain.

In 2021, we sourced 98.7% of our ground and whole bean coffee from sustainable and certified suppliers.

We purchase coffee that is certified to international sustainability standards through organizations such as Rainforest Alliance, UTZ, Fairtrade International and Fair Trade USA. We also source from suppliers approved by the McCafé Sustainability Improvement Platform (McCafé SIP), which was established by McDonald's in partnership with [Conservation International](#) and our coffee roasters. To meet our deforestation-free commitment, coffee sourced in high-risk countries for deforestation must be Rainforest Alliance certified.

## How McCafé SIP Works

We established our McCafé SIP in partnership with Conservation International and our coffee suppliers and farmers. Through the platform, we engage and guide our coffee supply chain, and invest in coffee growers, their communities and long-term sustainable practices. McCafé SIP is currently active in five countries across South and Central America and reached over 6,000 farms in 2020.

McCafé SIP fosters:

- **Transparency:** Allowing us to understand who grows our coffee and identifying all farms and farmers participating in a SIP-approved program.
- **Producer collaboration:** By determining the specific needs of farming communities 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.



- **Consumer confidence:** Our Advisory Council provides input on the strategic direction of McCafé SIP, with members including Conservation International, the Rainforest Alliance, the [Committee on Sustainability Assessment](#) (COSA), the Sustainable Food Lab, Fair Trade USA and Solidaridad. The Council introduced a set of minimum requirements focused on social and environmental impacts – including human rights, health and safety, and deforestation – that all farms must meet. In partnership with COSA, we also expanded performance metrics that measure progress toward social, environmental and economic standards. Analyzing these metrics, our roasters can better target investments that support income diversification, food security and the resilience of farming communities.

## Focus on Palm Oil

We believe that palm oil *can* and *must* be sustainable. We are committed to responsibly sourcing palm oil and increasing its traceability within our System.

In 2011, we joined the Roundtable on Sustainable Palm Oil (RSPO) and remain committed as members to reporting our progress each year through the RSPO's Annual Communication of Progress (ACOP).

Palm oil is a valuable global commodity and supports the livelihoods of millions of farmer-families and their communities. When not responsibly managed, it can contribute to deforestation, biodiversity loss and community displacement. For this reason, palm oil produced for McDonald's<sup>5</sup> must be certified by the RSPO, which sets out strict criteria to minimize negative impacts to the environment and to communities in palm oil producing regions.

In 2021, 100% of our palm oil globally was certified by the RSPO.

## Focus on Fish

McDonald's is among the largest purchasers of white fish<sup>6</sup> in the world, and has played an important role in improving the sustainability of the global whitefish sector by implementing independently verified criteria for healthy fish stocks, impact on ecosystems, fisheries' management and other key actions. We support global efforts to restore depleted fish stocks and conserve marine environments.

Our goal is that all the wild-caught fish sourced for use in McDonald's products comes from verified sustainable sources.

We continue to work with partners and independent experts, such as the Sustainable Fisheries Partnership (SFP) and the Marine Stewardship Council (MSC), to identify ways to improve the health of marine ecosystems and promote respect for human rights for the people working across our fish supply chain.

In 2021, 96.3% of wild-caught fish sourced for use in McDonald's Filet-O-Fish<sup>®</sup> products came from verified sustainable fisheries. See [Our Performance](#) section for more information.



## Focus on Fiber

Fiber is the main material used for our product packaging. To conserve forests and accelerate climate action, we must 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 packaging for McDonald's restaurants from recycled or certified sources, and support deforestation-free supply chains by the end of 2020.<sup>7</sup> In 2021, we continued to achieve 96.8%<sup>8</sup> of guest packaging fiber being sourced from recycled or certified sources, and 96.3%<sup>8</sup> of fiber-based primary guest packaging sourced supporting deforestation-free supply chains.

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

McDonald's requires that our primary fiber supply is obtained 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<sup>9</sup> or Vietnam.

By switching to more sustainable packaging materials, we're actively addressing deforestation risk, conserving forests and ensuring valuable resources are reused by creating new markets for recycled materials.

## Our Performance

Following the substantial achievement of our 2020 Responsible Sourcing Goals, we continue to work with our suppliers on what is outlined in those commitments, evaluating ongoing progress. Below is our 2021 data on efforts:

- In 2021, **96.3%** of the fish sourced for McDonald's Filet-O-Fish® came from sustainably managed wild-caught fisheries, assessed and verified annually against the McDonald's Sustainability Fisheries Standard by the Sustainable Fisheries Partnership.
- **100%** of the palm oil used in McDonald's restaurants and as an ingredient in McDonald's products supported the production of sustainable palm oil in 2021.
- **100%** of soy sourced for the feed of chicken used in McDonald's products supported deforestation-free supply chains globally in 2021.
- **98.7%** of our ground and whole bean coffee was sustainably sourced in 2021.
- **96.8%**<sup>8</sup> of our primary fiber-based guest packaging was sourced from recycled or certified sources in 2021. In 2021, the primary fiber-based packaging scope was expanded to include wood stirrers and cutlery as well as paper straws and lids, contributing to a slight decrease in our percentage compliance.

See [Animal Health & Welfare](#), [Climate Action](#) and [Nature, Forests & Water](#) pages for progress on other goals related to how we source our raw materials.

[Learn about our 2020 responsible sourcing achievements in our video.](#)



# Our Actions

## Recognizing Flagship Farmers

We are committed to helping 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 beef sourcing regions.<sup>10</sup> 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 greenhouse gas (GHG) emissions.

[Watch the video to meet some of our Flagship beef farmers and see the work they do.](#)

## Latest Insights From Regenerative Farming

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 those detailed below.

- **Launching a regenerative agriculture program in France:** In early 2022, McDonald's France introduced a new regenerative agriculture program. The aim is to transform working practices, and to plant 230,000 trees and 150 km of hedges on French farms by 2030. Working with partner specialists, including the Earthworm Foundation and French organizations Agroof and Icosysteme, the project will measure the full impact of these changes in farming practices, particularly in terms of biodiversity and carbon reduction and capture. The pilot project involves 60 farms, co-operatives and suppliers, and will last at least three years, with insights to be replicated on other farms in the future.
- **Becoming a founding member of AgMission™:** With industry peers, we founded the global collaboration to reduce GHG emissions in agriculture.
- **Improving grazing techniques in the U.S.:** We have committed to matching up to \$4.5 million for 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, compared to continuously grazing across 10 ranches in the southeastern U.S. This is helping us to identify what benefits the technique can have on the environment and farming communities, including its ability to sequester more carbon in the land.
- **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. Our most recent project in February 2021 aimed to better understand the benefits of farming regeneratively using adaptive multi-paddock grazing for beef cattle. The impact of this research has been recognized by Compassion in World Farming, who have awarded us with their [2021 Sustainable Food and Farming Award](#).



- **Investing in soil and biodiversity in Nebraska, the 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 achieving other important environmental benefits for habitats and local water quality. This five-year project is expected to 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, the 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. McDonald's plans to invest a total of \$1.6 million over the course of the project. To date, in partnership with the Ranch Systems and Viability Planning (RSVP) network, we have rolled out the new grazing practices across 534, 243 acres of the Northern Great Plains. The RSVP network provides ranchers with technical expertise, training and tools, including peer-to-peer learning, to implement regenerative cattle grazing. By improving these practices, we can enhance soil health and its ability to absorb carbon from the atmosphere, ultimately reducing emissions, improving biodiversity and mitigating climate change. These practices can also help ranches be more resilient and economically viable for the long term. By providing training and building rancher networks to support ongoing implementation and improvements, the project is expected to reach over 1 million acres.

## Developing Programs to Measure and Scale Sustainability

In addition to our regenerative grazing programs, we are partnering with farmers, ranchers and other experts to develop new approaches to beef production and help 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 were 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:** For over 15 years, McDonald's Poland and beef producer OSI Food Solutions have collaborated to ensure Polish beef is safe, traceable and farmed to good standards of animal welfare. To strengthen this effort, we work with the Polish Beef Sustainability Platform and the European Roundtable for Beef Sustainability (ERBS). Together, we 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 through preventative care that reduces the need for antibiotics, expanding the life span of cows, reducing CO<sub>2</sub> 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, by sourcing at least 30% of the beef for its Angus burgers from certified sustainable sources, according to the Canadian Roundtable for Sustainable Beef (CRSB) standards. In September 2020, McDonald's Canada continued its beef sustainability journey with Quarter Pounder® patties. At least 30% of the beef used in McDonald's Quarter Pounder burgers is from certified sustainable sources, according to 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 that aligned with the Principles and Criteria for beef sustainability established by the Global





Roundtable for Sustainable Beef in 2016. The CRSB's 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 for its Quarter Pounder burgers from a fully verified sustainable supply chain.

- **Restoring Canadian grasslands:** We are also partnering with Ducks Unlimited Canada and Cargill to conserve Canadian grasslands, with the goal of returning 125,000 acres of cropland to grass and pasture by 2025.
- **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:** The Irish Food Board, Bord Bia, developed its Origin Green program, with the 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.

## Footnotes

<sup>1</sup> 2020 Responsible Sourcing Goals Progress Key: 100% was defined as 'Achieved'; 95% to 99.9% was defined as "Substantially Achieved"; 94.9% and below was defined as 'Not Yet Achieved'.

<sup>2</sup> **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.

<sup>3</sup> **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, 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, 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.

<sup>4</sup> **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](http://www.ra.org)); UTZ Certified ([www.utz.org](http://www.utz.org)); Fair Trade USA Certified ([www.fairtradecertified.org](http://www.fairtradecertified.org)); Fair Trade International Certified ([www.fairtrade.net](http://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.

<sup>5</sup> **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.

<sup>6</sup> **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](#). **MSC Certification** is optional to McDonald's markets. Fisheries may also be independently certified as meeting the Marine Stewardship Council (MSC) Principles and Criteria for Sustainable Fishing where a certificate of conformity to an MSC Standard has been granted. **Source:** [www.msc.org](http://www.msc.org). McDonald's may display the MSC certification logo in some of its markets, where fisheries and restaurants are certified against the MSC Chain of Custody traceability standard. **Scope:** Includes all wild-caught fish sourced for Filet-O-Fish 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.

<sup>7</sup> **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.

<sup>8</sup> Information updated as of August 15, 2022.

<sup>9</sup> Russia is included for the purposes of performance reporting to the end of December 2021.

<sup>10</sup> Australia, New Zealand, Canada, the U.S., Brazil, the U.K., Ireland, France, Germany and Poland.



## Animal Health & Welfare

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



Serving safe, quality food relies on animals that are properly cared for throughout their lives. At McDonald's, this includes both animal health and welfare, and [responsible antibiotic use](#).

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

## Recent Progress

France, Germany, Australia and the U.K. have each achieved a **100%** cage-free egg supply chain and the U.S. sources more than **74%** cage-free eggs.

More than **61%** of our pork purchased in the U.S. comes from suppliers that have phased out the use of gestation stalls for housing confirmed pregnant sows.

We are currently on track to achieve our 2024 Broiler Welfare Commitments across our in-scope markets, which once fully implemented will positively impact more than **70%** of McDonald's global chicken supply.

Also on this page, you can see [Our Performance](#) for more detail on our achievements and [Footnotes](#) for an explanation of the scope and definition of our commitments.



# Our Strategy

## Our Approach to Animal Health & Welfare

We believe we have a responsibility to improve the health and welfare of animals in our supply chain and work with our global network of suppliers to actively encourage industry and cross-sector collaboration. To achieve positive impact in this area, we engage recognized subject matter experts and academia to access guidance and challenge the way we think. Taking a whole-system approach that considers everything from housing to humane slaughter, we leverage our global scale in local markets to help drive positive outcomes.

## Our Supply Chains at a Glance

- **Chicken** – McDonald's sources chicken from suppliers globally who share our values. We focus on ensuring chickens are raised with strong animal health and welfare standards. Read more about [how we're responsibly sourcing chicken](#).
- **Beef and dairy** – Our expectations for beef suppliers are clearly outlined in our policies, standards and specifications for raw materials and finished products – which include strict requirements for animal health and welfare. Read more about [how we're responsibly sourcing beef and dairy](#).
- **Pork** – We work closely with pork suppliers who are as dedicated as we are to continuously improving animal welfare. Together we are phasing out the use of gestation stalls for housing pregnant sows in the U.S. market. Read more about [how we're responsibly sourcing pork](#).
- **Eggs** – Our commitment to sourcing cage-free and free-range eggs in certain markets has helped transform supply chains. We have partnered with our suppliers to help lead the way and meet consumer demand at a massive 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

See [Our Performance](#) against our goals for animal health and welfare.

## Ensuring Supply Chain Compliance

Our programs and systems make McDonald's animal health and welfare requirements clear for suppliers. For example, our:



- Global Raw Material Sponsorship Program defines our annual food safety, animal health and welfare, and social workplace accountability requirements for all raw material suppliers of beef, chicken and pork.
- Global Sustainable Sourcing Guide further outlines category-specific requirements, which are also embedded in our product Quality System Specifications.
- 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.
- McDonald's animal health and welfare standards are defined for each species and verified through recurring independent audits of approved slaughterhouses. Where these audits find non-compliance, we work with the supplier to enhance their practices and implement robust and sustainable corrective action plans.

## Standards to Ensure Humane Slaughter of Beef, Chicken and Pork

We believe it is essential that every animal in our supply chain is treated humanely throughout its life.

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.

Stunning animals to assure insensibility before slaughter is a critical animal welfare requirement. Regardless of stun method, any potential conscious animal observed at the point of slaughter constitutes an automatic audit failure. We immediately remove any supplier that fails to meet our stun effectiveness requirements from our approved supplier list.

## Our Performance

For the latest progress and information on our Responsible Antibiotic Use Goals, please visit our [Responsible Antibiotic Use](#) page.

## U.S. Pork Housing Goal

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

## Progress

In 2017, we achieved our milestone to source pork for our U.S. business only from suppliers who share our commitment to supporting the phase-out of gestation stalls for housing 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 reach 85–90% 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.

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## Cage-Free and Free-Range Egg Goal

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

### Progress

As of the end of 2021, the U.S. egg supply chain is at more than **74%** cage-free and Canada now sources more than **57%** cage-free eggs.

Canada and Arcos Dorados (the largest independent McDonald's Licensee, with operations in Latin America and the Caribbean) have also set goals of sourcing 100% cage-free eggs by the end of 2025.

In certain markets we've achieved a cage-free egg supply chain. France, Germany, Australia and the U.K. have each achieved a **100%** cage-free egg supply chain. In 2021, all of the eggs used in our menu and as ingredients in McDonald's Netherlands products were free-range.

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## Broiler Chicken Welfare Goal

**Our commitments to sourcing chickens raised with improved welfare outcomes will impact more than 70% of our global chicken supply<sup>1</sup> and we expect that they will be fully implemented by the end of 2024.**

### Progress

We are on track to achieve all of our 2024 Broiler Welfare Commitments. For details on our latest progress for each of the eight commitments included in this goal, please see our [2022 Broiler Welfare Progress Update \(PDF – 100 KB\)](#) or read our [Focus on Chicken](#) section for more details on this commitment.

Highlights of our progress to date include:

- **100%** of our Canadian supply chain and approximately **60%** of our U.S. supply chain facilities utilize Controlled Atmospheric Stunning (CAS), widely thought to be the most humane slaughter method; we're on track to achieve 100% by the end of 2024.





- In partnership with global suppliers and an external third-party facilitator, we are in the process of concluding an extensive, two-year commercial trials initiative to inform our key welfare indicator (KWI) target-setting efforts, and to study the impacts that certain production parameters – such as breed and stocking density – have on welfare, environmental and economic outcomes.
- Members of our Chicken Sustainability Advisory Council (CSAC) – as part of an Enrichments & Lighting Working Group – have defined outcome-based enrichment & lighting guidelines for implementation by our suppliers.
- We recently advanced **three** broiler welfare-monitoring research projects into Phase 2 of our Sensing, Monitoring, Analysis, Reporting Technology (SMART) Broiler initiative. Throughout this phase of the initiative, McDonald's will provide researchers with access to funds and facilities that allow them to continue developing technology that objectively and effectively monitors broiler welfare and behavior.

## Our Focus Areas

### Focus on Beef and Dairy

McDonald's is a founding member of the [Global Roundtable for Sustainable Beef](#) (GRSB) and strongly supports its five core principles, including animal health and welfare. See our [Responsible Sourcing](#) page for examples of how we're applying these core principles across our supply chain. For details of how we're advocating for responsible antibiotic use in the beef industry, see our [Responsible Antibiotic Use](#) page.

### Industry Collaboration With Our Dairy Suppliers

We have aligned with the National Dairy [FARM](#) (Farmers Assuring Responsible Management) Program in the U.S. Since 2018, all U.S. dairy suppliers have tracked the percentage of farms in their supply chains 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 chains participate in FARM and have completed the second-party assessment.

### Focus on Chicken

We formed the CSAC in 2018 to inform our chicken welfare and sustainability strategies. The group includes welfare experts, suppliers, leading academics and researchers, as well as nongovernmental organizations (NGOs) such as the World Wildlife Fund (WWF).

For details of our global chicken antibiotics efforts, see our [Responsible Antibiotic Use](#) page.

### Sourcing Broiler Chickens Raised With Improved Welfare Outcomes

McDonald's takes an outcome-based, holistic approach to chicken sustainability – one that prioritizes animal health and welfare, while also balancing additional considerations such as environmental impacts.

In 2017, McDonald's announced a global commitment to source chickens raised with improved welfare outcomes. To achieve this, we outlined eight Broiler Welfare Commitments in 14 of our key





markets. Once fully implemented, these eight commitments will positively impact more than 70% of our global chicken supply<sup>1</sup> and we expect that they will be fully implemented by the end of 2024.

Our eight commitments to broiler welfare include:

1. Establishing and convening the McDonald's CSAC.
2. Measuring key farm-level welfare outcomes.
3. Developing state-of-the-art welfare measurement technology.
4. Providing enrichments to support natural behavior.
5. Running commercial trials to study the effects of certain production parameters on welfare outcomes.
6. Utilizing CAS in the U.S. and Canada.
7. Implementing third-party, on-farm auditing.
8. Completing an assessment to measure the feasibility of extending these commitments to additional global markets where McDonald's operates.

To see additional detail and latest progress on each commitment, please read more in our [2022 Broiler Welfare Progress Update \(PDF – 100 KB\)](#).

**“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

## Focus on Pork

### Sourcing Pork Responsibly

As of early 2022, more than 61% of McDonald's U.S. pork was sourced from producers who share our commitment to phase out gestation stalls for housing pregnant sows. This marks a significant step on our journey to 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 on 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.



While McDonald's targeted the end of 2022 for completion, 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 85–90% 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 associated with producers that house pregnant sows in groups.

Due to these challenges, McDonald's has extended the timeframe for achievement of this commitment by two years. Phasing out the use of gestation stalls for the purpose of housing 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.

For details of our efforts to drive responsible antibiotics use in pork supply chains, see our [Responsible Antibiotic Use](#) page.

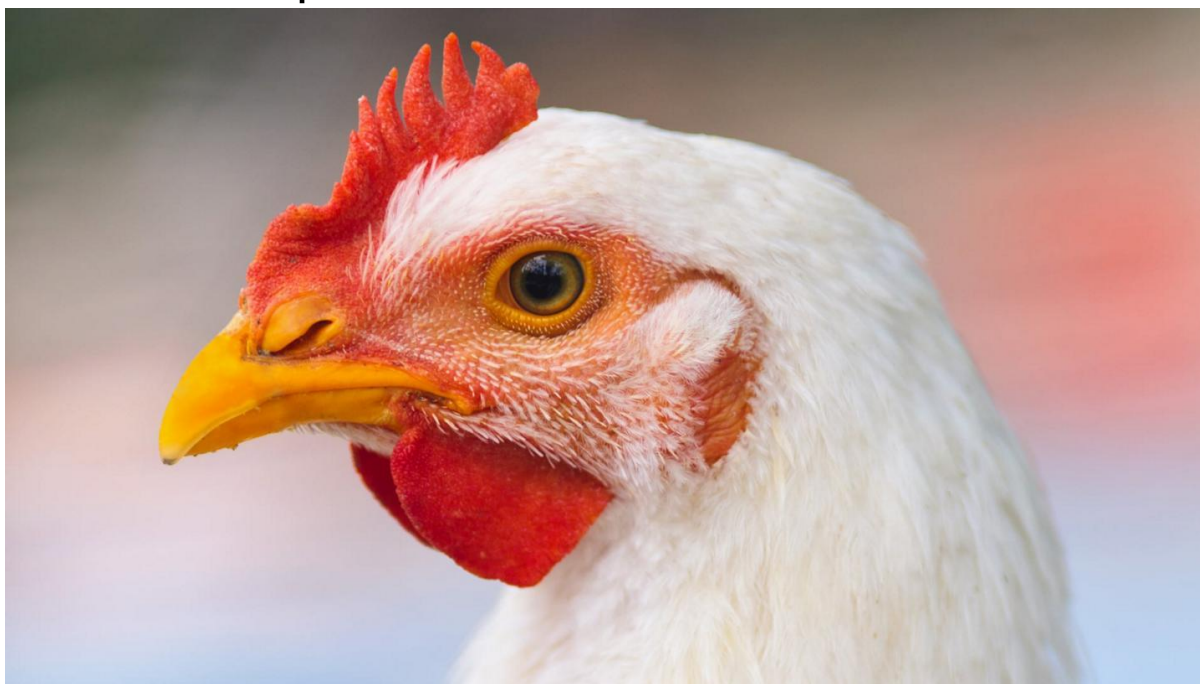
## Footnotes

<sup>1</sup> **Broiler welfare:** These 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, the U.K. and the U.S. Russia is included as one of our major markets for the purposes of performance reporting to the end of December 2021.



## Responsible Antibiotic Use

At McDonald's, we are working towards the responsible use of antibiotics in our supply chain, including reducing their use and not permitting routine use of medically important antibiotics in food animal production.



Our longstanding commitment to the reduction of antibiotic use in food animals – including reducing the use of medically important antibiotics as defined by the World Health Organization (WHO) – spans over 18 years, since we first outlined our position on antibiotic use in our supply chain in 2003.

Through our commitment to responsible antibiotic use, we are doing our part to help preserve the effectiveness of antibiotics for future generations. Antimicrobial Resistance (AMR) is a critical global public health issue that we believe we and our suppliers have a responsibility to help address.

Our antibiotic use policies do not permit the routine use of medically important antibiotics for the purpose of growth promotion or the habitual use of antibiotics for disease prevention<sup>1</sup>.

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

Also on this page, you can see [Our Performance](#) for more detail on our achievements and [Footnotes](#) for an explanation of the scope and definition of our commitments.



# Our Strategy

## Responsible Use of Antibiotics to Treat Sick Animals

As one of the world's largest food companies, McDonald's will collaboratively do our part to advance practices related to the responsible use of antibiotics, following guidelines set out by the WHO, the World Organization for Animal Health (formerly the OIE) and other recognized public and animal health bodies.

According to the WHO, "over-use and misuse of antibiotics in animals and humans is contributing to the rising threat of antibiotic resistance."<sup>2</sup> Antimicrobial Resistance (AMR) is a critical global public health issue that we believe we have a responsibility to help address. We take this seriously, striving to provide antibiotic effectiveness for future generations by working across our industry and supply chain with producers, veterinarians, academics and other experts in the field. We intend to use our voice to advocate for increased transparency, data collection and for policies to enable better assessment of use and reduction in use across the industry.

McDonald's can play a key role in creating awareness throughout our supply chain on responsible antibiotic use, following guidelines set out by the WHO, the World Organisation for Animal Health (formerly the OIE) and other recognized public and animal health bodies.

We are committed to a responsible-use approach – refining antibiotic selection and administration, reducing non-therapeutic antibiotic use and, when possible, replacing antibiotics with long-term solutions to proactively prevent diseases and protect animal health and welfare, as outlined in our revised [2017 Vision for Antibiotic Stewardship](#) (VAS). We believe that reducing any overdependence on antibiotics within our supply chain complements our decades-long commitment to [managing and improving the health and welfare of animals](#).

We engage with academia, suppliers, farmers and ranchers, nongovernmental organizations (NGOs), veterinary networks and others who have a deep understanding of these issues and of ways that progress can be made. McDonald's was a founding member 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 AMR.

Our protein-specific policies (chicken, beef and pork) are based on the "One Health" approach, which emphasizes the need for collaborative, multi-discipline efforts at the local, national and global levels to attain optimal health for people, animals and the environment.

For more information on our approach to individual proteins, see the [Advocating for Responsible Antibiotic Use in Beef](#), [Implementing a Global Chicken Antibiotics Policy](#) and [Our Pork Antibiotics Use Policy](#) sections below.

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



animals and is supportive of industry-wide data collection to continue refining antibiotic use across beef industries.”

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

## Our Performance

For the latest progress and information on our Animal Health & Welfare Goals, please visit our [Animal Health & Welfare](#) page.

