



ESG Reporting Website Archive 2019

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



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Our Purpose & Impact

What matters to you matters to us.

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

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

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

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

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



Impact Strategy & Reporting

Having a positive impact in communities, while maintaining the growth and success of the McDonald's System, is fundamental to how we do business.

Managing Our Impact

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

To manage our impact carefully and hold ourselves accountable across a range of environmental, social and governance (ESG) issues, we have strategies, goals, and performance indicators that we report against annually. In recent years, we have been working toward a series of global commitments where we can make a difference at scale and drive industry-wide change, including climate action, packaging & recycling, beef sustainability, kids nutrition, and youth employability.

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

- Food Quality & Sourcing
- Our Planet
- Community Connection
- Jobs, Inclusion & Empowerment

Supporting the Sustainable Development Goals

Our strategies to manage environmental and social issues also support progress toward the [UN Sustainable Development Goals](#) (SDGs), a global agenda to end poverty, protect the planet and ensure prosperity for all. On each of the pages where we detail how we're taking action in these areas, we include an overview of how our work contributes to the SDGs.

Governance & Stakeholder Engagement

Good governance is critical to managing our impact on the world. Our governance structures help us to prioritize ESG issues effectively and guide our actions and performance across issues. Engagement with our Board of Directors, cross-functional leadership teams and working groups, and Franchisees and suppliers ensures we have robust governance mechanisms in place to manage these issues and can deliver long term value for stakeholders.



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

Reporting on Our Impact

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. We also report against external frameworks, including CDP, and publish these reports on this page.

Reporting Scope

Unless otherwise stated, information and data across the Our Purpose & Impact section covers McDonald's Corporation and its majority-owned subsidiaries worldwide operations during fiscal year 2019 (January to December).

For our developmental licensee and affiliate markets (those not operated by the Company), we rely entirely on the accuracy of the performance data provided by their management. For more information on the Company's structure and scope, please see the [Company's Annual Report](#). In addition, certain information in this report has been provided by third parties, including our suppliers. In these cases, we have relied on these third parties for accuracy and completeness.

Statements contained in these web pages about future developments and past occurrences are based on information and assumptions available as of the date of publication. While we are committed to providing timely updates on our website, the Company holds no obligation to update information or statements.

Reporting Boundaries

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

Company employees and Company-owned restaurants are in our direct sphere of control. Therefore, many of the measures start with Company restaurants, with a plan



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

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

Our Performance Reports

Latest reports

Visit [our Impact Strategy & Reporting](#) page

Other 2019-2020 Report Documents

- [2019-2020 Purpose & Impact Summary Report \(PDF - 2.7MB\)](#)
- [2019-2020 Progress Highlights \(PDF – 869 KB\)](#)
- [2019 SASB Index \(PDF – 123 KB\)](#)

Past Reports

- [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 Response

- [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 \(PDF – 1.1 MB\)](#)



Governance & Stakeholder Engagement

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

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

Prioritizing ESG Impact Areas

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

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

In addition, our prioritization of issues is informed by the United Nations Sustainable Development Goals (SDGs), launched in 2015. The goals aim to address global challenges, including those related to inequality and climate change. The SDGs helped us look more closely at where we can have the biggest impact, and today, our impact strategy is carefully mapped against the goals, with each impact area corresponding to one or more of them. On each of the pages where we detail how we're taking action in these areas, we include an overview of how our work contributes to the SDGs.

Governance

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



Our Board of Directors

As part of the Company's [Corporate Governance](#), the McDonald's Board of Directors is responsible for the oversight of our business in an honest, fair, diligent and ethical manner. Among other responsibilities, the Board actively oversees and reviews the Company's strategic direction, objectives and enterprise risk management. Six standing [Board of Directors](#) committees - Audit & Finance, Compensation, Governance, Public Policy & Strategy, Sustainability & Corporate Responsibility and Executive - support the Board's oversight.

In particular, the Sustainability & Corporate Responsibility Committee monitors and provides input on our management of environmental and social issues. The Committee also monitors the Company's strategies and efforts to address McDonald's brand trust through its performance as a sustainable organization. The Committee regularly reports to the full Board regarding its activities, and from time to time, other Board committees and the full Board receive reports on the Company's sustainability efforts as circumstances warrant.

Cross-Functional Leadership Team

This 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. These leaders have shared accountability and report to the President and Chief Executive Officer of McDonald's Corporation. Leading officers include:

- Executive Vice President and Chief Supply Chain Officer
- Senior Vice President and Global Chief Marketing Officer
- Executive Vice President and General Counsel and Secretary
- Executive Vice President and Chief Global Impact Officer
- Executive Vice President and Global Chief People Officer

The team was formed in 2016, bringing together senior executives from across the Company who are accountable for leading McDonald's Impact Strategy. These leaders and their teams work together to ensure the organization fulfills its overall global aims, goals and actions related to priority impact areas.

Together, they ensure that we establish plans and monitor progress to achieve our goals and commitments, and that we share our progress globally through our brand communications and across the local markets. Supported by our CEO, the team meets multiple times each year to discuss strategy and progress.

Cross-Functional Working Groups

The cross-functional leadership team is supported by cross-functional working groups comprised of representatives from departments across our global business.



These groups work to implement global and local strategies that drive action and progress against our priority impact areas. They also work with third-party organizations to monitor and collaborate on issues, coordinate and prioritize engagement with stakeholders, strengthen data systems, promote internal alignment, and oversee the execution of our global impact reporting strategy.

Partnering With Franchisees and Suppliers

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

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

Stakeholder Engagement

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

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

Investors & Shareholders

We know that our investors and shareholders are increasingly interested in ESG issues and engaging directly with businesses to drive continuous improvement. We keep our investors informed of our progress and efforts through regular webcasts, direct meetings and annual reporting through our website. In response to investor feedback, for the first time in 2020 we have leveraged the Sustainability Accounting Standards Board (SASB) Reporting Guidance and published a SASB Index to help investors find relevant information through this framework.



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Non-Governmental Organizations

We engage with a range of Non-Governmental Organizations (NGOs) to help provide external insights and perspective that informs and shapes our strategies and management of ESG issues. Working with external experts complements and stretches our thinking, often resulting in greater impact. We often partner with NGOs to help us develop and implement initiatives on the ground and to facilitate multi-stakeholder and industry-wide collaborations that drive change at scale.

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

Policymakers

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

Franchisees, Suppliers & Producers

Our independent Franchisees, suppliers, farmers and producers are an integral part of our business; we work closely with them to inform, shape and partner on our Impact Strategy. For example, together with our suppliers, we work toward more sustainable agriculture practices, leveraging their insights, expertise and partnerships to drive effective action across the supply chain.

Crew & Corporate Staff

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

Customers & Communities



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

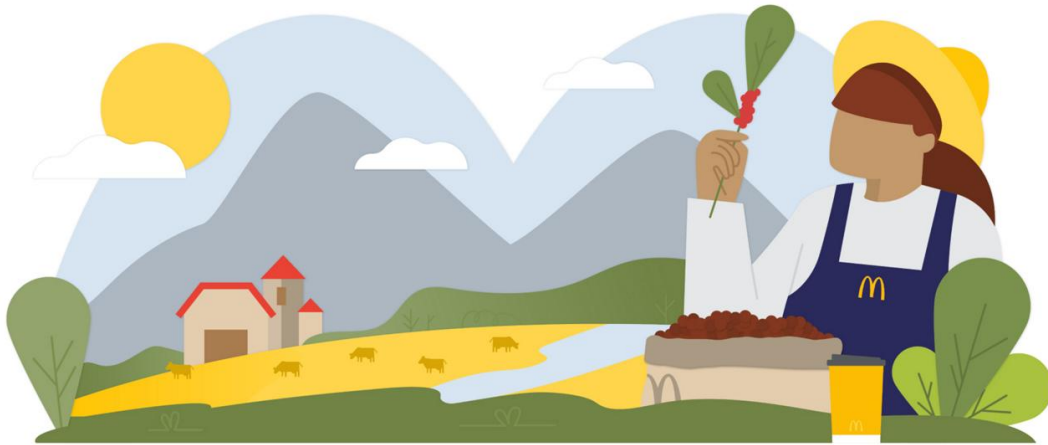
We have a long legacy of initiatives designed to provide our neighbors with crucial support and care. We also work with a range of local organizations to provide aid during times of crisis.

Key Collaborations

- Nearly 50 years ago, McDonald's came together with other community organizations to build the first [Ronald McDonald House Charities®](#) house.
- We have worked with [WWF](#) since 2010 to develop our responsible sourcing practices and assess deforestation risks in our supply chains.
- Through the [Global Roundtable on Sustainable Beef \(GRSB\)](#), which McDonald's was a founding member of in 2011, we work to drive action around beef sustainability.
- McDonald's was the first global restaurant company to set greenhouse gas emissions reduction targets approved by the [Science Based Targets initiative](#).
- [Alliance for a Healthier Generation](#) has supported us since 2013 in evolving our menu to offer more healthy options for kids and families.
- In partnership with [Conservation International](#), we developed our McCafé Sustainability Improvement Platform, supporting coffee suppliers to develop more resilient communities and sustainable livelihoods.
- Our employee business networks (EBNs) help promote an inclusive work environment, foster relationships, support career development opportunities and grow the business.
- In 2014, we signed onto the [New York Declaration on Forests](#), a shared commitment to end deforestation by 2030.
- In 2020, we built on our existing engagement with [Ceres](#), joining their Business for Innovative Climate and Energy Policy (BICEP) network.
- As far back as 1996, we have worked with Dr. Temple Grandin to develop our animal welfare auditing program.
- Our membership with the [Roundtable on Sustainable Palm Oil](#) highlights McDonald's commitment to only source sustainable, deforestation-free palm oil for our products.
- Through our Flagship Farmers program, launched in 2007, we are working with and showcasing farmers who are pioneering best practices in agricultural sustainability.



Food Quality & Sourcing



We Are Sourcing Delicious, Quality Ingredients in Responsible Ways

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

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

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



Our Impact Areas



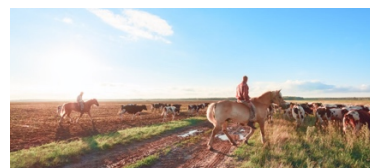
Food Safety

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



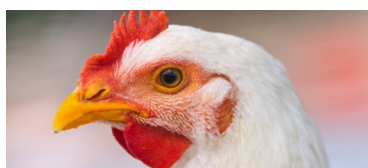
Nutrition & Marketing Practices

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



Responsible Sourcing

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



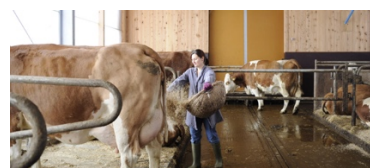
Responsible Antibiotic Use

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



Animal Health & Welfare

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



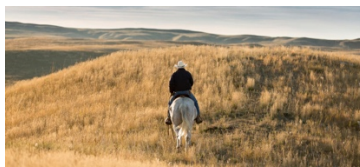
Farming Communities

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



Supply Chain Human Rights

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



Sustainable Agriculture & Beef

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

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

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



Food Safety



Why It Matters

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

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

Our Strategy

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



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

We also developed a new Global Food Safety Structure, receiving support from McDonald's leadership to add more resources to the global team in 2020. Through the new structure, we have dedicated resources in the areas of global food safety risk management and food safety standard deployment and training.

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

Elevating Food Safety Culture

We recognize the importance of having a strong food safety culture within our Company for everyone from crew members to the CEO. That is why we have ongoing programs to educate employees about safe food handling with our suppliers, and provide regular food safety trainings for restaurant operators and staff. Restaurant crew members receive training on food safety during the onboarding process, with managers undergoing a more robust learning program. Webinars are held to train our market food safety and quality leads on the most up-to-date food safety, hygiene and sanitation standards. In 2020, McDonald's also developed training for all corporate staff as part of our e-learning modules. In the U.S., we also hold supplier calibration and trainings to ensure alignment.

As an example of this important work, in Latin America, our Franchisee Arcos Dorados launched the Be Safe Food Protection Program to reinforce Company culture and support the improvement plan for Restaurant Food Safety Audit Results. Be Safe is a foundational program reinforcing a culture of service to our customers and employees, and is sponsored by Arcos Dorados' CEO, COO and divisional presidents. In light of the COVID-19 pandemic, Arcos Dorados has evolved this program to include Safety and Wellness.

In 2019, nearly 102,000 employees in the Arcos Dorados region received food safety training.

Additionally, in the U.K. and Ireland, McDonald's launched a Recipe for Success program, designed to promote and elevate food safety and quality culture. Through this program, our food and packaging is produced to exacting specifications and high standards of food safety and quality. In order to meet these standards, they need to be



fully understood and practiced daily by everyone in our System, no matter what position they hold. Along with suppliers, McDonald's has developed best practice processes to drive consistency and improvement.

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

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

Collaborating With Stakeholders

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

- We have a Food Safety Advisory Council (FSAC) formed of food safety professionals and leaders. The group meets annually to listen to progress made by McDonald's and to offer guidance on areas for improvement and current industry best practices. Conference calls/virtual meetings occur between the annual meetings.
- McDonald's participates in the Global Good Agricultural Practices (Global G.A.P.) working groups and the European Food Safety Authority (EFSA) to understand current and emerging food safety risks. We also contribute to the discussion and share best practices to benefit the food safety community at large.
- We are on the board of the Global Food Safety Initiative (GFSI) to shape the food safety landscape globally. The GFSI board has been influential in promoting public and private partnerships on food safety, harmonizing food safety standards and auditing practices, and building capability on food safety globally. Through the participation on the GFSI board, we also stay current on food safety issues and share insights to advance food safety.
- We hold a membership with the research organization Campden BRI and Center for Food Safety at University of Georgia, USA. This enables us to remain up to date with the most current science and industry best practices. We also contribute information related to food safety by sharing our own best practices through Campden BRI and Center for Food Safety at University of Georgia.
- McDonald's has a team of internal food safety professionals who keep abreast of leading science and risk management around food safety by participating in external meetings and collaborations with academia, government and industry. Several team members hold advanced science degrees in Food Microbiology, Food Science and Food Safety, and are members of the International Association for Food Protection, an organization with a mission to protect the global food supply.



Putting Standards Into Practice

McDonald's has developed and implemented science- and risk-based food safety and quality standards through collaboration with internal and external experts. These standards include the McDonald's Global Good Agriculture Program (GAP), Supplier Food Safety and Quality Management Systems and the Distribution Center Quality Management Program. Our raw material and food processing suppliers, as well as logistic partners, must implement and document compliance with these standards.

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

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

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

Supporting the Sustainable Development Goals

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



[Goal 2: Zero Hunger](#)



Our Actions

Ensuring Food Safety From Source to Destination

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

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

Bringing Supplier Training Online in China

In order to maximize supplier engagement and participation in food safety trainings, in June 2020, we launched the first in a new e-learning series for suppliers in China. The McDonald's Supply Chain 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 600 suppliers, supply chain members and cross-function team members have registered for the program, with 220 already completing all seven modules.

Digitizing Food Safety

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

We have started a process to implement digital food safety at restaurant level. The initiative helps restaurants more efficiently complete daily and monthly food safety tasks, such as temperature checks for cooked meat, converting paper lists to digital checklists and recording important food safety information. This Digital Food Safety



system will be implemented in all markets by 2021 and will make it easier for our restaurant employees and managers to follow procedures and demonstrate compliance.

Sharing Food Safety Best Practices

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

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



Nutrition & Marketing Practices



Why It Matters

As one of the most frequented restaurants in the world, we recognize the important role we have in feeding millions of people every day, and in providing families with a variety of choices to meet their needs. We also know how important delicious food is in bringing families together, to share moments and create lasting memories.

Parents are looking for menu choices that they can feel good about feeding their kids, and that's why we're focused on evolving the Happy Meal and making balanced meals more accessible to families across the globe. McDonald's will continue to take a responsible approach to our Happy Meals by offering balanced options and promoting menu items that contribute to recommended food groups, such as fruits, vegetables and low-fat dairy.

Our Strategy

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



“Collaboration is critical to solving our nation’s most pressing children’s health issues. McDonald’s commitment to working with Healthier Generation to increase access to fruits, vegetables, low-fat dairy and water options demonstrates a willingness to leverage their global size and influence for public good.”

Kathy Higgins, CEO, Alliance for a Healthier Generation

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

Launching Our 2022 Global Happy Meal Goals

In 2018, we announced five new, ambitious Global Happy Meal Goals. We developed these new goals in collaboration with Healthier Generation, focusing on kids and families, as that’s what our customers ask us to prioritize and where we believe we can have the biggest impact.

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

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

By the end of 2022, we aim to achieve these goals in all markets globally¹, with measurement and reporting of progress among 20 major markets² representing nearly 85% of McDonald’s System’s global Happy Meal sales.

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

We have served over 6.4 billion fruit, vegetable, low-fat dairy and water items in our Happy Meals since September 2013 across our 20 major markets.

Marketing Responsibly



We're proud of our long heritage of taking marketing to children seriously and responsibly, and we actively participate in self-regulation programs focused on this important issue.

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

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

Our Actions

Achieving Our 2013 Commitments

In 2019, we announced that the majority of McDonald's 20 major markets met the 2013 commitments two years ahead of schedule. Read our [Global Report on Efforts to Promote Fruit, Vegetables, Low-Fat Dairy and Water](#).

Across these markets, the percentage of Happy Meal customers choosing milk, water or juice as their beverage increased by 15% between 2013 and 2018. We shared this milestone in a five-year progress report on McDonald's advancement toward achieving [our 2013 global commitments to promote fruits, vegetables, low-fat dairy and water in our menus](#). The remaining markets are on track to meet them by the 2020 deadline.

Making Progress Towards Our Global Happy Meal Goals

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

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

Evolving the Menu in the U.S.



We are always looking for ways to innovate and evolve our menu options. In May 2018, McDonald's USA began serving 100% North American beef^{3/4} Quarter Pounder[®] burgers, cooked fresh to order, in restaurants across the country. On September 26, 2018, we announced that all of our classic burgers have no artificial preservatives, no artificial flavors and no added colors from artificial sources. Our pickle contains an artificial preservative, so skip it if you like.⁵

In early 2020, we introduced a new reduced sugar, low-fat chocolate milk that contains 25% less sugar than leading quick service restaurants' low-fat chocolate milk⁶. It's a great example of how we partnered with the dairy industry and our supply chain to create a menu innovation and offer more balanced options for our younger guests.

Nutrition Improvements in the U.K.

We want to make it easier for our customers to make 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. To date, 89% of our core food and drink menu items contain under 500 calories.

Offering more options for children, we have also expanded our Happy Meal menu. In June 2018, we introduced a grilled chicken wrap at only 181 calories per serving, while the Veggie Wrap, launched in January 2019, is only 209 calories per serving.

As part of our broader efforts, we are leveraging technology to encourage customers to choose balanced options. Beginning in 2016, we began reordering how our menu is displayed on self-service kiosks. By showing lower calorie soft drinks first, we have shifted 1.9 million purchases over from full-sugar Coca-Cola to options with no added sugar.

Our Performance

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

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



Goal 1: Offer Balanced Meals

By the end of 2022, ensure 50% or more of the Happy Meal Bundle Offerings listed on menus in each market meet McDonald's Global Happy Meal Nutrition Criteria of less than or equal to: 600 calories, 10% of calories from saturated fat, 650 mg of sodium, 10% of calories from added sugar.

Progress

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

From 2018 to 2019, we improved the average nutritional profile of Happy Meal Bundles by decreasing 28 calories, 37mg sodium, 0.6 grams of saturated fat and 1.4 grams of added sugars.

Goal 2: Simplify Ingredients

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

Progress

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

Goal 3: Be Transparent With Happy Meal Nutrition Information

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

Progress

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

Goal 4: Market Responsibly

By the end of 2022, all Happy Meal bundles advertised to children will meet McDonald's Global Happy Meal Nutrition Criteria and continue to meet any existing applicable local/regional advertising pledges.

Progress



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

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

Goal 5: Leverage Innovative Marketing

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

Progress

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

Footnotes

¹It 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.

²U.S., Canada, Brazil, Argentina, U.K. France, Germany, Austria, Spain, Netherlands, Italy, Poland, Sweden, Switzerland, Russia, Hong Kong, China, Japan, Taiwan and Australia.

^{3/4} Available at most restaurants in contiguous U.S. Not available in Alaska, Hawaii and U.S. territories.