## Responsible Antibiotic Use in Beef Supply Chain 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.**

## Progress

As of December 2022, we have established market-specific targets for the responsible use of antibiotics in our global beef supply chain for our 10 in-scope markets, representing over 80% of our global beef supply chain as of the end of 2021<sup>3</sup>. These market-specific responsible use targets were informed by insights gained from our beef antibiotic monitoring pilot tests and in collaboration with subject-matter experts.

Our targets focus on the responsible use of medically important antibiotics and are aligned with WHO Guidelines on AMR. Our policy does not permit the routine use of medically important antibiotics for the purpose of growth promotion or the habitual use of antibiotics for disease prevention<sup>4</sup>. Reduction, where possible without adverse effects on animal health and welfare, remains an intended outcome of our commitment. McDonald's global position on responsible antibiotic use recognizes that effective treatment of sick animals requires antibiotic selection with oversight from a qualified veterinarian through a valid Veterinary Clinic Patient Relationship (VCPR). These targets reflect general guidance for markets holistically and are not expected/required of each individual producer.

Moving forward, we will partner in the collection of antibiotic use data associated with global beef and dairy industries, leveraging independent third party/parties to facilitate data aggregation. Currently, there is limited data on antibiotic use in the industry as a whole. Our intention is to help drive positive behavioral change and transparency, as well as enable comprehensive assessment of antibiotics use across our in-scope beef supply chains and industries in the future. We plan to share an update on this journey by the end of 2023.

More information on the market-specific targets for the responsible use of antibiotics in our beef supply chain can be found on page 7 of our updated [Antibiotic Policy for our Beef Supply Chain \(PDF – 463KB\)](#).



# Responsible Antibiotic Use in Chicken Supply Chain Goal

**Eliminate the use of antibiotics defined by the WHO as Highest Priority Critically Important Antibiotics (HPCIA) to human medicine from all chicken served by the end of 2027.<sup>5</sup>**

## Progress

HPCIA use has been eliminated in the following McDonald's markets: Australia, Brazil, Canada, Europe, Japan, South Korea and the U.S.

China is expected to comply before the end of 2027.

## Our Focus Areas

### Advocating for Responsible Antibiotic Use in Beef

In 2018, we implemented [McDonald's Antibiotic Policy for our Beef Supply Chain \(PDF – 463KB\)](#). Our Policy is informed by our Vision for Antibiotic Stewardship (VAS) and follows global guidance from expert bodies like the WHO and the World Organization for Animal Health. This Policy identifies McDonald's expectations and anticipated implementation plans with respect to antibiotic use in our beef supply chain while complying with local laws and regulations, focusing on the following beef sourcing countries: Australia, Brazil, Canada, France, Germany, Ireland, New Zealand, Poland, the U.K., and the U.S.

Since implementing our Policy in 2018, we have updated it to continue building on McDonald's longstanding commitment to responsible antibiotic use in food animals. As part of the evolution of our Policy in 2022, we have established market-appropriate responsible use targets informed by significant research, pilot testing and collaboration with subject-matter experts. These efforts focused on our 10 in-scope markets, which accounted for over 80% of our global beef supply chain in 2021. Our targets have been established in alignment with the "One Health" approach and with the 3 R's (Refine, Reduce and Replace) top of mind. Reduction remains an intended outcome of our responsible use commitment, while allowing for the treatment of sick animals, aligned with herd veterinarian direction.

Our journey is far from over. Partnership and collaboration with stakeholders and suppliers will continue to be critical for us to help drive positive outcomes, as there is currently a lack of consistent processes, definitions, regulations or thresholds for responsible use of antibiotics in beef across our top 10 sourcing markets. While this presents a challenge, we believe we have a responsibility to be part of the solution.

McDonald's and our suppliers will engage in-scope beef supply chains and industries to share expectations for a responsible use approach to antibiotic use and adherence to criteria contained within our Policy. Because there is limited data on antibiotic use in the industry, we intend to partner in the collection of data associated with global beef and dairy industries across all in-scope markets. This will help us gain understanding of use within our top sourcing markets and enable comprehensive assessment of antibiotics use across in-scope beef supply chains in the future. We intend to leverage independent third-party/parties to facilitate data aggregation, helping to drive positive behavioral change and transparency. We plan to share an update on this journey by the end of 2023.





Additional details on the targets established for specific markets and sectors can be found on page 7 of our [Antibiotic Policy for our Beef Supply Chain \(PDF - 245 KB\)](#).

## Implementing a Global Chicken Antibiotics Policy

Since February 2019, we've tracked the use of medically important antibiotics across our top 20 suppliers, representing 85 slaughter facilities and more than 5 billion birds, with producer data collection being managed by our third-party provider, the Farm Animal Initiative (FAI). We implemented our Chicken Antibiotics Policy, which includes eliminating the use of HPCIAAs as well as not permitting the routine use of antibiotics for disease prevention or growth promotion, in our top chicken sales markets around the world in 2017.<sup>5</sup> All in-scope markets are currently on track to eliminate the use of HPCIAAs in our chicken supply by the end of 2027 and antibiotics shall not be used for Routine Prevention or for Growth Promotion.

## Our Pork Antibiotic Use Policy

We are advancing our work on a policy on the responsible use of antibiotics in our pork supply chain. 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 was introduced to our global suppliers, who were asked to conduct gap assessments between the McDonald's draft criteria and - expectations and their current internal policies on antibiotic use. In 2022, we evaluated the supplier feedback and are leveraging this feedback to inform updates to our policy, including our implementation timeline.

In 2023, in partnership with our suppliers, we will communicate and deploy our policy to pork industries in the in-scope markets. As part of this process, we will identify and develop market-specific plans for collection of antibiotic use data across all in-scope markets.

## Footnotes

**1** This is applicable to our existing antibiotic use policies for chicken and beef supply chains. **Beef:** Habitual use of medically important antibiotics for disease prevention is a probable indication of an underlying herd-specific and/or management issue and is not permitted except in the following narrowly defined situations: based upon the determination of a qualified veterinarian familiar with the disease history in the herd, non-routine prevention uses may be permitted if there is a high risk of contraction of a particularly infectious disease. If use is deemed necessary and when effective multiple treatment options exist, McDonald's encourages adoption of a tiered approach to antibiotic selection— least important to human medicine being the first choice, with Highest Priority Critically Important Antibiotics (HPCIAAs) reserved for last resort. **Chicken:** Antibiotics shall not be used for Routine Prevention or for Growth Promotion. In addition, Antibiotics shall only be prescribed by a licensed chicken veterinarian that has clinically diagnosed an infectious disease or illness, and such Antibiotics must be used strictly in accordance with labeled and veterinary direction for dose, duration, route, frequency, withholding period and withdrawal times.

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

**3 Beef antibiotic use:** This goal focuses on Australia, Brazil, Canada, France, Germany, Ireland, New Zealand, Poland, the U.K. and the U.S., which represented our top 10 beef sourcing countries and accounted for over 80% of our global beef supply chain as of the end of 2021.





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

**5 Chicken antibiotic use:** Markets covered by this goal include Brazil, Canada, Japan, South Korea, the U.S., Australia, Russia, China and Europe. For the purposes of this goal, Europe includes 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, the U.K. and Ukraine. Russia is included for the purposes of performance reporting to the end of December 2021.



# Our Planet

## Building Climate Resiliency and Protecting Nature



## Our Priority ESG Issues

### [Climate Action](#)

We are working to take climate action and helping transform our food systems to be more resilient for the future ahead.

### [Nature, Forests & Water](#)

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

### [Packaging, Toys & Waste](#)

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

In partnership with our Franchisees, suppliers and producers, we're finding innovative ways to reduce emissions, keep waste out of nature and preserve natural resources.

**Climate change** and its impacts not only pose significant risks to the resilience of our food supply, but also to all communities. We are helping transform food systems for the better, caring for our shared planet by reducing emissions, and adapting and safeguarding our ability to feed communities today and in the future.

**Packaging** is important in reducing food waste. Our packaging and waste strategies, as well as efforts to reduce plastics in Happy Meal toys, help keep communities clean, protect the planet for future generations and support long-term business resilience. Despite systemic challenges, like



recycling infrastructure limitations, we're committed to achieving a more circular economy – where we help keep materials in use rather than relying on new ones.

We aim to help preserve and regenerate **nature**, support biodiversity and engage the communities and farmers closest to natural ecosystems to build resilience together. By using natural resources in ways that help protect the environment – and encouraging others to do the same – we can continue reducing our impact while helping contribute to nature-positive supply chains and a more sustainable global economy.

Discover how our ambitious goals are guiding our [responsible sourcing](#), as well as how we are building [business resilience](#) into our business in a changing world. We are also committed to respecting the [human rights](#) of the people who work across the System.

## Recent Highlights

### Climate Action

- We joined the United Nations Race to Zero campaign, putting McDonald's on the path to net zero emissions by 2050.
- We participated in COP26 where our CEO and other leaders joined panels and roundtables with other leaders to share notable developments in our climate journey, and to discuss the importance of addressing climate change on a global stage.
- We released our inaugural [Climate Risk & Resiliency Summary \(PDF – 3.82 MB\)](#), guided by recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD), demonstrating our commitment to assessing, managing and disclosing climate related risks and opportunities for our business.
- As of the end of 2021, we have achieved a **2.9%<sup>1</sup>** reduction in the absolute greenhouse gas (GHG) emissions of our restaurants and offices, and a **7.8%<sup>1</sup>** reduction in supply chain GHG emissions intensity, compared to 2015 baseline figures. As the 2019-2022 transacted U.S. renewable energy projects come online, they are expected to contribute to a 27% reduction from our global 2015 baseline.

### Packaging, Toys & Waste

- Approximately **82.7%** of our packaging materials and **96.8%<sup>1</sup>** of our primary fiber packaging comes from recycled or certified sources. We're aiming for 100% certified, recycled or renewable guest packaging materials by the end of 2025.
- Our ambition is to drastically reduce plastics and offer sustainable Happy Meal toys<sup>2</sup> and transition to more sustainable materials by the end of 2025. Since 2018, we have reduced virgin fossil fuel-based plastic in Happy Meal toys by 24.4% globally and we continue to work on sourcing materials used in Happy Meal toys from renewable, recycled or certified sources.
- By the end of 2021, in our top 35 markets, on average **35%** of restaurants offered guests the opportunity to recycle packaging items.



## Nature, Forests & Water

- Since 2020, we have continued to substantially achieve supporting deforestation-free supply chains across our primary commodities: beef, soy for chicken feed, palm oil, coffee and fiber for guest packaging. In aggregate, **97.7%** of these priority commodities supported deforestation-free supply chains in 2021.
- We carried out water efficiency pilots in restaurants in California. post-implementation analysis resulted in roughly a **30%** reduction in usage, an annualized saving of 3.7 million gallons of water.
- McDonald's joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum to collaborate with others in the industry on the frameworks, metrics and tools that will be used to address nature-related risks and opportunities.

## Relevant Reports and Summaries

- [2021 Climate Risk & Resiliency Summary \(PDF – 3.82 MB\)](#)
- [2021 CDP Climate Change \(PDF– 588 KB\)](#)
- [2021 CDP Forests \(PDF– 580 KB\)](#)

[See All Current and Past Reports](#)

## Related Issues

Additional issues across our four pillars include:

- [Nature, Forests & Water](#)
- [Business Resilience](#)
- [Human Rights](#)

## Footnotes

<sup>1</sup> Information updated as of August 15, 2022.

<sup>2</sup> **Toys: Scope:** Inclusive of all toys. **Fiber-based toys or fiber components in the toys:** 100% certified fiber required. **All other materials:** McDonald's ambition is to reduce the use of virgin fossil fuel-based plastics, offer sustainable toys by the end of 2025 and not manufacture electronics and batteries in Happy Meal toys globally. For bio- and plant-based plastics to be considered sustainable for McDonald's, a minimum of 60% of plastic weight is required to come from recycled or renewable content or a combination of recycled and renewable content, though in many practical applications we anticipate that percentage will be much higher. The remaining 40% may be conventional fossil fuel-based material. These thresholds were developed in conjunction with input from NGOs, external manufacturing partners and scientists, and based on an assessment of sustainable toy and packaging industry leaders so that our targets reflected current sustainable engineering capabilities to maintain safety and functionality. Our efforts will result in an approximate 90% reduction in virgin fossil fuel-based plastic use against a 2018 baseline. **Fiber-based packaging: Source:** ISO 14021:2016. McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be FSC® certified or FSC Controlled Wood sources with full chain of custody certification. Russia is included for the purposes of performance reporting to the end of



December 2021. The thresholds described above do not include the presence of adhesives, glues, inks, paints and coatings.



## Climate Action

We are working to take climate action and helping transform our food systems to be more resilient for the future ahead.



To meet our climate action ambitions, we are focused on reducing emissions in our restaurant operations, engaging suppliers to reduce emissions in supply chains, strengthening the resilience of our business and using our voice to advocate for collective transformation.

As a global brand, we are embracing our unique opportunity to mobilize the entire McDonald's System to act now. We are collaborating with Franchisees, suppliers and producers to catalyze change and help create a brighter, better world for the future.

## Recent Progress

We joined the United Nations Race to Zero campaign, committing to put McDonald's on the path to net zero emissions by 2050.

We participated in COP26 where our CEO joined panels and roundtables with other leaders to share notable developments in our climate journey, and to discuss the importance of addressing climate change on a global stage.

We released our inaugural [Climate Risk & Resiliency Summary](#), guided by recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), demonstrating our commitment to assessing, managing and disclosing climate-related risks and opportunities for our business.

We have achieved a **2.9%**<sup>1</sup> reduction in the absolute greenhouse gas (GHG) emissions of our restaurants and offices compared to 2015 figures. As the 2019–2022 transacted U.S. renewable energy projects come online, they are expected to contribute to a **27% reduction** from our global 2015 baseline.

We have achieved a **7.8%**<sup>1</sup> reduction in supply chain GHG emissions intensity compared to 2015 figures.



# Our Strategy

Climate change is one of the biggest challenges of our time, with severe effects including more wildfires, flooding, droughts and an increase in extreme weather patterns. The impacts not only pose significant risks to the resilience of our food supply but also to all communities, including those in which we operate and from where we source around the world.

In partnership with our Franchisees and suppliers, we are helping to transform our food systems for the better and take care of our shared planet. 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, it is important for the strength of our business now and in the long term.

On this page, you'll find out more about our impact reduction measures across our business:

- [Our Priorities for Reducing Our Footprint](#)
- [Climate Impact Measurement](#)
- [Climate-Related Risks and Opportunities](#)
- [Collaborating to Drive and Advocate Change](#)

## Our Climate Targets and Net Zero Pledge

In 2018, we committed to reducing greenhouse gas (GHG) emissions related to our restaurants and offices by 36% by the end of 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. These science-based targets were approved by the Science Based Targets initiative (SBTi) in 2018, and we are working to reach them by collaborating with industries, governments, Franchisees, suppliers, consumers and local communities.

In 2021, we joined the United Nations Race to Zero campaign, committing to achieve net zero emissions by 2050. Through the SBTi Business Ambition for 1.5°C campaign, we have also committed to adapting our climate targets to do our part going forward to keep global temperature rises below 1.5°C.

## Our Priorities for Reducing Our Footprint

We are prioritizing action across the areas that contribute most to our enterprise carbon footprint, including restaurant energy, supply chain, and packaging and waste.

### Restaurant Energy

With restaurants in over 100 markets across the world, we are working with our Franchisees to be more innovative in creating and managing increasingly sustainable and efficient locations. This includes investing in areas such as renewable energy, LED lighting, energy-management systems and energy-efficient kitchen equipment. Across the globe, our markets are in various phases of strategy development and implementation. McDonald's is also proudly taking [steps to procure and use renewable electricity](#).





## Supply Chain

Together with our supplier partners, we share a commitment to take action to address climate change and drive continuous improvement. We expect all McDonald's suppliers to set climate targets, measure emissions and make reductions – particularly in Scope 3 emissions – in line with their broader sustainability strategies. This expectation is communicated to suppliers through sourcing teams, and is assessed through CDP disclosures and other reporting feedback mechanisms. We regularly reinforce the importance of taking action during supplier webinars and reviews, while also supporting our suppliers with a Climate Action Toolkit.

Through our climate data and insights platform, we understand the various impacts suppliers and sourcing categories have on our emissions. These insights allow us to work with our suppliers on strategies that support our science-based targets and reduce our collective impact on the climate.

As one of the biggest buyers of beef in the world, we recognize that beef is one of the top three contributors to the overall carbon footprint of our supply chain. This is why we are prioritizing action to address our supply chain footprint by working in partnership with our suppliers, nongovernmental organizations (NGOs) and climate experts, including launching roundtables and farmer innovation programs for beef sustainability.

Our supply chain focus areas include:

- **Farm management** – We are committed to supporting suppliers and farmers as they continually improve farm management practices, systems and technologies that reduce emissions, improve efficiency, optimize inputs and use resources efficiently.
- **Regenerating soils** – We support regenerative agriculture initiatives to encourage awareness and adoption of management principles that improve soil health and climate resiliency while sequestering carbon.
- **Conserving forests** – We are committed to eliminating deforestation in our supply chains to reduce our emissions from land use change.
- **Supplier emissions** – We focus on reducing energy usage at supplier facilities, sourcing renewable energy, transportation efficiency and reducing waste.

Read more on our approach to [Responsible Sourcing](#) and [Nature, Forests & Water](#).

## Packaging, Toys and Waste

How our packaging is designed, produced, transported, disposed and recovered impacts the planet. Our packaging and waste strategy aims to accelerate a circular economy approach – reducing waste while also reducing emissions across our operations and supply chain. Read more on our [Packaging, Toys & Waste](#) page.

## Climate Impact Measurement

We hold ourselves accountable by measuring emissions data annually and partnering with experts to leverage the latest leading methodologies for data collection and analysis in alignment with the Greenhouse Gas Protocol.

We have an internal, enterprise-level climate tracking system that uses millions of data points to model the emissions from our sourcing, restaurants and operations. The climate tracking system is also a way to share actionable data and benchmarking insights with key internal audiences to inform



strategy development. We will continue to evolve the system through annual improvements of data quality, climate accounting methodology, the latest external scientific insights and benchmarking capabilities, and can expect our baseline and annual progress figures to continue to adjust.

The climate tracking system runs parallel with our supply chain sustainability reporting system, using common sources of information. We also utilize CDP Supply Chain information to better understand the actions of key suppliers on climate and forests.

To demonstrate the impact of factors such as land use change and carbon sequestration to our footprint and to ensure the resilience of our strategy, we are contributing to the development of globally relevant and accepted GHG accounting methods through various third-party coalitions.

## Climate-Related Risks and Opportunities

Impacts of climate change threaten to disrupt agricultural food supply chains, effect infrastructure and pose real risks to vulnerable communities around the world. We are assessing climate risk and strengthening our collective resiliency as recommended by the TCFD.

In 2021, we released our first [Climate Risk & Resiliency Summary \(PDF – 3.82 MB\)](#).

## Collaborating to Drive and Advocate 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.

### Climate-Related Pledges, Networks and Memberships

Partnerships, including serving as a Leader's Circle of [America Is All In](#) (formerly We Are Still In), help us to contribute to climate action and advocate for climate policy. For example, McDonald's is a member of the [Clean Energy Buyers Association \(CEBA\)](#), collaborating with other energy buyers, energy providers and service providers to navigate the complexities of the energy market. McDonald's also joined the WWF Climate Business Network to exchange ideas with peers on how to reduce emissions in line with our global climate targets.

Since announcing our climate commitment in 2018, McDonald's has been meeting with members of U.S. Congress and their staff 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](#).

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.

### Climate-Related Collaborations and Partnerships

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

- We are part of the SBTi Forest, Land and Agriculture (FLAG) project consultative group, which provides expert advice and direction for companies in land-intensive sectors, including developing guidance to ensure the criteria for target-setting are robust, clear, and practical.



- We are members of the Greenhouse Gas Protocol Land Sector and Removals Guidance 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.
- 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 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 life cycle 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 support the work of the GWP\* Group to examine and model the impact and application of the GWP\* methodology to better understand the warming impact of methane.

## Our Performance

The figures below reflect our 2021 progress against our 2015 base year emissions, which have been updated based on best practice guidance around leveraging the latest methodology and data available. As we update our science-based targets and continue to enhance our methodology and data quality over future reporting cycles, we expect the baseline and annual progress figures to further adjust.

McDonald's has committed to evolve its 2030 goals to put us on the pathway toward achieving net zero emission across our global operations by 2050.

For comprehensive disclosure on climate action, see our [2021 Climate Risk & Resiliency Summary \(PDF – 3.82 MB\)](#) and [McDonald's 2021 CDP Climate Change \(PDF – 552 KB\)](#).

## Restaurants & Offices Emissions Reduction Goal

**By the end of 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 2021, we have made a **2.9%**<sup>1</sup> reduction in our restaurants' and offices' absolute emissions from the 2015 baseline. This means we were approximately **8.1%**<sup>1</sup> of the way to our 2030 absolute emissions target at the end of 2021. This reporting period saw a reopening of many of our restaurants and offices following temporary closures in 2020.

As all of the 2019–2022 transacted U.S. renewable energy projects come online over the next several years, the new clean energy generated across the grid will be equivalent to over 10,000 U.S. restaurants' worth of electricity and is expected to contribute to a **27% reduction** from our global 2015 baseline.



# Supply Chain Emissions Reduction Goal

By the end of 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 2021, the emissions intensity of our supply chain has decreased by 7.8%<sup>1</sup> from the 2015 baseline. This means we are approximately 25.2%<sup>1</sup> of the way toward our 2030 emissions intensity target at the end of 2021.

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.

## Additional Disclosures

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

Emissions	2015 (Baseline)	2021 <sup>1</sup>
Gross Scope 1 Emissions	162,958	113,286
Gross Scope 2 Emissions (market-based)	1,295,123	469,236
Gross Scope 3 Emissions	47,841,054 <sup>1</sup>	56,803,958

### Total Energy Consumed

Energy	2021 <sup>1</sup>
Total Direct Energy (MWh)	2,219,204
Renewable (%)	12.7%
Grid (%)	62.5%

## Our Actions

Our approach to meeting our climate goals spans our entire operations, from our offices through to Franchisees, suppliers and producers. In 2021, we continued to implement our strategy through improved climate tracking and supplier commitments, adding renewable energy into the grid and improving our restaurants' sustainability.



## Adding Renewable Energy to the Grid

Since 2019, McDonald's has completed eight renewable energy projects through virtual power purchase agreements (VPPAs) and continues to be among other leading corporate renewable energy buyers in adding new, large-scale renewable energy to the U.S. grid.

McDonald's renewable energy projects represent both solar and wind technologies, and are located in Texas, Illinois, North Carolina, Ohio and Louisiana. This includes three recent wind projects that are online and operational as of January 2022, currently providing renewable energy to their respective grid regions.

As the projects initiated in 2019–2022 continue to come online over the next few years, the energy generated by renewable energy projects will be equivalent to more than 10,000 restaurants' worth of electricity and is expected to contribute to a **27% GHG reduction** from our 2015 baseline. McDonald's portion of these renewable energy projects will help to prevent approximately 3,200,000 metric tons of CO<sub>2</sub>e emissions each year.

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

## Keeping Our Transport and Logistics Impact Low

McDonald's logistics network transports our food products across more than 250 million miles every year.

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, including 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.

All of McDonald's global and North American independent logistics suppliers have set science-based targets, approved by the SBTi.

In 2017, 2019, 2020 and 2021, McDonald's U.S. received a SmartWay Excellence Award for outstanding environmental performance and leadership, and was 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 our freight transportation operations, EPA has named McDonald's as a 2021 [SmartWay High Performer](#). Our freight partners were recognized for achieving 98% of miles, or ton-miles, as SmartWay shipped, with strong performances in areas such as data reporting and validation, educational and collaborative work, and community links.



## Sustainable Farming Practices as a Climate Solution

We believe that the principles behind sustainable or regenerative agriculture can provide crucial solutions to help tackle climate, biodiversity and nature challenges by restoring and rebuilding ecosystems and while enhancing people and animal welfare. Scaling more innovative agriculture practices is an essential way to actively mitigate negative climate impacts in farming, where possible, while amplifying and creating new benefits to our environment.

- **Calculating farmer emissions in France** – We helped to establish project CAP'2ER, an environmental footprint calculator that evaluates the environmental impacts within beef farming and helps 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 the French beef farmers we source from.
- **Improving grazing techniques in the U.S.** – We have committed to matching up to \$4.5 million for a research project with the ASU Foundation for A New American University. The research is analyzing the impact of adaptive multipaddock grazing practices, which mimic the natural grazing patterns of wild ruminants, compared to continuously grazing 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, including its ability to sequester more carbon in the land.
- **Regenerative agriculture for French wheat farms** – In early 2022, McDonald's France launched a new regenerative agriculture program, which aims to transform working practices, and to plant 230,000 trees and 150 km of hedges on French farms by the year 2030. Working with partner specialists, including the Earthworm Foundation, Agrooof and Icosysteme, the project will measure the full impact of these changes in farming practices, particularly in terms of biodiversity and carbon reduction and capture. The pilot project involves 60 farms, cooperatives and suppliers, and will last at least three years, with insights to be replicated on other farms in the future.

Read more on our [Responsible Sourcing](#) and [Nature, Forests & Water](#) pages.

## Designing and Operating More Sustainable Restaurants

We are focused on designing and delivering as many resource-efficient restaurants as 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 (GRBES) include minimum requirements and recommendations across areas such as lighting, refrigeration and the energy efficiency of heating, ventilation and air conditioning systems, as well as energy management.

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. The following examples show the progress we are making around the world.





## Meeting Sustainable Building Standards

- The U.K. launched its Market Drayton restaurant as a testing ground for sustainable developments. It will be the first restaurant built to the UK Green Building Council (UKGBC) Net Zero Standard in the U.K., covering operational energy and as well embodied carbon construction. The learnings here will serve as a blueprint for future new-build restaurants in the country as part of McDonald's UK's ambition to achieve net zero emissions for all restaurants and offices in the market by 2040.
- After two years in operation, our Chicago Flagship restaurant was the first McDonald's to receive LEED (Leadership in Energy and Environmental Design) Platinum® certification. The restaurant serves as a learning hub to test sustainable solutions for future locations to meet sustainability targets through thoughtful design, construction and operation.
- McDonald's China developed an action plan to promote green restaurants. Through this, 1,800 new restaurants are expected to open by the end of 2022, meeting LEED certification standards for "Interior Design and Construction." In 2021, McDonald's China opened a state-of-the-art headquarters and flagship in Shanghai. This incorporates energy-saving and more sustainable design features and has also now received LEED Platinum certification. In its existing restaurants, McDonald's China has been continuously updating and optimizing energy-management systems, including using more efficient air conditioning, demand-based ventilation and freezer heat recovery.

## Sustainable Restaurant Innovation

- In 2020, McDonald's unveiled a first-of-its-kind net zero energy-designed restaurant at Walt Disney World Resort in Orlando, Florida. This flagship restaurant is designed to create enough renewable energy on-site to cover 100% of its annual energy needs and is serving as a learning hub to test solutions for reducing energy and water use. Read more about [our net zero energy-designed restaurant](#).
- In 2020, McDonald's Australia launched its 1,000th 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 and water conservation to recycling, and operates with 100% renewable energy and elements like carbon-neutral McDelivery.
- McDonald's new flagship restaurant in Colombia, which opened in 2021, features various sustainability initiatives, including energy- and water-saving measures such as solar water heaters, rainwater recovery units and premium efficiency air conditioning. Arcos Dorados has implemented a sustainable restaurant construction policy for McDonald's restaurants in Latin America. This includes 25 technologies and designs for energy and water efficiency, recycled materials and the ability to recycle the waste generated.
- Green & Good is an initiative by McDonald's in the Philippines that aims to find sustainable restaurant solutions through green-building and utility-efficient solutions. The latest [Green & Good store](#) in the Philippines features parts of the restaurant built using innovative recycled materials like reclaimed wood, eco-pavers and eco-bricks. The site is also equipped with solar lampposts, eco-friendly air conditioning units and rainwater harvesting tanks.
- The Green Concept Store in Switzerland is a sustainably built and managed restaurant. The instore design features a green wall made of plants. Windows have a thermal coating with optimum air diffusion and building ventilating management. Solar panels are fitted on the roof and the building uses 100% green energy, with a geothermal heating and cooling system.



- McDonald's Glasgow has been remodeled with sustainability in mind. Materials for the renovation were sourced from U.K. suppliers. The booth benches inside the restaurant are manufactured in the U.K. from sustainably sourced plywood and are free from laminate. The vinyls are manufactured from recycled plastic bottles. The ceiling, floor and wall tiles are all Cradle to Cradle Certified®, and the ceiling tiles are returned to the manufacturer at end-of-life and made into a new product.

## 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, several markets around the world offer electric vehicle (EV) charging points at restaurant locations.

We are rolling out EV stations in countries around the world, including some locations in the U.K., Germany, Italy, Austria and more. For example, through a collaboration with electricity producer Vattenfall, every Drive-Thru in the Netherlands will have two fast-charging points installed, while McDonald's Sweden has worked with Recharge (formerly Fortum) and E.ON to establish fast chargers for electric cars. Additionally, McDonald's Spain has signed an agreement to install more than 150 electric vehicle chargers in restaurants by 2021.

## Engaging Restaurant 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 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.

## Footnotes

<sup>1</sup> Information updated as of August 15, 2022.



## Packaging, Toys & Waste

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



Packaging plays an important role in reducing food waste and helping us serve hot and freshly prepared food quickly and safely to our customers. Our ambition is that the packaging and materials we use in our restaurants are part of a circular economy rather than becoming waste. Our packaging, toys and waste strategies help keep our communities clean, protect the planet for future generations and support our long-term business resilience.

## Recent Progress

As of 2021, approximately 82.7% of our primary packaging materials, and 96.8%<sup>1</sup> of our primary fiber packaging comes from recycled or certified sources, aiming for 100% certified, recycled or renewable materials by the end of 2025.

Our ambition is to drastically reduce plastics in Happy Meal toys<sup>2</sup> and transition to more sustainable materials by the end of 2025. Since 2018, we have reduced virgin fossil fuel-based plastic in Happy Meal toys by 24.4% globally, and we continue to work on sourcing materials used in Happy Meal toys from renewable, recycled or certified sources.

After extensive evaluation of our waste programs and the global recycling landscape, we are adjusting our 2018 commitment to focus on implementing global and local solutions across our business to expand the reduction, reuse or recycling of guest packaging, and create demand for recycled materials by the end of 2025.

Allowing flexible solutions will create a larger and lasting impact because markets can address localized challenges that are preventing progress, including insufficient recycling infrastructure, recycling policies and packaging material innovation.



# Our Strategy

Our approach takes a comprehensive look at the footprint of our packaging and toys. This includes designing out waste and advancing material recovery and reuse throughout our value chain. We're committed to advancing a circular economy – where we help keep materials in use rather than relying on new ones. We're doing this by investing and engaging in strategic partnerships to address systemic challenges such as recycling infrastructure, demand for recycled content and development of new materials.

Our strategy is based on the following five focus areas, with more information shared below.

1. **Eliminating unnecessary packaging and streamlining materials for easier recovery** in addition to innovation for new materials, testing reusable solutions and creating opportunities for behavior change to reduce usage.
2. **Transitioning away from virgin fossil fuel-based plastics** in our primary guest packaging to 100% renewable, recycled or certified sources by the end of 2025 and to drastically reduce virgin fossil-fuel based plastics in our Happy Meal toys.
3. **Advancing a circular economy** through the implementation of many tools to improve recycling and repurposing of materials, making it easier for customers to recycle, and reduce the waste coming out of our restaurants.
4. **Increasing the use of recycled materials** throughout our System to drive global demand for recycled content – including in packaging, toys and design materials for restaurants and facilities.
5. **Partnering to increase scale** and impact of a circular economy approach to packaging and waste. By engaging in strategic partnerships with brands and nongovernmental organizations (NGOs), we can increase adoption of circularity across our industry.
- 6.

## Eliminating Unnecessary Packaging and Streamlining Materials for Easier Recovery

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

Market examples of efforts include the following:

- By switching to fiber wraps instead of paperboard cartons, McDonald's Netherlands has saved 250 metric tons of packaging.
- Reducing straw and lid usage in select European and Latin American countries through fiber or plastic strawless lids and "upon request" programs.
- In Latin America, our Developmental Licensee, Arcos Dorados has removed all lids and straws from cold drinks for dine-in customers. Please see pages 74–75 of [the 2021 Social Impact and Sustainable Development Report](#) published by Arcos Dorados to learn more about Packaging, Toys & Waste initiatives being explored across Latin America and the Caribbean.



- McDonald's Canada has switched to napkins that are 20% smaller and produced with 100% recycled fiber.
- Germany, France and the Netherlands transitioned from clamshells to paper wraps and bags for select menu items, eliminating approximately 5,000 metric tons of packaging annually.

Find out more about what individual markets are doing in the [Our Actions](#) section below.

## Leading the Industry in Sourcing Materials Responsibly

We continue to be a leader in the industry in sourcing materials responsibly and advancing new technologies to help us meet the challenges of today. We partner with our suppliers and other innovators, accelerating ideas through a rigorous development cycle to refine and deliver solutions against our stated goals.

- Clear cups sourced from recycled and biobased materials, including contributions from McDonald's used cooking oil, were tested in 28 select U.S. restaurants as of 2022. The test cups are sourced from a 50/50 mix of post-consumer plastic material and biobased material. We're using a mass balance method which allows us to measure and track recycled and biobased inputs being used in a process that also mixes traditional fossil-fuel sources.
- We advanced innovative molded fiber technologies to replace plastic lids and sundae cups. This fiber-based renewable solution eliminated more than 1,500 metric tons of plastics in France annually. We're building capacity to deploy throughout Europe and other markets around the world.
- New pressed certified paperboard cutlery technology launched in Ireland, replacing a portion of difficult-to-recycle plastic, and will be further rolled-out across the U.K. by 2023.

Find out more about our [Responsible Sourcing](#) and how we are working to protect [Nature, Forests & Water](#).

## Transitioning Away From Virgin Fossil Fuel-Based Plastics

While our goals focus on all packaging materials, our plastics strategy specifically focuses on:

- Removing virgin fossil fuel-based plastics from our primary guest packaging where feasible.
- Drastically reducing the use of virgin fossil fuel-based plastics in Happy Meal toys and prioritizing fiber-based toys over sustainable plastics (bio-based/recycled) where feasible.<sup>2</sup>
- Reducing small plastic primary guest packaging used in our System that is hard to recycle and unnecessary for safety or functionality, such as straws, plastic bags and cutlery.
- Prioritizing innovation of new materials, redesigning plastic packaging to be more recyclable, and increasing use of recycled plastic in our packaging, and beyond, to drive demand for recycled plastic.



## Advancing a Circular Economy

Our goal is to implement global and local solutions across our business to expand the reduction, recycling, recovery or reuse of guest packaging and help create demand for recycled materials.

We believe that a variety of tools will be needed to advance a circular economy and that markets will need to utilize different tools that deliver the right environmental outcomes for their geography, while meeting our customer and Franchisee needs.

In markets that have a developed waste infrastructure that is widely accessible and robust, we're offering guests the opportunity to recycle packaging in restaurants. In areas where recycling infrastructure varies, we'll drive advocacy and invest in partnerships to help advance the development of recycling systems.

Examples of actions we are taking to achieve our ambitions include:

- Reducing the volume of waste from guest packaging in-store.
- Facilitating the recycling of guest packaging in restaurants where possible.
- Partnering with waste management companies, suppliers and other brands to remove barriers around recycling, reuse or composting.
- Working with suppliers to optimize our packaging for recycling.
- Using on-packaging labeling to make recycling easier for guests.
- Increasing recycled content in packaging and restaurant design and operation materials to drive demand for recycling.
- Utilizing transport logistics to collect and back-haul recyclables when they deliver supplies to our restaurants – helping to recycle materials from restaurants in remote areas and reduce trucks on the road.
- Assessing how we might use reusable packaging in our system, in addition to recycling and material reduction, through system pilots in France, Germany, Taiwan and the U.S., and a pilot with TerraCycle®'s circular packaging service, Loop, in the U.K.

## Reducing Litter

We're partnering with Franchisees to support community-level anti-litter initiatives such as consumer communication campaigns and cleanup days in parts of the U.S., Europe and many other markets.

Additionally, we're collaborating with companies and nonprofit organizations that aim to end litter, support the development and expansion of recycling plastic, and promote recycling in communities. For example, McDonald's USA partners with Keep America Beautiful, helping to advance their work to end littering, improve recycling and beautify communities across the country.

Please read more about how markets are helping to improve packaging recycling and reuse in the [Our Actions](#) section below.





## Increasing Our Use of Recycled Materials

To fulfil our ambition to increase recycled content in our packaging, we need more materials to be recycled. However, today low demand for food-grade recycled material means it is in limited supply. We intend to expand our use of recycled materials, which will play a role in creating a market for these materials. We're partnering with other brands and industry organizations, such as Polypropylene Recycling Coalition, as part of the Next Gen Cup Challenge to leverage scale and create higher value for food-safe, post-consumer recycled materials.

We currently have recycled content in fiber coffee, frappe, sundae and cold cups in many markets. With limited supply, our focus is to increase recycled content in paper bags, napkins and cup carriers first. Recycled plastic is currently found in plastic beverage and ice-cream cups and select plastic lids in most European markets.

## Partnering to Increase Scale of Solutions

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

Examples of our partnerships include:

- Serving as a Principal Member of *ReSource: Plastic*, World Wildlife Fund (WWF)'s platform for translating large-scale corporate commitments into measurable progress on plastic waste reduction. Through an innovative measurement tool, *ReSource* is bringing transparent reporting and collective action to the forefront of corporate strategy to help companies maximize, and multiply, their potential for impact.
- Membership in the Bioplastic Feedstock Alliance (BFA), a WWF-led consortium of companies, NGOs, and academia advancing thought leadership on responsibly sourced bio-based plastic and the role the material can play in supporting circular systems.
- McDonald's USA. teamed up with Starbucks and Closed Loop Partners as founding members of the [NextGen Consortium](#) in 2018, with an aim to take on the global issue of single-use food packaging waste. Building on this foundation, in 2020, the Consortium joined The Recycling Partnership's Polypropylene Recycling Coalition as a Steering Committee member. In this role, the Consortium allocated grants worth millions of dollars to develop infrastructure needed to enhance polypropylene recycling – something McDonald's and Starbucks advanced a year later with further investments of \$5 million each. This latest funding will enable the Consortium to drive greater improvements in the sustainable packaging ecosystem while supporting testing of reusable packaging systems and an exploration of the circularity of additional packaging materials.
- Member of the Foodservice Packaging Institute's (FPI) Paper Recovery Alliance (PRA) and Plastics Recovery Group (PRG), the Australian Packaging Covenant and Sustainable Packaging Coalition, as well as actively involved in initiatives including the recent creation of the APR Design® Guide for Plastics Recyclability with the Association of Plastic Recyclers.

## Product Stewardship

McDonald's packaging materials comply with state, federal and national-level laws and regulations, including the U.S. Food and Drug Administration (FDA) and EU, and verify through chemical testing.



We are committed to removing all added fluorinated compounds from our guest packaging materials globally by 2025.<sup>3</sup>

Our continual product stewardship process includes evaluation and robust testing for chemicals used in our packaging. This helps ensure that we serve food in packaging that is safe and functional.

We have already eliminated a significant subset of Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS), including Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic acid (PFOS), and BPA/BPS and phthalates from our guest packaging.

By the end of 2020, less than 7.5% of our guest packaging items still contained added fluorinated compounds.<sup>3</sup> For these items, we continue our work to find and apply alternative coating materials that offer the right grease-resistant barriers.

## Our Performance

We track progress against our goals through supplier and restaurant reports on packaging composition, usage and waste. As we continue to enhance our methodology and data quality, we can expect annual progress figures to adjust in future reporting cycles.

### Goal

**Source 100% of our primary guest packaging from renewable, recycled or certified materials by the end of 2025.**

### Progress

By the end of 2021, we were approximately **82.7%** of the way toward our goal to source primary guest packaging from renewable, recycled or certified sources by the end of 2025.

Approximately **96.8%**<sup>1</sup> of our primary fiber-based guest packaging, was sourced from recycled or certified sources in 2021.

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### Goal

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

### Progress

Achieving this goal is expected to result in an approximately 90% reduction in the virgin fossil fuel-based plastic used to make Happy Meal toys.

Since 2018, we have reduced virgin fossil fuel-based plastic in Happy Meal toys by 24.4% globally, and we continue to work on sourcing materials used in Happy Meal toys from renewable, recycled or certified sources.



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## Goal

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

In 2018, McDonald's set the global public commitment to recycle guest packaging in 100% of McDonald's restaurants, by the end of 2025. By the end of 2020, over 25% of restaurants in our 30 largest markets offered customers the opportunity to recycle packaging.

Across the globe, waste and recycling infrastructure differs heavily. While our current recycling goal is relevant and feasible for markets with advanced infrastructure, it does not drive impactful change in markets where infrastructure is still developing.

That is why in 2021, we revised the global recycling goal "requiring recycling of at least one item in 100% of all restaurants" to a broader goal that allows market flexibility based on local infrastructure. This shift will enable markets to drive change that is most impactful in their geography.

## Progress

By the end of 2021, in our top 35 markets, on average **35%** of restaurants offered guests the opportunity to recycle packaging items. 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. For example, on average, approximately **78%** of our restaurants in McDonald's largest European markets are already providing recycling for guest packaging.

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## Goal

**Ensure all primary guest packaging is free from added fluorinated compounds by the end of 2025.**

## 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.

McDonald's packaging materials comply with state, federal, and national-level laws and regulations, including the U.S. Food and Drug Administration (FDA) and EU, and verify through chemical testing.



# Our Actions

As a global company operating in over 100 markets, there is no “one size fits all” when it comes to packaging and recycling solutions. Local waste infrastructure and customer preferences make each market unique. That’s why local pilots are so important to identify sustainable packaging solutions. The examples below illustrate the type of progress and forward-thinking solutions that our markets have implemented, helping McDonald’s to scale positive solutions across the globe:

- We are deploying alternatives to plastic cutlery in several markets, including transitioning to wooden cutlery in Australia, Europe, China and India. This has led to a reduction of over 2,600 metric tons of plastic annually.
- Across several markets in Latin America, Arcos Dorados replaced plastic packaging such as salad plates with non-plastic alternatives.
- The redesign of McFlurry® packaging eliminated the plastic lid, removing about 1,200 metric tons of plastic annually across EU markets.

In China, McDonald’s has begun to phase out plastic straws utilizing a strawless lid for cold drinks in around 1,000 restaurants across Beijing, Shanghai, Guangzhou and Shenzhen. The move is expected to reduce 400 metric tons of plastic waste per year.

## Recycling Happy Meal Toys

McDonald’s Japan runs a program with the Japanese Ministry of the Environment to collect plastic Happy Meal toys and convert them into restaurant serving trays. To date, the program has collected over 7.5 million plastic toys and turned them into trays.

## Infrastructure and Recycling Solutions

We know our guests don’t want to have to choose between sustainability or convenience, which is why we are working to make it easier for them to recycle.

In Germany, Austria, Czech Republic and Slovakia, our crew collect and separate recyclable packaging, while in the Netherlands, we take the process off-site completely, sending customer waste to an innovative waste-sorting facility.

In the U.K., we have well-established waste separation systems in stores that enable us to capture our paper cups – items made with high-value material – and recycle them in partnership with a local, specialized cup-recycling facility.

In markets where recycling infrastructure is a challenge, we’re focusing on addressing systemic constraints through partnerships and informing local recycling policy.

## McDonald’s Food Waste Journey

McDonald’s has developed a system to minimize food waste in our supply chain using our food waste hierarchy, which is adapted from the [U.S. Environmental Protection Agency’s \(EPA\) Food Recovery](#)



[Hierarchy](#). Our approach is based on global best practices to extend the value of food, and is a critical part of McDonald's sustainability journey and purpose to feed and foster communities. It is supported by our Global Food Disposition Policy to help ensure that food is not wasted in our restaurants or supply chain facilities.

In restaurants in the U.S., one of the key ways we are addressing food waste reduction is through enabling food donations, including contributions of excess ingredients. In 2021, we continued to expand salvage methods so that ingredients such as dairy, pork and poultry could be donated directly to charities located in the U.S. See our [Community Impact](#) page for more examples of how food donations are being executed in our markets.

## Meeting Customer Expectations of Convenience, Safety and Sustainability

The COVID-19 pandemic has highlighted the importance of food packaging and personal safety equipment, such as gloves and masks. We are mindful of short-term challenges, such as additional waste caused by disposable safety wear, as well as some related increases in plastic use in operational procedures.

Hygiene and safety are at the forefront of customers' minds, and our challenge is to ensure they are balanced with long-term sustainability. Visit our [Food Safety](#) page to learn more about our commitment to food safety and sustainability.

## Key Definitions

- **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).
- **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.
- **Primary guest packaging** refers to disposable products used to package guest food on premises at McDonald's restaurants which is given to customers in all order channels, including containers, cups, clamshells, wraps, foodservice bags, napkins, folding cartons, salad bowls, lids, straws, napkins and cup carriers, and Happy Meal book and toy packaging.
- **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.
- **Recycling** refers to the collection of waste in such a way that landfill or energy recovery can be avoided, and materials can be recycled or composted into a new product.
- **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.
- **Virgin fossil fuel-based plastics/Conventional/Traditional plastic:** Plastics made from fossil fuel feedstock.

Please refer to [Our Nature, Forests & Water](#) page for additional definitions.

## Footnotes

<sup>1</sup> Information updated as of August 15, 2022.

<sup>2</sup> **Toys: Scope:** Inclusive of all toys. **Fiber-based toys or fiber components in the toys:** 100% certified fiber required. **All other materials:** McDonald's ambition is to reduce the use of virgin fossil fuel-based plastics, offer sustainable toys by the end of 2025 and not manufacture electronics and batteries in Happy Meal toys globally. For bio- and plant-based plastics to be considered sustainable for McDonald's, a minimum of 60% of plastic weight is required to come from recycled or renewable content or a combination of recycled and renewable content, though in many practical applications we anticipate that percentage will be much higher. The remaining 40% may be conventional fossil fuel-based material. These thresholds were developed in conjunction with input from NGOs, external manufacturing partners and scientists, and based on an assessment of sustainable toy and packaging industry leaders so that our targets reflected current sustainable engineering capabilities to maintain safety and functionality. Our efforts will result in an approximate 90% reduction in virgin fossil fuel-based plastic use against a 2018 baseline. **Fiber-based packaging: Source:** ISO 14021:2016. McDonald's requires all wood fiber sourced from Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam to be FSC® certified or FSC Controlled Wood sources with full chain of custody certification. Russia is included for the purposes of performance reporting to the end of December 2021. The thresholds described above do not include the presence of adhesives, glues, inks, paints and coatings.

<sup>3</sup> **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. **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 FSC® certified or FSC Controlled Wood sources with full chain of custody certification. Perfluorinated compounds are known to be historically persistent in the environment. McDonald's commits to not intentionally adding fluorinated compounds through our processes, but fluorinated compounds present in the local environment make it difficult to remove all traces of fluorine from packaging. Please refer to [Our Nature, Forests & Water](#) 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.





## Nature, Forests & Water

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



We aim to help preserve and regenerate nature, support biodiversity and engage the communities and farmers closest to natural ecosystems to build resilience together, and to help manage nature-related risks. We believe building on these opportunities is the right thing to do for the planet, for future generations and for our business.

By using natural resources in ways that help protect the environment – and encouraging others to do the same – we can continue reducing our impact while helping contribute to nature-positive supply chains and a more sustainable global economy.

Nature-based solutions are an important part of how we are acting on climate change and supporting more resilient food systems and communities. We rely on ingredients that live and grow in the natural world and understand the importance of biodiverse ecosystems.

Natural resources – like healthy soils, grasslands and forests – are particularly important to the farming systems and communities that produce food for our menu. At the same time, water is a critical resource at every step of our value chain, from supplier processes to our restaurant and office operations. We see all of these issues as linked to our commitments on [Climate Action](#), [Responsible Sourcing](#) and [Human Rights](#).

## Recent Progress

Since 2020, we have continued to substantially achieve supporting deforestation-free supply chains across our primary commodities: beef, soy for chicken feed, palm oil, coffee and fiber for guest packaging. In aggregate, 97.7% of these priority commodities supported deforestation-free supply chains in 2021.



We carried out water efficiency pilots in restaurants in California. Post-implementation analysis resulted in roughly a 30% reduction in usage, an annualized saving of 3.7 million gallons of water.

McDonald's joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum to collaborate with others in the industry on the frameworks, metrics and tools that will be used to address nature-related risks and opportunities.

See [Our Performance](#) section and [Footnotes](#) below for additional detail on goals and thresholds for achievement.

## Our Strategy

### Shaping Our Strategy

McDonald's has been on a journey to help support sustainable food production and conserve forests for more than three decades. To ensure our commitments are upheld throughout the value chain, we embed water stewardship practices in our sourcing requirements and support projects across the world that safeguard nature.

In 2020, we reached a major milestone by substantially achieving our responsible sourcing goals and supporting deforestation-free supply chains for the raw materials we buy in the greatest volumes with the greatest impact – beef, soy (for chicken feed), palm oil, coffee and fiber (used in primary guest packaging). Read more about this achievement on our [Responsible Sourcing page](#) and our [2020–2021 Progress Summary \(PDF – 5.6 MB\)](#).

We are bringing together innovative forest and climate measurement systems to better assess the positive impact of forest conservation in our supply chains. Our targets for [Climate Action](#) include estimated emissions from land use change – such as deforestation for farmland – which are modeled using our climate impact tracking system.

- [Focus on Forests](#)
- [Focus on Nature and Biodiversity](#)
- [Focus on Water](#)

### Confronting Challenges

We are focused on creating a business that can have a positive impact on the planet's natural resources and on the people whose livelihoods rely on them.