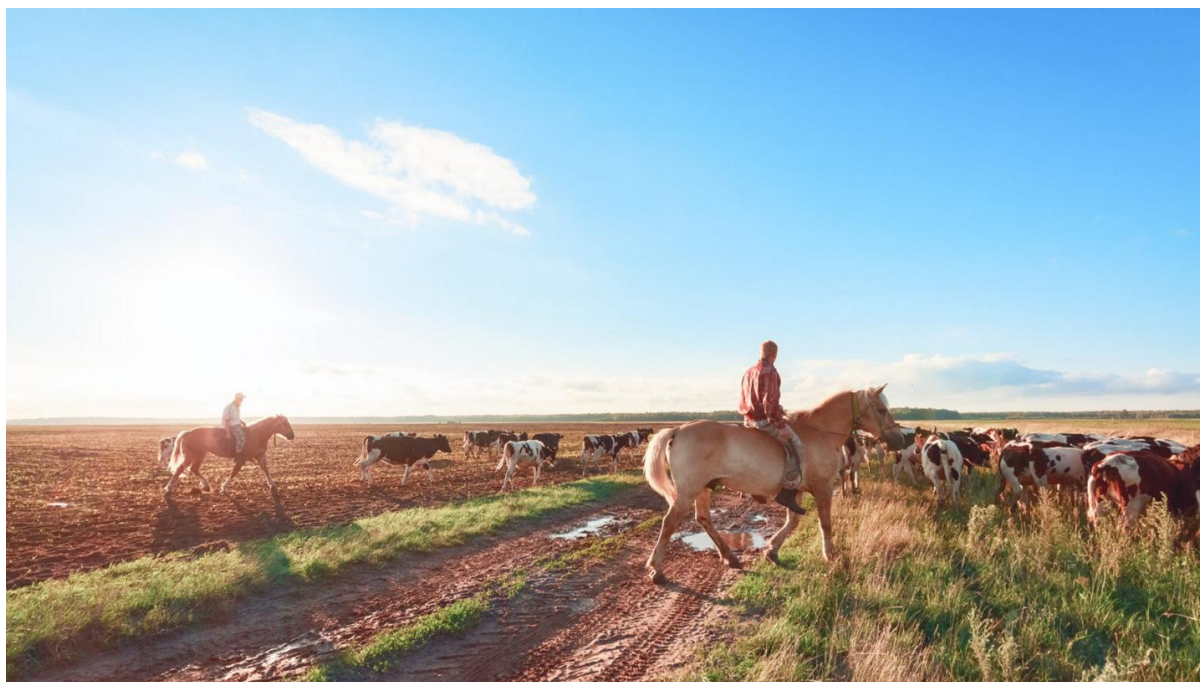


⁵National sandwiches only. Excludes local and limited time options.

⁶14g of sugar vs. avg. 23g at leading quick service restaurants.



Responsible Sourcing



Why It Matters

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

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

Our Strategy

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

We want to ensure that our sustainable sourcing programs drive lasting, meaningful outcomes on critical issues for people, animals, the environment and our business. This vision inspires our focus on the following priority impact areas:

- Promoting the health and welfare of animals
- Respecting human rights
- Addressing climate change



- Reducing food and packaging waste
- Protecting water resources
- Conserving forests
- Farmer livelihoods

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

Our Focus Areas

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

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

Beef

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

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

To achieve this, we co-founded the [Global Roundtable for Sustainable Beef](#) (GRSB) in 2011, and we have worked since then to develop sustainability programs across our top 10 beef sourcing countries. By engaging with producers, NGOs, scientists and key industry stakeholders, we are supporting initiatives aligned with the criteria and principles of the GRSB to encourage the broader adoption of sustainability practices throughout the beef sector.

Chicken

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



There are no broadly accepted standards for chicken sustainability. Which is why we collaborated with diverse stakeholders to define what sustainably sourced chicken means and what actions should be prioritized. In 2018, we brought together an independent global Chicken Sustainability Advisory Council, comprising experts in genetics, leading academics and NGOs to guide our work.

We've been on a journey to enhance our chicken sourcing requirements – from launching our chicken welfare commitment to supporting the development of alternative protein feeds to take the pressure off tropical forests in the longer term. We know there's more to do and we're committed to improving the resiliency and the sustainability of our chicken supply chain.

Coffee

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

We believe that by sustainably sourcing coffee, we support the growth of a market that rewards farmers for adopting sound environmental and social practices. It is why we work hard to purchase coffee that is certified to international sustainability standards through world-leading certification schemes such as Rainforest Alliance, UTZ, Fair Trade International and Fair Trade USA.

In partnership with [Conservation International](#) and our coffee roasters, McDonald's also launched the McCafé Sustainability Improvement Platform (McCafé SIP) – a framework to engage and guide our coffee supply chain in sustainable sourcing, as well as invest in coffee growers and their communities over the long term. McCafé SIP is currently active in five countries across South and Central America, reaching nearly 6,000 farms as of 2019.

Palm Oil

All palm oil sourced for McDonald's restaurants or as ingredients in McDonald's products supports sustainable production and deforestation-free supply chains through RSPO credits and certification.¹ But there's still more to do.

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

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



remain committed to reporting on an annual basis to the RSPO Annual Communication on Progress (ACOP).

Fish

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

Over 20 years ago, we identified the need to protect long-term fish supplies and the ecosystems that sustain them. That is why we began work with partners and independent experts such as the Sustainable Fisheries Partnership, Conservation International and the Marine Stewardship Council (MSC) to identify ways to improve the health of marine ecosystems.

Our goal is that all the wild-caught fish² sourced for use in McDonald's products comes from verified sustainable sources by 2020.³ Sustainably managed fisheries are those that maintain healthy fish stocks, minimize the impact of fishing on ecosystems and manage the seas, oceans and fisheries responsibly. We fully support global efforts to restore depleted fish stocks, improve fishery management and conserve marine environments.

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

Protecting Fragile Arctic Marine Habitats in the Barents and Norwegian Seas

In 2016, Greenpeace announced an industry-led voluntary agreement to protect fragile arctic marine habitats. In line with that agreement, we announced in 2016 that we would no longer source fish caught in vulnerable or not yet explored areas of the Barents and Norwegian seas.

We made this commitment in response to concerns that, due to climate change-related ice melt, fishing boats may be able to operate in previously unfished areas around the sensitive Svalbard Archipelago. We will keep this policy in place until there is robust, independent research demonstrating that fishing in the area will not cause serious harm to the marine environment.

Fiber

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



We've set a goal that by the end of 2020, all primary fiber-based guest packaging⁴ will come from recycled or certified sources. This ambition helps to ensure that in switching to more sustainable packaging materials, we're also actively assessing deforestation risk and taking action to conserve forests.

This interim target supports our larger goal that by 2025, all of McDonald's guest packaging will come from renewable⁵, recycled⁶ or certified⁷ sources.

Our Performance

Sustainable Sourcing Goals

Goal

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

Progress

In 2019, 99% of the fish sourced for Filet-O-Fish came from sustainably managed wild-caught fisheries, assessed and verified annually against the McDonald's Sustainable Fisheries Standard by the Sustainable Fisheries Partnership.

Goal

By the end of 2020, we will source a portion of our beef from suppliers participating in sustainability programs aligned with the Global Roundtable of Sustainable Beef (GRSB) Principles and Criteria and that meet McDonald's requirements in 10 of our top beef sourcing countries globally.⁸

Progress

We are sourcing beef from sustainability programs aligned with the GRSB principles and criteria and that meet McDonald's requirements in three out of 10 of the beef sourcing countries in scope of the goal.

Goal

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

Progress



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

We are committed to increasing traceability for the palm oil used in the McDonald's System in the greatest volumes, which means we are increasing our physical Roundtable on Sustainable Palm Oil (RSPO) volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils increased from 58% in 2018 to 71% in 2019.

By RSPO supply chain model:

71% Physical RSPO certified

- 69% Mass Balance
- 2% Segregated
- 0.1% Identify Preserved

29% Book and Claim Credits

Goal

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

Progress

71% of soy sourced for feed of chicken used in McDonald's products support deforestation-free supply chains⁹; and 86% of soy sourced for feed of chicken used for McDonald's products and supplied to McDonald's restaurants in Europe was covered by a combination of ProTerra or Roundtable on Responsible Soy (RTRS) certifications.

Goal

By the end of 2020, all coffee¹⁰ sourced for McDonald's restaurants will be sustainably sourced.¹¹

Progress

As of the end of 2019, 75% of our ground and whole bean coffee was sustainably sourced. This is an increase from 57% in 2018.

Goal



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

Progress

As of the end of 2019, 92% of our primary fiber-based guest packaging was sourced from recycled or certified sources.

Animal Health and Welfare Goals

Goal: Animal Housing

Progress

In the U.S., we're working with pork suppliers to phase out the use of gestation stalls (small, enclosed pens) for housing pregnant sows by 2022.

Goal: Cage-Free and Free-Range Eggs

Progress

The U.S. egg supply chain is now 43% cage-free, and in 2019 we sourced more than 949 million cage-free eggs for our McDonald's U.S. restaurants.

Canada now sources 42% cage-free eggs, while Australia's egg supply chain is 100% cage-free. McDonald's New Zealand is taking a similar approach for its McMuffins, wraps and burgers.

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

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

Goal: Chicken Welfare

Progress

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



Responsible Antibiotic Use Goals

Goal

Eliminate the use of antibiotics defined by the World Health Organization (WHO) as Highest Priority Critically Important (HPCIA) to human medicine – as defined by the WHO – from all chicken served by 2027.¹²

Progress

We strive to eliminate HPCIA's in the following nine markets by 2027. So far, we have achieved the following:

Australia

All chicken suppliers eliminated the use of HPCIA's in our chicken supply chain as of July 2019.

Brazil

HPCIA's have been eliminated in broiler chicken since 2018.

Canada

HPCIA's have been eliminated in broiler chicken since 2018.

China

On track to remove HPCIA's by 2027.

Europe

All chicken suppliers eliminated the use of HPCIA's in our chicken supply chain as of July 2019.

Japan

HPCIA's have been eliminated in broiler chicken since 2018.

Russia

Granted extension until 2021 to onboard new suppliers.

South Korea



Granted extension until end of 2021 to onboard new suppliers.

U.S.

100% of chicken served in the U.S. has been free of antibiotics important to human medicine since 2016.

Goal

In collaboration with our suppliers, producers and farmer partners, we will reduce the overall use of medically important antibiotics – as defined by the WHO – in our beef supply chain.¹³

Progress

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

Footnotes

¹**Scope:** Product scope includes 1) all palm oil sourced for McDonald's restaurants for use as restaurant cooking oil and 2) 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. Supplier scope includes all globally or locally managed suppliers to the McDonald's System. Market scope includes all McDonald's restaurants owned and operated by the Company and its Franchisees. **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 in an ingredient, for example, an emulsifier.

²**Scope:** Product Scope includes all wild-caught fish sourced for Filet-o-Fish portions used in McDonald's restaurants (which represents more than 97% of all fish volumes by weight). Supplier scope includes all suppliers of wild-caught fish for Filet-O-Fish to the McDonald's System. Market scope includes all McDonald's restaurants owned and operated by the Company and its Franchisees. **Exclusions:** Products that are not Filet-O-Fish containing wild-caught or farmed fish. We estimate that these products represent less than 3% of the total fish volume by weight and may include products such as tuna, prawns, shrimp, salmon, calamari; other breaded products and locally sourced products. The Company has set an expectation that these products are sustainably sourced they are not included in this global performance measure given the local and often promotional nature of these items.

³**Verified sustainable sources** refers to Wild-Caught fish, sourced by suppliers to the McDonald's system, from Fisheries that are annually verified as compliant to the McDonald's Sustainable Fisheries Standard by the Sustainable Fisheries



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

⁴ **Primary guest packaging** refers to products that are used to package guest food on premises at McDonald's restaurants. This type of packaging includes containers, cups, wraps, bags for food, beverages, napkins, folding cartons, clamshells, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, drink carriers and cup carriers. The goal excludes food packaged off-site, wood stirrers and cutlery, tray liners, straws and limited locally sourced items.

⁵ **Renewable sources** refers to material that is composed of biomass from a living source and that can be continually replenished. ISO 14021:2016 "renewable" and "Programme for the Endorsement of Forest Certification (PEFC recycled" material; for plastic, ASTM D6866 or ISO 16620-2. Renewable applies to plastics only, not fiber.

⁶ **Recycled sources** refers to material that has been reprocessed from recovered (reclaimed) material by means of a manufacturing process and made into a final product or into a component for incorporation into a product (ISO 14021:2016 "renewable" and "recycled" material). 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.

⁷ **Certified sources** refers to suppliers of primary fiber-based packaging to the McDonald's System which comply with the Forest management and Chain of Custody certification requirements set out by one of the following schemes: [Forest Stewardship Council™ \(FSC®\)](#); [Programme for the Endorsement of Forest Certification \(PEFCTM\)](#) or [PEFC endorsed national systems](#) including, for example, Sustainable Forestry Initiative® (SFI®), CSA Group (Canada), and Cerflor (Brazil). FSC is specifically required when fiber is sourced from the following high-deforestation priority countries: Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia and Argentina.

⁸ We have set beef sustainability goals that we aim to achieve by the end of 2020 and these goals apply to our top beef sourcing countries (the U.S., Australia, Germany, Brazil, Ireland, Canada, France, New Zealand, the U.K. and Poland, which collectively represent more than 85% of our global beef volumes.

⁹ **Scope:** Product scope includes all soy sourced for feed of chicken used in McDonald's products. Supplier scope includes all chicken suppliers to the McDonald's system. Market scope includes all McDonald's restaurants owned and operated by the Company and its Franchisees. Market scope for performance measure #2 – European: Kazakhstan, Azerbaijan, Georgia, Ukraine, Moldova, Bulgaria, Greece, Romania, Malta, Serbia, Bosnia, Herzegovina, Hungary, Croatia, Slovakia, Slovenia, Portugal, Spain, Italy,



France, Switzerland, Austria, Ireland, Luxembourg, Belgium, U.K., Netherlands, Germany, Czech Republic, Denmark, Norway, Sweden, Poland, Finland, Estonia, Latvia, Lithuania, Belarus, Russia. Soy producing countries identified as high-deforestation priority regions for soy are currently designated as Argentina (Chaco biome), Brazil (Amazon and Cerrado biomes), and Paraguay (Chaco biome). **Exclusions:** Soy used as an ingredient in McDonald's chicken products sold in restaurants, for example, soy oil.

¹⁰ **Scope:** Product scope includes all ground and whole bean coffee, including decaffeinated coffee, to be used in espresso-based drinks and coffee brewed at McDonald's restaurants and all McDonald's branded retail products (sold either in McDonald's restaurants or elsewhere). Supplier scope 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. **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.

¹¹ Sustainably sourced or from Sustainable sources refers to coffee, sourced by suppliers to McDonald's restaurants, which complies with the requirements set out by one of the following third-party certification schemes as being either: Rainforest Alliance Certified™ (www.ra.org), UTZ Certified (www.utz.org), Fair Trade USA Certified (www.fairtradecertified.org), Fair Trade International Certified (www.fairtrade.net), or, sourced from an approved McCafé Sustainability Improvement Platform (SIP) program.

¹² Markets covered by the goal include: Brazil, Canada, Japan, South Korea, the U.S., Australia, Russia, China and Europe. For the sake of this goal, Europe includes the following countries: Austria, Azerbaijan, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Moldova, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Sweden, United Kingdom, Ukraine.

¹³ This goal focuses on our top 10 beef sourcing countries: Australia, Brazil, Canada, France, Germany, Ireland, New Zealand, Poland, the U.K. and the U.S.



Responsible Antibiotic Use



Why It Matters

Antimicrobial resistance is a critical global public health issue. McDonald's takes seriously our responsibility to continue to address this challenge, ensuring antibiotic effectiveness for future generations.

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

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

Our Strategy

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



Our efforts to tackle antimicrobial resistance within our supply chain dates back to 2003, when we first established a position on responsible antibiotic use. In 2015, we developed the Vision for Antibiotic Stewardship (VAS) strategy, which outlines our approach to antibiotic use within the McDonald's supply chain and sets the path for the development of species-specific policies.

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

We understand that animals, like people, get sick and require treatment. Treatment of sick animals supports our decades-long commitment to improving the health and welfare of animals in our supply chain. As such, our position on the use of antibiotics is one of responsible use. Responsible use of antibiotics focuses on refining their selection and administration, reducing their use, and ultimately replacing antibiotics with long-term solutions to prevent diseases and protect animal health and welfare. With this in mind, we remain committed to treating animals when needed.

Collaborating With Stakeholders

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

"The path for creating and implementing a global antibiotic use policy for beef is unprecedented. I've been encouraged by the thoroughness with which McDonald's has engaged diverse experts while creating this policy and the seriousness with which they take this important issue."

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

Putting Standards Into Practice

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



- **People first** – Antibiotics that are approved for both human and animal use, other than those defined by the WHO as Highest Priority Critically Important to Human Medicine (HPCIA), may be used in animals for disease treatment or prevention only in accordance with applicable regulatory requirements and after thorough consideration of alternatives, including the use of antibiotics belonging to classes not used in human medicine.
- **Quality and safety** – McDonald's is committed to ensuring wholesome and safe food for our customers. Safe food is McDonald's number one priority and is central to all Company operations.
- **Animal health and welfare** – Treating animals with care is integral to McDonald's animal health and welfare program. Disease prevention strategies, such as good husbandry and hygiene, routine health monitoring, immunization and other preventative options, should be emphasized before the use of antibiotics. We acknowledge that animals, like people, become sick and expect sick animals to be responsibly treated. To not treat sick animals is inhumane and inconsistent with McDonald's belief that Food Animals within the McDonald's System supply chain are properly cared for throughout their lives.
- **Antibiotics for food animals** – Responsible use of any category of antibiotic is an integral part of an overall animal health and welfare program. These principles do not preclude the responsible use of any category of antibiotic, except for HPCIA's, to treat or, where appropriate, prevent disease.
- **Veterinary oversight** – Veterinary oversight through a valid veterinary client-patient relationship is core to responsible antibiotic use. Antibiotics shall be used in accordance with all applicable regulatory requirements, and shall be used only in accordance with the product license requirements and as directed by a veterinarian.
- **Limit exposure** – Antibiotic use should be confined to appropriate clinical indications. Exposure to antibiotics for disease treatment or prevention should be minimized by limiting treatment to sick animals or animals at risk of a specific disease. The use of any category of antibiotic for disease prevention should be regularly reassessed by a veterinarian. Usage of an antibiotic in a manner that is not in accordance with labeled directions, including but not limited to, a different dosage, time interval, route/application method, clinical indication or species, may be prescribed only after other antibiotic treatment options have been exhausted, and must be prescribed in accordance with the most up-to-date laws and regulations that govern drug use.
- **Record keeping** – Accurate records of treatment and outcomes should be used to evaluate antibiotic regimen. Identify, track and maintain medication and treatment records for all treated animals. Refer to species specific document for additional guidance/requirements.



Supporting the Sustainable Development Goals

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



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



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



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

Our Actions

Implementing a Global Chicken Antibiotics Policy

As part of our commitment to use responsibly sourced chicken, in 2017 we released our Chicken Antibiotics Policy in markets around the world.² It sets out to eliminate the use of antibiotics defined by the WHO as HPCIA in our chicken supply chain by 2027. Additionally, the routine preventative use of antibiotics and the use of antibiotics for growth promotion is prohibited.

Our approach to the implementation of our Chicken Antibiotics Policy takes into account various differences, including geography, maturity of market needed to make changes and ability to set up robust systems for data collection.

We are focused on expanding our efforts globally year over year. Since February 2019, we've tracked antibiotic use in over 2.9 billion birds from 80 suppliers for 88 separate medicines, resulting in significant reductions in antibiotic use across our supply chain. We partner with Farm Animal Initiative (FAI), a farm animal and agricultural research company based in Oxford, UK, on data collection and third-party verification of producer data.



Reducing Antibiotic Use in Beef

As part of our commitment to responsibly source beef, we implemented our [Antibiotic Use Policy for Beef and Dairy Beef \(PDF – 520 KB\)](#) in 2018, committing to a 10-market pilot test to establish market-specific baseline use to further shape market-specific reduction targets where appropriate. Informed by the VAS, our beef policy is time-bound, actionable and follows global guidance from expert bodies like the WHO and Organization for Animal Health. This commitment fits within our broader beef sustainability efforts.

In partnership with our suppliers and producers, our long-term goal is the overall reduction of antibiotics important to human health, as defined by the WHO, across our top 10 beef sourcing markets, representing more than 85% of our global beef supply chain. This is also consistent with the 3 Rs framework (Replacement, Reduction and Refinement) and the One Health approach, and in line with our VAS.

Responsible use starts with understanding how, when and why antibiotics are used in our beef supply chain. Currently, there is limited antibiotic usage data available across the global beef industry. As such, McDonald's, in collaboration with our suppliers and beef producers, has established a global pilot test inclusive of commercial feed lot operations, small farm operations and dairies to collect data informing future work within our supply chain. As with chicken, we have partnered with FAI Farms in Oxford, UK, which collects and checks data independent of McDonald's in relation to antibiotic use within our beef supply chain during our pilot test.