We believe we must address challenges head-on with clear and practical solutions. In relation to nature, this starts with assessing nature-related dependencies and risks, and identifying opportunities to adapt and innovate for the future to have a positive impact. McDonald's has joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum to collaborate with others on the frameworks, metrics and solutions required to undertake these assessments, and to consider the complex interplay between each aspect to determine the right course of action.

To help us achieve our robust commitment to eliminating deforestation from our supply chains, we must address a wider industry challenge of how to define nature, forests and deforestation in more consistent ways. By working toward alignment with emerging industry frameworks and definitions, such as those created by the [Accountability Framework initiative \(AFi\)](#), we can ensure everyone is reporting to comparable definitions.



# Our Performance

For additional disclosure on our forests activities in 2020, see [McDonald's CDP Forests \(2021\) Report \(PDF– 580 KB\)](#).

## Eliminate Deforestation Goal

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

## Progress

We define “eliminate deforestation” as our global pledge to tackle deforestation, and it refers to all the social and environmental criteria in our Commitment on Forests in agricultural and forestry supply chains. For McDonald's, “supporting deforestation-free supply chains” refers to commodities that we source sustainably from high priority regions or commodities sourced from low priority regions. For more detailed definitions of these, and other relevant terms, see [Definitions of Deforestation](#) below.

When we set this commitment in 2015, we prioritized action and measurement with public milestones for 2020 for the products we use in the greatest volumes and with the potential to have the greatest impact on forests. As of year-end 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.

In aggregate, 97.7% of these primary commodities continued to be sourced supporting deforestation-free supply chains in 2021.<sup>1</sup>

In 2021, we saw a slight decrease in this aggregate figure as compared to 2020. This is due in part to the fact that we have expanded our scope for the primary fiber-based guest packaging tracked in our target to include wood stirrers and cutlery as well as paper straws and lids. This scope expansion, in addition to non-reported data, which is conservatively assumed to be non-compliant, have contributed to a slight overall decrease in this figure.

See below for a breakdown of our progress on each individual priority commodity in 2021.

**Beef** – 97.2% of beef sourced for McDonald's restaurants supported deforestation-free supply chains by the end of 2021.<sup>2</sup>

**Soy (for chicken feed)**<sup>3</sup> – Every year, we ensure that 100% of soy sourced for the feed of chicken used in McDonald's products globally supports deforestation-free supply chains. We support responsible soy production through the purchase of Round Table on Responsible Soy (RTRS) credits.

**Palm oil** – 100% of the palm oil sourced for McDonald's restaurants and used as an ingredient<sup>4</sup> in McDonald's products supported the production of sustainable palm oil and deforestation-free supply chains in 2021. Our volumes of physical certified oils increased from 13% in 2016 to 78% in 2021.

Volume of McDonald's palm oil by RSPO supply chain model:

- **78%** physical RSPO certified, including:
  - **0.04%** Identity Preserved
  - **16.7%** Segregated



- 61.7% Mass Balance
- 22% RSPO Book and Claim Credits

**Coffee** – 98.7% of coffee sourced for McDonald’s restaurants supported deforestation-free supply chains in 2021.<sup>5</sup>

**Fiber** – 96.3% of primary fiber-based guest packaging sourced for McDonald’s restaurants supported deforestation-free supply chains in 2021.<sup>6</sup>

## Focus on Forests

### Shaping Our Forests Strategy

Building on the momentum of our 2020 milestones where we tackled deforestation for our key commodities, we aim to eliminate deforestation from our global supply chains by the end of 2030.

Our [Commitment on Forests \(PDF – 350 KB\)](#) and its [Supporting Addendum for Commitment on Forests \(PDF – 491 KB\)](#) set out our vision for achieving our goal. The commitment applies to all commodities and every sourcing region, and covers both direct and indirect suppliers. Importantly, our commitment extends beyond forests to other areas of high conservation value, safeguarding the people and communities globally who depend on these natural spaces.

In aggregate, 97.7% of our five priority commodities (beef, soy in chicken feed, palm oil, coffee and the primary fiber-based guest packaging sourced for McDonald’s restaurants) supported deforestation-free supply chains at the end of 2021.

In 2021, we saw a slight decrease in this aggregate figure as compared to 2020. This is due in part to the fact that we have expanded our scope for the primary fiber-based guest packaging tracked in our target to include wood stirrers and cutlery as well as paper straws and lids. This scope expansion, in addition to non-reported data, which is conservatively assumed to be non-compliant, have contributed to a slight overall decrease in this figure.

Read more about our previous goals and achievements in our [2020–2021 Progress Summary \(PDF – 6.24 MB\)](#).

McDonald’s is a signatory to the [New York Declaration on Forests](#), a shared commitment from some of the world’s most influential countries, companies and NGOs to help end deforestation by 2030. To build on this, we’re also collaborating through others as part of the [Cerrado Protocol](#).

## Our Approach

We are committed to helping drive industry transformation and supporting deforestation-free supply chains at scale. For us, this is about more than preventing forest clearances; it is about using our size and position to help protect biodiversity, reduce our carbon footprint and respect human rights. Read more about our approach to [Climate Action](#) and upholding [Human Rights](#).

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 AFi. McDonald’s commitments and expectations are formed based on the definitions of deforestation set out below.



## Definitions of Deforestation

- **“Eliminate Deforestation”** refers to McDonald’s global pledge to tackle deforestation, and all of the social and environmental criteria in our Commitment on Forests in our agricultural and forestry supply chains. 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 priority regions”** are defined as countries, biomes, municipalities, postcodes or farms/ plantations that are identified as areas where deforestation occurs or is projected to occur as determined through regular assessments that rely on the latest supply chain data and trends. McDonald’s assesses this risk annually with third parties, including WWF, to take into account the latest supply chain data and trends.
- **“Low priority regions”** refers to countries, biomes, municipalities, postcodes or farms/ plantations that are classified as no or low risk of deforestation, as determined through regular assessments that rely on the latest supply chain data and trends. McDonald’s assesses this risk annually with third parties, including WWF, to take into account the latest supply chain data and trends.
- **“Supporting deforestation-free supply chains”** refers to commodities in our supply chains that are either sourced sustainably from high priority regions and comply with the certification or verification schemes as set out below, or are sourced from low priority regions as above.

## Our Priority Commodities

To meet our 2030 goal, we first prioritized the sourcing of raw materials 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 for 2020. We have introduced specific sourcing, measurement and compliance requirements for suppliers of these commodities as part of a time-bound action plan.

While our focus has now expanded to other categories, maintaining and developing our approach to our priority commodities is a key part of our forest strategy. We regularly review our prioritization with input from partners including Proforest and WWF.

Where possible, we rely on reputable commodity-specific, third-party certifications for verification 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.

Each commodity is different and requires a tailored approach. We drive continuous improvement through internal and external monitoring and auditing of our direct suppliers, validating the volumes and sustainability credentials for each commodity.

For each of our priority commodities, in order to be classed as supporting deforestation-free supply chains, we require the following:

- **Beef** – McDonald’s requires that all the beef we source meets the requirements of our Deforestation-Free Beef Procurement Policy and Commitment on Forests. We currently have more detailed requirements within this policy for beef sourced from Brazil, Paraguay, Argentina





and Australia.

- **Soy** (for chicken feed) – We require that all soy sourced for the feed of chicken used in McDonald's products is either sourced from low priority regions or, when sourced from high priority regions, including Argentina (Chaco biome), Brazil (Amazon and Cerrado biomes) and Paraguay (Chaco biome), must support responsible soy production. Given the complexity of soy supply chains, we consider that, unless demonstrated, all of McDonald's sources of soy for chicken fall into high 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 priority. 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. 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.
- **Palm oil** – Palm oil sourced for McDonald's restaurants or as ingredients in McDonald's products must meet the requirements of [RSPO](#) certification. All countries are considered high 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™](#).
- **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<sup>Z</sup> or Vietnam.

## Prioritizing Action and Engaging Our Supply Chains

To achieve our goal of eliminating deforestation from our global supply chains by 2030, we must understand exactly where our sourcing has the potential to drive deforestation. This helps ensure we take action where it counts.

- We partner globally with WWF, Proforest, industry groups, government bodies and our suppliers to prioritize where we should act and how we can collaborate to multiply impact.
- We engage with suppliers to ensure they implement tailored plans that comply with our sourcing requirements and mitigate future risks. Suppliers report to McDonald's on their progress and compliance annually. We also have an expectation of our suppliers to do the same with their own suppliers.
- We are lead members of CDP Supply Chain and annually request that over 130 suppliers – 79% of our annual food and packaging spend in 2020 – respond to CDP Forests if they use forest risk commodities within their supply chain. Through CDP Supply Chain, we provide annual feedback to suppliers on the actions they are taking to conserve forests across their business and areas for further focus.





## Using Satellite Technology to Address Deforestation

Unlike other major commodities such as coffee or palm oil, there is no widely established global certification scheme or credible third-party process for monitoring and addressing potential deforestation in our beef supply.

We worked with Proforest and local stakeholders, using industry-standard definitions from the Afi, to establish a Deforestation-Free Beef Procurement Policy tailored to each priority sourcing country.

We partnered with Agrotools, a certified B-Corp, using cutting-edge satellite mapping and national government datasets to determine which areas to prioritize and assess for deforestation.

A farm's location may make it a priority, but that does not mean deforestation is happening. When threats to forests are identified, our suppliers are expected to address the findings through corrective action plans where required.

While there is always more work to do, through our global collaboration with stakeholders and suppliers and with the use of innovative technology, we have confidence that the steps we're taking are helping to conserve our planet's forests.

Find out more about [how McDonald's uses satellite technology to fight deforestation](#).

## Human Rights and Forests

Human rights are an important element of our forests' commitment and our broader Company commitments, and we are constantly seeking to strengthen our work in these areas.

In 2020, we worked with Proforest to develop a gap analysis of our approach to address human rights in our priority supply chains. 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, initially focused on palm oil production. Read more about our efforts on our [Human Rights](#) page.

## Focus on Nature and Biodiversity

Nature-positive ecosystems – areas where biodiversity thrives – are vital for securing a habitable, healthy future. Healthy natural environments supply the resources every living thing needs to survive, as well as the materials we need to safeguard a successful, resilient business in the food sector.

## Developing Our approach

To protect biodiverse ecosystems, we must first establish a clear path of action. We are determining the key metrics that will enable measurable progress to guide our efforts in supporting nature and biodiversity throughout our value chain. Our participation in the TNFD Forum will help to advance this. This emerging framework – currently in early development stages – details how to assess, and then address, the business challenges and opportunities presented by nature loss today and in the future.



## Nature as a Climate Solution

Most of McDonald's environmental impacts occur in our supply chains and so, to protect nature and biodiversity, we continue to engage our suppliers in adopting more sustainable practices. We are investing in innovative solutions and collective action to address climate-related risks and advance processes that are better for the planet.

Conserving forests and developing nature-based solutions like regenerative farming techniques are critical to both mitigate and adapt to climate change. We consider nature in our climate scenario modeling, including the potential for unpredictable weather changes, impacts on the natural resources we rely on and transitional risks as the world shifts to a low-carbon economy.

Read more in our [Climate Risk & Resiliency Summary \(PDF – 3.82 MB\)](#).

The positive environmental impacts and biodiversity benefits from regenerative farming models are clear and measurable. We can help advance action to mitigate climate change, support farming communities and create more resilient and economically viable systems for the long term.

We're currently finding ways to collaborate on scaling nature-based solutions across the supply chain. We're doing this by listening to, and learning from, the farming community. This includes partnering with suppliers, expert NGOs and other organizations on farmer and rancher-led programs that promote adoption of regenerative practices.

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

- Entering into a partnership with Cargill, The Nature Conservancy and Target to invest in practices in Nebraska that support soil health, biodiversity and land resiliency while mitigating climate change impacts.
- Supporting the ranching community in the Northern Great Plains with Cargill, the Walmart Foundation and WWF in a five-year project to implement regenerate grazing across 1 million acres.
- Becoming a founding member of AgMission, a global collaboration to reduce greenhouse gas emissions in agriculture.
- Working with the Foundation for Food & Agriculture Research (FFAR) in the U.S. to analyze the benefits of Adaptive Multi-Paddock (AMP) grazing versus continual grazing.
- Collaborating with FAI Farms in the U.K. to develop a regenerative grazing program that supports healthier soils through cattle activity such as trampling of grasses and natural fertilization.
- Launching a regenerative agriculture program with 60 wheat farmers in France, with the aim of planting 230,000 trees by 2030.
- Partnering with Ducks Unlimited Canada and Cargill to conserve Canadian grasslands, returning 125,000 acres of cropland to grass and pasture by 2025.

## Protecting Threatened Species

Alongside our human rights and climate impact work, McDonald's has expanded its focus beyond our initial forest commitment by engaging in efforts to halt conversion of ecosystems that host biodiversity. We are focused on providing safe habitats in farming landscapes by finding ways for farmers to coexist with predators.



One such example involves our efforts in Brazil to support the Instituto Onça-Pintada – the Jaguar Conservation Fund. Apex predators, such as jaguars, are a good indication of a robust and thriving ecosystem. The Fund's Certificado Onça-Pintada, or Jaguar Friendly Ranch Certification, recognizes accomplishments related to protecting this threatened species.

By encouraging our suppliers to pursue actions and conduct that allow for the coexistence of cattle production and jaguars, we are helping landowners step into a leadership role in protecting the jaguar's existence for future generations.

## Focus on Water

Water is vital to our business. We need safe, readily available water to run our restaurants and serve the drinks our customers love. Additionally, to create our iconic food items, we rely on agricultural produce, which in turn depends on freshwater sources. With water sources under increasing pressure from climate change, extreme weather, floods, drought and growing population demands, we need to treat every drop as precious.

## Shaping Our Water Strategy

We're working to conserve water, use it responsibly and efficiently, and build resiliency. Despite global water abundance, freshwater is a finite and limited resource. Issues around availability and quality are felt on a hyper-local level in the communities where we operate, and in the regions where we source our food and materials – all around the world.

With experts like the WWF, World Resources Institute (WRI) and the Water Foundry, we identified risks and created a stewardship approach that drives actions and improvements across our value chain, including sourcing, processing, transportation and in our restaurants.

## Water Stewardship in Our Supply Chains

Water stewardship practices are embedded in our sourcing requirements. We expect suppliers to proactively manage, measure and minimize the environmental impact of their own operation, including through responsible water use and disposal. We also expect suppliers to influence their own supply chains to consistently improve the sustainability of sourcing practices and encourage them to report their progress through the CDP Supply Chain water disclosure.

Guidance for suppliers on best practice water stewardship and management is included in our Global Sustainable Sourcing Guide, an internal resource that is in line with internal targets, emerging risks and developing best practices. This resource guides our food, packaging and logistics suppliers at the market and global levels.

## Water Stewardship in Our Restaurants and Offices

We focus on water quality, availability, efficiency and stewardship in our restaurants. This includes utilizing rainwater harvesting, condensate recovery and greywater use in toilet facilities in many markets.

For example, in our U.S. restaurants, we conducted around 30 water surveys in 2018, gathering key water management data on irrigation, public and staff amenities, cleaning and beverage services. The findings have helped us to identify 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. In 2021, we also conducted water efficiency pilots in 19 restaurants in Southern California. Post-implementation analysis of some restaurants resulted in roughly a 30% reduction in water use and annualized savings of 3.7 million gallons through various retrofits and maintenance measures.

## Footnotes

For definitions and related issues, see [Definitions of Deforestation](#) above.

<sup>1</sup> 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.

<sup>2</sup> **Beef. Scope:** Includes all beef suppliers to the McDonald's System and their raw material suppliers globally and all McDonald's restaurants owned and operated by the Company and its Franchisees that sell beef. McDonald's requires all beef raw material sourced from high-deforestation priority regions to comply with McDonald's Deforestation-Free Beef Procurement Policy and meet the requirements as outlined in [McDonald's Commitment on Forests](#). Countries with regions currently identified as high priority for beef include Brazil, Paraguay, Argentina and Australia. **Exclusions:** Beef used as secondary ingredients in McDonald's products, for example, as flavoring in a sauce.

<sup>3</sup> **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, 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, the U.K. and Ukraine. Countries with regions currently identified as high-deforestation priority regions for soy include Argentina (Chaco biome), Brazil (Amazon and Cerrado biomes) and Paraguay (Chaco biome). Given the complexity of soy supply chains, we consider that, unless demonstrated, all of McDonald's sources of soy for chicken feed fall into high-deforestation priority regions, with the exception of chicken sourced in North America where soy used in chicken feed is locally produced and considered low risk. **Exclusions:** Soy used as an ingredient in McDonald's products sold in restaurants, for example, soy oil.

<sup>4</sup> **Palm oil. Scope:** Includes all palm oil (including crude palm oil, palm kernel oil, derivatives and fractions) sourced for McDonald's restaurants for use as restaurant cooking oil and all palm oil sourced by McDonald's suppliers and used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement. Includes all suppliers of products containing palm oil in the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that use palm oil. All countries are currently identified as high deforestation priority regions for palm oil and all volumes are required to be covered by [Roundtable on Sustainable Palm Oil](#) (RSPO) certification or credits. All RSPO supply chain models applicable to RSPO are applicable to McDonald's: RSPO Identity Preserved (IP), RSPO Segregated (SG), RSPO Mass Balance (MB) and Book and Claim (BC), although McDonald's is committed to increasing traceability by specifying physical certification for the palm oil used in the McDonald's System in the greatest volumes (IP, SG or MB). **Exclusions:** Palm oil, palm kernel oil or their derivative used as secondary ingredients in McDonald's products. This is when palm oil is used as an ingredient within an ingredient, for example, an emulsifier.

<sup>5</sup> **Coffee. Scope:** Includes all ground and whole bean coffee, including decaffeinated coffee, used in espresso-based drinks and coffee brewed at McDonald's restaurants, and all ground and whole bean coffee in McDonald's branded retail products. Includes all suppliers of coffee to the McDonald's System. Market scope includes all McDonald's restaurants owned and operated by the Company and its Franchisees that sell coffee, and retail outlets selling McDonald's branded coffee products.



Countries with regions currently identified as high-deforestation priority regions for coffee include Honduras, Indonesia and Vietnam. McDonald's requires all coffee sourced from these regions to be [Rainforest Alliance Certified](#). **Exclusions:** Coffee extracts and ingredients used in products such as frappés and coffee in baked goods; coffee in cold brew drinks if they are brewed off-site; coffee extract in ready-to-drink retail products; and other locally sourced products containing coffee.

<sup>6</sup> **Fiber. Scope:** Primary fiber-based packaging refers to products that are used to package guest food on premises at McDonald's restaurants. This type of packaging includes containers, cups, wraps, bags for food, beverages, napkins, folding cartons, clamshells, food service bags, napkins, salad bowls, Happy Meal cartons, drink carriers and cup carriers. Includes all suppliers of primary-based packaging to the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees. In 2021, the primary fiber-based packaging scope was expanded to include plastic alternatives such as wood stirrers and cutlery, and paper straws and lids. This broadened scope has resulted in a slight decrease in percent compliance. All volumes of contingency items sourced from suppliers compliant with our standards but not integrated into our data reporting system were counted as non-compliant. Countries with regions currently identified as high-deforestation priority regions for fiber include Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia and Vietnam. McDonald's requires all wood fiber sourced from these regions to be Forest Stewardship Council (FSC) certified or FSC controlled wood sources with full chain of custody certification. **Exclusions:** Primary fiber-based packaging in food packaged off-site McDonald's restaurants; tray liners, straws and limited locally sourced items.

<sup>7</sup> Russia is included for the purposes of performance reporting to the end of December 2021.



# Community Connection

## Supporting People When and Where They Need It Most



## Our Priority ESG Issues

### [Community Impact](#)

With more than 39,000 restaurants, we have a unique connection with communities the world over. We believe that comes with a responsibility to help support people.

### [Ronald McDonald House Charities®](#)

Ronald McDonald House Charities® helps families stay together when children are sick or injured, and McDonald's is proud to be its founding mission partner.

Our business thrives when our communities thrive. With our size and scale, we're uniquely positioned to give back to the communities we serve in meaningful ways, including reducing barriers to youth employment. We think globally and act locally to better connect with our customers, employees and wider society to help meet their needs.

Many significant world events and fundamental shifts in society over the past years have further proven the importance of food security and health and safety for communities. Throughout it all, we've been able to serve as a critical resource – showing up during times of need and helping feed and support the most vulnerable people in our communities – elderly and isolated neighbors, families and children.

McDonald's is proud to serve as a founding mission partner of Ronald McDonald House Charities® (RMHC®). RMHC has a global network of more than 260 Chapters in 62 countries and regions, and supports families in accessing medical care for children. RMHC programs provide families with somewhere to stay, in or near leading hospitals and healthcare services, ensuring they have access to the medical care their child needs.

Learn [how our menu has evolved](#), to offer a wider variety of choices, and how we build [safe, respectful workplaces](#) that are [diverse, equitable and inclusive](#). We are also committed to respecting the [human](#)





[rights](#) of the people who work for us, directly and across our supply chain, and regularly [engage with stakeholders](#) across our value chain.

## Recent Highlights

### Community Impact

- Donated **\$5 million** in 2022 to our Employee Assistance Fund and support relief efforts led by the International Red Cross in response to recent developments in Ukraine and the resulting humanitarian crisis in Europe.
- Continued to partner with our crew, Franchisees, suppliers, producers and farmers to serve food in our communities, offering free “Thank You Meals” to healthcare workers and first responders.
- Established a partnership with the Obama Foundation to support the Obama Presidential Center in our shared hometown, as well as its global programming and local Chicago initiatives, by donating **\$5 million** over two years (2022–2023).
- Supported approximately **1.3 million** young people with training programs and job opportunities since launching the Youth Opportunity program in 2018.

### Ronald McDonald House Charities® (RMHC®)

- In total, McDonald’s, our Franchisees and customers donated over **\$168 million** to RMHC in 2021, helping the Charity provide more than 1.8 million overnight stays for RMHC families around the world.
- In 2021, McDonald’s donated **\$20 million** as part of our five-year, \$100 million commitment to support families when they need it most.

[See All Current and Past Reports](#)

## Related Issues

Additional issues across our four pillars include:

- [Human Rights](#)
- [Stakeholder Engagement & Public Policy](#)
- [Nutrition & Marketing Practices](#)
- [Safe & Respectful Workplaces](#)
- [Diversity, Equity & Inclusion](#)
- [Packaging, Toys & Waste](#)



## Community Impact

With more than 39,000 restaurants, we have a unique connection with communities the world over. We believe that comes with a responsibility to help support people.



Our business thrives when our communities thrive. With our size and scale, we're uniquely positioned to give back to the communities we serve in meaningful ways. We think globally and act locally to better connect with our customers, employees and society to help meet their needs.

Many significant world events and fundamental shifts in society over the past years have further proven the importance of food security and health and safety for communities. Throughout it all, we've been able to serve as a critical resource – showing up during times of need and helping feed and support the most vulnerable people in our communities – elderly and isolated neighbors, families and children.

## Recent Progress

Donated \$5 million in 2022 to our Employee Assistance Fund and support relief efforts led by the International Red Cross in response to recent developments in Ukraine and the resulting humanitarian crisis in Europe.

Continued to partner with our crew, Franchisees, suppliers, producers and farmers to serve food in our communities, offering free "Thank You Meals" to healthcare workers and first responders.



Continued the five-year, \$100 million commitment to Ronald McDonald House Charities® (RMHC®) that we set in 2020 to help RMHC continue increasing access to medical care for children around the world.

Established a partnership with the Obama Foundation to support the Obama Presidential Center in our shared hometown, as well as its global programming and local Chicago initiatives by making a two-year, \$5 million commitment (2022–2023).

## Our Strategy

By serving our communities around the world, we can create a lasting positive impact. With our scale, diversity and legacy, we aim to build strong and inclusive connections that deliver on the needs of our communities.

We have established impactful relationships with community-based organizations, and these relationships help provide us with direct insights into the issues and challenges facing our communities – where Franchisees are both neighbors and business owners.

After listening to and learning from our communities and the McDonald's System over the past several years, we strengthened our holistic Community Impact Strategy in 2021 to consolidate and enhance McDonald's community support efforts. Together, we continue to create opportunities that encourage Company employees, Franchisees and their employees, and customers to get involved in meaningful campaigns and volunteering.

Part of that strategy includes McDonald's continued support of [Ronald McDonald House Charities](#) (RMHC), founded in 1974. As a close partner, McDonald's donates time, funds and in-kind services to help RMHC Chapters around the world. We have also created a new centralized McDonald's Community Fund to provide additional governance to our other philanthropic investments and to support both planned and emerging needs.

We remain focused on partnering with key organizations that share our values, combining our size and scale to maximize collective impact while strengthening our relationships with the communities we serve.

Our Community Impact efforts focus on four key areas:

- **Community Support & Crisis Response:** Establishing relationships with community-based organizations around the world, including RMHC and the Red Cross, helping to provide emergency relief when it's needed most.
- **Volunteerism:** Creating meaningful opportunities and convenient resources for the McDonald's System to participate in volunteer efforts in their local communities.
- **Youth Opportunity Program:** Reducing barriers to employment for young people through pre-employment job-readiness training, employment opportunities and workplace development programs.
- **Food & Supplies Donation:** Providing essential resources to the people who need them most in communities around the globe.

## Community Support & Crisis Response

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



When it comes to providing support during a humanitarian crisis, we primarily work through our long-standing partnership with the American Red Cross. McDonald's joined its Annual Disaster Giving Program (ADGP) with a pledge of \$1 million for 2022. By making a proactive donation, McDonald's is helping ensure the Red Cross is prepared to meet the needs of people affected by disasters big and small across the U.S. and around the world.

McDonald's donation will help ensure the Red Cross is ready to respond when needed and will help strengthen vulnerable populations across the globe through community preparedness and capacity-building programs. The collaboration also enables McDonald's to get Red Cross resources and information to employees who are impacted by disasters as quickly as possible.

In 2021, McDonald's and its employees contributed more than \$800,000 to the Red Cross to support disaster relief and humanitarian crisis around the globe. "We are so grateful for McDonald's Corporation's generous support in 2021," said Anne McKeough, Chief Development Officer for the American Red Cross. "Last year, the Red Cross was needed more than ever as we responded to a historic number of large disasters while continuing to support families impacted by home fires and other crises. I'd like to thank McDonald's Corporation for their continued generosity as we bring help and hope to those impacted by disasters across the country and around the world."

## Community Volunteerism

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 their employees, and suppliers volunteer their time, skills and energy to support local communities through our Global Volunteer Program. We provide a volunteer framework focused on our [four impact areas](#) and offer a variety of resources to make it easy to give back.

At the beginning of 2022, we launched an internal community platform that organizes philanthropic investments and volunteer activities in one central location, helping employees create, manage and report on volunteer events and donate to causes they care about. This is just one way we are putting our values into action and building on our culture of giving, where everyone feels valued and supported.

## Youth Opportunity Program

Since the Youth Opportunity program launch in 2018, approximately 1.3 million young people have participated in training programs and/or been hired in McDonald's or participating Franchisee restaurants.<sup>1</sup>

This Program was created by McDonald's with one objective in mind: reducing barriers to employment for young people. The Youth Opportunity initiative helps participants overcome these barriers through pre-employment job-readiness training, employment opportunities and workplace development programs. Our goal is to impact 2 million young people by 2025, in partnership with the [International Youth Foundation](#) (IYF), which has three decades of experience in youth development around the world.

## Donating Excess Food

Our long-term objective is to ensure our quality and safe food is used to its full potential, starting with helping feed people and communities across the globe. Doing the right thing takes commitment and partnership, so we're working with our restaurants and supply chain to donate meals and excess ingredients to families in need, supported by our Global Food Disposition Policy, to help ensure food is not wasted in our restaurants or supply chain facilities.



In 2021, we continued to expand methods for recovering surplus food ingredients, so that items like dairy, pork and poultry could be donated directly to charities located in the U.S.

Find out more about our efforts to reduce food loss and waste across our value chain on our [Packaging, Toys & Waste page](#).

## Our Performance

### Goal

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

### Progress

Since July 2018, approximately **1.3 million** young people have participated in training programs and/or been hired in McDonald's or participating Franchisee restaurants.<sup>1</sup>

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## Additional Metrics

### Capital Investments

One of the most significant impacts McDonald's can make is to bring forth local investments in new and existing jobs in the areas we serve. In 2020, McDonald's capital investments, which include capital expenditures and taxes paid, amounted to approximately \$3 billion. These funds go toward reinvestment in our existing restaurants, as well as the creation and construction of new restaurant locations, which ultimately help to build stronger communities and job opportunities around the world.

### Year-Over-Year Contributions

Year	Capital Expenditures	Income Taxes Paid
2017	\$1.9B	\$2.8B
2018	\$2.7B	\$1.7B
2019	\$2.4B	\$1.6B
2020	\$1.6B	\$1.4B
2021	\$2.0B	\$1.6B



# Our Actions

## Community Volunteerism

Our Global Volunteer Program, launched in 2019, matches employee time with community need. Through the program, individuals have been volunteering for a variety of causes related to our [four impact areas](#) while also addressing the unique needs of their communities.

For example, throughout 2021, McDonald's UK & Ireland gave back to its communities in a variety of ways, including litter picking events, RMHC fundraising, supporting local charities and volunteering to coach youth sports. In Australia, McDonald's is a founding partner of [Clean Up Australia Day](#) and has been on a journey to clean up local communities for more than 30 years.

In Chicago, nearly 80 [McDonald's volunteers provided vaccination support to the American Red Cross](#) over four days in April 2021 at a local COVID-19 vaccination site.

Given the continued need to pivot to virtual programming, we also offered and promoted an extensive list of virtual volunteer opportunities for our employees. In the U.S., employees participated in virtual career panels and résumé/ job application workshops to benefit youth-serving organizations a part of the Youth Opportunity program. Additionally, in January 2021, McDonald's volunteers hosted a Virtual Story Time with RMHC, where they recorded themselves reading Happy Meal Readers Books in English, Spanish and American Sign Language. The videos were sent to more than 260 RMHC Chapters around the world for families to watch when they have downtime.

## McDonald's Global Volunteer Awards

In celebration of International Volunteer Day, in December 2021, McDonald's relaunched its Global Volunteer Awards to recognize employees of McDonald's, its Franchisees and its suppliers who give back to their communities as volunteers in one of our [four impact areas](#). Nominations were submitted from around the world and four winners were selected, each receiving a \$25,000 grant for the charity they support through volunteering.

Read about our [latest Global Volunteer Award winners](#).

## Educating and Developing Young People Around the World

As COVID-19 continued to impact the education and development of young people around the world, McDonald's focused on helping overcome new barriers created by the pandemic through the Youth Opportunity program.

**Life Skills Training** – McDonald's works with IYF and nine local community-based organizations in Chicago and Washington, D.C. to deliver the [Passport to Success life skills training program](#). During the COVID-19 pandemic, McDonald's supported and extended IYF's development of a digital, game-based life skills curriculum called [Passport to Success Explorer](#) to external organizations in the U.S. and around the globe. Partner organizations include Historically Black Colleges and Universities (HBCUs) in the U.S. and some secondary school systems in parts of Latin America. McDonald's and IYF are continuing to extend this digital curriculum to interested organizations with the goal of reaching up to 100,000 young people in diverse communities.





**Jordan: Hiring and Training 500 Young People** – A McDonald's Franchisee who owns and operates restaurants in Jordan partnered with nonprofit [Dar Abu Abdullah](#) to train and hire 500 young people from families impacted by the COVID-19 pandemic.

**The U.K.: Virtual Work Experience** – McDonald's UK & Ireland offered a Virtual Work Experience program with partner [Youth Employment UK](#) during a time when work experience was inaccessible to many young people.

**Latin America and the Caribbean: Express Online Courses** – Franchisee Arcos Dorados, which operates in Latin America and the Caribbean, launched an initiative aiming to improve the personal and professional skills of young people. In celebration of International Youth Day, the free offering from Hamburger University consists of express online courses that teach entrepreneurship, customer service, emotional intelligence, and health and well-being. With each completed module, participants receive a certificate that endorses their training and skills and supports early career development.

## Community Support and Crisis Response

McDonald's is a part of communities around the world, and we believe we have a responsibility to support local people. We take that seriously – because we know that when our communities thrive, so does our business. By thinking globally, and acting locally, we connect closely with our customers to provide support for them, for our employees and for the communities that we are all part of.

**Ukraine: Supporting Communities in Times of Need** – To help support communities based in Ukraine during the humanitarian crisis, McDonald's quickly mobilized to set up ways for the McDonald's System to get involved, in ways both big and small. A new online Community Giving portal was established in 2022 with the goal of supporting people and communities during times of need. This site offers users the chance to:

- Donate to Employee Assistance fund – Distributed donations among our Ukrainian employees impacted by the closure of McDonald's restaurants and offices during this crisis. These funds helped to provide for evacuation costs and long-term expected expenses related to medical, housing or other needs.
- Donate to the Red Cross – With funds providing critical aid for individuals and families coping with the conflict, and helping the most vital humanitarian needs including food, shelter, critical care items and first aid.
- Donate to RMHC – To help support displaced ill and injured children and their families.

**Germany: Natural Disaster Response** – After the devastating floods in Germany in 2021, McDonald's quickly moved to provide emergency financial aid to restaurant and Corporate employees whose lives were impacted by the floods. McDonald's restaurants supplied food and water to first responders and displaced locals. Additionally, we launched a fundraising campaign to help rebuild two care homes that were destroyed in the floods.

**The Philippines: Supporting Virtual Schooling** – To help teachers with virtual schooling during the COVID-19 pandemic, in September 2021, McDonald's Philippines transformed empty party rooms into more than 220 McClassrooms, providing quiet work areas with free Wi-Fi and McCafé coffees.

**Canada: Raising Funds for the Red Cross** – As a member of the Canadian Red Cross' Disaster Response Alliance, McDonald's Canada helps support Red Cross emergency preparedness and response when it is needed most. The Company made a \$75,000 donation to the Red Cross' British Columbia Floods and Extreme Weather Appeal. In addition, all B.C. Franchisees temporarily reallocated funds from their coin boxes in Drive-Thrus and at front counters to the Canadian Red Cross.



## Supporting Local Community Programs Around the World

Our established community programs, scale and expertise help us to support Franchisees and individuals in need around the world. Through our focus on education, volunteerism and crisis response, we help to combat localized social issues, as well as effectively respond to global challenges like COVID-19.

### 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 nonprofit organizations to deliver positive impacts in their communities. In 2021, the U.S. business provided over **\$1.4 million** in grants and sponsorships, and since 2015 contributions have totaled over \$15 million. Additionally, more than \$13.1 million worth of food donations were delivered to local charities and communities around the U.S. from McDonald's USA distribution centers and its suppliers in 2021.

Throughout 2021, we donated \$20 million to RMHC as part of our five-year, [\\$100 million commitment \(2020–2025\)](#). 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 partnered with the McLendon Foundation to support the McLendon Minority Leadership Initiative with a \$1 million donation. The initiative gives diverse college graduates a head start in their careers by offering practical experiences and opportunities to network, and instills the values of integrity, education, leadership and mentorship.

McDonald's established a partnership with the Obama Foundation to support the Obama Presidential Center, its global programming and local Chicago initiatives by making a two-year, \$5 million commitment (2022–2023). Our goal for this partnership is to help transform communities by inspiring, empowering and connecting individuals, and to support the development of a central hub for civic engagement and leadership at the Obama Presidential Center.

McDonald's also matches funds raised by Company staff up to \$5,000 (\$10,000 for a Vice President or above or a 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 RMHC in a tax-efficient way.

### Encouraging Kids' Football

**The U.K.** – McDonald's U.K. supports more than 5,000 football clubs across the country, providing 250,000 kits, rewarding volunteers and holding community football days. We are partners of each of the four Football Associations in the U.K. (England, Scotland, Wales and Northern Ireland), and have worked with them for the past 16 years. We plan to introduce a new, participation-based program that aims to provide 5 million hours of football training for children across the U.K. by the end of 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 the country's primary schools participate in the McDonald's Cup every year.

## Supporting Communities During the COVID-19 Pandemic

As disruptions caused by the COVID-19 pandemic continued, we remained focused on working with Franchisees around the world to adapt to the challenges they faced. We continued to serve customers where it was safe to do so, and in many cases, were able to support our restaurants as they shifted to Drive-Thru, delivery and takeout meals.

## Helping Communities Access the Support They Needed

The McDonald's System stepped up to help support communities around the globe to meet their basic needs. For example:

- **The U.S.** – In 2021, McDonald's USA and its suppliers in the U.S. donated over 10.1 million pounds of food from suppliers and distribution centers – worth more than \$13.1 million – to support local charities and communities.
- **Australia** – In 2021, McDonald's Australia donated the equivalent of 458,700 meals and 870 kg of grocery items as part of a long-standing partnership with local foodbanks.
- **Belarus** – Supported the local community by providing 30,000 meals to ambulance crews. The team donated \$67,000 to long-time charity partner Belarusian Children's Hospice, an organization that provides free palliative care to children with life-threatening and life-limiting conditions.
- **Greece** – Provided over 3,000 free meals to police officers, as well as tens of thousands of food items and Happy Meal toys to the Municipality of Athens and a local food bank to support families.
- **Philippines** – Opened up kitchens to help feed those in need. As of April 2022, McDonald's Philippine's Kindness Kitchen project has raised over \$467,000 and provided more than 700,000 meals for medical frontliners in hospitals and vaccination centers, as well as marginalized communities affected by the COVID-19 pandemic, with volunteer staff delivering food to those most in need.
- **Israel** – Donated more than 250,000 meals to hospital staff around the country and served hot meals to other local charities as needed. In addition, the team supported hospitals financially during the COVID-19 pandemic, donating 3 million NIS (roughly US\$880,000).
- **Serbia** – Donated thousands of meals to medical staff, local clinics, emergency centers and the Red Cross Belgrade. The team also donated to the Serbian Chamber of Commerce to help procure food and necessities for retirees during the COVID-19 pandemic.
- **Romania** – Donated over 14,000 meals to the SMURD Foundation (first responders – firefighters, ambulance staff, doctors and emergency services assistants).



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 NGO partners to help feed communities and ensure as little as possible went to waste.

As a global corporation, we have more than 39,000 restaurants in over 100 markets. 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 have not gone to waste. Instead, that food has helped to feed people who need it in thousands of local communities around the world.

## Footnotes

<sup>1</sup>This 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, 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.



## Ronald McDonald House Charities®

Ronald McDonald House Charities® helps families stay together when children are sick or injured, and McDonald's is proud to be its founding mission partner.



Ronald McDonald House Charities (RMHC®) has a global network of more than 260 Chapters in 62 countries and regions and supports families in accessing medical care for children. RMHC programs provide families with somewhere to stay, in or near leading hospitals and healthcare services, helping to ensure they have access to the medical care their child needs. RMHC is a nonprofit, 501(c)(3) organization.

- In total, McDonald's, our Franchisees and customers donated over **\$168 million** to RMHC in 2021, helping the Charity provide more than 1.8 million overnight stays for RMHC families around the world.

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

## What Ronald McDonald House Charities Does

Through three core programs, RMHC provides stability and vital resources to keep families around the world together.

[Ronald McDonald House® programs](#) – More than just a place to sleep, each House is near the hospital and provides meals and support to families with sick children.

- **387** Ronald McDonald Houses.



- **48** countries.
- **9,260** bedrooms for families around the world every night.

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

- **268** Ronald McDonald Family Rooms.
- **29** countries.
- More than **2,300** families accommodated each day.

**Ronald McDonald Care Mobile® programs** – Providing medical, dental and healthcare resources to children and families in underserved communities around the world.

- **42** Ronald McDonald Care Mobiles.
- **10** countries.
- Serves more than **63,000** children a year.

## Our Strategy

### McDonald's and RMHC Working in Partnership

When our communities need us, the McFamily shows up. Collective support from McDonald's, our Franchisees, suppliers and customers helps RMHC continue offering the important programs that keep families in or near leading hospitals and healthcare services, ensuring they have access to medical care their child needs. McDonald's ongoing support of RMHC is a central pillar of our commitment to have a positive impact on the communities where we operate and we are proud to be more than a founding partner of RMHC – we are a long-term partner. See our [Community Impact page](#) for more information. McDonald's, alongside the partners and supporting foundations of RMHC, play a key role in helping keep families together during their sick child's time of need.

In some countries or regions, McDonald's donates a percentage of the sale of specific products or runs other special promotions in restaurants. We make it easy for our customers to support RMHC too, through a range of on-site and modernized giving opportunities.<sup>1</sup>

In 2021, McDonald's donated \$20 million as part of our five-year, \$100 million commitment to support families when they need it most. The gift is helping RMHC deliver its mission through:

- Direct financial support (including Chapter capital expansion grants).
- Chapter capacity building (including infrastructure, branding and people development).
- Activation of significant initiatives and resource development (including financial management training and Chapter consultation).

### Volunteer Partners

In 2021, nearly 29,000 McDonald's employees – including Owner/Operators, Developmental Licensees, employees and crew – actively volunteered with RMHC Chapters. Some even volunteer





as RMHC Board members, helping shape the direction and approach in line with the critical needs of children and their families in their local area. Volunteers are vital to RMHC, helping offset costs and allowing the Charity to direct more donations to services supporting children and their families.

## Our Actions

The McDonald's community has provided their time, funds and in-kind services, all of which has helped RMHC positively impact millions of children and their families since 1974. The actions we take – alongside our customers, Franchisees and suppliers around the world – have enabled us to continue to support families, despite unforeseen global challenges.

- In January 2021, McDonald's volunteers hosted a Virtual Story Time in partnership with RMHC, where they recorded themselves reading Happy Meal Readers Books in English, Spanish and American Sign Language. The videos were sent to more than 260 Chapters around the world for families to watch when they have downtime.
- In Malaysia, approximately 15,000 McDonald's Malaysia employees and restaurant staff volunteered throughout the month of October to raise nearly \$35,000 for RMHC® Malaysia.
- In 2021, The Coca-Cola Company continued their signature Vending Program that provides beverages to local Ronald McDonald House programs to refresh families during their stay. In regions of the U.S., the Company also executed the Sleeves for Support program alongside McDonald's Operators in their restaurants to benefit local RMHC Chapters. Through this ongoing partnership, awareness and needed resources continue to be generated that support families and their children staying at the house.
- The Martin-Brower Company has long been a committed supporter of the RMHC system through extensive volunteer hours, food donations and monetary support to Ronald McDonald House programs in 12 countries. In 2021, the Company donated \$1.3 million to both RMHC and its local Chapters with more than \$200,000 from employee payroll deductions.

## Responding to the COVID-19 Pandemic

Throughout the pandemic, McDonald's – along with our global community of suppliers and Franchisees – continued supporting RMHC Chapters around the world. Our efforts to help families with sick children stay together during very difficult times included:

- In 2021, McDonald's Indonesia continued to support the RMHC® Indonesia Vaccine Center. The organization provided volunteer support, administration workers and daily meals – including snacks for all of the medical staff, volunteers and administration staff – to maintain the Vaccine Center that serves adults and children.
- McDonald's Philippines continued to partner with RMHC® Philippines to sustain "Kindness Kitchens" operations by opening its stores' kitchens to prepare hot meals for frontline workers and the communities most impacted by the coronavirus. With the help of nearly 250 McDonald's employee volunteers, McDonald's donated more than 76,000 meals to the program in 2021.
- Other RMHC Chapters, including those in Poland and Mexico, received support from their local McDonald's partners. In spring 2021, as local cases were rising, RMHC® Poland received a grant from McDonald's Poland and their Franchisees to purchase face masks and coronavirus tests for medical staff. In Mexico, McDonald's donated food to first responders at the partner hospitals of RMHC® Mexico.



- Since 1977, our supply chain management partner, HAVI, has consistently supported RMHC Global and local Chapters in 46 countries with financial contributions, employee donations and volunteer support. In 2021, amid the pandemic, the organization committed an additional \$1 million for charitable purposes and invited employees to identify local organizations to support. As a result, HAVI made cash donations to RMHC Chapters in 25 countries in Europe and Asia.

## Giving Back to RMHC Chapters With Our Customers Around the World

McDonald's is committed to providing McDonald's customers with opportunities to support the mission of RMHC throughout their McDonald's customer experience – regardless of their order and pay journey. Currently, there are many ways for our customers to support RMHC Chapters around the world. The largest ongoing fundraisers are RMHC donation boxes at restaurant counters and Drive-Thru windows, making it easy to give spare change. In 2021, more than \$27 million was donated worldwide through the Donation Box program.

Modernized giving opportunities – at self-ordering kiosks and via the McDonald's mobile app – are also available in some markets.

“Round-Up for RMHC” – which provides customers the opportunity to round up their purchase to the nearest whole number (of their local currency) at self-order kiosks, front counter and Drive-Thrus – continued in select markets in 2021, raising over \$23 million across participating restaurants.

Finally, in-restaurant events and special product fundraisers in many countries continue to inspire customers to participate and give back.

- In the U.S. in 2021, to offset loss of fundraising revenue due to the pandemic, two pennies from every Happy Meal went to RMHC. In 2021, \$11.9 million was provided to RMHC from Happy Meal sales in the U.S.
- In Canada, various in-restaurant fundraisers are available for Canadians to support RMHC® Canada year-round. These include the annual McHappy Day festivities, donation boxes 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 2021, nearly \$14 million was raised by McDonald's Canada and its independent Franchisees through direct and facilitated giving efforts.
- In Germany, more than \$1.4 million was raised in-restaurant through donation boxes in 2021. McDonald's Germany also designed, produced and sold custom RMHC® Germany patches to customers. Over the course of three months, more than \$1.7 million was raised for RMHC Germany from the patches sales.
- In Australia, all McDonald's restaurants host an annual McHappy Day, supporting RMHC® Australia. In 2021, more than \$11 million was raised for RMHC Chapters across the country through McHappy Day and other direct and facilitated giving efforts locally.
- In Taiwan, McDonald's offers customers the chance to donate to RMHC® Taiwan through donation boxes at restaurants. In 2021, customers in Taiwan donated more than \$800,000 for RMHC through the Donation Box program.
- In Guatemala, McDonald's hosted McDia Feliz and raised more than \$900,000 for RMHC® Guatemala through the sale of Big Mac® sandwiches over a 10-day span in 2021.



## Footnotes

<sup>1</sup> Donation and impact information on this page includes self-reported totals provided by local, independent RMHC Chapters that are not independently audited by RMHC Global or McDonald's Corporation.



# Jobs, Inclusion & Empowerment

Helping Build Bright Futures Through Education, Training and Accelerating Equity



## Our Priority ESG Issues

### [Diversity, Equity & Inclusion](#)

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

### [Safe & Respectful Workplaces](#)

We believe we all have a responsibility to protect the health and safety of employees and anyone who enters a McDonald's-brand restaurant.

### [Talent & Benefits](#)

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

### [Human Rights](#)

McDonald's purpose is to feed and foster communities. Central to that purpose is respecting human rights wherever we do business.

Living our values means delivering on them every day, in ways that everyone can see. Led by these values, we are committed to fostering workplaces where everyone feels supported, has equitable access to opportunity and feels empowered to realize their full potential through differentiated development opportunities and benefits.

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



We believe that businesses like McDonald's have a responsibility to respect human rights within their sphere of influence. We know we can be a force for good in communities and empower our suppliers to do the same.

We are committed to prioritizing safety in all our offices and Company-owned restaurants around the world, as well as supporting our Franchisees to do the same in the restaurants they own and operate. We are also continuing to foster respectful workplaces, where people can be themselves without fear of harassment, discrimination, retaliation or violence.

Find out how we create [community impact](#) where we live and operate across the world. This includes our direct support for families through the [Ronald McDonald House Charities®](#). We regularly [engage with stakeholders](#) across our value chain.

## Recent Highlights

### Diversity, Equity & Inclusion

- [Closed the small pay gaps identified](#) in our 2021 pay gap analysis. The 2021 analysis showed we had already substantially attained equal pay for women globally in Company-owned and operated markets (**99.85%**) and that there was not a pay gap disfavoring underrepresented groups in the U.S.
- Incorporated quantitative [human capital metrics into our executives' annual incentive compensation](#) in 2021 to hold leadership accountable.
- [Launched a franchise recruitment initiative](#) to help increase the number of new Franchisees from all backgrounds, including underrepresented groups, with a five-year \$250 million commitment in the U.S.
- Set [goals to increase representation of women](#) globally and underrepresented groups in the U.S. in leadership roles (Senior Director and above) by 2025.
- Achieved our goal of increasing U.S. systemwide spend with diverse-owned suppliers to 25%, reaching **25.4%** as of the end of 2021. We invited the U.S.-based suppliers to sign a Mutual Commitment to Diversity, Equity & Inclusion (DEI).

### Talent & Benefits

- Re-opened in-person learning for Restaurant Staff through Hamburger University (HU) after pivoting to online and on-demand training in 2020.
- Developed a System-wide digital education program for restaurant staff, including an innovative Loyalty Simulator gamification experience in the U.S. with an over **3,000%** increase in usage, as we continue modernizing the learner experience.
- Invested in **4** new leadership development programs for Corporate Staff.

### Safe & Respectful Workplaces

Across all markets globally, we added to existing resources and are making the following additional progress:



- Developing and localizing policies, along with training for crew and managers, to mitigate and help prevent harassment, discrimination, retaliation and violence in all restaurants. We remain committed to supporting markets and franchised restaurants by providing optional tools and training resources.
- Requiring that all restaurants have reporting mechanisms in place to report or raise concerns.
- Requiring that every restaurant complete an employee feedback survey at least once annually.
- Deploying certain health and safety requirements and a market-level assessment process to evaluate these requirements.