As outlined in our VAS, McDonald's is also committed to developing species-specific antibiotics policies in pork. A pork antibiotics policy is under development.

Our Performance

Goal

Eliminate the use of antibiotics defined by the World Health Organization (WHO) as Highest Priority Critically Important Antibiotics (HPCIA) to human medicine – as defined by the WHO – from all chicken served by 2027.³

Progress

We strive to eliminate HPCIA's in the following nine markets by 2027. So far, we have achieved the following:

Australia

All chicken suppliers eliminated the use of HPCIA's in our chicken supply chain as of July 2019.



Brazil

HPCIAAs have been eliminated in broiler chicken since 2018.

Canada

HPCIAAs have been eliminated in broiler chicken since 2018.

China

On track to remove HPCIAAs by 2027.

Europe

All chicken suppliers eliminated the use of HPCIAAs in our chicken supply chain as of July 2019.

Japan

HPCIAAs have been eliminated in broiler chicken since 2018.

Russia

Granted extension until 2021 to onboard new suppliers.

South Korea

Granted extension until end of 2021 to onboard new suppliers.

U.S.

In July 2016, reached commitment to serve chicken not treated with antibiotics important to human medicine.*

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

Goal

In collaboration with our suppliers, producers and farmer partners, we will reduce the overall use of medically important antibiotics – as defined by the WHO – in our beef supply chain.⁴

Progress

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



Footnotes

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

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

³ Markets covered by the goal include: Brazil, Canada, Japan, South Korea, the U.S., Australia, Russia, China and Europe. For the sake of this goal, Europe includes the following countries: Austria, Azerbaijan, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Moldova, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Sweden, United Kingdom, Ukraine.

⁴ This goal focuses on our top 10 beef sourcing countries: Australia, Brazil, Canada, France, Germany, Ireland, New Zealand, Poland, the U.K. and the U.S.



Animal Health & Welfare



Why It Matters

More than ever, our customers want to know how their food is produced and where it comes from. That's why McDonald's takes seriously our responsibility to provide transparent information on how we improve animal health and welfare in our supply chain. By using our size and global reach, we are helping to drive positive change, ensuring the chicken, eggs, beef and pork we source come from producers who share our commitment to animal health and welfare.

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

Our Strategy

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

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



- Leveraging our global scale in our local markets to drive the right outcomes.

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

“As McDonald’s USA’s egg supplier, the commitment they made to source 100% cage-free eggs represented a shift not only for our business with them, but for the industry, given their position as a leader. Consumer preferences are changing and people are increasingly interested in how their food is sourced. McDonald’s has led the way, with a thoughtful and measured approach to switching to cage-free eggs to meet consumer demand at a massive size and scale.”

Norm Stocker, Vice President of Food Service – Poultry, Cargill.

Collaborating With Stakeholders

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

This is why, in 2018, McDonald’s formed the Chicken Sustainability Advisory Council (CSAC). The group includes genetics experts, farm management consultants such as FAI Farms, leading academics and researchers, such as Dr. Temple Grandin and Dr. Harry Blokhuis, and NGOs, including the Royal Society for the Prevention of Cruelty to Animals (RSPCA) and World Wildlife Fund. Drawing on the expertise of CSAC members, we are implementing and evolving our chicken welfare and sustainability strategies. In 2019, we defined globally aligned farm and processing-level key welfare indicators (KWIs) for chicken and the methodology for measurement for which we will begin gathering data in 2020. The KWIs are objective measurements aligned with recognized national and international standards such as the World Organization for Animal Health and the National Chicken Council.

McDonald’s is also a founding member of the [Global Roundtable for Sustainable Beef](#) (GRSB) and many of the regional and national chapters around the world. We strongly support the five core principles of the GRSB, among them animal health and welfare. The GRSB is now working to set a global goal for animal health and welfare, which McDonald’s supports through our leadership roles on the GRSB Executive Committee and Board. In 2020, McDonald’s became a platinum-level sponsor of the GRSB’s strategic plan.



Supporting the Sustainable Development Goals

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



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



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



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



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



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

Our Actions

Ensuring Humane Slaughter

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



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

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

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

Ensuring Supply Chain Compliance

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

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

We have aligned with the National Dairy FARM ([Farmers Assuring Responsible Management](#)) Program in the U.S. As of 2018, all U.S. dairy suppliers have tracked the percentage of farms in their supply chain that have completed the FARM second-party assessment. McDonald's USA is on track to achieve its 2020 commitment for all U.S. dairy product suppliers to be able to demonstrate that 100% of the farms in their supply chain participate in FARM and have completed the second-party assessment.

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



Key Milestones in Our Responsible Sourcing of Chicken

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

1. **Measuring key farm-level welfare outcomes** – We do this on an ongoing basis, setting targets and reporting on progress across our largest markets.
2. **Developing state-of-the-art welfare measurement technology** – Through our Sensors, Monitoring, Analysis and Reporting Technologies (SMART) Broiler partnership with the Foundation for Food and Agriculture Research (FFAR), McDonald's seeded \$4 million (\$2 million in investment with an additional \$2 million enabled in matching grants) to develop systems to automatically gather key animal health and welfare indicators, including behavioral measures. These technologies will be among the first of their kind available at a commercial scale and will hopefully highlight potential areas for improvement.
3. **Providing enrichments to support natural behavior** – We are working with supply chain partners to ensure housing environments promote natural behaviors such as pecking, perching and dust-bathing.
4. **Running commercial trials to study the effects of certain production parameters on welfare outcomes** – We are conducting large-scale commercial trials in partnership with key global chicken suppliers to study the impacts that certain production parameters have on key welfare, environmental and farm-level outcomes.
5. **Implementing third-party auditing** – As we implement our global broiler key welfare standards, we will establish third-party verification to confirm continuous improvement.
6. **Controlled Atmospheric Stunning (CAS)** – CAS is a U.S. Department of Agriculture-approved method that is recognized to be more humane for the animal, while also ensuring better conditions for workers. McDonald's was one of the first retailers to implement a CAS system into a broiler supply chain in the U.S.; currently 100% of our Canadian supply chain and 20% of our U.S. supply chain utilizes CAS, while it is widely practiced by McDonald's suppliers in Europe and Australia.
7. **Establish McDonald's Chicken Sustainability Advisory Council to support our continued journey.**
8. **Complete an assessment to measure the feasibility of extending these commitments to additional global markets where McDonald's operates.**

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



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

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

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

Industry Partnership on Beef Sourcing

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

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

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

Sourcing Cage-Free and Free-Range Eggs

The U.S. egg supply chain is now 43% cage-free, and in 2019 we sourced more than 949 million cage-free eggs for our McDonald's U.S. restaurants.

Canada now sources 42% cage-free eggs, while Australia's egg supply chain is 100% cage-free. McDonald's New Zealand is taking a similar approach for its McMuffins®, wraps and burgers.

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

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



Our Performance

Goal: Animal Housing

Progress

In the U.S., we're working with pork suppliers to phase out the use of gestation stalls (small, enclosed pens) for housing pregnant sows by 2022.

Goal: Cage-Free and Free-Range Eggs

Progress

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Goal: Chicken Welfare

Progress

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

Footnotes

¹ 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, U.K., and U.S.



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



Farming Communities



Why It Matters

We count on our suppliers to bring us quality ingredients and products, so that we can serve delicious meals every time a customer visits a McDonald's restaurant, anywhere in the world. That's why our continued success depends on the success, resilience and sustainability of the many businesses across our supply chain.

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

Our Strategy

The strength and agility of our supply chain is grounded in our strong collaborations and partnerships. We work closely with our suppliers to support economically viable farming and to help improve access to knowledge, tools and best practice farming methods that lead to positive social, economic and environmental benefits. Some of our key strategies are outlined below.

Recognizing Leading Farmers



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

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

Recently, the program completed its near-term objective of identifying beef Flagship Farmers in 10 of McDonald's leading beef-sourcing countries. That means that since its launch in 2007, Flagship Farmers has recognized 34 farmers in 17 countries across four continents, including farmers such as Texas beef producers Gary and Sue Price.

Investing in Farming Communities

Rising global demand for food and drinks, such as coffee, combined with more erratic weather patterns relating to a changing climate and labor shortages, is adding to the pressure on the world's growing communities. Through partnerships with our suppliers and expert groups, we are investing in programs that support farmers and their livelihoods.

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

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

We have also created an Advisory Council to provide input on the strategic direction of McCafé SIP. The Advisory Council members include Conservation International, the Rainforest Alliance, Committee on Sustainability Assessment (COSA), Solidaridad, Sustainable Food Lab and Fair Trade USA. In partnership with Conservation International and with input from the Advisory Council, we developed and introduced a



set of minimum requirements that all farms must meet and that will be assessed through third-party audits. These requirements are focused on social and environmental impacts such as human rights, health and safety, and deforestation.

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

Accelerating Sustainable and Regenerative Farming

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

For example, in the Northern Great Plains, we're working with World Wildlife Fund, Cargill and the Walmart Foundation to improve regenerative grazing practices across one million acres of land. Meanwhile, in Nebraska, we've teamed up with Target, Cargill and The Nature Conservancy to invest in regenerative soil health practices. These projects work directly with local farmers and ranchers, providing important peer-to-peer learning networks, as well as technical expertise, training and tools to implement practices. Through these programs we can help to reduce emissions, mitigate climate change and support livelihoods, which also support achieving our science-based target to significantly reduce emissions across our supply chain, restaurants and offices by 2030.

Sourcing Locally

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

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



Supporting the Sustainable Development Goals

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



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



[Goal 8: Decent Work and Economic Growth \(Specifically target 8.5\)](#)



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



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



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

Our Actions

Celebrating Farmers Who Are Leaders in Their Communities

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



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

Empowering Coffee Farmers in South America

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

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

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

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

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



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

Peter Forsman, Farmer, Forsman Farms



Supply Chain Human Rights



Why It Matters

McDonald's has a complex global supply chain with thousands of direct suppliers who employ over a million people in over 100 countries. With a supply chain of this scale, we have an important responsibility to only do business with suppliers that respect the fundamental rights of their employees and partners.

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

Our Strategy

At McDonald's, we conduct our activities in a manner that respects human rights as set out in the Universal Declaration of Human Rights. Our commitment to respect human rights is defined in our [Human Rights Policy \(PDF – 91 KB\)](#), which applies to McDonald's Corporation and our wholly owned subsidiaries worldwide. Our expectations of our suppliers around the world are outlined in our [Supplier Code of Conduct \(PDF – 1.4 KB\)](#) ("Code").



The success of the McDonald's System lies in our trusted relationships with suppliers. We expect all suppliers, regardless of the cultural, social and economic context, to meet our expectations of fundamental rights for all people as established by the United Nations Declaration of Human Rights.

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

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

Our Supplier Workplace Accountability Program

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

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

Since the launch of the SWA program, McDonald's has engaged with thousands of suppliers and facilities to ensure respect for human rights and manage risk. We are proud that many of our suppliers take their commitments seriously and, in some cases, have their own equally robust compliance and reporting programs that have been evaluated and approved as equivalent to McDonald's SWA program. We have seen an improvement in compliance overall since the SWA program began and, as of April 2020, more than 4,000 facilities have participated in the program.

Verifying Compliance With Our Supplier Code of Conduct

Human rights due diligence is incorporated into the SWA program through on-site announced and unannounced audits conducted by third-party auditing firms that assess compliance with our Code. As part of the onboarding process to become a



McDonald's supplier, suppliers must complete the required steps of the SWA program (outlined below) to verify that they can meet our expectations.

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

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

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

McDonald's Process for Verifying Compliance

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

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

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

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

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

Ethical Employment and Recruitment Practices

Fundamental to our Code is an expectation of ethical employment practices by our suppliers and their supply chain, including subcontractors and third-party labor agencies. Our Code clearly prohibits any form of slave, forced, bonded, indentured or



involuntary prison labor, and prohibits suppliers and third-party labor agencies from retaining employees' government-issued identification, passports or work permits as a condition of employment. We also expect our suppliers to provide their own internal reporting mechanisms, to ensure their employees have a safe and timely way to report workplace concerns without fear of retaliation.

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

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

Reporting Mechanisms

Our Supplier Guidance Document provides a step-by-step best practice process to help suppliers establish an effective grievance mechanism, guided by the UN Guiding Principles on Business and Human Rights. While we require suppliers to provide their workers with their own robust internal procedures to raise issues, our Business Integrity Line, and an email to reach the SWA global management team, are open to third parties, including suppliers and their employees, if they suspect or become aware of any alleged breaches to our Code. Our Code explicitly states that the supplier's reporting program must protect the worker's confidentiality and must prohibit retaliation in response to reporting issues.

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

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

Collaborating With Stakeholders

McDonald's is committed to engaging with relevant stakeholders to continue to advance our approach to human rights, and we participate in relevant forums to track and address emerging risks. In 2019, McDonald's convened a multi-stakeholder roundtable of human rights experts and advocates on the sidelines of the UN Forum



on Business and Human Rights. Among the group were stakeholders from civil society, academia, the public sector, peer companies and international organizations. The group received an update on McDonald's supply chain human rights activities and provided feedback and advice on how to advance the program.

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

Leveraging Certifications Within Commodity Supply Chains

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

Beef

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

Soy Used For Chicken Feed

We leverage [ProTerra](#) or [Round Table of 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 Fair Trade International and Fair Trade USA is key to our supply chain human rights strategy. In parallel with our certification work, we have also launched the McCafé Sustainability Improvement Platform (SIP) in partnership with [Conservation International](#). These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts.

Fiber

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

Supporting the Sustainable Development Goals

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



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



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



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

Our Actions

Understanding and Assessing Risks

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



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

Conducting a Human Rights Impact Assessment Along the Supply Chain

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

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

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

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

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

Supporting Family Friendly Spaces Program in China

McDonald's works with partners and suppliers to support working parents in the supply chain as a member of the IETP. We encouraged Happy Meal toys suppliers to partner with IETP and their implementation partner CCR CSR to create Family Friendly Spaces at several facilities in China. These have subsequently had a meaningful



impact on migrant workers. Across China, millions of workers have to leave their children in rural villages with family and friends while they are away working at urban factories. The program reunites some of these “left-behind” children with their working parents during the school summer holidays

In 2019, 10 toy facilities took part in the program. The 381 participating children, aged 3–12 years, attended factory-based childcare run by trained staff. The children took part in activities and day trips that helped broaden their horizons and strengthened parent-child relationships. An impact study of the wider program found that workers felt confident that their child was safe while they went to work and that the spaces allowed them to spend more time with their child. The study also revealed an 82% increase in worker satisfaction and a 13% increase in worker retention.

Continuous Improvement Through Supplier Workplace Accountability Program

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

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

Collaborating With Coffee Producers

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

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



How McCafé SIP Works

Transparency

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

Producer Collaboration

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

Measured Performance

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

Assurance

Verifying data through third-party audits.

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

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



Our Planet



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

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

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

Francesca DeBiase, Executive Vice President, Chief Supply Chain Officer



Our Impact Areas



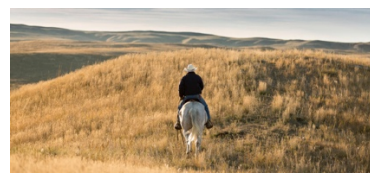
Climate Action

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



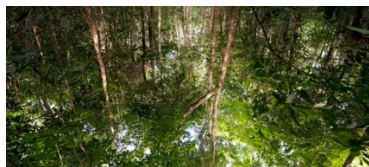
Packaging & Waste

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



Sustainable Agriculture & Beef

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



Conserving Forests

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



Water Stewardship

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



Climate Action



Why It Matters

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

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

Reducing emissions and adapting to climate change is critical to the collective success and resilience of the McDonald's System, and our ability to feed communities today and in the future. While taking action on climate change is challenging and requires significant investment, we believe it will drive business value in the long term by ensuring we are managing operational costs in our energy supply, improving the security of supply of our raw materials and reducing our exposure to increasing environmental risks, regulation and taxes.



Our Strategy

We are working in partnership with our Franchisees and suppliers to tackle climate change and transform the food system for the better. We have been on this journey for a number of years and we are proud that, in 2018, McDonald's became the first global restaurant company to set a science-based target to significantly reduce greenhouse gas (GHG) emissions.

The Company will partner with Franchisees to reduce GHG emissions related to our restaurants and offices by 36% by 2030 from a 2015 base year. Through collaboration with our suppliers and producers, we are also committed to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain. This combined target has been approved by the Science Based Targets initiative (SBTi).

We expect to prevent approximately 150 million metric tons of CO₂ equivalent (CO₂e) from being released into the atmosphere by 2030. This is the same as taking 32 million cars off the road for an entire year or planting 3.8 billion trees and allowing them to grow for 10 years.

Taking Action to Cut Our Carbon Footprint

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

Restaurant Energy Usage and Sourcing

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



Packaging & Waste

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

Beef Production

We are one of the biggest buyers of beef in the world, and beef is one of the top three contributors to the overall footprint of our supply chain. This is why we are prioritizing action in this area in partnership with our suppliers, NGOs and climate experts. Since 2011, we have supported and participated in global, regional and national roundtables, bringing together partners to identify, develop and scale the most sustainable agricultural practices. We are now in the process of developing category roadmaps for key ingredients (including beef) to meet our global GHG emissions target.

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

Engaging Our Supply Chain

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

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

In 2019, we asked 108 of our global suppliers to report to CDP Climate and Forests, up from 55 in 2018. We were also proud to be counted among CDP's Supplier Engagement leaderboard in 2019, receiving an "A" for supplier engagement.

While we are working on specific plans for each of our key commodity groups, we are also involved in several more wide-ranging areas, including:



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

Keeping Our Transport and Logistics Impact Low

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

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

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

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



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

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

Managing Climate-Related Risks and Opportunities

We recognize the importance of understanding and disclosing climate-related risks and opportunities for our business and we look to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to guide our approach. The recommendations provide a pathway for climate risk as an integral part of corporate governance and can help our Company, Franchisees and suppliers understand and manage the impacts of climate change on our business.

The TCFD framework consists of four core elements:

Governance

Our Board of Directors’ Sustainability and Corporate Responsibility Committee reviews and monitors ’ strategies and efforts to address our performance as a sustainable organization, including updates and discussion on our climate change strategy, risk management practices, commitments and progress, and the development and implementation of performance metrics with respect to sustainability priorities.

McDonald’s Global Sustainability team provides corporate staff leadership, coordination and support for our global sustainability policies, programs and reporting, as well as country-level sustainability staff for localized execution relevant to our markets. The team liaises with other departments throughout the business and Franchisees to address climate-related issues. By collaborating with our Supply Chain teams, the Global Sustainability team works with independent suppliers to embed sustainability considerations, including climate change, into global sourcing decisions for food and packaging. They also work with McDonald’s Restaurant Solutions Group to increase energy efficiency of our restaurants through operations, equipment, design and technology. Read more about our management’s role in assessing climate



risks and opportunities, as well as our Board's role in overseeing climate change risk management, in the [McDonald's CDP Climate Change \(2020\) Report \(PDF – 557 KB\)](#).

Strategy

We disclose the impacts of climate-related risks and opportunities on our business in our latest CDP Climate Change disclosure, and leverage learnings from this to further advance our climate mitigation and resilience strategies. We will also continue to develop our own reporting on this issue based on best practice guidance, including that of the TCFD.

Risk Management

We report on our process for identifying, assessing and managing climate-related risks and opportunities in our CDP Climate Change disclosure. The scope and approach for responding to identified risks depend on the cost and operational impact on the organization and the calculated impact on the environment. Our approach includes, but is not limited to, engaging our suppliers and Franchisees to develop mitigation and adaptation plans and strategies, and partially informs our approach to setting commitments, such as our science-based target on Climate Action.

We have recently committed additional resources to focus on climate-related risks. We are in the process of conducting climate scenario modeling to identify risks and opportunities, and we are working with expert partners to analyze the potential material impacts on our System. Once complete, we plan to share these findings with functions across the Company, our Franchisees and supply chain partners. We have also developed a supply chain cross-commodity working team dedicated to supply chain resiliency, including climate.

Metrics & Targets

We disclose the climate-related metrics that we currently track and report through our annual CDP Climate Change disclosure. We also report on progress against our science-based targets in the [Our Performance](#) section below. We will continue to enhance our methodology and data quality in future years.

Collaborating to Drive and Advocate for Transformative Change

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



- As part of the **We Are Still In (WASI) Leader's Circle**, we are working together with a coalition of businesses, cities, states, faith groups, cultural institutions, healthcare organizations and universities to continue to support climate action and meet the goals of the Paris Agreement.
- In 2020, we became members of the **Ceres Business for Innovative Climate and Energy Policy (BICEP) Network** where, alongside nearly 70 other organizations, we are supporting the development of strong climate and energy-efficiency policies in the U.S.
- Since announcing our climate commitment in 2018, McDonald's has been meeting with members of U.S. Congress and their staff to share our commitment to climate action and also to discuss important topics such as recycling, soil health and renewable energy. We believe public policy is a critical part of the solution and our advocacy work in Washington D.C. is driven by our [U.S. Environmental Sustainability Policy Principles](#).

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

- We helped found the Global Roundtable for Sustainable Beef (GRSB) to bring together key players in the beef value chain around a common purpose to help ensure that all aspects of the beef value chain are environmentally sound, socially responsible and economically viable. Membership is helping us deliver meaningful impact through a more sustainable beef supply that is scalable, more transparent and backed by ongoing performance measurement and third-party audits.
- In collaboration with other organizations, we're supporting regenerative agriculture practices that help reduce emissions, mitigate climate change and support livelihoods. This includes the [Ranch Systems and Viability Planning network](#) within the Northern Great Plains region, providing ranchers with technical expertise, training and tools to implement regenerative cattle grazing practices, and a project in Nebraska to support farmers into implementing [regenerative soil health practices](#). Implementing these practices is critical to help improve carbon absorption in soil and helping ranches be more resilient and economically viable for the long-term.
- We are working with other organizations as part of the C-Sequ working group, to help develop a clear methodology to account for carbon sequestration in lifecycle analysis (LCA) calculations. The group aims to improve accounting techniques to provide more certainty when organizations are investing in projects to sequester and store carbon through agricultural activity. We are also supportive of work to more accurately define the action of methane as a greenhouse gas.
- We are members of the GHG Protocol Land Based Technical Working Group, which is developing new technical guidance and standards on how companies account for and report emissions, reductions and removals from land use activities in their GHG inventories.
- As part of the Cool Farm Alliance, we have supported the development of the Cool Farm Tool that provides farmers in multiple countries and farming sectors with free access to a GHG measurement system, which they can use to assess their carbon footprint.



- As members of the Gold Standard – 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.

Supporting the Sustainable Development Goals

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



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



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



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

Our Actions

Adding Renewable Energy to the Grid

In 2019, McDonald's committed to two renewable energy projects in Texas, both of which took the form of virtual power purchase agreements (VPPAs). These were a first for the company and helped us join other leading corporate renewable energy buyers in adding new large-scale renewable energy to the U.S. grid.

Once online, the energy generated by these wind and solar projects will be equivalent to over 2,500 restaurants-worth of electricity and is expected to contribute a further 6% reduction from our 2015 baseline. McDonald's portion of these renewable energy projects will help to prevent approximately 700,000 metric tons of CO₂e emissions each year.

Our renewable energy purchases in Europe in 2019 covered over 6,500 restaurants-worth of electricity across 11 markets. McDonald's restaurants in France, Portugal, and



the UK & Ireland are already close to sourcing, or have achieved, 100% of their energy from renewable sources.

Creating McDonald's First Net Zero Energy-Designed Restaurant

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

The restaurant includes:

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

To reinforce the restaurant's Net Zero Energy status, we are working towards the International Living Futures Institute's Zero Energy Certification. Data and learnings from the restaurant will also inform McDonald's global sustainability efforts, including progressing towards our Science Based Target.

"Through addressing their own carbon footprint, McDonald's has shown leadership in helping tackle the climate challenges our planet is currently facing. The design of their global flagship restaurant is another positive step in how McDonald's is bringing proven renewable energy solutions under one roof and most importantly educating their customers about the importance of sustainable practices and renewable energy sources."

Marty Spitzer, Senior Director, Climate and Renewable Energy, World Wildlife Fund

Operating Sustainable Restaurants Around the World

We are focused on designing and delivering the most resource-efficient restaurants possible. This means minimizing our use of energy and water, and maximizing the use of renewable energy, wherever possible. In 2017, we allocated \$5 million to McDonald's restaurants globally for LED upgrades. This has achieved a net cost saving of \$14.3 million and a CO₂ reduction of 100,587 metric tons – equivalent to removing 21,539 cars from the road for a year.

Our Global Restaurant Building & Equipment Standards are reviewed annually and include minimum requirements and recommendations on issues such as lighting, refrigeration and the energy efficiency of heating, ventilation and air conditioning



systems, as well as energy management and even the way in which buildings are constructed to optimize solar gain.

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

Progress we are making around the world:

- **U.K.** – New McDonald's restaurants have 100% LED lighting, which uses 50% less energy than fluorescent lighting. Over 120,000 LED lights have been installed across McDonald's restaurants, right down to the bulbs in our emergency lighting.
- **France** – With a focus on energy efficiency and water reduction, a typical McDonald's restaurant in France uses LED lighting and consumes, on average, just seven liters of water per meal, compared to 10 to 20 liters in traditional restaurant kitchens.
- **Germany** – We have successfully reduced energy consumption through LED lighting in the interior and exterior of the restaurants, and achieved an overall reduction in energy consumption of 14%, as measured in 2017 compared to 2011.
- **Australia** – Together with engineering, energy and sustainability consultants and internal global experts, McDonald's Australia is undertaking a review of the mechanical systems within its restaurants (including cooling, ventilation, filtering and exhaust), while also investigating and implementing renewable procurement opportunities. The review will identify industry-leading equipment and technology to achieve substantial reductions in energy use.
- **U.S.** – Our environmental sustainability program, US 20x2020 By Design, aims to reduce energy and water use by 20% by 2020 through the use of innovative strategies in the design of new restaurants. This includes LED lighting, low oil-volume fryers, high-efficiency hand dryers, toilets and faucets, and low-spray valves. Compared to our 2005 building design, we have achieved a 16.7% reduction in electricity consumption and a 19% reduction in water use. Our hot water remains hot, but we have managed to reduce the energy needed to heat it by over 26%. These figures reflect progress as of 2015, with final figures to be reported in 2021.
- **U.S.** – We are enhancing our kitchen equipment so that it uses less energy. The Next Gen Grill provides energy savings of approximately 16% compared to the previous model, and the High-Density Universal Holding Cabinet increases hot holding capacity and reduces energy use by 31%.
- **China** – McDonald's China put in place an action plan to focus on green restaurants and green packaging. It expects to open more than 1,800 restaurants by 2022 and that these restaurants target LEED (Leadership in Energy and Environmental Design) certification standards in the "Interior Design & Construction" category, issued by the United States Green Building Council. For the existing restaurants, McDonald's China has been continuously updating and optimizing the energy management systems, including the use of LED energy-saving lamps, as well as more efficient air conditioning and kitchen equipment.



Installing Electric Vehicle Charging Points

To help our customers embrace more sustainable technologies, we are in the process of rolling out electric vehicle (EV) charging points at numerous restaurants around the world.

- Through a collaboration with electricity producer Vattenfall, every Drive-Thru in the Netherlands will have two fast-charging points installed. This will enable EV drivers to charge their car within half an hour, using green electricity fully generated by Dutch wind turbines.
- McDonald's Sweden has worked with Fortum (a Finnish power company) since 2012 to establish fast chargers for electric cars in Sweden. Customers can charge their electric or hybrid car at 52 restaurants in Sweden and an additional 15–20 restaurants will be added to the network by the end of 2020.
- McDonald's U.K. has entered a partnership with InstaVolt to introduce EV rapid-charging points as standard across new Drive-Thru restaurants.

Creating Supply Chain Climate Action Strategies

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

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

As well as target setting, we have an expectation that suppliers will instigate emissions monitoring and reduction programs, and report progress through the CDP Supply Chain program. We now request annual CDP reports from 108 key global suppliers, which account for the majority of our annual spend. This encompasses all globally managed suppliers of beef, chicken, dairy, cheese, bakery and baked goods, logistics, produce, liquid products and potato. It also includes the top 80% of our fiber-based packaging and key equipment suppliers.

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

Converting From Diesel to Alternative Fuels

HAVI, one of McDonald's logistics suppliers, announced a five-year joint plan with vehicle maker Scania in 2017 to improve its carbon footprint. The plan aims to significantly reduce the number of diesel-powered vehicles it uses and convert around



70% of its fleet to alternative fuels in a number of European countries by 2021. By the end of 2019, HAVI had already achieved 37% of the target.

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

We are also finding ways to recycle our used cooking oil into biodiesel for delivery trucks. Learn more on our [Packaging & Waste](#) page.

Achieving SmartWay Excellence

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

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

Engaging Crew to Take Action

Several markets have found ways to tap into the enthusiasm of restaurant staff and engage them in initiatives to lower the environmental impact of restaurants. McDonald's **France** has developed a digital environmental management system called EcoProgress, which helps restaurant teams manage their environmental impact and includes a platform that provides training, tool, and examples of best practice. It also involves a countrywide annual challenge that rewards the McDonald's restaurants with the highest performance.

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



Our Performance

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

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

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

The figures below reflect the latest enhancements to our 2015 base year emissions and 2018 emissions estimates, which have been updated based on best practice guidance on leveraging the latest methodology and data available. As we continue to enhance our methodology and data quality over future reporting cycles, we expect the baseline and annual progress figures to further adjust.

Goal

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

Progress

As of the end of 2019, we have made a 3.7% reduction in our restaurants' and offices' absolute emissions from the 2015 baseline.

This means approximately 10.3% of our target has been achieved.

Once online, the U.S. renewable energy deals referenced above are expected to contribute an additional further 6% reduction from the 2015 baseline.

Goal

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

Progress



As of the end of 2019, the emissions intensity of our supply chain has decreased by 0.9% from the 2015 baseline.

This means we are 2.9% of the way toward our target. We continue to partner with our suppliers to make progress and we are seeing an increase in the number of our suppliers setting climate targets and implementing strategies to reduce emissions intensity that are tailored to their own supply chains.

GHG Emissions (In Metric Tons)

Emissions	2015 (Baseline)	2018	2019
Gross Scope 1: Emissions	154,809	111,499	107,035
Gross Scope 2: Emissions (market-based)	130,6670	491,053	492,114
Gross Scope 3: Emissions	45,697,489	51,876,910	52,955,642

Total Energy Consumed

Energy	2018	2019
Total Direct Energy (MWh)	2,233,077	2,223,298
% Renewable	15.3%	16.1%
% Grid	84.7%	83.9%



Packaging & Waste



Why It Matters

Designing out waste, improving the sustainability of our packaging and ultimately moving toward a circular economy are top priorities for our business. These strategies support our long-term business resilience, help us to keep the communities where we live and work clean, and minimize our environmental footprint to help protect the planet for future generations.

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

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

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



Our Strategy

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

Progress in Sustainable Packaging and Recycling

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

We've set goals to source 100% of our guest packaging from renewable¹, recycled² or certified sources³, and to recycle guest packaging in 100% of McDonald's restaurants, by 2025.

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

Our Priorities:

- **Eliminate packaging** through design innovation, introducing reusable solutions and encouraging behavior change to reduce usage.
- **Shift materials** to 100% renewable, recycled or certified sources, and streamline the variety of materials used to enable easier recovery without compromising on quality and performance.
- **Recover and recycle** by finding ways to scale up systems to allow for greater acceptance of recycling, and making it easier for our guests to recycle too.
- **Close the loop** by using more recycled materials, including recycled plastic content, in our packaging, restaurants and facilities, and helping to drive global demand for recycled content.

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

Tackling Plastic Pollution

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



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

As of 2020, 78% of our global guest packaging weight comes from fiber materials, with the remaining 22% made up of plastics, mainly for functional property needs and food safety. To improve capture rates and reduce the leakage of plastic waste into the environment, we are working to:

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

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

Meeting Customer Expectations of Convenience, Safety and Sustainability

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

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



At McDonald's we have a proud history of product stewardship. In 2008 we eliminated long chain PFAS, including Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic acid (PFOS), from all guest packaging globally. We also eliminated BPA/BPS and phthalates from our guest packaging in 2013 and in 2015, respectively.

We're proud to take another step in our product stewardship journey with our commitment to remove all added fluorinated compounds from our guest packaging materials globally by 2025.

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

We also engage with our suppliers and buyers to integrate sustainable sourcing and design principles in our product specifications for packaging and other materials.

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

In addition to packaging, we will continue to partner with our suppliers to advance circular design of other products and materials across our business. One such partnership is the NextGen Cup Challenge, which is researching ways to design cups to be more easily recoverable.

We are looking at all aspects of the customer experience where we can advance sustainability. For example, we have a global working group exploring more sustainable options for our Happy Meal toys. We'll never compromise on their safety and quality and we are excited to explore new ways to enhance their sustainability.

Minimizing Waste Behind the Counter

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

In multiple markets, our logistics providers play a key role in our commitment to reduce waste by collecting and back-hauling recyclables when they deliver supplies to



our restaurants. This not only helps recycle material from restaurants in remote locations, it also reduces road mileage because we no longer have to arrange for a separate waste company to make the collection.

Collaborating to Drive System Change

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

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

We are also members of the Foodservice Packaging Institute's (FPI) Paper Recovery Alliance and Plastics Recovery Group (PRA/PRG), along with supply chain partners and other industry brands. These groups work collaboratively to increase the amount of foodservice packaging that is composted and recycled. Recent initiatives have included the creation of the Design Guide for Foodservice Plastics Recyclability with the Association of Plastic Recyclers, and work with the American Forest & Paper Association to create a fact-sheet resource for paper mills to consider recycling paper cups.

Supporting the Sustainable Development Goals

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



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



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



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

Our Actions

Material Innovation and Packaging Design

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

Giving Our Desserts a Makeover

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

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

Introducing a New Strawless Lid

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

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

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



Piloting Reusable Cup Schemes

In 2020, we announced a global partnership with TerraCycle's circular packaging service, Loop, to test a new reusable cup model for hot beverages. The initiative, which will first be trialed in 2021 across select McDonald's restaurants in the U.K., will help customers enjoy their favorite McDonald's hot drink in a reusable cup, cutting down on packaging waste.

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

Similarly, McDonald's Germany is currently piloting a program called ReCup, where customers can ask for a reusable coffee cup and return it at partnering McDonald's restaurant or other participating restaurants to be cleaned and reused. We also have reusables in store in the Philippines, and are trialing schemes in several other markets too.

Finding a New Solution for Plastic Cutlery

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

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

Optimizing Packaging Weight and Size

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

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



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

Creating the Cup of the Future

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

In 2020, the NextGen Consortium launched reusable cup pilots in local cafes in the Californian cities of San Francisco and Palo Alto. The aim is for live piloting to allow the potential reusable cup systems to benefit from real-world feedback and to further test, learn and innovate. The pilots will also provide valuable insights into each cup's feasibility, viability, desirability and circular resiliency.

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

Bridget Croke, VP of External Affairs, Closed Loop Partners

Transforming Our Happy Meals

We have a global working group exploring the development and production of more sustainable Happy Meal toys, and markets around the world are currently testing different options:

- In March 2020, McDonald's **U.K. & Ireland** pledged to remove nonrecycled and nonrenewable hard plastic from its iconic Happy Meal toys. From 2021, every Happy Meal will include either a soft toy, paper-based toy or a book.
- In **France**, we've replaced some of our plastic Happy Meal toys with ones made from paper, such as coloring books and trading cards.
- In 2018, McDonald's **Japan** initiated a toy recycling program with the Japanese Ministry of the Environment to collect plastic Happy Meal toys and convert them into restaurant serving trays. As part of this program, McDonald's Japan collected around 1.27 million used plastic toys that were turned into over 165,000 trays in its initial year. In 2019, we expanded the program and collected 3.4 million used plastic toys.



Recovering and Recycling Our Packaging

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

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

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

Keeping Communities Clean

Our restaurant crews across the world take part in local litter cleanups to help keep their communities clear of litter.

- McDonald's **Belgium** launched the "Garbage, We Take It Personally" campaign in 2018 with the aim of reducing litter in the cities in which our restaurants operate by 20% by the end of 2023. Similarly, in 2020, McDonald's **Netherlands** launched a customer campaign "You Bin It You Win It," awarding prizes to customers who disposed of their waste correctly.
- In 2019, McDonald's **Switzerland** convened crew members, senior leaders in the business, Franchisees, suppliers and guests for a joint cleanup day across nine cities, and across **France**, Franchisees enter into covenants with city governments to organize litter prevention and cleanups.
- McDonald's **Russia** organized cleanups and eco lessons in over 50 cities in September and October 2020, bringing together McDonald's crew, local communities and regional authorities.

We also support national organizations that aim to end littering and promote recycling in communities across their countries. For example, in **the U.S.**, McDonald's is a long-standing supporter of Keep America Beautiful, helping to advance their work to end littering, improve recycling, and beautify local communities across the country. In **the U.K.**, McDonald's takes part in local, regional and national cleanup events, with some restaurants participating in campaigns such as Keep Britain Tidy's Great British Spring Clean.

Closing the Loop

We intend to expand our use of recycled materials in our restaurants, packaging and supply chains to play our role in creating market demand for recycled content. That's



why in multiple markets we've incorporated recycled content in both fiber and plastic packaging, such as our coffee, frappe and sundae cups.

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

Reusing Cooking Oil From Fries to Fuel Our Trucks

Our cooking oil is a valuable resource, even after it's been used to cook our famous French Fries. That's why we collect and recycle used cooking oil (UCO) into biofuel across the globe. In some markets, we are taking these efforts a step further. In Switzerland, France, the Netherlands and the U.K., for example, we use our own UCO to fuel our delivery trucks.

In the Netherlands we have worked with our packaging suppliers Havi and Neste to close the loop between UCO and truck fuel. We sell our UCO directly to Neste for refining, while HAVI buys back the same volume in the form of hydrogenated vegetable oil, a renewable diesel. This partnership has also helped reduce CO₂ emission by 90% compared to regular diesel, helping meet McDonald's Netherlands' climate goal for logistics.

Similarly, in the U.K., together with our suppliers, we are designing our logistics and waste services with the circular economy in mind. Our UCO is converted into biodiesel by Olleco and then helps to fuel the Martin Brower delivery trucks that back-haul food waste from our kitchens. The food waste collected is then converted by Olleco into gas and electricity, some of which is supplied to the neighboring Arla dairy. The dairy supplies all of McDonald's organic milk, which is delivered in Martin Brower's biodiesel-fueled trucks, and so the circle continues. Over 16,700 metric tons of CO₂ emissions were saved in 2019 from using biodiesel when compared to ultra-low-sulfur diesel. And that's not all – the plant that converts the waste to oil also runs on energy generated from kitchen food waste, such as coffee grounds and eggshells.

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

Recycling Coffee Waste to Make Cars

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



Using Coffee Cups to Make New Products

We are testing coffee cup recycling schemes to find the best ways to scale up recycling and create quality recycled material. In the U.K., for example, our paper cups are sent to specialist recycling centers, where the plastic is removed and the fiber is used to make new products.

Recycling Ocean Plastic Waste

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

Our Performance

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

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

Goal 1

By 2025, 100% of guest packaging will come from renewable, recycled or certified sources.

Progress

As of 2019, we are approximately 78% of the way towards our goal to source all guest packaging from renewable, recycled or certified sources by 2025.⁴

Globally, we are 92% of the way to achieving our interim target to source 100% of primary fiber-based guest packaging⁵ from recycled or certified sources where no deforestation occurs by 2020.

Goal 2

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



Progress

As of 2019, across 18 of our largest markets, we offer guests the opportunity to recycle guest packaging in over 20% of our restaurants. Globally, we estimate this number is 10%.

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, over 60% of our restaurants in eight of McDonald's largest European markets are already providing recycling for guest packaging.

Footnotes

¹Renewable material that is composed of biomass from a living source and that can be continually replenished. ISO 14021:2016 "renewable" and "Programme for the Endorsement of Forest Certification (PEFC recycled" material; for plastic, ASTM D6866 or ISO 16620-2. Renewable applies to plastics only, not fiber.

²Material 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 (ISO 14021:2016 "renewable" and "recycled" material). Recycled material applies to plastics and fiber. Fiber-based packaging made from 100% recycled content must be third-party verified, unless certified under a Chain of Custody forest management standard.

³Specifically, all guest packaging items (including hot cups, cold cups, carryout bags, folding cartons, clamshells, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, drink carriers) made from paper/board sold to McDonald's globally must be certified by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC). FSC is required when fiber is sourced from the following high deforestation-risk countries by 2020: Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia and Argentina.

⁴Inclusive of centrally managed guest packaging and Happy Meal book and toy packaging.

⁵Primary guest packaging refers to products that are used to package guest food on premises at McDonald's restaurants. This type of packaging includes containers, cups, wraps, bags for food, beverages, napkins, and cup carriers. The goal excludes food packaged off-site, wood and limited locally sourced items.



Sustainable Agriculture & Beef



Why It Matters

As the global population grows, we need to find ways to meet the demand for more food in increasingly sustainable ways. Given McDonald's size and scale, we have an important role to play in that effort. We believe that our food can be produced in a way that protects the environment and contributes positively to a thriving global food system and we've made it a global priority to champion sustainability efforts across our supply chain, particularly in the areas where we believe we can have the largest impact.