## Relevant Reports and Summaries

- [Diversity Snapshot \(PDF – 903 KB\)](#)
- [2021 Diversity, Equity & Inclusion Report \(PDF – 32 MB\)](#)

[See All Current and Past Reports](#)

## Related Issues

Additional issues across our four pillars include:

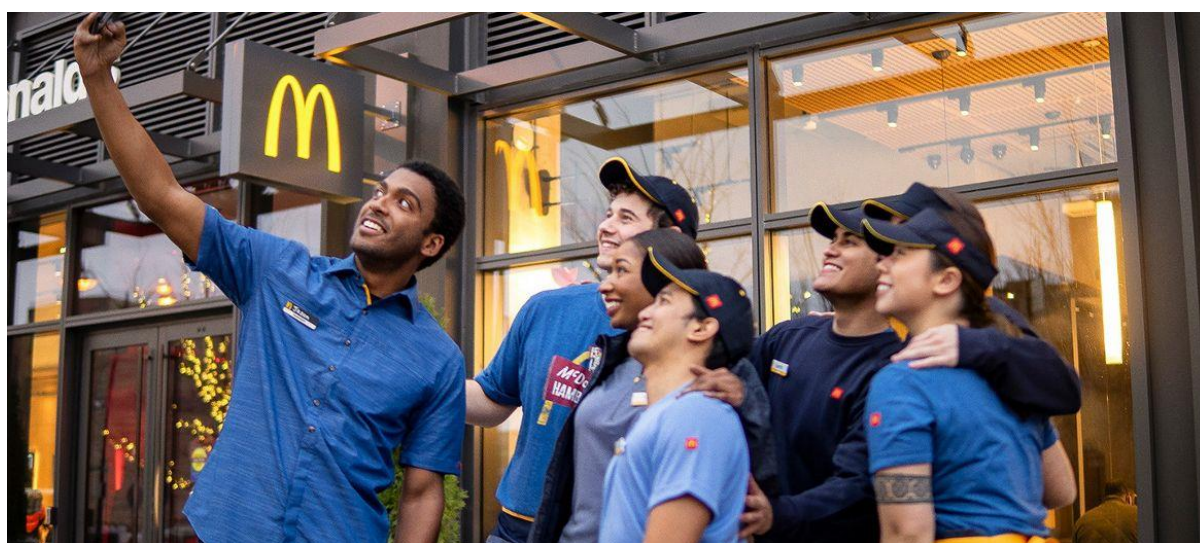
- [Community Impact](#)
- [Ronald McDonald House Charities®](#)
- [Stakeholder Engagement & Public Policy](#)





## Diversity, Equity & Inclusion

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



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

No matter their role or contribution to McDonald's, we believe inclusion is everyone's responsibility.

[Living our values](#) means delivering on them every day, in ways that everyone can see. It means building trust by showing the millions of people who visit us daily – as well as each McFamily member working in a McDonald's restaurant or our corporate offices – that we care about what they care about.

## Recent Progress

Jump to [Our Performance](#) and [Our Actions](#) on this page for more on our recent achievements.

We [closed the small pay gaps identified](#) in our 2021 pay gap analysis. The 2021 analysis showed we had already substantially attained equal pay for women globally in Company-owned and operated markets, who were paid on average \$0.9985 for every \$1 to men for comparable work, and that there was not a pay gap disfavoring underrepresented groups<sup>1</sup> in the U.S.

We incorporated quantitative [human capital metrics into our executives' annual incentive compensation](#) to hold leadership accountable.



We [launched a Franchisee recruitment initiative](#) to help increase the number of new Franchisees from all backgrounds, including underrepresented groups, with a five-year, \$250 million commitment in the U.S.

We are progressing against our [goals to increase representation of women](#) globally and underrepresented groups in the U.S. in leadership roles (Senior Director and above) by 2025.

We reached our goal of increasing U.S. systemwide spend with diverse-owned suppliers to 25%, reaching 25.4% as of the end of 2021. We invited U.S.-based suppliers to sign a Mutual Commitment to Diversity, Equity & Inclusion (DEI).

## Our Strategy

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

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

Our values are the backbone of our brand. They're the driving force behind every decision we make, and part of every experience we create. But there's one value – inclusion – so foundational that it inherently enhances how we show up in every space. After all, to really serve, it is important that we serve everyone. Leading with integrity means treating everyone with respect and dignity. These are expectations from the brand that everyone, everywhere, should be able to count on – in our restaurants and in the communities we serve.

## Represent the Diverse Communities in Which We Operate

We promote a bias-aware and inclusive workplace that enhances and supports a diverse talent pipeline, by combining cutting-edge technology with the latest strategic thinking and best recruitment practices to attract, retain and promote.

[We seek to represent the diverse communities in which we operate by increasing the diversity of our leadership](#) and have set two goals to help us achieve this.

We're driving inclusive, bias-aware workplaces, in part, by blending technology and new recruiting techniques, including:

- Using artificial intelligence (AI) tools to create gender-neutral, inclusive job descriptions.
- Driving our University Talent Attraction strategy, with a focus on attracting talent from Historically Black Colleges and Universities (HBCUs) and other minority-serving institutions (MSIs) through job postings, messaging campaigns, career fairs and career development workshops.
- Further embedding and encouraging diverse candidate slates and interviewer panels.
- Harnessing technology platforms to broaden the number of candidates we screen.



- Strategically structuring interviews and interview guides to help support equity and fairness throughout the selection, interview and offer process.

We're serious about holding ourselves and our leaders accountable to these foundational commitments and reporting on our progress transparently.

## Accelerate Cultures of Inclusion and Belonging

### Equal Pay for Equal Work

At McDonald's, we recognize the critical importance of transparency around pay practices and how that influences the battle against inequity in the workforce. We believe that greater transparency is important to building trust with our people, living our values and holding ourselves accountable, which is why we set an equal pay goal in 2021.

Our annual 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, McDonald's-specific, job-specific), job level/grade, performance and location. We address any discrepancies we find and report on our progress.

We set [a goal to run pay gap analyses and close identified gaps annually](#), and we will report on our progress as we continue to advance our strategy.

See our [Talent & Benefits](#) page for more details on our compensation philosophy, including the Global Pay Principles in place across our owned markets to ensure that good pay practices are understood, consistently implemented and executed across McDonald's.

### Employee Business Networks

Our employee business networks (EBNs) are employee-led, volunteer business-focused forums. EBNs support an inclusive work environment, foster relationships, support career development opportunities and help grow our business. They provide members with the opportunity to network, learn from one another and grow their careers together. EBNs also provide a source of mentors, role models and sponsors, and give 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 remain proud to have leveraged their perspectives in real time to create meaningful and overdue change by standing in solidarity with partnering organizations that challenged anti-hate movements and advocated for social justice – in support of members of impacted business networks – to promote inclusion and belonging.

Read on for examples of how our employee business networks recently supported our DEI strategy:

- **Asian Pacific Middle East Network (APMEN)** – The network is committed to inspiring and supporting development of Asian Pacific and Middle Eastern employees so they can reach their fullest potential. In 2021, APMEN led emotional wellness and leadership onboarding programs to ensure employees with cultural ties to the 36 countries APMEN represents know they are appreciated, valued and empowered by McDonald's. The network also launched a summit to celebrate 2021 achievements in areas such as leadership and talent development, and created an opportunity to acknowledge cultural heritage.



- **Disability Inclusion Group (DIG)** – The group’s mission is to create spaces of representation and belonging within the McDonald’s community for people with disabilities and their allies. In 2021, the group amplified representation, accelerated inclusion and helped remove barriers to equity by hosting various virtual gatherings that strengthened awareness, understanding and respect for people with disabilities.
- **Hispanic Employee Business Network (HEBN)** – The network vision is to drive business momentum, elevate talent and build a pipeline of Hispanic leaders at McDonald’s. Throughout 2021, the network connected with the Hispanic/Latino/a/x community through the UnidosUS Conference. Internally, several members were recognized with Global Shining Light Values Awards, while others participated in mentorships, officer panels, surveys and other crucial conversations.
- **Global Women’s Leadership Network (GWLN)** – As McDonald’s largest and only truly global enterprise EBN, its mission is to support a culture where women at all levels have equal opportunities to develop, advance and succeed. It acts as a catalyst for change and a valuable thought partner for McDonald’s DEI initiatives, advocating for equal pay and contributing guidance in areas such as gender diversity and women’s retention. During 2021, GWLN doubled the number of chapters globally.
- **McDonald’s African American Council (MA2C)** – MA2C aims to be a world-class employee network that supports diversity and fosters the inclusion and advancement of employees who identify as Black or of Africa descent. It drives business results by elevating talent and the contributions of McDonald’s employees. Throughout 2021, MA2C focused on communication, education and development, providing local chapter and national programming, including philanthropic efforts. For nationwide events, like Juneteenth and Black History Month, MA2C programming is extended beyond members to all corporate employees.
- **PRIDE** – PRIDE strives to build awareness, equity, inclusion and opportunity for employees and customers from the LGBTQ+ community. Reflecting its continued investment in LGBTQ+ awareness, rights and equity, in 2021, McDonald’s signed the Human Rights Campaign Business Coalition for the Equality Act. In 2022, McDonald’s scored 100% on the Equality Index for the seventh year in a row. The PRIDE network acted as a driving force in achieving these results.
- **Working Parents Business Network (WPBN)** – WPBN fosters an environment of inclusion for McDonald’s employees who are moms, dads and grandparents. It focuses on bringing the biggest benefit to the most people through thought partnership, community and business development. WPBN hosts an annual “Bring Your Child to Work Day,” drives for continuous improvement in understanding and supporting the needs of caregivers and parents, and connects employees with resources for balancing work and family duties.
- **Veteran Employee Business Network (VEBN)** – VEBN seeks to recognize, cultivate and elevate McDonald’s veterans. Programming builds community, awareness and pride, and opens doors to opportunities for developing and investing in veteran career advancement. Members serve as “think tanks,” providing input and addressing gaps in understanding about the needs of veteran employees and customers.
- **Young Professionals Network (YPN)** – YPN strives to develop future leaders, while providing a fresh perspective that drives the business and energizes the brand. In 2021, YPN hosted eight career conversations, one financial health and benefits workshop, two back-to-office activities following COVID-19 isolation and various social and networking sessions.

## Training and Mentorship

We worked with the Center for Creative Leadership to design an Inclusive Leadership course for our employees in Director-level positions and above. The course, launched in 2022, focuses on ways to identify Relevant Opportunities, Elevate Equity, Activate Diversity and Lead Inclusively (REAL).



Specifically, leaders reflect on their own understanding of DEI and have the opportunity to develop plans relevant to their teams that activate the three drivers of inclusion – Connection, Vulnerability & Courage and Investment & Resources. The program also encourages leaders to examine policies, practices, actions, circles of influence and connections that contribute to strengthening a culture of inclusion at McDonald's. The intent is for leaders at Director level and above (or market equivalent) to complete the Inclusive Leadership Experience in 2022.

## Dismantle Barriers to Economic Opportunity

We choose to work with a diverse range of suppliers who share our values, and we are constantly welcoming new businesses into our supplier network because we understand a chance to work with McDonald's is one that can change the trajectory of a business. Our success is thanks to a network of the world's best small business owners – our Franchisees. We offer resources to current owner/operators to support them in making their own spaces more welcoming for everyone and to continue their businesses into the next generation.

### Business Diversity and Our Mutual Commitment to DEI

With an annual systemwide spend of approximately \$14 billion<sup>2</sup> across McDonald's and our U.S. Franchisees with suppliers in the U.S., we believe we have a responsibility and a unique opportunity to help drive change in our business and beyond. Collaborating with these suppliers gives us incredible scope to achieve the more equitable and inclusive future we want to see.

Of the approximately \$14 billion that McDonald's and our U.S. Franchisees spent throughout our U.S. supply chain in 2020, an industry-leading 24%<sup>3</sup> was with diverse-owned suppliers – businesses 51% owned and controlled by women and/or Black, Hispanic, Asian, Indigenous, Veteran, LGBTQ+ and people with disabilities. We aim to boost this to 25% by the end of 2025.

Additionally, since 2021, our U.S. Marketing Department has been working to advance investments in, and partnerships with, diverse-owned production and media companies and content creators to enable deeper, more inclusive storytelling. We have established an advisory board of external marketing and advertising subject-matter experts to help identify the biggest barriers to economic opportunity for these suppliers.

To advance efforts at every point of our supply chain, we encourage suppliers to share our commitment to supporting representation, inclusion and equity. Starting in July 2021, U.S.-based suppliers of goods and services to McDonald's are invited to sign a Mutual Commitment to DEI, through which they commit to taking action, such as:

- Implementing an overall DEI strategy, including annual training and/or education for employees to develop as better DEI practitioners and leaders.
- Increasing representation of underrepresented talent in leadership and in staffing of McDonald's business, as well as increasing their use of diverse suppliers.
- Investing in innovation with new partnerships and programs designed to make a measurable difference.
- Implementing accountability systems to track and measure progress and share updates and best practices on effective programs and measurement.

We recognize McDonald's has an opportunity to help accelerate positive impact, not just in our own business but also for our suppliers, by inviting them to commit to building their own inclusive talent pipelines. By the end of 2021, 275 suppliers had signed the commitment. To provide ongoing support to





suppliers that sign onto the Mutual Commitment, we offer access to resources and tools, including sharing of best practices.

## Strengthening Diversity and Inclusion With Our Franchisees

The diversity of our Franchisees is a source of pride and a point of importance. Through our global DEI efforts, we continue to attract more diverse Franchisees while also developing the next generation.

In 2021, we announced a Franchisee recruitment initiative to help increase the number of Franchisees from all backgrounds, including 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 2021, individuals from underrepresented groups, including those that identify as Asian, Black or Hispanic, accounted for nearly 30%<sup>4</sup> of all U.S. Franchisees. Women accounted for nearly 30% of all U.S. Franchisees. We have committed \$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 plan to 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 Franchisee Association 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 and The McDonald's Owner Operator Pride Network.

## Holding Executives Accountable for Progress

We are holding our leaders directly accountable for making tangible progress on our DEI goals. Beginning in 2021, as part of our Allyship through Accountability program, the Company 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 are measured on the following four human capital metrics:

1. Meeting or exceeding a specified McDonald's Values Index score across all global staff employees.
2. Increasing representation of women globally at the Senior Director level and above.
3. Increasing representation of underrepresented minorities<sup>5</sup> in the U.S. at the Senior Director level and above.
4. Meeting or exceeding a specified McDonald's Inclusion Index score across all global staff employees.

Each aspirational representation goal is measured against annual increases, beginning in 2021, to track positive and incremental progress to our 2025 goals.

The Values Index is distributed to employees globally. It contains questions on four of our core values – Community, Family, Integrity and Serve – and was informed by a larger Values Baseline survey administered in 2020. Our Inclusion Index – which covers our fifth core value of Inclusion – is also distributed globally and explores how we foster an inclusive environment for everyone at McDonald's. It measures employee feelings around their workplace experiences, including being yourself at work,





offering differing opinions and career advancement opportunities. Employees are asked to state the extent to which they agree with five statements. We plan to conduct the Inclusion Index approximately every six months.

In addition to holding our CEO and Executive Vice Presidents accountable for progress against the above metrics, in 2022 we introduced expectations holding all Vice Presidents, Senior Vice Presidents and Managing Directors accountable for engaging in inclusive behaviors that support talent development and building a strong diverse succession pipeline, with their performance contributing to their annual performance ratings and incentive compensation. We also introduced an Owner/Operator Diversity Modifier into annual incentive compensation awards for key officers and Managing Directors, creating accountability for accelerating the recruitment and training of diverse Franchisee candidates in line with our global Franchisee recruitment initiative.

## Our Performance

### Underrepresented Groups in Leadership Goal (U.S.)

**By the end of 2025, McDonald's expects to increase representation of underrepresented groups in leadership roles (Senior Director and above) located in the U.S. to 35%.<sup>6</sup>**

#### 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 underrepresented groups.<sup>7</sup>

### Women in Leadership Goal

**By the end of 2025, McDonald's expects to increase representation of women in leadership roles globally (Senior Director and above) to 45%,<sup>8</sup> with an overall goal to reach gender parity globally in leadership roles (Senior Director and above) by the end of 2030.<sup>9</sup>**

#### Progress

As of the end of 2021, 41% of leadership roles (Senior Director and above) globally are held by women.<sup>10</sup>

### Equal Pay Goal

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



## Progress

We took the necessary steps to close the gaps identified in our 2021 pay gap analysis, which included women at staff and Company-owned restaurant levels in Company-owned and operated markets.

Through our 2021 pay gap analysis, we identified the following for the aggregated total of job categories:

- Women globally in Company-owned and operated markets were paid on average \$.9985 for every \$1 paid to men for comparable work.<sup>11</sup>
- Underrepresented groups in the U.S. were paid on average \$1.0063 for every \$1 paid to other groups for comparable work.<sup>12</sup>

## Business Diversity Goal (U.S.)

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

## Progress

As of the end of 2021, McDonald's achieved<sup>13</sup> its goal of increasing U.S. systemwide spend with diverse-owned suppliers to 25%, reaching 25.4%.

We will continue to focus on our engagement with diverse-owned suppliers in support of our goal to attain 25% U.S. systemwide spend with diverse-owned suppliers at the end of 2025. We plan to continue to measure our progress annually.

Among other efforts, we aim to increase national investments in diverse-owned media and production companies and content creators for McDonald's USA and its U.S. Franchisees to 15% by the end of 2024. As of the end of 2021, McDonald's USA and its U.S. Franchisees increased such investments to 7.7%.<sup>14</sup>

For a closer look at the percentage of U.S. systemwide spend and national investments across diversity categories, check out our 2021 Diversity Snapshot.

## Additional Disclosures

### 2021–2022 Diversity, Equity & Inclusion Report

As McDonald's continues its decades-long DEI journey, we know that to create meaningful change we must be able to measure our improvements, hold ourselves accountable and continue to raise the bar. In our first global [Diversity, Equity & Inclusion Report \(PDF – 32 MB\)](#), we showcase our strategy, discuss our goals and transparently report our progress. In the report we share a variety of employee, Franchisee, supplier, customer and community stories that demonstrates our ongoing DEI work.



## 2021 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, we're publishing 2021 data on employee, Board and Franchisee representation and supplier-diversity spend 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.

[Download the 2021 Diversity Snapshot \(PDF – 903 KB\)](#)

## Our Actions

Inclusion isn't just something we talk about; it's who we are. We foster inclusion through our business decisions, while taking action to advance it everywhere we operate, because improving ourselves and society more broadly are mutually reinforcing goals.

In 2022, [Fortune recognized McDonald's](#) on its [list of the World's Most Admired Companies](#), ranking us fourth out of 10 companies within our category of Food Services. This roundup is peer-judged and determined from a poll of nearly 3,700 corporate executives, directors, analysts and business insiders within each industry.

The Company was also named to Fast Company's "Brands that Matter" index, which honors companies and nonprofits that have had an undeniable impact on business and culture.

For the seventh 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.

McDonald's is a supporting partner of Diversity Lab's Move the Needle Fund – participating in innovative programs to create a more diverse and inclusive legal profession. Additionally, our legal department is on track to achieve certification under Mansfield Rule 2.0. To be Mansfield-certified, legal departments are asked to consider at least 50% underrepresented lawyers for the opportunities identified below and achieve at least 70% of activities identified below during the Mansfield qualifying period:

- External hiring and/or promotions for top role(s).
- External hiring, internal transitions and/or promotions for senior-tier management.
- External hiring, internal transitions and/or promotions for mid-tier management.
- External hiring, internal transitions and/or promotions for other lawyer positions.
- Hiring for interns or temporary lawyer positions.
- Discretionary high-visibility opportunities that provide skills building and exposure to internal and external business leaders.
- Written and transparent job responsibilities for all senior and mid-tier management roles.
- Written and transparent processes for advancement opportunities and promotions within the legal department.
- Hiring new outside counsel for new or existing matters.



On International Women's Day 2019, we signed [the UN Women's Empowerment Principles](#); it will continue to act as a guiding force as we increase global efforts to improve representation of women at all our Company levels. We are a part of Catalyst's Gender and Diversity KPI Alliance (GDKA) and pledge to adopt Key Performance Indicators (KPIs) to measure and improve diversity in our organization. Many of our markets lead in their inclusion efforts, and have signed up to pledges such as:

- [The BlackNorth Initiative](#) to help remove anti-Black systemic barriers in corporate Canada.
- [The Charta der Vielfalt](#) to promote the recognition, appreciation and integration of diversity into Germany's business culture.
- [JamaisSansElles](#) to nurture gender diversity; McDonald's France pledges that there will not be any public or media events hosted without women present.

For our communities, deepening our commitment to DEI means finding more ways to be there for the people who live and work in the places we call home. Organizations leading the fight for equity and social justice have long been important partners who advise on our work and push us forward. We're proud to collaborate with the following organizations:

- American Indian College Fund
- The Ascend Foundation
- Asian & Pacific Islander American Scholarship Fund
- Catalyst
- Congressional Black Caucus Foundation
- Disability:IN
- Diversity Best Practices (DBP)
- Global Summit of Women
- Hispanic Alliance for Career Enhancement (HACE)
- Hispanic Association on Corporate Responsibility (HACR)
- Human Rights Campaign
- IMPACT Leadership Development Program – Chicago Urban League
- Junior Achievement USA
- National Association for the Advancement of Colored People (NAACP)
- National Urban League
- Out & Equal Workplace Advocates
- PUSH Excel
- Red Cross



- UN Women
- US Business Leadership Network (USBLN)
- Women's Foodservice Forum (WFF)
- YWCA

## Footnotes

<sup>1</sup> 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.

<sup>2</sup> 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).

<sup>3</sup> This figure includes supplier spending by all restaurants, whether operated by McDonald's or by Franchisees. Further, this figure is inclusive of U.S. Company-owned restaurant spend, Supply Chain, Restaurant Development, Marketing, Legal, Global Technology, Workplace Solutions, Global Impact, Finance, Global People and other corporate functions. This figure also includes purchases made by Franchisees for advertising, restaurant development, technology, food, distribution, packaging, equipment and uniforms. This scope excludes non-controllables (Taxes, Utilities, Rent, Aircraft Fuel, Airport Fees, Facility Leases, Donations, Bank Fees and Subscriptions). 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. 2020 percent spend through the U.S. System with diverse-owned suppliers 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.

<sup>4</sup> As of June 2020, McDonald's Registered Applicant process for new Franchisees includes voluntary self-identification, which has strengthened our data collection efforts. 2021 data for existing Franchisees continues to reflect information obtained through affinity group membership, informal identification and voluntary self-disclosure outside of the Registered Applicant process. More information regarding the Registered Applicant process can be found in Franchising FAQs.

<sup>5</sup> “Underrepresented minorities” and “underrepresented groups” are both terms used by McDonald's to describe U.S. employees who have self-identified as racial or ethnic minorities.

<sup>6</sup> The December 2020 baseline data shows underrepresented groups make up 29% of leadership (Senior Director and above) roles.

<sup>7</sup> 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.



<sup>8</sup> The December 2020 baseline data shows women make up 37% of leadership (Senior Director and above) roles.

<sup>9</sup> 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.

<sup>10</sup> Data includes aggregate numbers from Australia, Austria, Belgium, Canada, Czech Republic, France, Germany, Italy, Netherlands, Poland, Portugal, Russia, Slovakia, Spain, Switzerland, Ukraine, the U.K. and the U.S. Corporate employees who support our Development Licensees are also included. Data was obtained through various means, including informal identification and voluntary self-disclosure.

<sup>11</sup> Markets included in the analysis: the U.S., Canada, Russia, Germany, Australia, the U.K., 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.

<sup>12</sup> The analysis is conducted on U.S. employees who voluntarily disclosed race/ethnicity information.

<sup>13</sup> Our goal continues to be to attain 25% U.S. systemwide spend with diverse-owned suppliers at the end of 2025. Variance of systemwide spend with diverse-owned suppliers may occur in 2022, 2023 or 2024.

<sup>14</sup> Paid media investment represents contracted dollars with suppliers. The classification of media and production companies and content creators as diverse-owned suppliers is determined by both self-certification and third-party certification.





## Talent & Benefits

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



People are not only at the heart of our Company, but they are also critical to the long-term success of our business. Tangibly demonstrating our culture of care is central to [our core values](#) and driving our business forward.

Led by these values, we are committed to fostering workplaces where everyone feels supported, has equitable access to opportunity and feels empowered to realize their full potential through differentiated development opportunities and benefits.

## Recent Progress

Reopened in-person learning for Restaurant Staff through Hamburger University (HU) after pivoting to online and on-demand training in 2020.

Developed a System-wide digital education program for Restaurant Staff, including an innovative Loyalty Simulator gamification experience in the U.S. with an over 3,000% increase in usage, as we continue modernizing the learner experience.

Invested in four new leadership development programs for Corporate Staff.

[Closed the small pay gaps](#) identified in our 2021 pay gap analysis.

For related topics, see also our pages about our commitments to [Safe & Respectful Workplaces](#), [Diversity, Equity & Inclusion](#) and [Human Rights](#).



# Our Strategy

## Our Company and the Employees We Reach

The Company has approximately 200,000 employees as of year-end 2021, which include those in the Company's corporate offices as well as in Company-owned and operated restaurants. Most of these employees work in flexible, part-time roles.

Looking across the System, nearly 2 million people work within a McDonald's-brand restaurant globally. We and our Franchisees demonstrate our culture of care and drive the business forward by providing learning, development and advancement resources that support employee growth at all levels.

## Our Approach in Brief

Our core strategy supports employees of the Company, comprising McDonald's Corporation and its majority-owned subsidiaries, including Corporate Staff and those working in Company-owned and operated restaurants. Alongside this, we also embrace the opportunity to offer guidance, resources, tools and strategic partnerships to the Owner/Operators of franchise restaurants (Franchisees) as they aim to support and empower their own employees.

Below we explain the following:

- How we and our Franchisees are attracting, developing and retaining talent.
- Compensation and wages.
- Our global benefits principles and locally relevant rewards.

## Attracting, Developing and Retaining Restaurant Staff

Together with our Franchisees, we are committed to providing training, education and career pathways to empower Restaurant Staff (people working in a McDonald's-brand restaurant globally). We want to make McDonald's one of the best places to work by offering development opportunities that simply can't be found anywhere else.

By creating an environment of continuous learning and development, McDonald's and its Franchisees are focused on attracting and retaining the very best people. We and our 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. Training, education and leadership development programs can take them to the highest levels of our organization, regardless of where they start at McDonald's. Many of today's Franchisees and corporate leaders began their McDonald's careers as restaurant crew and managers.

We know that employees stay at a company if they feel it is invested in their careers. In partnership with Franchisees, we regularly introduce new programs and digital tools that help address key challenges and make it easier for all Restaurant Staff to succeed on the job and ultimately grow into leadership roles.



We have also developed an optional toolkit of principles and best practices to help Franchisees recruit and retain talent. It includes recruitment and retention workshops, activation guides to bring McDonald's values to life, and attraction and employer branding materials.

## Hamburger University and Our Signature Learning Approach

HU is McDonald's signature learning and development approach. It first opened in Illinois in 1961 and has since grown to eight campuses around the world. It provides training for Company-owned restaurant employees, as well as Franchisees and eligible employees from their organizations, and has helped to prepare thousands of students for leadership positions in the restaurant industry.

We're expanding HU beyond physical campuses and establishing it as the signature learning and development approach for all employees at McDonald's, as well as those working with Franchisees, building upon the legacy and offering development programs to empower people to continuously grow.

## Setting Up Restaurant Staff Members for Success

From their very first day on the job, we want to ensure all restaurant teams are set up for success. We are enhancing our digital education approach and strategy to continue to provide employees with the tools to do their job well. By modernizing delivery of learning and development tools and services through easy-to-access, easy-to-consume, inclusive content that leverages advanced technologies, we're meeting learners where they are. This includes pivoting from traditional training programs to simulation and gamified offerings that support bite-sized microlearning, as well as translating all training to support learning in native languages.

## Continuing Education Support for Restaurant Staff

We believe opportunity starts with education – which is why McDonald's and participating Franchisees offer avenues for learning to restaurant employees in 25 countries and counting. In many regions, McDonald's and participating Franchisees are combining workplace training and study, and offering 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.

[Archways to Opportunity](#) is a comprehensive education program in the U.S. that offers eligible employees the opportunity to graduate from college, earn a high school diploma, learn English as a second language and gain access to academic and career advising services. Between 2015 and 2021, the impact of the program included:

- Increasing access to education for more than 72,000 people as of year-end 2021.
- 55,000 restaurant employees awarded college tuition assistance.
- More than 1,500 graduates in the Career Online High School program.
- More than 8,000 graduates from English Under the Arches since 2007.
- More than \$165 million awarded in high school and college tuition assistance.



We also know that apprenticeships – opportunities to earn nationally recognized qualifications while working – can improve lives. We offer apprenticeships in multiple markets in Europe to help promote and improve access to vocational training for young people. In the U.K. and Ireland, McDonald's industry-leading program offers apprenticeships for crew members, customer experience leaders, shift leaders and salaried managers, and has produced over 19,500 qualified apprentices to date.

## Attracting, Developing and Retaining Corporate Staff

Our Corporate Staff are working daily to make a positive impact on our business, our people and our communities, and we're committed to supporting and empowering them to realize their full potential. Throughout the year, managers of Corporate Staff engage in critical conversations with their colleagues to motivate and to drive business impact, values leadership and individual growth.

In 2021, we evolved and expanded Performance Motivation to put our values at the heart of performance. The process involves four milestone conversations – Commit, Connect, Career and Conclude – along with sharing feedback year-round. Corporate Staff can enroll in our leadership development programs, which begin with units covering areas such as inclusive leadership. The next level focuses on areas including *Leading as a Strategic Partner* and *Inspire*, a two-day workshop with on-the-job application designed to help develop new and existing people leaders. The third level focuses on *Elevate*, a nine-month leadership program for high-potential directors.

We have partnered with DePaul University in Chicago to offer the McDonald's DePaul University MBA Cohort program for Corporate Staff. DePaul provides a 25% tuition discount, and eligible Corporate Staff employees can combine the discount with their McDonald's education benefits. The program is designed to give students the skills they need to move into leadership roles. Together with DePaul's business professors and academic staff, we have created a customized course outline including strategic management, finance, marketing and effective business communication courses.

## Talent Recognition

Demonstrating our culture of care is central to our values. Our recognition framework encourages dedicated effort, rewards results and celebrates career milestones in a meaningful way across the System. We have five global pinnacle awards that reward the highest achievers among Corporate Staff, Restaurant Staff and Franchisees, and we are working to implement peer-to-peer recognition in various markets.

Every year, through our annual Presidents' Award, we reward the top 1% of Corporate Staff who have demonstrated all five of our Company values, while an annual Shining Light award goes to Corporate Staff who have best demonstrated one of our values in action. The Circle of Excellence is an annual award given to teams who have contributed most to our Company purpose, mission and values.

We also have two awards that are given every two years. Our Ray Kroc award for restaurant managers is presented for value-led behaviors, as well as for noteworthy business and financial results. Finally, the Fred Turner Golden Arch Awards recognize Franchisees who have made significant contributions to our purpose, mission and values.



# Compensation and Wages

In order to attract and retain talent at all levels of the business, we provide competitive compensation commensurate with a Company employee's position. We evaluate competitive wage data and market trends to determine appropriate wage ranges, and ensure compliance with all applicable wage and hour laws.

We introduced our Global Pay Principles to our owned markets in 2019, to ensure that good pay practices are understood and consistently implemented for all Company employees.

- **Competitive** – Pay opportunities are aligned with the external value of a job to attract, engage and motivate talent. The competitiveness of our pay rates is reviewed regularly relative to peer companies that reflect our size, scale, performance and talent needs.
- **Non-Discriminatory** – Company employees are compensated at a level commensurate with their role, responsibility, impact, location, experience, knowledge, skills and performance, irrespective of gender, race, ethnicity or any other similar protected personal characteristics. See also our [Diversity, Equity & Inclusion](#) page.
- **Performance-Based** – Pay is focused on motivating high performance, recognizing achievement and reinforcing behaviors that align with our culture.
- **Understandable** – Pay programs are communicated regularly and transparently. We strive for simplicity and focus on the design of our programs to ensure Company employees understand what determines their pay.
- **Compliant** – We comply with all applicable legal and regulatory requirements and standards.

In 2021, we announced a commitment to prioritize equal pay for equal work through a goal to close pay gaps identified in annual equal pay analyses for women globally in Company-owned and operated markets and for underrepresented groups in the U.S. at the staff and Company-owned restaurant levels. Read more on our [Diversity, Equity & Inclusion](#) page.

## Global Benefits Principles and Locally Relevant Rewards

We offer competitive benefits to the 200,000 people employed by McDonald's Corporation and its majority-owned subsidiaries worldwide as of year-end 2021, and offer resources to our Franchisees to support them in designing competitive benefit packages for their employees.

In most countries, we offer benefits to full- and part-time Company employees working more than a certain number of hours.

## Overview of Benefits Offered in Our Top Markets

Below, we've provided an overview of foundational benefits offered in our top six Company-operated markets by revenue. Our Global People teams work to identify the particular needs of Corporate Staff and Company-owned and operated restaurant employees in different countries, creating locally relevant and competitive benefit packages.



## The United States

In the U.S., we offer healthcare and retirement benefits as well as paid time off and parental leave to Corporate Staff and Company-owned restaurant employees working more than a certain number of hours or, for paid parental leave, based on position.

In addition to our core benefits, we offer employees in the U.S. a wide range of programs to best support their needs and goals: life and accident insurance; education assistance; Lyra mental health support; adoption assistance; discount childcare; matching charitable gifts; subsidized backup child-care; and employee discount program.

## Australia

In Australia, all employees have access to retirement benefits, fully funded by employer contributions, as required by law. Additionally, we offer healthcare benefits, paid time off<sup>1</sup> and parental leave to Corporate Staff and Company-owned restaurant employees working more than a certain number of hours.

## Canada

In Canada, all employees have access to public healthcare funded by employer health tax. Additionally, we offer healthcare and retirement benefits as well as paid time off and parental leave to Corporate Staff and Company-owned restaurant employees working more than a certain number of hours.

## France

In France, all employees are automatically enrolled in retirement benefits, provided for by law. Additionally, we offer healthcare benefits, paid time off and parental leave to Corporate Staff and Company-owned restaurant employees, as provided by law or by Company agreements.

## Germany

In Germany, all employees are covered by the comprehensive public healthcare system and automatically enrolled in retirement benefits provided for by law. Additionally, we offer paid time off and parental leave to Corporate Staff, Company-owned restaurant employees and employees of our majority-owned subsidiaries working more than a certain number of hours.

## The United Kingdom

In the U.K., all employees are covered by the public healthcare system and automatically enrolled in retirement benefits provided for by law. Additionally, we offer paid time off and parental leave to Corporate Staff, Company-owned restaurant employees and employees of our majority-owned subsidiaries working more than a certain number of hours.

## Measuring Our Progress

Delivering a best-in-class employee experience requires us to put our five core values into action. We measure how we are progressing through performance against our Values and Inclusion Indices.

Four of our values – Community, Family, Integrity and Serve – are embedded in our composite Values Index, which we use to measure the Company's progress against these values. The survey we use to calculate our Index score is provided to all our Corporate Staff from our Global, U.S. and Internationally Operated Markets.

We measure progress against our fifth value – Inclusion – using our Inclusion Index. This Index measures behaviors and actions the Company is taking to ensure 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.





We are driving change by holding our leaders directly accountable for making tangible progress on our Values and Inclusion Indices. Beginning in 2021, the Company incorporated quantitative metrics related to human capital management into annual incentive compensation awards for [our CEO and Executive Vice Presidents](#). In addition to financial performance, executives are measured on the following four human capital management metrics:

- Meeting or exceeding a specified McDonald's Values Index score across all global staff employees.
- Increasing representation of women globally at the Senior Director level and above.
- Increasing representation of underrepresented minorities<sup>2</sup> in the United States at the Senior Director level and above.
- Meeting or exceeding a specified McDonald's Inclusion Index score across all global staff employees.

## Our Actions

We're improving the employee experience at work through smart investments in our people, processes and technology, including a technology system that houses key employee data, and creates consistency, standardization, efficiency and self-service options.

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

In the U.S., McDonald's continues to enhance its compensation packages, including offering industry-leading pay and benefits for Company-owned Restaurant Staff.

In 2021, we raised hourly wages for more than 36,500 employees at Company-owned U.S. restaurants by an average of 10% – investing \$70 million in restaurant wages. We plan to reach an average hourly wage of \$15 for Company-owned restaurant employees by 2024. These raises reflect McDonald's commitment to evaluating competitive wage data and the evolving legislation and regulatory environment to determine the appropriate wage ranges on a market-by-market level.

A third-party professional services partner is currently rolling out a Pay Matters workshop for U.S. Franchisees. These sessions include how to establish a wage philosophy and build competitive pay ranges, based on third-party local benchmarking data. Additionally, wage modeling tools are available to U.S. Franchisees, to help model different wage structures against local benchmarking data so they can make the best decisions around compensation for their organizations.

## Supporting Employee Well-Being

We provide resources to enhance the well-being of our Company employees. We have created a number of new well-being resources including:

- BeWell@McD – an internal webpage dedicated to the well-being of our Company employees in the U.S. and organized into five pillars: Physical, Emotional, Financial, Social and Workplace.
- A toolkit to help equip markets around the world with resources to create a well-being cross-functional team and materials relevant to their operations.



- A weekly *BetterTogether* newsletter, sent to around 4,000 McDonald's Corporate Staff in the U.S. and featuring benefits, 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, which is updated regularly.

## Footnotes

<sup>1</sup> Excludes casual workers. Casual workers in Australia do not have fixed work hours, receive a higher hourly rate and do not qualify for certain benefits as outlined.

<sup>2</sup> Underrepresented minorities and underrepresented groups are both terms used by McDonald's to describe U.S. employees who have self-identified as racial or ethnic minorities.



## Safe & Respectful Workplaces

We believe we all have a responsibility to protect the health and safety of employees and anyone who enters a McDonald's-brand restaurant.



We are committed to prioritizing safety in all our offices and Company-owned restaurants around the world, as well as supporting our Franchisees in doing the same in the restaurants they own and operate. Across restaurants globally, we are working together with our Franchisees in continuing to foster respectful workplaces, where people can be themselves without fear of harassment, discrimination, retaliation or violence.

Read more about how we uphold human rights across our value chain on our [Human Rights](#) page.

## Recent Progress

Across all markets globally, we added to existing resources and are making the following additional progress:

- Developing and localizing policies, along with training for crew and managers, to mitigate and help prevent harassment, discrimination, retaliation and violence in all restaurants. We remain committed to supporting markets and franchised restaurants by providing optional tools and training resources.
- Requiring that all restaurants have reporting mechanisms in place to raise concerns.
- Requiring that every restaurant complete an employee feedback survey at least annually, and develop an accompanying action plan that is shared with crew and managers.
- Deploying certain health and safety requirements and a market-level assessment process to evaluate these requirements.



# Our Strategy

Our commitment to respecting the health and safety of people is incorporated in our policies, codes of conduct and guiding principles.

- [Global Brand Standards](#)
- [Global Statement of Principles on Workplace Violence Prevention \(PDF – 144 KB\)](#)
- [Global Statement of Principles Against Discrimination, Harassment and Retaliation \(PDF – 272 KB\)](#)

Find all of our [human rights policies and standards](#) on our dedicated Human Rights page.

## Implementing Standards and Assessing Compliance

McDonald's introduced Global Brand Standards to help foster safe, respectful and inclusive workplaces that protect the physical and psychological safety of all crew and customers. These standards focus on four key areas:

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

The Global Brand Standards apply across all restaurants – more than 39,000 locations – and help advance a culture of safety and security for people working at McDonald's-brand restaurants and for all McDonald's customers worldwide. All Company-owned and franchised restaurants must implement these standards and, starting in 2022, are assessed on each criterion in accordance with the applicable McDonald's market's business evaluation processes.

We remain committed to supporting markets and franchised restaurants by providing implementation support, including a suite of policies, tools and training. In 2021, we supplemented our existing respectful workplace training with a new global eLearning module, "Building a Safe, Respectful and Inclusive Workplace," which focuses on preventing harassment, discrimination and retaliation. This training for crew and managers was made available in multiple languages and offered to Franchisees and Developmental Licensees (DLs) in 2022 as an optional means of meeting the Global Brand Standards requirement in every restaurant. We also provide an optional suite of workplace violence prevention training offerings to Franchisees and DLs in all global markets. These efforts underscore the importance McDonald's places on the safety and security of customers and the people who proudly serve them.



Additionally, our Global Statement of Principles on Workplace Violence Prevention and Global Statement of Principles Against Discrimination, Harassment and Retaliation set forth policy criteria required of all Company-owned restaurants. The principles set out expectations on workplace conduct, manager responsibilities, employee resources and investigation processes, and apply to all Company-owned restaurant and Corporate employees. They are also provided for optional use by Franchisees and DLs based on their respective locations and circumstances.

## Workplace Health and Safety

Guided by our mission and values, McDonald's strives to foster safe working environments for crew and safe experiences for customers. We frequently evaluate the effectiveness of all health and safety programs and set performance improvement objectives, with an aim to prevent occupational injury and ill health to anyone in McDonald's-brand restaurants globally.

McDonald's has deployed health and safety requirements and a market-level assessment process to evaluate these requirements. Health and safety assessments are conducted annually across all Company-owned or franchised McDonald's restaurants to reinforce a culture of safety, and actions are taken if a restaurant does not meet criteria.

In 2021, McDonald's developed new health and safety programs and resources, including a guide on how restaurants can develop a fire prevention and protection program, a self-assessment tool to identify site-specific fire risks and guidance on prevention practices for common fire risks. These were developed with the support of the newly created Global Safety Advisory Council, a cross-functional group designed to support alignment, approval and deployment of resources.

## Protecting Crew and Customers During the Pandemic

Throughout the COVID-19 pandemic, safety measures were consistently reviewed and strengthened as required, including increased training. In 2021, safety measures included producing a playbook outlining the standards and processes for all restaurants in the U.S. to implement, in addition to state and local laws, before reopening a dining room.

McDonald's ongoing effort to elevate hygiene and safety standards and procedures is informed by guidance from health ministries in the countries where we operate, the World Health Organization (WHO), and other health and science experts. These safety measures included:

- Crew wellness and temperature checks.
- Personal protective equipment (gloves, face coverings and protective barriers).
- Social distancing in restaurants.
- Expanding contactless ordering and payments, and sealing bags for delivery.
- Timed handwashing for employees.
- More frequent disinfection of counters, door handles and kiosks.
- Providing hand sanitizer in dining rooms.



- Allowing paid time-off for employees at Company-owned restaurants who were experiencing COVID-19-related issues, such as quarantine and illness.

## Our Actions

### Market Focus: Responding to COVID-19 in U.S. Communities

In May 2021, we [announced a partnership with the Biden Administration](#) to give millions of McDonald's customers in the U.S. better information on COVID-19 vaccines. Through this partnership, McDonald's hot McCafé® cups and McDelivery® seal stickers directs customers to [vaccines.gov](#), where they can learn more about vaccines and access local vaccination centers.

Some Franchisees also allowed their McDonald's restaurants to be used as vaccination centers. For example, Owner/Operators in [Flint, Michigan](#) and [Nashville, North Carolina](#) worked with their communities to set up vaccination sites, offering free COVID-19 vaccines and, in some cases, free McDonald's meals with their shots.

In the U.S., we donated one million N95 masks to Chicago and the state of Illinois, and \$1 million to the [Illinois COVID-19 Response Fund](#) to ensure nonprofits had the supplies they needed.

### Market Focus: Promoting Health and Safety in Canada

In Canada, McDonald's has developed a cross-functional team to execute an annual business plan to improve health and safety management, supporting incident reduction, claims management and continuous improvement. Quarterly reporting is provided to senior management to inform on progress against key performance indicators.

The Canadian market is constantly on the lookout for ways to improve its health and safety measures. Market-level health and safety noticeboards are available to all restaurant staff, providing guidance 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

In 2021, McDonald's management, employees and Franchisees collectively tackled the challenges of managing aggressive customers, including developing a suite of materials and strategies to ensure that everyone feels supported. They also deploy programs for franchised businesses to upskill them in general safety awareness and McDonald's safety systems, as they continue to evolve.



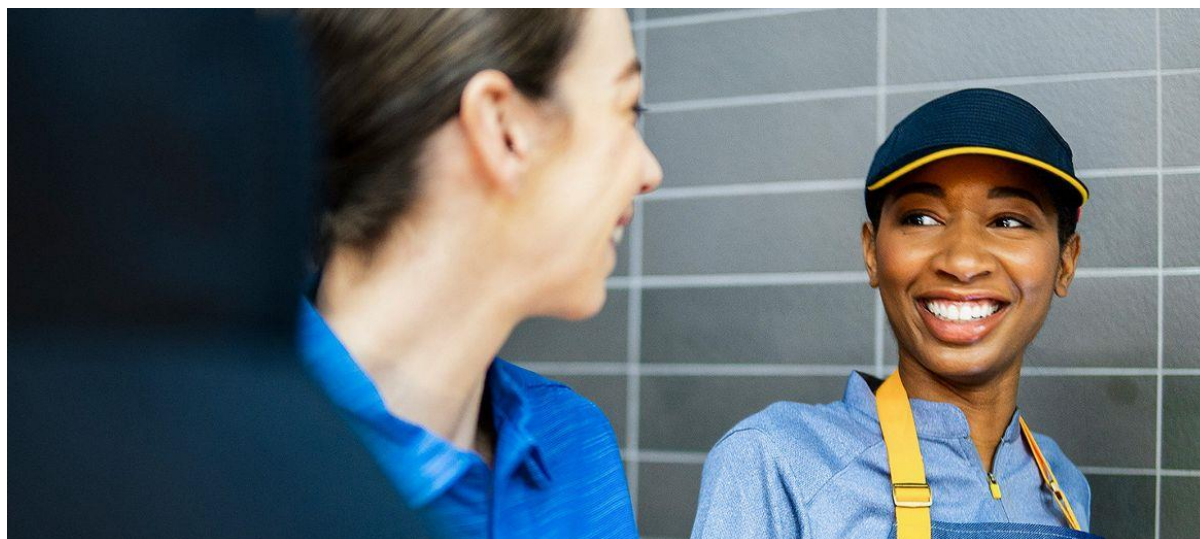


The Australian stores continue to utilize Donesafe, a digital workplace safety reporting database, to report and manage safety, security and emergency incidents. The software allows the market to identify incident trends and proactively act to reduce injury potential and maintain compliance. It has greatly improved hazard and incident reporting and audit and inspection results, and since its



## Human Rights

McDonald's purpose is to feed and foster communities. Central to that purpose is respecting human rights wherever we do business.



We believe that businesses like McDonald's have a responsibility to respect human rights within their sphere of influence. We know we can be a force for good in communities and empower our partners to do the same.

We take seriously our responsibility to respect human rights throughout our value chain. Our commitment is set out in our Human Rights Policy, which is guided by the United Nations (UN) Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

## Our Business, Structure and Supply Chain

We are the world's leading global foodservice retailer, with nearly 2 million people working within a Company-owned or franchised McDonald's as of year-end 2021. Together with our Franchisees, we are committed to upholding human rights and cultivating respectful workplaces where everyone is empowered to realize their full potential.

The success of the McDonald's System lies, in part, in our strong relationships with suppliers, all of whom must meet our expectations of fundamental rights for all people. We aim to build strong, long-term relationships with suppliers and work closely to maintain the highest standards around human rights. We require them to comply with our Supplier Code of Conduct and associated guidance, which include respect for human rights and following practices that protect their employees' health and safety.



# Our Strategy

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

## Governing Human Rights Across Our Value Chain

Global People and Global Supply Chain are responsible for our day-to-day human rights performance. Human rights professionals on our Sustainability & ESG team within Global Impact play a key coordinating role and manage a cross-functional Human Rights Working Group which meets quarterly, as well as on an ad hoc basis as needed.

The executive sponsors of the Human Rights Working Group are our Chief Global Impact Officer, Chief People Officer, Chief Supply Chain Officer and Chief Legal Officer. These executive sponsors report to the CEO on human rights risks and share relevant updates to the Board Committees.

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

## Policies and Standards

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

### Apply throughout McDonald's Corporation and its majority-owned subsidiaries ("The Company")

- [Human Rights Policy \(PDF – 91 KB\)](#)
- [Standards of Business Conduct](#)
- [Global Statement of Principles Against Discrimination, Harassment and Retaliation \(PDF – 272 KB\)](#)
- [Global Statement of Principles on Workplace Violence Prevention \(PDF – 144 KB\)](#)

### Apply throughout The Company, Franchisees and International Developmental Licensees

- [Responsible and Ethical Recruitment Principles](#)

### Apply throughout McDonald's-brand restaurants

- [Global Brand Standards](#)



## Apply throughout supply chain

- [Supplier Code of Conduct \(PDF – 1.4 KB\)](#)

## About Our Human Rights Policy

Our Human Rights Policy is informed by the Universal Declaration of Human Rights and guided by internationally recognized standards, including the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

It includes our steps for monitoring and reporting on human rights commitments and efforts, communicating our policy to stakeholders, using international standards to guide our approach, adopting grievance mechanisms, providing remedies to correct negative impacts and applying due diligence through risk assessments. All of these expectations are approved at the most senior level of the business.

To help Company employees understand human rights, training on our Human Rights Policy is available in 15 languages. In 2021, the training was made available to Company employees across all our owned markets. The training includes a section on forced labor that identifies particularly vulnerable groups.

## About Our Standards of Business Conduct

Our commitment to respect human rights is set out in our Standards of Business Conduct, which applies to employees of McDonald's Corporation and our majority-owned subsidiaries. Company employees are trained regularly on the Standards and required to annually certify their understanding of and commitment to upholding them.

## About Our Global Statement of Principles Against Discrimination, Harassment and Retaliation

Our Global Statement of Principles Against Discrimination, Harassment and Retaliation sets forth policy criteria required of all Company-owned restaurants. It is also provided for optional use by Franchisees and Developmental Licensees (DLs) based on their respective locations and circumstances.