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

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



Our Strategy

We approach sustainable agriculture holistically and consider our impact on the planet, the livelihoods of the people who produce our food, the communities in which they live and the well-being of the animals we rely on. We also want to help create positive impact, especially with beef farmers, in areas such as improving biodiversity, maintaining native grasslands and capturing carbon, as well as rebuilding soils.

We have identified seven priority impact areas for us to address through our goals: Climate change; Farmer livelihoods; Protecting water resources; Conserving forests; Reducing food and packaging waste; Respecting human rights; and Promoting the health and welfare of animals.

For beef, one primary area of focus is supporting the development of national multi-stakeholder beef sustainability programs. These programs emphasize practices that align with the global definition of beef sustainability outlined by the Global Roundtable for Sustainable Beef (GRSB) Principles and Criteria, and we are rolling them out in 10 of our top beef sourcing countries globally: the U.S., Australia, Brazil, Germany, Ireland, France, New Zealand, Canada, the U.K. and Poland. Collectively, they represent approximately 85% of our global beef volumes.

We are committed to promoting sustainability programs across our top beef sourcing countries, taking sustainable farming practices to scale. To get there, we set 2020 goals, engaging key stakeholders across our supply chain and the industry to share best practices, develop sustainability programs and promote ethical farming standards. Working closely with farmers, ranchers and our suppliers, we support the development of industry resources to help measure, benchmark and demonstrate advancements in sustainability that add value to all of our businesses.

We are also committed to working with experts around the world to advance research to quantify the impacts and outcomes of sustainability practices to continuously improve and advance the science that will help solve the challenges we face. Using agricultural and scientific expertise, we'll assess and validate the impact and benefits of these new practices and solutions. We'll then identify and engage progressive farmers to trial the cutting-edge practices and help scale them up.

We will continue to work with farmers, ranchers, NGOs, scientists, industry groups and suppliers to collectively mitigate the impacts of beef production. Furthermore, we will build on the positive environmental and social outcomes that beef production provides.



Collaborating With Stakeholders

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

In 2014, the GRSB members, including McDonald's collectively finalized the beef sustainability Principles and Criteria. They are now building on these to develop global goals that will guide the beef industry over the next decade to deliver measurable positive outcomes in terms of sustainability. The GRSB Principles and Criteria are intentionally high level to allow for national and regional groups to interpret them in a locally relevant way, given the significant variation in production systems, legal frameworks, socio-political factors and climates that exist across the globe.

The GRSB Principles and Criteria are focused on five core themes:

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

To support the delivery of the GRSB Principles and Criteria at a national level, McDonald's has helped set up various multi-stakeholder platforms in Canada, the U.S., New Zealand and Europe. We also participate in the consultation committee of the Australian Beef Sustainability Framework, while our Franchisee Arcos Dorados participates in the Brazilian Roundtable at a leadership level. We have worked with these multi-stakeholder platforms to support the interpretation of the GRSB Principles and Criteria at national and regional levels. We have supported our suppliers and other partners to establish, pilot and support programs to implement this national/regional interpretation with farmers and ranchers on the ground.

We sit on both the GRSB Board and Executive Committee, and are active across all GRSB Working Groups who are collaborating to advance the [GRSB 2030 Strategic Plan \(PDF – 798 KB\)](#) and set global goals for the GRSB network.

“McDonald's leadership in supporting the establishment of the GRSB in 2011 helped drive the definition of sustainability, development of principles and criteria, and the establishment of nearly 10 national and regional roundtables who share the same mission, vision and objectives as the GRSB. As a major player in the global beef network, their continued expertise and leadership through our Executive Committee and Working



Groups is invaluable as the GRSB sets its new goals for the future and as the industry makes measurable progress towards them.”

Tim Hardman, Director, Beef, World Wildlife Fund

Reducing Emissions

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

Based on our experience to date, we’ve identified four key drivers that will allow us to greatly reduce emissions intensity in our beef supply: Elevating farm management, Rebuilding soils, Conserving forests and Post-farm efficiency. Read more about how we are developing initiatives to reduce emissions related to these four key drivers.

Policies and Standards

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

McDonald’s suppliers representing the majority of our food and packaging spend are asked to report to CDP on Climate Change and Forests efforts, including 100% of our globally managed beef, chicken, dairy and cheese suppliers. We regularly update this guidance and assess emerging risks across the supply chain.

We also have a specific antibiotics policy for beef that fits into our broader commitment to beef sustainability. Through this time-bound, actionable framework, and in collaboration with our suppliers, producers and farmer partners, we are committed to the responsible use of antibiotics in our beef supply chain in line with guidelines set out by the World Health Organization. Similar to many of our beef goals, this policy focuses on the top 10 beef sourcing countries. As a first step,



McDonald's committed to working with producers in the Company's top 10 beef sourcing countries to measure and understand antibiotic usage across a diverse and global supply chain. Using what we have learned, we are working to establish market-specific reduction targets by the end of 2020. By 2022, we will be reporting progress toward our antibiotic reduction targets across all top 10 sourcing countries.

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

Supporting the Sustainable Development Goals

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



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



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



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



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



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



Our Actions

Recognizing Flagship Farmers

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

New Tools to Tackle Deforestation in the Beef Supply Chain

As part of our global Commitment on Forests, we are working in regions with deforestation risks to verify that we source beef from farms that do not contribute to deforestation. We're working with AgroTools, a Brazilian ag-tech company and certified B-Corp, and Proforest, a not-for-profit organization focused on responsible production and sourcing, to track the origin of all Brazilian beef used by McDonald's restaurants. We first worked to determine risk level based on sourcing location, followed by further analysis at the farm level. Using a combination of cutting-edge technology, such as satellite imagery of the farm area and data analysis, along with utilizing industry-standard definitions from the Accountability Framework Initiative, we assess whether deforestation has happened at the farm level. This enables our suppliers to implement continuous improvement plans with farms in order to support deforestation-free supply chains. We've since expanded this project to include beef supplied from other high-priority regions and shared it through platforms, such as the Tropical Forest Alliance, to encourage wider adoption.

Latest Insights From Regenerative Farming Pilots

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

- **Improving grazing techniques in the U.S.:** We launched a partnership with [The Foundation for Food and Agriculture Research](#). We also committed to match up to \$4.5 million in a research project with The ASU Foundation for A New American University. The research is analyzing the impact of Adaptive Multi-Paddock grazing practices, which mimic the natural grazing patterns of wild ruminants, against continuously grazed ranches across 10 ranches in southeastern US. This is helping us to identify what benefits the technique can have on the environment and farming communities, such as the potential to improve soil health, sequester more carbon, increase



grassland biodiversity, and promote farmer livelihoods and animal welfare.

- **Regenerative grazing in the U.K.:** In Oxford, we're working with [FAI Farms](#) on moving toward a regenerative grazing system. Focusing on activity in the soil below the ground, cattle are a vital part of the ecosystem on the farm, contributing to soil biology with the trampling of grass and addition of dung to feed microbes to create more and better soil. Healthy soil draws carbon out of the atmosphere, supports farm resilience in a changing climate and produces low-input beef. Qualitative and quantitative measures are being used to monitor progress, and learnings will be used to support and encourage others with the adoption of regenerative agriculture techniques.
- **Investing in soil and biodiversity in Nebraska, U.S.:** In collaboration with Cargill, The Nature Conservancy and Target, we're supporting regenerative agriculture practices that help mitigate climate change and improve the resiliency of land, while also achieving other important environmental benefits for habitats and local water quality. This five-year project will impact 100,000 acres of land dedicated to corn production, through a joint \$8.5 million investment, and has the potential to sequester 150,000 metric tons of carbon – equivalent to removing over 32,000 cars from the road in one year.
- **Supporting the ranching community in the Northern Great Plains, U.S.:** McDonald's is proud to be partnering with Cargill, the Walmart Foundation and World Wildlife Fund in a five-year project to support ranchers implementing regenerative grazing practices across 1 million acres in the Northern Great Plains. The Ranch Systems and Viability Planning network will provide ranchers technical expertise, training and tools, including peer-to-peer learning, to implement regenerative cattle grazing practices. By improving these practices, we can enhance soil health and its ability to absorb further carbon from the atmosphere, ultimately reducing emissions, improving biodiversity and mitigating climate change. And that's not all – these practices can also help ranches be more resilient and economically viable for the long term. This covers approximately 15% of McDonald's U.S. cow-calf supply. By providing training and building rancher networks to support ongoing implementation and improvements, the project will reach over 1 million acres. McDonald's will be investing a total of \$1.6million over a five-year period (2020–2025) to the project, demonstrating commitment to climate action and support for the ranching community.

Developing Programs to Measure and Scale Sustainability

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

- **Improving industry standards in Poland:** McDonald's Poland and beef producer OSI Food Solutions have been working closely for over 15 years to assure that beef produced on Polish farms is safe, traceable and farmed to good standards of animal welfare. By working with the Polish Beef Sustainability Platform and the European



Roundtable for Beef Sustainability (ERBS), this scheme has been strengthened further to help the Polish beef industry address the ERBS targets through a new sustainability platform called Cultivate.

- **Incentivizing sustainability in Germany:** At McDonald's Germany, we've helped to develop the BEST Beef program. Since 2010, this has engaged the entire supply chain, including 3,600 farms to take important steps toward more sustainable beef production. In 2018, the program was revised to focus on improving animal health while keeping the administration of medication to a minimum, expanding the life span of cows, reducing CO₂ emissions and ensuring animal-friendly husbandry practices – for example, by promoting modern loose housing and pasture grazing.
- **An industry first for Canada:** In July 2018, McDonald's Canada became the first company in the country to serve Canadian beef from certified sustainable farms and ranches, beginning with its Angus lineup. In September 2020, McDonald's Canada continued its beef sustainability journey with the addition of Quarter Pounder® patties. At least 30% of the beef used in McDonald's Quarter Pounder burgers is from certified sustainable sources, according to the Canadian Roundtable for Sustainable Beef (CRSB) standards.¹ The CRSB consists of a diverse group of stakeholders, including NGOs like the World Wildlife Fund U.S. and Nature Conservancy of Canada. This achievement was made possible through the completion of McDonald's Canada's beef sustainability pilot project, and paved the way for the development of robust sustainability standards by the CRSB, which aligned with the Principles and Criteria for beef sustainability established by the GRSB in 2016. The third-party-audited assurance system is a locally relevant, outcomes-based initiative that recognizes sustainable practices in all parts of the supply chain, including ranchers, feedlot operators and packers. As a result, McDonald's Canada has been able to purchase a portion of its beef from a fully verified sustainable supply chain.
- **Reducing GHG emissions in France:** We helped to establish project CAP'2ER, an environmental footprint calculator that evaluates the environmental impacts within beef farming, helping to identify where farmers can work to reduce their GHG emissions. To date, more than 20,000 assessments have been carried out and we have verified that 129,000 hectares of land is being managed to support biodiversity by French beef farmers who we source from.
- **Beef sustainability in Ireland:** Irish food board Bord Bia developed its Origin Green program, with the common goal of sustainable food production on a national scale. As a fellow board member of the ERBS, McDonald's works in partnership with Bord Bia, including sourcing all our Irish beef from members of the Origin Green program. The Bord Bia Sustainable Beef and Lamb Assurance Scheme is a key part of the Origin Green Program, covering 34,000 farms and recognized by the ERBS.

Linking the Beef Value Chain in the U.S.

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



sustainability efforts, explore third-party verification of sustainability claims, and evaluate a track-and-trace program across the chain.

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

“With beef hamburgers being the iconic part of the McDonald's menu, we're committed to supporting beef producers and supporting producer-level solutions. That's why partnering with the Integrity Beef Alliance and the U.S. Roundtable is so important as we work toward our 2020 aspirational goals of accelerating industry progress and sharing knowledge and tools.”

Townsend Bailey, McDonald's Sustainability Director, North America

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

Our Performance

We have set beef sustainability goals that we aim to achieve by the end of 2020 and these goals apply to our top beef sourcing countries (the U.S., Australia, Germany, Brazil, Ireland, Canada, France, New Zealand, U.K. and Poland, which collectively represent more than 85% of our global beef volumes).

Goal 1: Accelerate Industry Progress

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

Progress

We are sourcing beef from sustainability programs aligned with the GRSB principles and criteria and that meet McDonald's requirements in three out of 10 of the beef sourcing countries in scope of the goal. Read about these initiatives in Brazil, Canada and the U.S. in the Our Actions section above.



Goal 2: Share Knowledge and Tools

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

Progress

As of the July 2020, six of our top 10 beef sourcing countries are supporting or sponsoring beef producer sustainability groups, tools or programs that support the wider adoption of best practices or measure sustainability performance. Read about these initiatives in France, U.K., Ireland, the U.S., Canada and Germany in the Our Actions section above.

Goal 3: Promote Flagship Farmers

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

Progress

As of July 2020, all of our top 10 beef sourcing countries have recognized one or more beef producers as Flagship Farmers to work with peers and share their industry-leading practices.

Read more about these leading farmers at the [Flagship Farmers](#) website.

Goal 4: Pioneer New Practices

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

Progress

As of July 2020, five out of 10 of our top beef sourcing countries have established a pioneering research project to discover or validate new sustainability practices for beef farming related to our Priority Impact Areas.

These projects are in U.K., Ireland, Germany, the U.S. and Canada. Read about some of these initiatives in the Our Actions section above.

Goal 5: Conserve Forests

By the end of 2020, all of McDonald's global beef sourced for McDonald's restaurants will support deforestation-free supply chains.¹

Progress



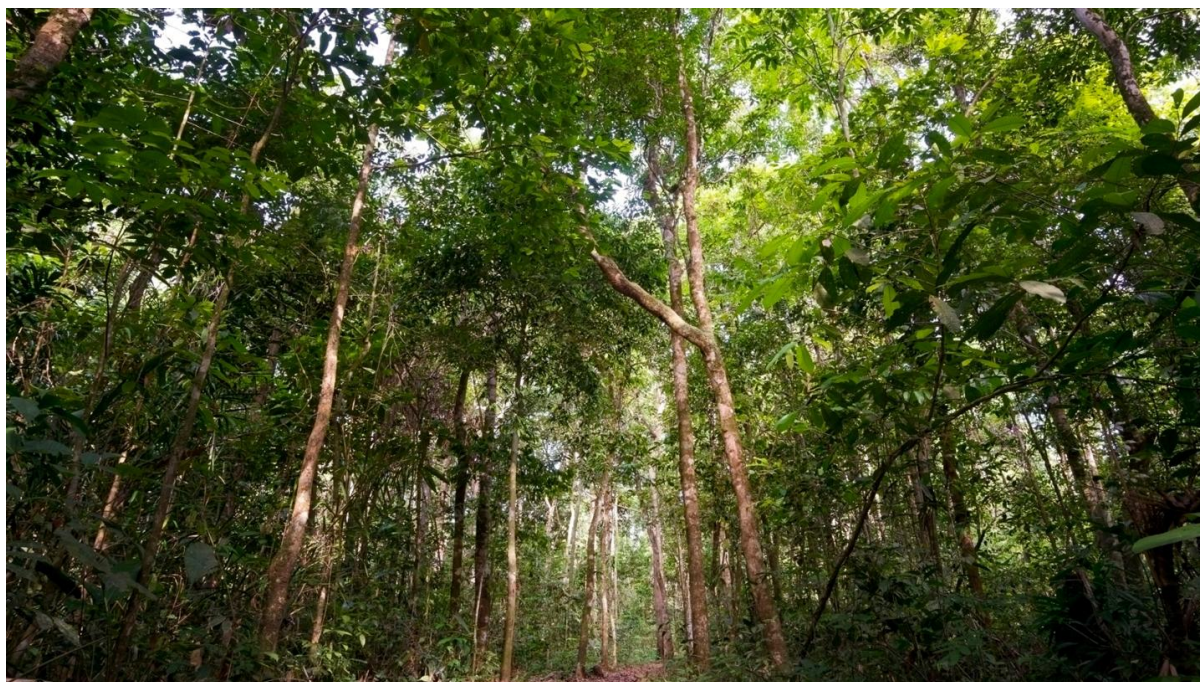
As of the end of 2019, 92% of McDonald's global beef supply is verified as compliant with our Commitment on Forests.

Footnotes

¹ **Scope:** Supplier scope includes all McDonald's suppliers of beef to the McDonald's System and their raw material suppliers. McDonald's requires all beef raw material sourced from high priority regions to be verified to meet the criteria outlined in McDonald's Deforestation-Free Beef Procurement Policy. This applies to cattle procured from last farm or feedlot prior to slaughter which is traced back to Brazil, Paraguay, Argentina and Australia (countries currently designated as high-deforestation priority regions). **Exclusions:** Beef used as secondary ingredient in McDonald's products, for example, as flavoring in a sauce.



Conserving Forests



Why It Matters

Forests play a vital role in creating oxygen and absorbing greenhouse gas (GHG) emissions. People, plants and animals also rely on forests for food, fresh water, shelter and other essential resources. Yet forests and other areas of high conservation value remain under threat. According to the UN's Food and Agriculture Organization, 18 million acres of forest – an area equivalent to Ireland – are being destroyed each year.

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

Our Strategy

McDonald's has been on a journey to support sustainable food production and conserve forests for more than three decades.

In 2015, we accelerated our efforts and announced our commitment to eliminate deforestation from our global supply chains by 2030.



We are prioritizing the sourcing of raw materials we buy in the greatest volume and where we can have the biggest impact – beef, chicken (including soy in feed), palm oil, coffee and the fiber used in guest packaging.

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

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

McDonald's was recognized as a "Leader" and top performing Quick Service Restaurant company in the 2019 Global Canopy Forest 500 report.

While we're proud of the progress we've made, we recognize we have more work to do. We know that the underlying causes driving deforestation are complex and larger than any one company can address alone, which is why our ambition extends beyond our own supply chain.

We are committed to driving industry transformation and supporting deforestation-free supply chains at scale. For us, supporting deforestation-free supply chains is about more than preventing forest clearances, it means using our size and position to protect biodiversity, reduce our carbon footprint and respect human rights. By working in partnership with suppliers throughout our supply chain, we want to achieve the following:

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



Measuring and Reporting Progress

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

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

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

- **“Eliminate Deforestation”** refers to McDonald's global pledge to tackle deforestation, and all of the social and environmental criteria in our Commitment on Forests in our agricultural and forestry supply chains. In alignment with the definitions of AFi, we use the term “supporting deforestation-free supply chains” below to more accurately reflect the actions we are taking to implement, measure and report progress toward our Commitment on Forests.
- **“Deforestation”** refers to the loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a plantation forest; or iii) severe and sustained degradation as aligned with the definitions of AFi.
- **“High-deforestation priority regions”** are defined as countries, biomes, municipalities, postcodes or farms/plantations that are under threat of deforestation as determined through regular assessments with WWF. McDonald's partnered with WWF and its Global Forest and Trade Network to assess its potential impact on deforestation in its priority supply chains. This assessment paired McDonald's supply chain data with that of the 11 world regions accounting for the majority of deforestation so that McDonald's could take action to drive the greatest positive impact.
- **“Low-deforestation priority regions”** refers to countries, biomes, municipalities, postcodes or farms/plantations that are classified as no or low risk of deforestation as determined through regular assessments with WWF that rely on the latest supply chain data and trends. McDonald's works with WWF to assess this risk annually.
- **“Supporting deforestation-free supply chains”** refers to commodities in our supply chains that are either sourced sustainably from high-deforestation priority regions and comply with the certification or verification schemes as set out below; or are traced back to low-deforestation priority regions as above.