It sets out expectations on workplace conduct, manager responsibilities, employee resources and investigation processes, and applies to all Company-owned restaurant and Corporate employees. These principles protect Company employees against inappropriate actions that are unwanted, or which create an intimidating, offensive, unsafe or hostile work environment.

Each of McDonald's majority-owned subsidiaries implements specific local policies addressing discrimination, harassment and retaliation in their market, making sure that they are consistent with our principles, while adhering to applicable local laws. This includes setting out how to address and prevent discrimination, harassment and retaliation, while providing Company employees with clear and detailed information on how they can report concerns.



## About Our Global Statement of Principles on Workplace Violence Prevention

Through our Global Statement of Principles on Workplace Violence Prevention, McDonald's strives to create a work environment that is safe and free of physical threats and violence of any type. It applies to employees of all Company-owned restaurants and is provided for optional use by Franchisees and DLs based on their respective locations and circumstances.

It sets out expectations on workplace conduct, manager responsibilities, employee resources and investigation processes, and applies to all Company-owned restaurant and Corporate employees. We do not tolerate any abusive, threatening or violent behavior in our restaurants or offices. Recourse includes internal reporting, as well as communicating with the proper legal authorities.

As noted in the following description of our Global Brand Standards, all restaurants, in all markets, must have a workplace violence prevention policy. Majority-owned markets are additionally required to incorporate the principles found in the Global Statement of Principles on Workplace Violence Prevention into their workplace violence prevention policy.

## About Our Responsible and Ethical Recruitment Principles

McDonald's is committed to preventing forced labor and upholding responsible and ethical recruitment standards. Our Responsible and Ethical Recruitment Principles define McDonald's approach on this issue, including how we will work toward five global standards. These five standards will apply to migrant labor recruiting practices and will be required across our corporate operations, Franchisees and International Developmental Licensees (DLs).

## About Our Global Brand Standards

Our Global Brand Standards help foster safe, respectful and inclusive workplaces that protect the physical and psychological safety of all crew and customers. The Standards focus on four key areas: protecting employee health and safety; preventing workplace violence; preventing harassment discrimination and retaliation; and listening through restaurant employee feedback. All Company-owned and franchised restaurants must implement these standards and, starting in 2022, are assessed on each criterion in accordance with the applicable McDonald's market's business evaluation processes. We will adapt our approach as relevant as we continue to gather feedback from franchisees and restaurant employees over time. For more information on how we and our Franchisees put our Global Brand Standards into practice, please see [Safe & Respectful Workplaces](#).

## About Our Supplier Code of Conduct

At a minimum, we require all suppliers and their facilities to meet the standards and promote the principles outlined in our Supplier Code of Conduct. 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. This includes holding their own supply chains to the same standards in these areas.



## Preventing Forced Labor

McDonald's does not engage in human trafficking or exploitation and works diligently to prevent the importation of goods tainted by slavery or human trafficking, conducting heightened human rights due diligence in higher risk geographies. The Company is committed to the elimination of any forced labor in our business and our supply chain. The Company does not use any form of slave, forced, bonded, indentured or involuntary prison labor.

## Partnering to Continuously Evolve Standards

McDonald's is committed to engaging with relevant internal and external stakeholders to continue to advance our approach to human rights. To help drive progress we engage with the 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. To ensure our supplier program addresses emerging human rights issues and risks, we also participate in initiatives such as AIM-PROGRESS, a business initiative focused on responsible sourcing.

## Supporting Company Employees and Franchisees

### Responsible Recruitment

McDonald's is committed to preventing forced labor and upholding responsible and ethical recruitment standards.

The [Responsible and Ethical Recruitment Principles](#) outline our commitment to working toward five global standards. These standards will apply to migrant labor recruiting practices. They will reach across McDonald's and its majority-owned subsidiaries, Franchisees and International Developmental Licensees (DLs), and consist of the following:

- Workers do not pay recruitment fees, whether to a private labor broker/employment agent or to the employer itself.
- Workers are provided contracts in a language fully understandable by the workers at the point of recruitment and prior to deployment.
- McDonald's and our Franchisees/DLs do not keep or withhold any government-issued identification, monetary deposits, bonding or other collateral as a condition of employment.
- If workers reside in employer-provided housing, there must be a plan for management of safe housing and accommodation, including that it is structurally sound and in good repair.
- McDonald's and our franchisees/ DLs apply these standards to themselves and to third parties recruiting and/or managing labor on their behalf. We make our Responsible and Ethical Recruitment Principles available to other third-party contractors to educate them on our responsible recruitment standards and encourage them to develop similar policies and procedures for their own business operations.

In line with the UN Guiding Principles, McDonald's undertakes risk-based due diligence to identify, address and mitigate adverse impacts. Wherever practical, McDonald's hires workers directly. Where





this is not possible, McDonald's will select agencies that operate responsibly and abide by the same Responsible and Ethical Recruitment Principles outlined here. Furthermore, McDonald's will adopt practices and procedures to address hidden recruitment fees so that such fees are not paid by migrant workers, and that migrant workers are hired in accordance with Responsible and Ethical Recruitment Principles.

McDonald's will provide Franchisees and International Developmental Licensees with optional tools and resources that they may use to support their own good practices.

McDonald's supports the goals of the U.K. and Australian Modern Slavery Acts. McDonald's UK published its first U.K. Modern Slavery Act statement in 2017.

## Grievance Mechanisms

Ensuring people can report any alleged violations of their rights, in safety and without fear of retribution, is an integral part of supporting and championing human rights.

This includes encouraging honest communication with managers and human resource representatives, as well as providing anonymous channels for Company employees to report concerns. Employees of McDonald's Corporation and our majority-owned subsidiaries 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 grievance channels in all markets.

We take all concerns that are raised seriously. We will not impede state-based grievance processes via our employee system and we do not require Company employees to waive their right to use such external mechanisms to use 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 International Operated Markets has human resources 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, several grievance mechanisms are available. Company-owned restaurant employees can report concerns or complaints to their restaurant's General Manager or Operations Consultant, HR Consultant 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.

## Maintaining Respectful and Inclusive Contractual Practices

We limit our use of arbitration, noncompetition and nondisclosure covenants 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 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 Chief Legal Officer. These would include 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.

## Supporting Suppliers

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

We have supply chain standards that address:

- Nondiscrimination.
- Maximum working hours.
- Underage labor.
- Freedom of association and the right to collective bargaining.
- Corporal punishment/disciplinary practices.
- Safe working conditions.
- Forced labor.

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, commit to upholding the standards contained in our Supplier Code of Conduct. This includes meeting our human rights, workplace environment, business integrity and environmental management standards. We provide guidance to help them do so, but also expect suppliers to implement their own management systems in these areas.

To evolve our human rights policies and programs, we have developed a thorough strategy for identifying potential human rights issues in our supply chain, drawing on data from a wide range of sources. This includes a supply chain human rights assessment, third-party audits of suppliers, media monitoring and relevant stakeholder engagement.

We expect suppliers to 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.



## Human Rights Impact Assessment Along Our Supply Chain

To uphold our high standards for respecting human rights, we need to better understand the human rights risk associated with the various commodities we source. In 2018, we 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 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 most salient risks.

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 these commodities, as well as their observations on how the risks can best be mitigated.

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

We also use the HRIA findings to raise awareness of human rights risks among supply chain staff who procure products 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.

## 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.



## 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 and verify compliance.

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

Global training modules launched in 2021 focused on: Health and Safety, Involuntary Labor (including recruitment and fee reimbursement) and Underage Labor.

McDonald's also offers optional suppliers live training sessions with external human rights and supply chain experts. The Company has partnered with other brands and external consultancies across the industry to develop and train suppliers.

Additionally, 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.

In 2021, McDonald's updated the SWSGD and hosted training sessions on the updated standards. These reached thousands of suppliers and McDonald's staff and featured interviews with external experts.

Since launching the SWA program, McDonald's has engaged with thousands of suppliers and facilities on respecting human rights and mitigating risk. We are proud that 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 end of 2021, more than 4,600 facilities are actively participating in the program.

## Compliance and Remediation With the Code

Human rights due diligence is incorporated into the SWA program. As part of the onboarding process, prospective suppliers must complete the required steps of the SWA program to verify that they can meet our expectations.

Initially, online training is offered to help suppliers understand what is expected of them. Suppliers also complete a rigorous annual self-assessment questionnaire to appraise their current systems and practices. This results in a report indicating areas for improvement.

The next step of the process involves independent third parties conducting announced and unannounced audits. We work with several social compliance auditing firms around the world that have expert knowledge and understanding of local languages and cultures. On-site audits include physical inspections of the facilities, worker housing and cafeterias. The auditing firms also interview workers 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. In the event an underage person is hired, suppliers are expected to invest in remediation systems, such as assisting in their return to their school or supporting any other solution that serves the child's best interest.



Instances of any noncompliance are shared with the supplier, which must then produce and complete a corrective and preventive action plan. This must outline 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. We prioritize continuous improvement, capacity building and corrective actions. However, in certain circumstances, such as instances of significant noncompliance with the Code, McDonald's may remove a supplier from the supply chain.

## Grievance Mechanisms

Guided by the UN Guiding Principles on Business and Human Rights, our SWSGD provides a step-by-step best practice process to help suppliers establish an effective grievance mechanism. We require suppliers to establish internal grievance mechanisms and 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 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.

## Leveraging Certifications

The SWA program is complemented by additional mechanisms to partner and collaborate on a risk-based approach toward high-risk sourcing regions or commodities. While we continue to work in partnership with suppliers, advisors and NGOs to continuously evolve and improve our approach to assessing and addressing human rights issues in high-risk commodities, we also ensure we are sourcing our largest food and packaging volumes through internationally recognized third-party certification schemes that respect human rights and communities alongside environmental standards in their certification process.

## Beef

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

## Soy (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 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, 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.





# Performance & ESG Reporting



## Progress Takes Many Different Forms

We are committed to measuring and communicating how we are making an impact across our priority ESG issues in line with best practice guidance, from establishing policies with global reach to tailoring Key Performance Indicators (KPIs) to account for market-level differences.

Throughout our Purpose & Impact website we disclose how we are progressing across our ESG issues. Across many areas, we have set long-term goals to guide our progress, always considering how we can drive the greatest impact. We will continue adapting our reporting approach as reporting frameworks and our key stakeholders' transparency expectations evolve over time.

While setting and working towards goals is a key part of our strategy, we know delivering long-term value for our stakeholders also requires establishing best practice policies and building responsible practices into our business that can't be measured through goals alone. Please refer to each of our issue pages to learn more about the many ways in which we are working to fulfill our purpose – to feed and foster community.

## Latest Reporting Resources

- [2021–2022 Purpose & Impact Progress Summary \(PDF – 5 MB\)](#)
- [2021 SASB Index \(PDF – 143 KB\)](#)
- [2021–2022 Diversity, Equity & Inclusion Report \(PDF – 32 MB\)](#)
- [2021 Diversity Snapshot \(PDF – 903 KB\)](#)
- [2021 Climate Risk & Resiliency Summary \(PDF – 3.82 MB\)](#)



# Reporting Scope and Boundaries

We are committed to communicating our performance regularly and transparently. **The [Purpose & Impact](#) section of our website is designed to be a living reporting platform where our stakeholders can track how we're progressing each year. Each of our ESG issue pages includes the latest on our approach and performance.** Unless otherwise stated, information and data across the Purpose & Impact webpages covers McDonald's Corporation and its majority-owned subsidiaries worldwide during fiscal year 2021 (January 1 to December 31).

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 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.

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.

## 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.



## Progress on Our Goals

Below is a summary highlighting our progress on goals we've set publicly across our priority ESG issues. A select number of goals specific to our U.S. business are also included due to stakeholder interest in our market-level progress.

Given our presence in over 100 countries, unless specified, goals below reflect activity across multiple markets.

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 issue page.

## Animal Health & Welfare and Responsible Antibiotic Use

### Broiler Chicken Welfare Goal (Multiple Markets)

Our commitments to sourcing chickens raised with improved welfare outcomes will impact more than 70% of McDonald's global chicken supply and we expect they will be fully implemented by the end of 2024.

### In Progress

We are on track to achieve all of our 2024 Broiler Welfare Commitments. For details on our latest progress for each of the eight commitments included in this goal, please see our [2022 Broiler Welfare Progress Update \(PDF – 100 KB\)](#) or the [Focus on Chicken](#) section of our Animal Health & Welfare page.

Highlights of our progress to date include:

- **100%** of our Canadian supply chain and approximately **60%** of our U.S. supply chain facilities utilize Controlled Atmospheric Stunning (CAS), widely thought to be the most humane slaughter method; we're on track to achieve 100% by the end of 2024.
- In partnership with global suppliers and an external third-party facilitator, we recently concluded an extensive, two-year commercial trials initiative to inform our key welfare indicator (KWI) target-setting efforts, and to study the impacts that certain production parameters – such as breed and stocking density – have on welfare, environmental and economic outcomes.
- Members of our Chicken Sustainability Advisory Council (CSAC) – as part of an Enrichments & Lighting Working Group – have defined outcome-based Enrichment & Lighting Guidelines for implementation by our suppliers.
- We recently advanced three broiler welfare-monitoring research projects into Phase 2 of our Sensing, Monitoring, Analysis, Reporting Technology (SMART) Broiler initiative. Throughout this phase of the initiative, McDonald's will provide researchers with access to funds and facilities that



allow them to continue developing technology that objectively and effectively monitors broiler welfare and behavior.

## Cage-Free and Free-Range Eggs Goal (U.S.)

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

### In Progress

As of the end of 2021, the U.S. egg supply chain is at more than **74%** cage-free, and Canada now sources more than **57%** cage-free eggs.

Canada and Arcos Dorados (the largest Independent McDonald's Licensee, with operations in Latin America and the Caribbean) have also set goals of sourcing 100% cage-free eggs by the end of 2025.

France, Germany, Australia and the U.K. have each achieved a **100%** cage-free egg supply chain. In 2021, all of the eggs used in our menu and as ingredients in McDonald's Netherlands products were free-range.

## Responsible Antibiotic Use in Chicken Supply Chain Goal (Multiple Markets)

Eliminate the use of antibiotics defined by the World Health Organization (WHO) as Highest Priority Critically Important Antibiotics (HPCIA) to human medicine from all chicken served by the end of 2027.

### In Progress

HPCIA use has been eliminated in the following McDonald's markets: Australia, Brazil, Canada, Europe, Japan, South Korea and the U.S. China is expected to comply before the end of 2027.

## Responsible Antibiotic Use in Beef Supply Chain Goal (Multiple Markets)



In collaboration with our suppliers, producers and farmer partners, we will establish market-appropriate targets for responsible use of medically important antibiotics – as defined by the WHO – in our beef supply chain.

## In Progress

As of December 2022, we have established market-specific targets for the responsible use of antibiotics in our global beef supply chain for our 10 in-scope markets, representing over **80%** of our global beef supply chain as of the end of 2021. These market-specific responsible use targets were informed by insights gained from our beef antibiotic monitoring pilot tests and in collaboration with subject-matter experts.

Our targets focus on the responsible use of medically important antibiotics and are aligned with WHO Guidelines on AMR. Our policy does not permit the routine use of medically important antibiotics for the purpose of growth promotion or the habitual use of antibiotics for disease prevention<sup>4</sup>. Reduction, where possible without adverse effects on animal health and welfare, remains an intended outcome of our commitment. McDonald's global position on responsible antibiotic use recognizes that effective treatment of sick animals requires antibiotic selection with oversight from a qualified veterinarian through a valid Veterinary Clinic Patient Relationship (VCPR). These targets reflect general guidance for markets holistically and are not expected/required of each individual producer.

Moving forward, we will partner in the collection of antibiotic use data associated with global beef and dairy industries, leveraging independent third party/parties to facilitate data aggregation. Currently, there is limited data on antibiotic use in the industry as a whole. Our intention is to help drive positive behavioral change and transparency, as well as enable comprehensive assessment of antibiotics use across our in-scope beef supply chains and industries in the future. We plan to share an update on this journey by the end of 2023.

More information on the market-specific targets for the responsible use of antibiotics in our beef supply chain can be found on page 7 of our updated [Antibiotic Policy for our Beef Supply Chain \(PDF – 463KB\)](#).

## Pork Housing Goal (U.S.)

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 supporting the phase-out of gestation stalls for the purpose of housing 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 85–90% 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.



# Climate Action

For more information on each of the following goals, check out our [Climate Action](#) page.

## Restaurants and Offices GHG Emissions Reduction Goal (Multiple Markets)

By the end of 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 2021, we have made a **2.9%<sup>1</sup>** reduction in our restaurants' and offices' absolute emissions from the 2015 baseline. This means we were **8.1%<sup>1</sup>** of the way to our target at the end of 2021. This reporting period saw a reopening of many of our restaurants and offices following temporary closures in 2020.

As all of the 2019–2022 transacted U.S. renewable energy projects come online over the next several years, the new clean energy generated across the grid is expected to be equivalent to over 10,000 U.S. restaurants' worth of electricity and to contribute to a **27% reduction** from our global 2015 baseline.

## Supply Chain Emissions Intensity Reduction Goal (Multiple Markets)

By the end of 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 2021, the emissions intensity of our supply chain has decreased by **7.8%<sup>1</sup>** from the 2015 baseline. This means we were **25.2%<sup>1</sup>** of the way toward our target at the end of 2021.

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.





# Nature, Forests and Water

For more information on each of the following goals, check out our [Nature, Forests & Water](#) page.

## Eliminate Deforestation Goal (Multiple Markets)

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

### In Progress

We define “eliminate deforestation” as our global pledge to tackle deforestation, and it refers to all the social and environmental criteria in our Commitment on Forests in agricultural and forestry supply chains. For McDonald’s, “supporting deforestation-free supply chains” refers to commodities that we source sustainably from high-priority regions or commodities sourced from low-priority regions. For more detailed definitions of these, and other relevant terms, see [Definitions of Deforestation](#) on our Nature, Forests & Water page.

When we set this commitment in 2015, we prioritized action and measurement with public milestones for 2020 for the products we use in the greatest volumes and with the potential to have the greatest impact on forests. As of year-end 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.

In 2021, **97.7%** of these primary commodities continued to be sourced supporting deforestation-free supply chains in 2021. In 2021, we saw a slight decrease in this aggregate figure as compared to 2020. This is due in part to the fact that we have expanded our scope for the primary fiber-based guest packaging tracked in our target to include wood stirrers and cutlery as well as paper straws and lids. This scope expansion, in addition to non-reported data, which is conservatively assumed to be non-compliant, has contributed to a slight overall decrease in this figure.

See below for a breakdown of our progress on each individual priority commodity in 2021.

**Beef – 97.2%** of beef sourced for McDonald’s restaurants supported deforestation-free supply chains by the end of 2021.

**Soy (for chicken 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 Round Table on Responsible Soy (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 2021. Our volumes of physical certified oils increased from 13% in 2016 to **78%** in 2021.

Volume of McDonald’s palm oil by RSPO supply chain model:

- **78%** physical RSPO certified, including:
  - **0.04%** Identity Preserved.



- **16.7%** Segregated.
- **61.7%** Mass Balance.
- **22%** RSPO Book and Claim Credits.

**Coffee** – **98.7%** of coffee sourced for McDonald's restaurants supported deforestation-free supply chains in 2021.

**Fiber** – **96.3%** of primary fiber-based guest packaging sourced for McDonald's restaurants supported deforestation-free supply chains in 2021.

## Diversity, Equity & Inclusion

For more information on each of the following goals, check out our [Diversity, Equity & Inclusion](#) page.

### Equal Pay Goal (Multiple Markets)

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

### In Progress

We took the necessary steps to close the gaps identified in our 2021 pay gap analysis, which included women at the staff and Company-owned restaurant levels in Company-owned and -operated markets. Please refer to our [Diversity, Equity & Inclusion](#) page for the results of our 2021 pay gap analysis.

### Women in Leadership Goal (Multiple Markets)

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.



## Underrepresented Groups in Leadership Goal (U.S.)

By the end of 2025, McDonald's expects to increase representation of 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 underrepresented groups.

## Business Diversity Goal (U.S.)

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

### In Progress

As of the end of 2021, McDonald's achieved its goal of increasing U.S. systemwide spend with diverse-owned suppliers to 25%, reaching 25.4%.

We will continue to focus on our engagement with diverse-owned suppliers in support of our goal to attain 25% U.S. systemwide spend with diverse-owned suppliers at the end of 2025. We plan to continue to measure our progress annually.

Among other efforts, we aim to increase national investments in diverse-owned media and production companies and content creators for McDonald's USA and its U.S. Franchisees to 15% by the end of 2024. As of the end of 2021, McDonald's USA and its U.S. Franchisees increased such investments to 7.7%.

For a closer look at the percentage of U.S. systemwide spend and national investments across diversity categories, check out our 2021 Diversity Snapshot.

## Global Happy Meal Goals

For more information on each of the following goals, check out our [Nutrition & Marketing Practices](#) page.

## Offer Balanced Meals Goal (Multiple Markets)



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.

## Simplify Ingredients Goal (Multiple Markets)

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.

## Be Transparent With Happy Meal Nutrition Information Goal (Multiple Markets)

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.

## Market Responsibly Goal (Multiple Markets)



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.

## Leverage Innovative Marketing Goal (Multiple Markets)

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 as compared to 2018.

## Packaging, Toys & Waste

For more information on each of the following goals, check out our [Packaging, Toys & Waste](#) page.

## Guest Packaging Sourcing Goal (Multiple Markets)

Source 100% of our primary guest packaging from renewable, recycled or certified materials by the end of 2025.

## In Progress

By the end of 2021, we were approximately **82.7%** of the way toward our goal to source primary guest packaging from renewable, recycled or certified sources by the end of 2025.

Approximately **96.8%**<sup>1</sup> of our primary fiber-based guest packaging was sourced from recycled or certified sources.



## Added Fluorinated Compounds Goal (Multiple Markets)

Ensure all primary guest packaging is free from added fluorinated compounds by the end of 2025.

### 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.

*McDonald's packaging materials comply with state, federal and national-level laws and regulations, including the U.S. Food and Drug Administration (FDA) and the EU, and verify through chemical testing.*

## Guest Recycling Goal (Multiple Markets)

By the end of 2025, we will implement global and local solutions across our business to advance the reduction, reuse or recycling of guest packaging, and help create demand for recycled materials.

In 2018, McDonald's set the global public commitment to recycle guest packaging in 100% of McDonald's restaurants by the end of 2025. By the end of 2020, over 25% of restaurants in our 30 largest markets offered customers the opportunity to recycle packaging.

Across the globe, waste and recycling infrastructure differs heavily. While our current recycling goal is relevant and feasible for markets with advanced infrastructure, it does not drive impactful change in markets where infrastructure is still developing.

That is why in 2021, we revised the global recycling goal "requiring recycling of at least one item in 100% of all restaurants" to a broader goal that allows market flexibility based on local infrastructure. This shift will enable markets to drive change that is most impactful in their geography.

### In Progress

By the end of 2021, in our top 35 markets, on average **35%** of restaurants offered guests the opportunity to recycle packaging items. 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, approximately **78%** of our restaurants in McDonald's largest European markets are already providing recycling for guest packaging.





## Plastic Reduction in Happy Meal Toys Goal (Multiple Markets)

Drastically reduce plastics in Happy Meal Toys around the globe and transition to more sustainable materials by the end of 2025.

### 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.

Since 2018, we have reduced virgin fossil fuel-based plastic in Happy Meal toys by **24.4%** globally and we continue to work on sourcing materials used in Happy Meal toys from renewable, recycled or certified sources.

### 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.

[Learn more on our Packaging & Waste page.](#)

## 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.

[Learn more on our Packaging & Waste page.](#)

## Goal

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

### 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.

## Community Impact

For more information on the following goal, check out our [Community Impact](#) page.

### Youth Opportunity Goal (Multiple Markets)

By 2025, reduce barriers to employment for 2 million young people.

### In Progress

Since July 2018, approximately **1.3 million** young people participated in training programs and/or have been hired in McDonald's Company-owned or participating Franchisee restaurants.

## Past ESG Reports

[2020–2021 Purpose & Impact Progress Report \(PDF – 5.3 MB\)](#)

[2019–2020 Purpose & Impact Summary Report \(PDF – 2.7 MB\)](#)

[2019–2020 Progress Highlights \(PDF – 869 KB\)](#)

[2020 Diversity Snapshot \(PDF - 342 KB\)](#)

[2020 SASB Index \(PDF – 162 KB\)](#)

[2019 SASB Index \(PDF – 123 KB\)](#)

[2020 ESG Reporting Website Archive \(PDF – 5 MB\)](#)

[2019 ESG Reporting Website Archive \(PDF – 7 MB\)](#)

[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

[2021 CDP Climate Change \(PDF – 588 KB\)](#)

[2021 CDP Forests \(PDF – 580 KB\)](#)

[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 \(PDF – 1.1 MB\)](#)

## Footnotes

For more information on the above goals and progress statements, including definitions, exclusions and scope, please follow the accompanying links to each issue page.

<sup>1</sup> Information updated as of August 15, 2022.