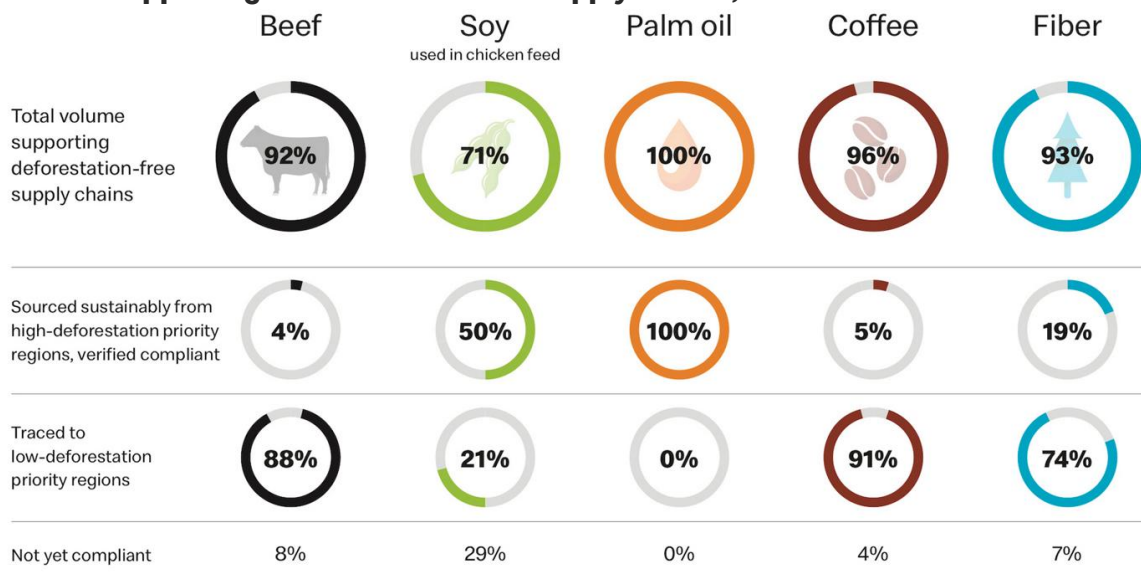
Additionally, we know that each commodity is different and requires a tailored approach. For each one, in order to be classed as supporting deforestation-free supply chains, we require the following:



- **Beef** – Beef volumes that are traced back to low-deforestation priority regions or are externally verified by Agrottools, a Brazilian ag-tech company and certified B Corp that provides advanced monitoring technology, to meet the McDonald’s Deforestation-Free Beef Procurement Policy.
- **Chicken** (including soy in feed) – Soy volumes that are either traced back to low-deforestation priority regions or comply with the certification requirements of either [ProTerra](#) or [Round Table on Responsible Soy](#) (RTRS) certification standards; or via RTRS Credits purchased in lieu of physical supply of soy products. 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 supports the production of Roundtable on Sustainable Palm Oil (RSPO) sustainable oil palm products. All countries are considered high-deforestation priority regions for palm oil and therefore all volumes are required to be covered by RSPO certification or credits. McDonald’s encourages physical segregation in its supply chain where possible (Identity Preserved, Segregated or Mass Balance). For more information, visit the [Roundtable on Sustainable Palm Oil](#).
- **Coffee** – Coffee that is traced back to low-deforestation priority regions or sourced as Rainforest Alliance Certified™ or UTZ certified. Further to the Rainforest Alliance’s activation of a [program of mutual recognition between the Rainforest Alliance and UTZ](#) coffee certification programs, McDonald’s will consider both Rainforest Alliance certified coffee and UTZ certified coffee as equally meeting the sourcing requirements from high-deforestation priority regions, in accordance with the program rules and guidelines.
- **Fiber** – Wood fiber supply chains that are traced back to low-deforestation priority regions or to [Forest Stewardship Council®](#) (FSC®) Certified or FSC Controlled Wood sources mills with full chain of custody certification.

Our Commitment on Forests Priority Commodities

Volumes Supporting Deforestation-Free Supply Chains,* 2019



* **“Supporting deforestation-free supply chains”** refers to commodities in our supply chains that are either traced back to low-deforestation priority regions, or sourced sustainably from high-deforestation priority regions and comply with the certification or verification schemes as defined on the McDonald’s [Conserving Forests web page](#).



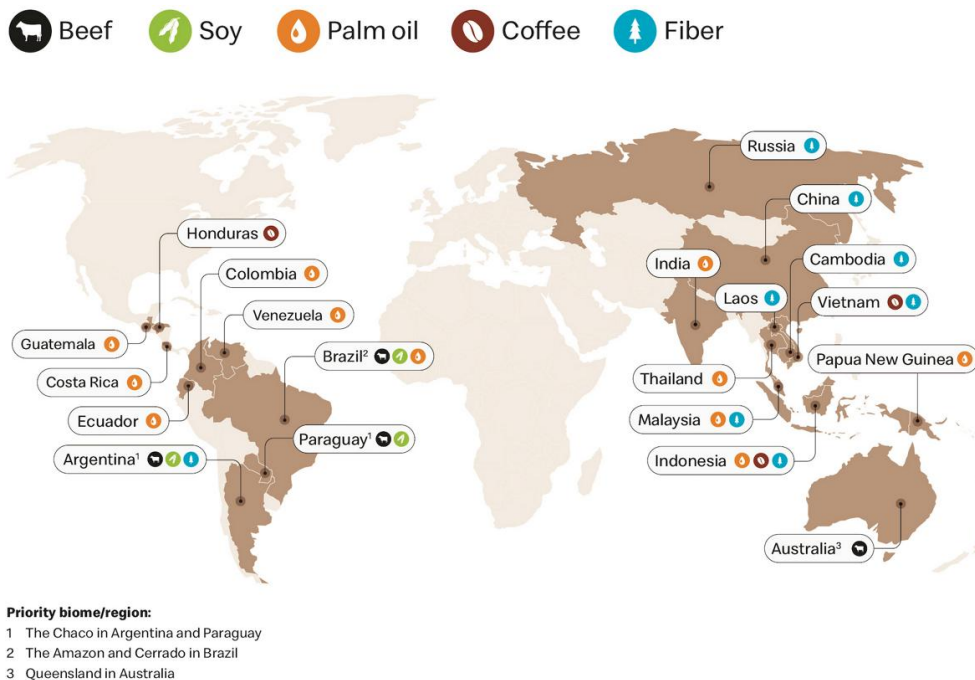
Download [Volumes Supporting Deforestation-Free Supply Chains Graphic \(PDF – 50 KB\)](#)

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

Prioritizing Action and Engaging Our Supply Chain

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

Our Commitment on Forests Priority Regions



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

To verify compliance and drive continuous improvement, we require internal and external audits for our direct suppliers. As referenced above, we also depend on reputable commodity-specific certifications for assurance of our soy, palm oil, coffee



and fiber. Where suitable certifications do not exist for our priority products, as in our beef supply chain, we invest in second-party verification systems.

As a minimum standard, we require our direct suppliers to comply with our Commitment on Forests. These expectations are verified externally via accredited organizations or embedded in third-party certification standards and auditing systems. Where noncompliance is identified, we engage with our direct suppliers to ensure they implement tailored corrective action plans to bring them back into compliance. We also require our direct suppliers to do the same with their own suppliers.

Where we have identified a high-priority region or farm, we require our suppliers to put plans in place to mitigate risks and ensure compliance with our Commitment on Forests, and report on their progress and compliance annually.

“As a global supplier to McDonald’s, Tyson Foods began addressing deforestation risk in our supply chain to support McDonald’s Commitment on Forests and to comply with requirements contained within the Global Sustainable Sourcing Guide (GSSG). McDonald’s diligent engagement to make a difference across its supply chain inspired a call to action. Our collective work to develop a method for estimating the embedded soy footprint of animal-based products and our field work to identify regions at risk for beef-related deforestation in Australia resulted in a meaningful collaboration to better our understanding of the landscape of forest issues.”

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

Many of our suppliers are signatories to the New York Declaration on Forests (NYDF) and we rely on our trusted and collaborative supplier relationships to deliver on our 2020 and 2030 forest commitments. We know that the policies and expectations that McDonald’s sets, and the commitments and programs that our suppliers create, are watched closely, and we are encouraged by this because we know that no company can tackle deforestation on its own.

“We applaud McDonald’s legacy as a leader in sustainable supply chains. It’s a privilege to work together to bring new solutions to life that advance our shared vision of a responsible, sustainable food system. Cargill works with farmers on the ground to implement sustainable agricultural practices and to protect forests and native vegetation. To advance McDonald’s commitments, we’ve worked together to map key forest commodity supply chains and develop a soy footprint calculator. McDonald’s and Cargill both are committed to eliminating deforestation and, together, we will combine our scale to protect the planet and enhance communities.”

Jill Kolling, Global Sustainability Leader, Cargill

Developing Transformative and Locally Tailored Approaches



We recognize that each commodity supply chain is different and production practices vary depending on the local context. That's why it's critical we work with suppliers and expert partners to develop tailored solutions, strategies and definitions that are practical and effective and can be replicated and adopted by other companies.

McDonald's is engaged in forums driving transformational change beyond our supply chain and works collaboratively with suppliers, governments, NGOs and expert partners to create solutions, bring attention to forests and help drive action toward our goals. For example, we aim to drive transformative practices by testing cutting-edge technology, such as satellite mapping, and utilizing industry-standard definitions from the AFi to define our work.

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

We have incorporated the Framework's guidance into raw material specifications for beef, while providing feedback on the practical application of this important set of guidance. Additionally, in alignment with the Framework's reporting expectations, McDonald's believes it critical that companies adopt a more transparent and consistent approach to tracking progress, clarifying what progress has been made at various stages of the implementation journey, as well as identifying the challenges that remain.

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

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

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



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

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

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

We are pleased that, as of 2020, CDP Forests is fully aligned with the Accountability Framework. As a result of this alignment, CDP disclosure now enables companies to report on their level of alignment with the Framework’s Core Principles. Supporting this integration will strengthen our reporting and transparency moving forward.

Taking the Lead on Supporting Deforestation-Free Beef

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

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

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

This process enabled us to better monitor our beef supply chain and help our suppliers take targeted action. During this process, we also aligned closely with NGOs like WWF and tested emerging frameworks from groups like the Accountability Framework initiative. We have since expanded this project to include beef supplied from other priority regions: Argentina, Australia and Paraguay.

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

In addition, we are active on the GRSB’s Joint Working Group on Land Use Change, made up of suppliers, producers, finance institutions and partners from civil society.



This group is developing outcome-based goals with the aim of setting industry-aligned land use change targets.

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

Our Approach to Our Beef Supply Chain



1. Policy Development and Adaption

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



2. Risk Analysis at the Territory Level

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



3. Slaughterhouse Engagement

We engage with slaughterhouses, prioritizing those with the greatest levels of supply to the McDonald's System and the level of risk, based on their location. Facilities must identify each farm that supplies them, and we identify priority farms using the Agrottools location score.



4. Farm Assessments

A farm's location may make it a priority, but that does not mean deforestation is happening. Agrotools runs a farm level assessment, using satellite imagery of the farm area along with data analysis, to determine whether the farms comply with our deforestation-free beef policy. Suppliers are expected to mitigate risk and implement corrective action plans with any farms in their supply chain that are not in compliance.

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

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

Confronting Challenges and the Journey Ahead

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

A Lack of Consistent Definitions Across the Industry

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

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

Forests as a Climate Solution

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



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

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

Traceability

We know that our complete supply chain emissions disclosure, including deforestation emissions, relies upon increased traceability. We have achieved significant milestones, especially in our beef supply chain, by mapping soy sourced for animal feed with real data from our Soy Calculator, which you can learn more about below. Key opportunities for improving traceability include engaging with indirect suppliers, auctions and feedlots for beef and continuing to expand soy traceability. We plan to expand this work to other commodities beyond 2020.

Biodiversity Loss and Zoonotic Disease Risk

The COVID-19 pandemic has given much greater exposure to the risks posed to global public health by zoonotic diseases – diseases that pass from animals to humans. There is evidence to suggest that causes of biodiversity loss and climate change such as land use change and deforestation are potentially increasing the risk of similar pandemics occurring in the future. This gives us an added reason to continue our work to protect biodiversity, to help protect our health in the future.

Seeing Deforestation as a Human Rights Issue

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

In 2020, we worked with Proforest to develop a gap analysis of our approach to address human rights in our priority supply chains. 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 our priority commodities.



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

Supporting the Sustainable Development Goals

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



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



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



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

Our Actions

Showcasing Farmers That Support Jaguar Habitats

One of the ways McDonald's has expanded its work beyond our initial forest commitment is to engage in efforts to halt conversion in non-forest ecosystems that host critical biodiversity, including grasslands and savannahs. In Brazil, we are doing this in partnership with one of our [flagship farmers](#), Caio Penido.

Caio is a McDonald's supplier and a leading agricultural voice in the effort to protect Brazil's threatened ecosystems. His farm – Agua Viva – spans both the Amazon and Cerrado biomes, so he is maintaining a legal reserve and has begun reforestation efforts in other key areas of his land. Through these efforts, Caio has seen the return of crucial flora and fauna, including the jaguar. The presence of an apex predator such as the jaguar indicates a robust and thriving ecosystem. Agua Viva has been recognized with the Certificado Onça-Pintada, or Jaguar Friendly Ranch Certification, by the [Instituto Onça-Pintada](#) for accomplishments related to protecting this threatened species.



By exemplifying actions and conduct that allow for the coexistence of cattle production and the jaguar, Caio and other landowners are taking a leadership role in decisions that will help determine the jaguar's existence for future generations.

Developing the Soy Calculator: a Critical Tool to Tackle Deforestation

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

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

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

The Soy Calculator is a practical and valuable tool that not only helps us implement our Commitment on Forests, but is also an accessible resource for other companies on a similar journey to support deforestation-free supply chains. We first shared this tool at an open forum in São Paulo, and have now made it available to all.

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

Supporting Jurisdictional Approaches

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

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

One of the leading jurisdictional approaches is the Produce, Conserve, Include (PCI) strategy in Mato Grosso, Brazil (also home to Caio Penido, one of our flagship farmers). Download our [case study on Caio Penido \(PDF – 9.9 MB\)](#).



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

With a target to restore 10,000 hectares (24,711 acres) of degraded land to improved pastures, the PECSA program focuses on the recovery of degraded pastures and improvements in animal management, protecting the area's biodiverse ecosystems.

McDonald's is proud to support the PCI strategy by working with suppliers who source from Caio Penido and other farmers committed to supporting deforestation-free supply chains. As well as mapping beef already sourced from the Mato Grosso region, we are exploring further ways to support the work being done there.

Our Performance

Goal

By the end of 2020, eliminate deforestation in supply chains for our beef, chicken (including soy in feed), palm oil, coffee and the fiber used in guest packaging.

Progress

As of the end of 2019, 86% of our beef, soy sourced for chicken feed, palm oil, coffee and fiber used in guest packaging volumes support deforestation-free supply chains.¹

Beef

92% of McDonald's global beef supply² is verified as supporting deforestation-free supply chains.

Chicken

71% of soy sourced for feed of chicken used in McDonald's products support deforestation-free supply chains;³ and 86% of soy sourced for feed of chicken used for McDonald's products and supplied to McDonald's restaurants in Europe was covered by a combination of ProTerra or Roundtable on Responsible Soy (RTRS) certifications.

McDonald's completed a forest risk assessment of the facilities and farms that produce chicken in our supply chain. The results indicated that the footprint and impact on forests of these facilities was immaterial compared to soy production for animal feed. As a result, soy was prioritized for action. Facilities and farms will be revisited in our annual supply chain assessment.



Palm Oil

100% of the palm oil used in McDonald's restaurants and as ingredients in McDonald's products support the production of sustainable palm oil and deforestation-free supply chains.⁴

We are committed to increasing traceability for the palm oil used in the McDonald's System in the greatest volumes, which means we are increasing our physical Roundtable on Sustainable Palm Oil (RSPO) volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils increased from 58% in 2018 to 71% in 2019.

By RSPO supply chain model:

- **71% Physical RSPO certified**
 - 69% Mass Balance
 - 2% Segregated
 - 0.1% Identify Preserved
- **29% Book and Claim Credits**

Coffee

96% of coffee sourced for McDonald's restaurants supports deforestation-free supply chains.⁵

Fiber

93% of primary fiber-based guest packaging⁶ sourced for McDonald's restaurants supports deforestation-free supply chains.⁷

Footnotes

¹ Calculated as the aggregated volumes of beef, soy sourced for chicken feed, palm oil, coffee and fiber used in guest packaging that are supporting deforestation-free supply chains, as a percentage of the aggregated total volumes sourced of these commodities.

² **Scope:** Supplier scope includes all McDonald's suppliers of beef to the McDonald's System and their raw material suppliers. McDonald's requires all beef raw material sourced from high priority regions to be verified to meet the criteria outlined in McDonald's Deforestation-Free Beef Procurement Policy. This applies to cattle procured from last farm or feedlot prior to slaughter which is traced back to Brazil, Paraguay, Argentina and Australia (countries currently designated as high-deforestation priority regions). **Exclusions:** Beef used as secondary ingredient in McDonald's products, for example, as flavoring in a sauce.



³ **Scope:** Product scope includes all soy sourced for feed of chicken used in McDonald's products. Supplier scope includes all chicken suppliers to the McDonald's system. Market scope includes all McDonald's restaurants owned and operated by the Company and its Franchisees. Market scope for performance measure #2 – European: Kazakhstan, Azerbaijan, Georgia, Ukraine, Moldova, Bulgaria, Greece, Romania, Malta, Serbia, Bosnia, Herzegovina, Hungary, Croatia, Slovakia, Slovenia, Portugal, Spain, Italy, France, Switzerland, Austria, Ireland, Luxembourg, Belgium, U.K., Netherlands, Germany, Czech Republic, Denmark, Norway, Sweden, Poland, Finland, Estonia, Latvia, Lithuania, Belarus, Russia. Soy producing countries identified as high-deforestation priority regions for soy are currently designated as Argentina (Chaco biome), Brazil (Amazon and Cerrado biomes), and Paraguay (Chaco biome). **Exclusions:** Soy used as an ingredient in McDonald's chicken products sold in restaurants, for example, soy oil.

⁴ **Scope:** Product scope includes 1) all palm oil sourced for McDonald's restaurants for use as restaurant cooking oil and 2) 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. Supplier scope includes all globally or locally managed suppliers to the McDonald's System. Market scope includes all McDonald's restaurants owned and operated by the Company and its Franchisees. All countries are considered high-deforestation priority regions for palm oil. **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 in an ingredient, for example, an emulsifier.

⁵ **Scope:** Product scope includes all ground and whole bean coffee, including decaffeinated coffee, to be used in espresso-based drinks and coffee brewed at McDonald's restaurants and all McDonald's branded retail products (sold either in McDonald's restaurants or elsewhere). Supplier scope 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. Coffee sourcing countries identified as high-deforestation priority regions for coffee are currently designated as Honduras, Indonesia, and Vietnam. **Exclusions:** Coffee extracts and ingredients used in products such as frappés and coffee in baked goods; coffee in cold brew drinks if they are brewed off-site; coffee extract in ready-to-drink retail products; and other locally sourced products containing coffee.

⁶ "Fiber-based packaging" refers to paper and board packaging made of virgin or recycled pulpwood fiber. "Primary fiber-based packaging" refers to products that are used to package guest food on premises at McDonald's restaurants. This type of packaging includes containers, cups, wraps, bags for food, beverages, napkins, Happy Meal cartons and cup carriers comprising more than 98% by weight of the primary fiber-based packaging portfolio.

⁷ **Scope:** Product scope includes all primary fiber-based guest packaging. Supplier scope includes all suppliers of primary fiber-based guest packaging to the McDonald's System. Market scope includes all markets purchasing primary fiber-based guest packaging. Fiber sourcing countries identified as high-deforestation priority regions



for fiber are currently designated as Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia, and Vietnam. **Exclusions:** Primary fiber-based packaging in food packaged off-site; and wood stirrers and cutlery, tray liners, straws and limited locally sourced items.



Water Stewardship



Why It Matters

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

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

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

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



Our Strategy

Shaping Our Strategy

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

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

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

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

Putting Our Strategy Into Practice

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

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

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

Supporting the Sustainable Development Goals

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



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



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



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

Our Actions

Cutting Water Use by 20% by 2020 in the U.S.

In the U.S., we're keeping our hot water hot, while reducing the energy we need to heat it by 26%. Our environmental sustainability program, US 20x2020 By Design, aims to reduce energy and water use by 20% by 2020, measured against our 2005 building design, using innovative strategies in the design of new restaurants. As of 2018, in these new, increasingly efficient buildings, we have also achieved a 19% reduction in water use.

Efficiency by Default in French McDonald's Restaurants

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

Saving 45 Million Liters of Water Annually in Switzerland

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



Community Connection



We Are Connecting Communities in Times of Need

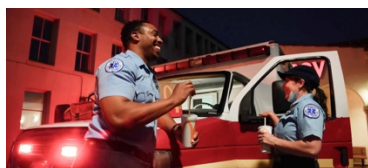
Being part of the community means supporting people every day, and especially when they need it most. It's why we donate millions of pounds of food from our supply chain every year and hot meals from our restaurants to our communities in times of need and crisis. We're also so proud to support the Ronald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

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

Ian Borden, President, International McDonald's Corporation

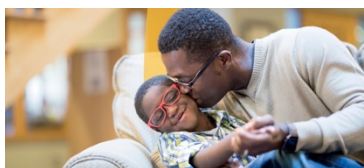


Our Impact Areas



Community Support & Crisis Response

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



Ronald McDonald House Charities®

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



Food Waste & Donation

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



Community Support & Crisis Response



Why It Matters

McDonald's is a part of so many communities around the world, and with that comes a responsibility to help support people, especially in times of need. We know that our business can only thrive if these communities thrive too – that's why being a good neighbor is one of our core values. Thinking globally and acting locally isn't just the right thing to do; it helps us better connect with our customers, employees and wider society.

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

With our size and scale – over 38,000 locations worldwide and around 2.2 million people globally – we're uniquely positioned to give something back to the communities we serve.

Our Strategy

The communities in which McDonald's operates are rich with potential, but every community experiences its own challenges. Because the majority of our restaurants are run by independent Franchisees, McDonald's has deep roots in communities and



knows how to best be there for them, whether that's providing a delicious meal, volunteering in the neighborhood or helping during a time of need.

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

Our community strategy focuses on three key areas:

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

“The Red Cross is proud to count McDonald's Corporation as a partner to continue to provide people with much needed support during the pandemic as we help communities impacted by disasters big and small, and countless other crises.”

Don Herring, chief development officer, American Red Cross

Supporting the Sustainable Development Goals

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



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



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



Our Actions

Responding to the COVID-19 Pandemic

While we were faced with new challenges and business disruption as a result of COVID-19, we leveraged the strengths of our global System to manage through the crisis.

Keeping Restaurants Running Safely During the Pandemic

As the COVID-19 pandemic unfolded, McDonald's implemented elevated practices informed by guidance from health ministries in the majority of the countries where we operate, as well as through recommendations from the Centers for Disease Control and Prevention and the World Health Organization.

We worked with Franchisees around the world to evaluate operational feasibility and to adapt and continue to serve customers where it was safe to do so. At the peak of the crisis, approximately 75% of our restaurants around the world were operational, the majority of which adapted to focus on Drive-Thru, delivery and takeout.

We put in place operational measures for closing and reopening restaurants, protecting customers, and supporting our crew and keeping them safe. We continue to utilize our long-standing relationships with external experts in the fields of epidemiology, medical, microbiology and chemistry in an ongoing effort to elevate the hygiene and safety standards and procedures for our restaurants to protect our crew and our customers.

Helping Communities Access the Support They Needed

The McDonald's global System stepped up to help support communities to meet basic needs. For example:

- **Global** – McDonald's donated \$3.1 million in food to support local communities during the COVID-19 pandemic. To date, donations equate to nearly 3 million pounds of food, including dairy, beef (including over 1.2 million pounds of 100% USDA-inspected beef), produce, fruit and bakery items.
- **U.S.** – McDonald's provided millions of Thank You Meals to healthcare workers, police officers, firefighters and paramedics who helped keep us safe during the pandemic. McDonald's has also made commitments to [support truck drivers](#) across the country, and donated \$1 million to the [Illinois COVID-19 Response Fund](#) to ensure nonprofits in our home state have the supplies they need during this time.
- **U.S.** – 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.
- **Latin America** – Through our Youth Opportunity program we partnered with the International Youth Foundation and McDonald's largest Franchisee in Latin America,



Arcos Dorados to make a digital life skills curriculum available to youth during the COVID-19 pandemic.

- **Morocco** – Crew members and local partners in Morocco donated and delivered free McDonald's meals to hospitals and associations in cities around the country when our restaurants were closed.
- **Malaysia** – Provided around 63,000 McDonald's meals to healthcare workers all over Malaysia as an appreciation for their courage and commitment during these challenging times.
- **Israel** – Turned a McDonald's Drive-Thru in Israel into a quick, convenient and safe testing site.

Ensuring Our Supply Chain Never Broke

As a supply chain, we are constantly planning for natural disasters and facility closures and making contingencies to divert supply from one area to another in times of crisis. While the industry struggled to maintain its supply during the early days of the global COVID-19 pandemic, McDonald's did not. Our supply chain team took quick and decisive action, leveraging its network of suppliers to keep providing food and important resources to many of the 38,000 restaurants in over 100 markets. We didn't have a single break in supply globally for food, packaging, logistics or toys.

In our communities, school closures and rising unemployment meant that food insecurity was becoming an even bigger concern and it became critical to balance supply and demand so that we could do our part to feed communities and donate bulk ingredients and meals to those most in need.

Supporting Franchisees

Many of our restaurants are owned and operated by independent small and medium businesspeople. When the pandemic hit, we knew it was critical to work with Franchisees around the world to support financial liquidity during this period of uncertainty. We granted the deferral of cash collection for certain rent and royalties earned from Franchisees in almost all markets, and we worked with suppliers and lenders to extend Franchisee payment terms when possible.

Providing Job Security for People in Germany

The COVID-19 pandemic forced us to cut staff time in many of our restaurants in certain markets because restaurant hours were limited as a response to the outbreak. Meanwhile, grocery stores were left understaffed. To give McDonald's restaurant workers in Germany the opportunity to keep working, we created a unique partnership with ALDI, where workers could fill in at the grocery stores. The top priority was job security, and planning for the future of our employees and Franchisees.

Volunteering to Support Our Communities



Our Global Volunteer Program launched in 2019. McDonald's individuals from our offices and Company-owned restaurants around the world dedicate their time to support important causes in their communities, including virtual volunteer opportunities. Through the program, individuals have been volunteering to help reduce barriers to employment or education for young people, support RMHC®, or address the unique needs of their communities. For example, in 2019, in celebration of United Nations' International Youth Day, McDonald's individuals from our offices and Company-owned restaurants volunteered their time at events across the U.S. to celebrate the role of young people as essential partners in change.

McDonald's Global Volunteer Awards

In June 2019, during U.S. National Volunteer Week, we launched new tools to make it easier for everyone in the McDonald's System to volunteer. To mark the occasion, we invited employees, Franchisees, suppliers and Company staff to nominate colleagues who make a meaningful difference; people who donate their time and talents to a charity they are passionate about. Of the 234 individuals put forward, 12 winners were selected, each receiving a donation to their charity of choice.

Supporting Local Community Programs Around the World

Encouraging Kids' Football

U.K.: We support over 5,000 local football clubs across the U.K., providing 250,000 kits, rewarding volunteers and holding community football days. In 2018, we also launched a new long-term commitment to improve the standard of grassroots football in the U.K. with the renewal of our partnership with four Football Associations (FAs) for a further four years.

Having worked closely with all four U.K. FAs over the past 16 years, McDonald's is the longest-standing supporter of grassroots football in the country. Building on the huge growth of grassroots football over the past decade and a half, the next four years will see the introduction of a new, participation-based program aiming to provide 5 million hours of football training for children across the U.K. by 2022.

Czech Republic: Established in 1992 by McDonald's Czech Republic, the McDonald's Cup is the largest football tournament for school pupils aged 6–11 in the country. More than 50,000 children from over half of all primary schools participate in the McDonald's Cup every year.

Community Donations

We are proud to build and maintain strong relationships with local communities around the world. In the U.S., by coordinating focused financial, volunteer and in-kind support, we are able to support nonprofit organizations to deliver positive impacts in



their communities. Through this program, in 2019 we provided over \$1 million in grants and sponsorships, and since 2015 our contributions total over \$13 million.

In 2019, McDonald's USA donated nearly \$33,000 to the Red Cross, Hawaii Food Bank and Northern Illinois Food Bank. In 2020, in excess of \$3 million was made in food donations and more in face mask donations to communities around the U.S.

McDonald's also matches funds raised by our employees up to \$5,000 (\$10,000 for a Vice President or Board member). Since 2015, over \$3 million has been matched by the Company. We also offer a payroll-giving program so that employees can donate to charities of their choice in a tax-efficient way.

Our Contributions

Capital Investments

McDonald's, Franchisees and suppliers each create jobs in their respective communities and make investments that help build stronger communities around the world. In 2019, these investments, which include capital expenditures and taxes paid, amounted to approximately \$4 billion.

Year-Over-Year Contributions

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



Ronald McDonald House Charities®



Why It Matters

Ronald McDonald House Charities® (RMHC®) is a nonprofit, 501(c)(3) corporation that creates, finds and supports programs that directly improve the health and well-being of children and their families. Through a global network of over 260 Chapters in 65 countries and regions, RMHC® enables, facilitates and supports family-centered care through three core programs: the Ronald McDonald House®, the Ronald McDonald Family Room® and the Ronald McDonald Care Mobile®.

RMHC® programs help families with sick or injured children worldwide stay together and near leading hospitals and health care services, helping to ensure they have access to the medical care their child needs while being fully supported and actively involved.

In 2019, RMHC® provided over 2.6 million overnight stays, saving families over \$935 million in lodging and meal costs alone.

Our Strategy

From the moment the charity opened their first Ronald McDonald House®, McDonald's owner/operators, suppliers, employees and customers have helped RMHC® provide stability and vital resources to families around the world.



The generosity of time, as well as funds and in-kind services provided by the entire McDonald's community, have helped RMHC® positively impact millions of children and their families since 1974.

Some countries or regions donate a percentage of the sale of specific products or run other special promotions in restaurants. We make it easy for our customers to support RMHC®, too. In total in 2019, McDonald's, our Franchisees and customers donated over \$126 million to RMHC®, helping provide approximately 1.6 million overnight stays for RMHC® families around the world.¹

This collective support enables RMHC® to continue offering the programs needed to keep families near to the medical care and resources they need:

- **Ronald McDonald House® Programs** – More than just a place to sleep, each House is just steps from the hospital and provides meals, comfort and support to families with sick kids.
- **McDonald Family Room Programs** – Located within the hospital, this program offers families a place to recharge, rest and have a snack, all within a few paces from their child's bedside.
- **Ronald McDonald Care® Mobile Programs** – Provide medical, dental and health care resources to children and families in underserved communities around the world.

Working Together for RMHC®

[Corporate and Foundation Partners](#) play a key role in the work of RMHC®, helping the organization to deliver comfort and care to families. Their gift of time, funds and in-kind services as well as community relations have helped RMHC® expand their impact throughout the world.

In 2019, nearly 490,000 volunteers across the world donated their time, talent and resources to support the work of RMHC®.

Volunteers make the difference in the lives of the children and families served by RMHC® Chapters – by cooking, greeting, listening, cleaning or simply being there and supporting in any way they can. Volunteers are the heartbeat of RMHC®, helping to offset costs and allowing the charity to direct more donations to services supporting children and their families.

Many of McDonald's operators, employees and suppliers actively volunteer with RMHC® Chapters. Some even volunteer as board members, helping to shape the direction and approach in line with the critical needs of children and their families.

Supporting the Sustainable Development Goals

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



[Goal 3: Good Health and Well-Being \(Specifically target 3.8\)](#)



[Goal 17: Partnerships for the Goals \(Specifically target 17.7\)](#)

Our Actions

Responding to the COVID-19 Pandemic

During the pandemic, McDonald's continued to support RMHC® Chapters around the world, helping families with sick children stay close together during very difficult times. McDonald's global community of suppliers and Franchisees also rallied together to help RMHC® in all-new ways. These are just a few of the many efforts made:

- **Italy** – McDonald's Italy and RMHC® Italy each donated €500,000. The €1 million funding went toward the construction of a temporary hospital to treat COVID-19 patients in Milan.
- **Romania** – When families with sick children were not using Ronald McDonald House® during the pandemic, RMHC® Romania (with McDonald's support) opened their House doors and kitchens to frontline workers, offering a place to rest and eat, any time they needed.
- **The Philippines** – RMHC® Philippines and McDonald's Philippines launched "Kindness Kitchens" to feed frontline workers and the communities most impacted by the virus.
- **Ukraine** – McDonald's donated money to RMHC® Ukraine to purchase personal protective equipment (PPE) for 21 hospitals serving Ukrainian children affected by the coronavirus.
- **France** – McDonald's supplier Diversey used its expertise to help develop much-needed cleaning protocols for the Ronald McDonald House® and Ronald McDonald Family Room® programs in France. Global logistics provider Martin Brower donated 20,000 face masks to our facilities throughout France as well as many other parts of the world.

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

There are many ways for our customers to support RMHC® Chapters around the world. The biggest ongoing fundraisers are RMHC® Donation Boxes at restaurant counters and Drive-Thru windows, making it easy to give spare change. In 2019, approximately \$40 million was donated worldwide. Modernized giving channels – such as self-



ordering kiosks and within the McDonald's mobile app – are also available in some markets. In-restaurant events in many countries also inspire customers to participate and give back.

- In Canada, various in-restaurant programs are available for Canadians to support RMHC® Canada year-round. These include through coinbox donations and via 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. Every year, Canadians come together to support RMHC® in their community by participating in McHappy Day, an iconic Canadian tradition founded in 1977. In 2019, \$14.4 million was raised across Canada through direct and facilitated giving efforts.
- In France, over €1.5 million was raised in-restaurant through customer donations in 2019, and the restaurants mobilized to donate more than €4 million to RMHC® in France.
- \$8.8 million was raised from RMHC® Chapters across Australia in 2019 through direct and facilitated giving efforts.
- In the U.S., we made it even easier for our customers to donate, with the launch of “Round-Up for RMHC®.” Introduced in approximately 14,000 U.S. restaurants in 2019, this innovative technology provides customers the opportunity to round up their purchase to the nearest dollar at the digital self-order kiosks, front counter and at the Drive-Thru. In 2019, Round-Up for RMHC® raised nearly \$5 million USD in the U.S.

Footnotes

¹Donation and impact information on this page includes self-reported totals provided by independent RMHC® Local Chapters which is not independently audited by RMHC® Global or McDonald's Corporation.



Food Waste & Donations



Why It Matters

As the global population rises, the world has more people to feed than ever before. Despite this, food waste is a serious global issue. The United Nations estimates that every year, a third of all food produced is either discarded, by consumers or retailers, or spoiled due to poor handling.¹

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

This work became even more critical when COVID-19 struck in 2020. We found ourselves with a food surplus in many of our markets around the world because people were being asked to stay at home, or in some cases, our restaurants were required to close due to government restrictions. We also saw sudden unemployment and school closures, making food insecurity an even greater threat to our communities.

It's not just about avoiding waste – it's about directing an essential resource to the people who need it most. We take seriously our purpose to feed and foster community and, whether through serving hot meals in times of need or donating surplus food from our supply chain or ingredients from our restaurants to local food banks, we will continue to show up when our communities need us most.



Our Strategy

Our long-term objective is to ensure our quality and safe food is used to its fullest potential, starting with feeding people and their communities.

Doing the right thing takes commitment and partnership. We work with suppliers across the globe to reduce food loss and waste in our supply chain. We also engage with Franchisees to reduce food going to waste in restaurants.

McDonald's has a Global Food Disposition Policy to ensure that food is not wasted if it is not needed in our restaurants. The policy was put in place to support our suppliers and distributors globally to dispose of food in alignment with McDonald's food waste hierarchy (see below), including food donations. In 2020, we expanded salvage methods (including retail sales) and updated our policy so ingredients like meat, lettuce, milk and cheese could be donated directly to food banks – reaching communities faster and with far larger quantities than ever before.

Our suppliers, Franchisees and crew are essential to our approach in ensuring our food supports communities in need. For example, in the U.S., we actively engage our Franchisees and suppliers in our food waste and donations strategy by providing suppliers with assistance in finding local donation partners and working closely with some of our Franchisees to avoid waste as outlined in our Global Food Disposition Policy. As a result, meal donation programs like the [Thank You Meal](#), food donation efforts of our supply chain, or efforts like those of one of our Franchisees in Iowa, who donated Happy Meals, activity books and coloring supplies to support their community during COVID-19, happen throughout our system in ways that meet the needs of our local communities around the world.

In countries around the world, McDonald's, our suppliers and Franchisees have quickly mobilized in response to the situation created by the COVID-19 pandemic. In Australia, for example, some of our Franchisee and Company-owned [restaurants have added staple food items](#), like milk and bread, to their regular menus – enabling customers to shop for basics they'd usually find at supermarkets via McDonald's contactless takeout and Drive-Thru services.

McDonald's Food Waste Hierarchy

McDonald's has developed a system to minimize food waste by aligning with our food waste hierarchy, including by enabling food donations to be made wherever possible. Our food waste approach is based on global best practices² to avoid food waste and food loss, and is a critical part of McDonald's sustainability and our purpose to feed and foster community.



Minimizing Food Waste and Ensuring Supply

Every day in over 100 countries around the world, we source beef, chicken, pork, fish, fresh produce and other ingredients from hundreds of local and global suppliers. Over the decades we have developed strong, trusted supplier relationships, making it possible for us to reliably feed millions of customers the world over.

Through these relationships, we are able to minimize food waste by working together to design and implement efficient production practices throughout our supply chain. Our suppliers in turn make sure that their production processes use raw materials and ingredients, such as butter and eggs, in a well-managed way when making products for our menu, like a burger bun or bakery item.

We are constantly learning and evolving. There are many levers we can pull in order to maintain control of our inventory, assure supply for our customers and avoid waste. During the COVID-19 pandemic, we moved quickly to further diversify our beef supply chain in the U.S. by adding new local suppliers and sourcing additional product globally where needed.

Supporting the Sustainable Development Goals

Our efforts to minimize waste in our kitchens and supply chain support the [UN Sustainable Development Goals](#), a global agenda to end poverty, protect the planet and ensure prosperity for all, in particular:



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



[Goal 12: Responsible Consumption and Production \(Specifically targets 12.3 and 12.5\)](#)



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



Our Actions

Supporting Communities During the COVID-19 Pandemic

The COVID-19 pandemic revealed that we could deepen our impact in communities if we leveraged the agility of our supply chain to get more quality food into the hands of NGO partners to feed communities and ensure as little as possible went to waste.

As a global corporation, we have over 38,000 restaurants in 119 countries. This means that donating food or supplies isn't straightforward. Our Franchisees, suppliers and distribution centers around the world have always given back to their communities and ensured we avoid food waste; however, throughout the COVID-19 pandemic, and with the guidance of existing and new partners like Food Donation Connection (FDC), the Global Foodbanking Network (GFN) and Feeding America, we have made sure that millions of pounds of stranded food has not gone to waste. Instead, that food has helped to feed people who need it in thousands of local communities around the world.

We also changed our food donation policy so that ingredients like meat, lettuce, milk and cheese could be donated directly to food banks – reaching communities faster and with far larger quantities than ever before.

“Getting food to men, women and children in need is at the core of our mission. We are excited to support our food banks as they partner with McDonald’s vast global supply chain and network of restaurants to reach communities around the world who are facing additional challenges due to the impact of COVID-19.”

Karen Hanner, GFN Director of Food Sourcing and Strategic Partnerships

- **U.S.** – As of August 2020, McDonald’s and its suppliers in the U.S. donated over 9 million pounds of food from suppliers and distribution centers – worth more than \$12 million dollars – to support local communities during the COVID-19 pandemic.
- **Southeast Asia** – The McDonald’s team in Indonesia donated several pallets of frozen meat and cakes to families through GFN partners Food Cycle in Jakarta and Scholars of Sustenance in Bali. This was particularly helpful for the Bali community, which has been severely impacted due to the population’s dependence on tourism. In Singapore, we worked with The Food Bank Singapore to donate milk for migrant workers.
- **South Korea** – We donated over 8,000 burgers and cups of coffee (May 2020), as well as 4,000 meal coupons to subway cleaning staff through the Seoul Volunteer Center. We also reached more than 50,000 people through our campaign to give away free burgers to firefighters and medical staff.
- **China** – In Wuhan, we launched our Charity Kitchen Program to cook meals for hospital workers.
- **Philippines** – We opened up our kitchens to help feed those in need. As of September 2020, our Kindness Kitchens project has so far raised over \$260,000 and provided close to 300,000 meals for frontline staff and those affected by the COVID-19 pandemic, with volunteer staff delivering food parcels to those most in need.



- **Latin America** – In several markets throughout Latin America operated by our Franchisee Arcos Dorados, McDonald's has donated over 500 tons of meat, eggs, milk and produce to vulnerable communities through local organizations such as Banco de Alimentos, dedicated to reducing hunger during the COVID-19 pandemic.

McDonald's also recognized first responders, medical personnel and others with programs such as McObrigado in Brazil, McGracias in Mexico, Meriendas Solidarias in Argentina and Ready to Eat Meals in Peru, Ecuador, Chile and Uruguay.

- **Europe** – In Italy, Germany, the U.K. and Ireland, as citizens went into lockdown, McDonald's partnered with organizations and local food banks to donate surplus ingredients such as eggs, cheese, milk, meat and produce to families in each of these countries. In Poland, restaurants have been supplying PowerPacks – free three-course meals – to frontline workers. So far, more than 71,000 (May 2020) have been donated to hospitals, care homes for children and the emergency services. In the U.K. and Ireland over 300 tons of food and more than 100,000 liters of milk have been distributed in more than 1,900 town and cities. Since March 2020, McDonald's has provided 79 tons of surplus product to FareShare, equating to 188,099 meals. In Italy, the European Food Banks Federation was essential to supporting donations throughout the country.
- **Australia** – McDonald's is working with logistics partner Martin Brower Australia to support [Foodbank](#), a nonprofit organization that provides food to charities and community groups. The partnership has resulted in regular donations of surplus food to Foodbank's recipients, avoiding it being sent to landfill.
- **Russia** – We served more than 500,000 free meals to ambulance staff at our Drive-Thrus as of May 2020. We also donated food to hospitals treating COVID-19 patients, and gave free lunches to volunteers who are taking care of elderly people.
- **Canada** – In response to COVID-19, McDonald's Canada donated over 250,000 pounds of food to food banks and other local charities.
- **New Zealand** – McDonald's is working with the GFN member Foodbank Canterbury and other local food donation organizations to donate hundreds of food items, including eggs, butter, lettuce, onions, apples, tomatoes and cheese, which help feed families in need.
- **Morocco** – We launched #Mta7dine, a program developed with a delivery partner and local authorities to deliver free meals to child-focused charity groups in hospitals and children's care homes across 19 cities.
- **Lebanon** – As well as coping with COVID-19, the Lebanese capital of Beirut also experienced a devastating explosion that destroyed a huge area of the city in August 2020. So far, we have distributed more than 8,000 burgers and 12,000 water bottles to those who are helping in the aftermath of the explosion.

“Through our partnership with McDonald's, we aim to get closer to eliminating food waste – especially when there are so many people who are in need of food. We look forward to partnering with McDonald's to make sure that this quality food is getting into the hands of people who need it.”

Tony Pupillo, Managing Director of Retail Food Industry Partnerships at Feeding America



Recycling Cooking Oil Into Biodiesel

In the U.K., food waste from kitchens is taken to an anaerobic digestion plant that makes renewable energy. Microorganisms break down the food, turning it into biofertilizer for farmers, and into biogas for the national grid and dairy businesses, where heat is used to pasteurize the milk and power the packing lines. Fresh organic milk is then transported to McDonald's restaurants across the U.K. – creating the full circle! In addition, our logistics partner's fleet runs on biodiesel; around 50% of which is from our used cooking oil. That's a saving of over 11,500 tons of CO2 emissions annually when compared to ultra-low-sulfur diesel.

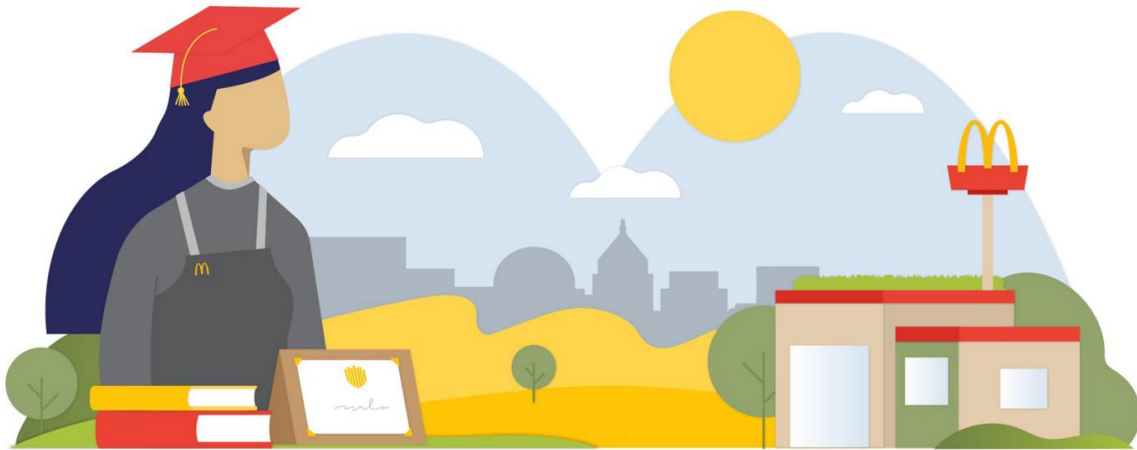
Footnotes

¹Source: <https://news.un.org/en/story/2019/10/1049181>

²Our approach is informed by the work of the [United States Environmental Protection Agency](#) and the [Food and Agriculture Organization of the United Nations](#).



Jobs, Inclusion & Empowerment



We Are Accelerating Equity and Providing Opportunity

We are serving up bright futures, by providing opportunity for education and skills in the communities we serve and through accelerating equity and inclusion across our business. Whether it's providing access to local education, tuition assistance or job readiness programs – together with our Franchisees, we make opportunity open for all.

“I’m so proud of the people who work at McDonald’s – in restaurants, in office buildings and throughout our supply chain. Their resilience, the care they show for one another and their commitment to do the right thing is inspiring. I also know it is one thing to recite our values, to write them on posters and display them in our restaurants and offices. It’s much more meaningful to intentionally live these values every day, to the best of our abilities. That is why we will continue to support programs and policies that are actionable and encourage accountability – from our recently announced global diversity, equity and inclusion ambition to our education assistance programs and our approach to people safety.”

Heidi Capozzi, Executive Vice President and Global Chief People Officer McDonald's Corporation



Our Impact Areas



Diversity, Equity & Inclusion

Guided by our values, we are committed to being better allies, better sponsors and better leaders, helping to create a future where equality, fairness and opportunity are not just goals but the lived experience of everyone. Globally, we are committed to representing the diverse communities in which we operate, accelerating cultures of inclusion and belonging, and dismantling barriers to economic opportunity.



Skills & Education

We are committed to leveraging our scale to provide training and education programs to build a path forward for people that supports their goals, no matter where they are in their lives. From apprenticeship opportunities, to language and technical skill training, to support for continuing education, we are committed to helping people continue their path forward.



Respectful Workplaces

We're passionate about people and are committed to creating and fostering environments where everyone is equally supported and empowered to realize their full potential. We recognize that developing respectful workplaces is an ongoing process that requires continuous effort and improvement. We are committed to regularly assessing our practices and approach, in order to be more transparent and effective in supporting people.



People Safety

We realize we have an enormous responsibility to keep everyone safe and healthy. We're committed to customer and crew safety, promoting robust health and safety measures in our restaurants and helping employees make more informed decisions to support their own well-being. As the global community is faced with new and evolving safety risks, we know that we must continue to adapt and enhance our approach. Our elevated practices are informed by guidance from health ministries in most of the countries where we operate as well as by recommendations from the World Health Organization.



Diversity, Equity & Inclusion



Diversity, Equity and inclusion as evident and familiar as the Golden Arches.

Our global aspiration is that no matter where you are in the world, when you interact with McDonald's—through the app, in a restaurant, by watching a commercial, working in an office setting or as a crew member—inclusion and equity are as evident and familiar as the Arches themselves.

Our goal is to ensure at every interaction, all are welcome, comfortable and safe.

Why It Matters

It matters because we commit to delivering equitable opportunity for all. This means the full expression of diversity: the representation and inclusion of different genders, races, cultures, identities, sexual orientations, ages, religions, abilities, languages, experiences and expressions. We aim to identify and eliminate barriers to fair treatment for underrepresented groups.

When we talk about equity in the workplace, we mean fair treatment in access, opportunity and advancement for all.



We Welcome This Work

We know there's a lot of work ahead, but it is work we welcome. Few companies on the planet are better positioned to make a difference than McDonald's. We feed more people, reach more markets, and operate in more communities than any other restaurant company in the world.

When we harness our scale to change the system, there's no telling how much of an impact we can make.

Our Strategy

Our Values Have Actions

Living our values means extending them to everyone: to the tens of millions of people who visit us daily, work in our restaurants and our corporate offices, to the communities we feed and foster. Rather than *hear* we care about diversity, equity and inclusion, our communities need to *experience it*. We will pursue this aspiration by using McDonald's influence and scale to accelerate meaningful and overdue societal change for our employees, Franchisees, suppliers, customers and communities. *In accordance with our values, this means global actions on a local level designed to:*

- **Represent the diverse communities in which we operate**
- **Accelerate cultures of inclusion and belonging**
- **Dismantle barriers to economic opportunity**

Allyship With Accountability

We are driving change by giving leaders direct responsibility and accountability for making tangible progress on our DEI goals:

1. **A clear mandate for progress:** Beginning in 2021, the Company has incorporated quantitative metrics related to human capital management into annual incentive compensation awards for its [executive vice presidents](#). In addition to financial performance, executives will be measured on their ability to champion our core values, improve representation within leadership roles for women and historically underrepresented groups and create a strong culture of inclusion within the Company.
2. **Representing the diverse communities in which we operate by increasing the diversity of our Leadership:**
 - a. By end of 2025 McDonald's expects to **increase representation of historically underrepresented groups^[1] in leadership roles (Senior Director and above) located in the U.S. to 35%.^[2]**



- b. By end of 2025 McDonald's expects to increase representation of **women in leadership roles globally (Senior Director and above) to 45%.**^[3]
- c. **McDonald's has an overall goal to reach gender parity globally in leadership roles (Senior Director and above) by the end of 2030.**^[4]

To set these goals we leveraged data to understand where we are currently, and where we want to be in the future. This included a review of internal and external data, including labor and census talent availability statistics, industry EEO-1 data, consumer insights, customer trends and expected demographic changes in the next 10 years. These insights made it clear we need to strengthen our representation to better reflect the communities and customers we serve.

Our Performance

[Click here for a specific view on our 2025 corporate goals.](#)

Goal

Gender Diversity Representation: Staff Employees⁵

Progress

% Women	2018	2019
All Staff % Women	54	54
Director+ % Women	38	39
Officers % Women	26	28



Goal

Gender Diversity Representation: Company-Owned Restaurant Employees⁶

Progress

% Women	2018	2019
All Crew % Women	56	56
Shift Manager % Women	61	67
Manager % Women	64	68

Increasing Representation of Women Across the Business

On International Women’s Day 2019, we launched our [Better Together: Gender Balance & Diversity strategy](#), with the aim of improving the representation of women at all levels of the Company by 2023. We signed up for the [UN Women’s Empowerment Principles](#), which will continue to act as a guiding force as we increase our global efforts to address this critical issue.

Collaborating With Stakeholders

Change is a two-way street—made of the actions we take, and the expectations and expertise of people around the world who devote their lives to diversity, inclusion, gender equality and women’s empowerment. As we refine our strategy, we’ll keep the street open in both directions as we continue to seek feedback and guidance from these experts to ensure our approach has the greatest reach and impact. That’s how we can make inclusion and equity as evident and familiar as the Arches themselves.

For a list of our key partners over the years, [click here](#).

Putting Standards Into Practice

McDonald’s is committed to diversity, equal opportunity and an inclusive workplace culture. This commitment is fundamental to the way we do business and we embed it in our policies and practices, including our [Human Rights Policy \(PDF – 91 KB\)](#), our [Standards of Business Conduct \(PDF – 9.1 KB\)](#), our [Supplier Code of Conduct \(PDF – 1.4 KB\)](#) and our [inclusive contractual practices](#).

Supporting the Sustainable Development Goals

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



[Goal 5: Gender Equality and Inclusive Workplaces \(Specifically target 5.1\)](#)



[Goal 8: Decent Work and Economic Growth \(Specifically target 8.6\)](#)



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

Our Actions

Employee Actions

Representation: Creating Diverse Talent Pipelines in Corporate Roles

Building Diverse Teams Around the World

Below are some examples of how we are continuing to support and grow the diversity of our teams globally:

- In 2020, for the fifth year running, we received a score of 100 on the Human Rights Campaign Foundation's Corporate Equality Index, demonstrating our commitment to LGBTQ equality and inclusion through our policies, practices and benefits.
- In the U.S., 70% of staff hires in 2019 were female and/or persons of color (54% female, 33% persons of color).
- We welcomed 123 people into full-time or internship positions via our University program in 2019–2020: 81% are female and/or persons of color (52% female, 54% persons of color).
- Language barriers stifle progress towards more inclusive communities. In markets around the world, Company-owned restaurant and participating Franchisee employees can access online training to help improve their language skills and build a sense of belonging at their restaurant.

We're blending technology and new recruiting techniques to achieve a more bias-aware and inclusive System:

- Using artificial intelligence (AI) tools to create gender-neutral, inclusive job descriptions.



- Harnessing technology platforms to broaden the number of candidates we screen.
- Strategically structuring interviews and interview guides to ensure equity and fairness throughout the selection, interview and offer process.
- Further embedding and encouraging diverse candidate slates and interviewer panels.
- Driving our University Talent Attraction strategy, with a focus on supporting job placement from HBCUs (historically black colleges and universities) and other MSIs (minority serving institutions) through job postings, messaging campaigns, career fairs and career development workshops.

Moving Beyond Bias

Accelerating Cultures of Inclusion & Belonging

We aim to offer an experience where everyone is aware of their unique ability and is able to develop the meaningful relationships with colleagues that inspire and drive business growth.

Fostering and measuring more inclusive environments to create a stronger sense of belonging.

In September 2020, our bi-annual staff pulse survey introduced an **“Inclusion Index”**. The index asked questions designed to measure the critical components of building an inclusive culture – including whether our employees feel that they can bring their “whole” selves to work and have equal opportunities.

The index measures behaviors and actions the company is taking to ensure we have an inclusive environment for everyone that works for the Brand. The index measures attributes that are critical to being yourself at work, offering different opinions, and advancing through the company. Our plan is to measure inclusion every six months to not only monitor our progress, but identify areas of opportunity. In fact, all officers (Vice Presidents and above) will receive reports every 6 months that provide results on the index and suggest key areas of action.

The *Inclusion Index* is made up of five questions that measure the extent to which respondents agree with the following statements:

1. McDonald’s has a safe environment where I can bring my whole self to work
2. Differing view are openly accepted
3. I have a role model at work
4. Everyone has an equal opportunity to succeed
5. I feel comfortable asking my manager for flexibility

The questions above represent the Inclusion pillar of the Core Values, tying directly to our DEI strategy.

Supporting Diverse Employee Business Networks



Our employee business networks (EBNs) promote an inclusive work environment, fostering relationships, supporting career development opportunities and helping grow businesses. EBNs also provide a source of mentors, role models and sponsors, as well as giving members access to senior leadership, information on career strategies and opportunities for advancement.

Customers and Community

Dismantling Barriers to Economic Opportunity

A Proud Commitment to America's Black Future Leaders

In 2020 McDonald's USA launched a \$500,000 Black & Positively Golden Scholarship Fund to help students attending historically black colleges and universities (HBCUs).

Many of these colleges, which support a large percentage of low-income students, have been severely hit by the impact of COVID-19, especially the unexpected costs of shifting to an online education infrastructure. This new fund is designed to help students continue their education, despite the extra stresses brought about by the pandemic.

Job Readiness Training and Education Benefits

To support career and personal advancement, we offer targeted education and development programs that enable people working in our restaurants to leverage opportunities that they may not otherwise have access to. This is a critical strategy to ensure that diverse talent, often from underserved communities, can reach their potential.

Our Youth Opportunity program offers young people the pre-employment training and support they need to enter the workplace, and is a key part of our commitment to tackle youth unemployment. Piloted in Chicago in 2018, we expanded the program to Washington D.C. in July 2019.

- To date, 57% of those who enrolled in our pilot program were women.
- 71% of all program graduates were in education or employment 60 days after completion.
- Women represented 53% of those who were in education or employment after completing the program.

Strengthening Diversity and Inclusion with Our Franchisees and Suppliers

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



developing the next generation of Franchisees. Over 2,600 independent, local U.S. owners have access to five advocacy groups.

- The National Black McDonald's Operator Association
- The McDonald's Hispanic Operator Association
- The Women's Operator Network
- The Asian McDonald's Operator Association
- The McDonald's Owner Operator Pride Network

Suppliers

Representation: We are working toward enterprise-wide excellence with our suppliers, and we are committed to purchasing goods and services from business partners representing the diverse populations that we serve.

These actions – and others – will be underscored by a Mutual Commitment to Diversity, Equity and Inclusion. Beginning in 2021, suppliers of goods and services to McDonald's will be asked to sign this commitment to progress diversity, equity and inclusion across their own organizations. We recognize that McDonald's has the opportunity to accelerate change – not just in our own business but also in those which we work with – by encouraging partners to build the talent pipelines, infrastructure and culture that support increased representation and inclusion, and close equity gaps.

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.

Footnotes

¹[Underrepresented Groups](#) is a term that refers to groups who have been denied access and/or suffered past institutional discrimination in the United States and, according to the Census and other federal measuring tools, includes African Americans, Asian Americans, Hispanics or Chicanos/Latinos, and Native Americans. This is revealed by an imbalance in the representation of different groups in common pursuits such as education, jobs, and housing, resulting in marginalization for some groups and individuals and not for others, relative to the number of individuals who are members of the population involved.

² The December 2020 baseline data shows underrepresented groups make up 29% of leadership (Senior Director and above) roles.



³ The December 2020 baseline data shows women make up 37% of leadership (Senior Director and above) roles.

⁴ McDonald's defines gender parity using the UN Women Training Centre definition as another term for equal representation of women and men in a given area.

⁵ 2018 data includes aggregate numbers from Australia, Austria, Belgium, Canada, Czech Republic, France, Germany, Italy, Netherlands, Poland, Portugal, Russia, Slovakia, Spain, Switzerland, Ukraine, United Kingdom and the United States. 2019 data includes aggregate numbers from Australia, Austria, Belgium, Canada, Czech Republic, France, Germany, Italy, Netherlands, Poland, Portugal, Russia, Spain, Switzerland, Ukraine, United Kingdom and the United States. Employees located in Dubai, Hong Kong and Singapore offices are not included.

⁶ 2018 data includes aggregate numbers from Australia, Austria, Belgium, Canada, Czech Republic, France, Germany, Italy, Netherlands, Poland, Portugal, Russia, Slovakia, Spain, Switzerland, Ukraine, United Kingdom, and the United States. 2019 data includes aggregate numbers from Australia, Canada, Czech Republic, France, Germany, Italy, Netherlands, Poland, Russia, Spain, Switzerland, Ukraine, United Kingdom and the United States.



Skills & Education



Why It Matters

At McDonald's, we believe that we all get better together – that education and training can unlock a world of potential for people and communities.

That's why, together with our Franchisees, McDonald's has a long-standing commitment to provide training, education and career pathways to empower people and the communities we serve. We are dedicated to providing learning and development opportunities for people at all stages of their journey, whether they choose to build a career with McDonald's, or beyond. This way, we're supporting everyone as they enhance their skills and fulfill their potential.

Our Strategy

Supporting Employees to Learn and Grow

At McDonald's, people are the face of our brand and critical to our success. Our ambition is to leverage our scale to provide training and education programs to help build a path forward, no matter where they are in their lives.

For those who choose to build a career with McDonald's, our training, education and leadership development programs can take them to the highest levels of our organization. Regardless of where someone starts at McDonald's, everyone has an opportunity to grow and progress through a variety of pathways. From apprenticeship



opportunities, to language and technical skill training, to support for continuing education, we are committed to helping employees continue their path forward.

This also includes offering a job experience where everyone is aware of their unique ability and is able to develop the meaningful relationships with colleagues that inspire and drive business growth. We do this through our beyond bias education and training programs that support everyone that comes to work under the arches with the right information and tools to make objective, simplified, collaborative choices, and analyze the nature and source of our unconscious judgments. By the end of 2019, over 10,000 people had participated in the training globally.

Employee Spotlight

Isabelle Kuster began her career at McDonald's in France in 1985 as a restaurant trainee manager. She worked her way up through the restaurant into our staff roles, where she has held various leadership roles in multiple countries, including France, Belgium and Austria. Today, Isabelle is a Vice President of the European Business Unit, where she oversees McDonald's in 23 countries.

“My time in the restaurant taught me many of the fundamental skills I believe are key to success in today’s workplace. The problem solving, innovative thinking, communication and leadership skills I built in the restaurant have supported me throughout my career.”

Isabelle Kuster

Supporting Our Local Communities

We strongly believe that education and training are critical to lifelong success, which is why we extend our focus to the communities in which we operate.

Around the world, almost one in four young people is not in employment, education, or training ([Decent Jobs for Youth](#)), which can dramatically impact skills development, earning capacity, long-term employability and well-being. This, in turn, can have negative long-term impacts on communities. We want this to change. That's why we're partnering with local organizations to provide critical life skills and early job opportunities that are essential to long-term success.

Supporting the Sustainable Development Goals

By leveraging the immense scale of the McDonald's System to provide learning and development opportunities to employees and young people in our communities around the world, we are working to make a lasting global impact.

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



[Goal 8: Decent Work and Economic Growth \(Specifically target 8.6\)](#)

Our Actions

Fostering Career Growth Through Apprenticeships

Apprenticeships are an important way for young people to access development opportunities. The apprenticeships McDonald's and participating Franchisees offer in some communities combine workplace training and study, enabling people to gain practical work experience and new skills that will last a lifetime – all while earning money at the same time.

We recognize the importance of meeting people where they are, which is why in many communities the Company and participating Franchisees offer apprenticeship programs at various levels, so that people of all ages and at all stages of their educational and professional journey can build a career, regardless of previous experience or qualifications.

In Europe, McDonald's and participating Franchisees have pledged to offer 45,000 apprenticeships by 2025. Through this pledge, McDonald's joined the [European Alliance for Apprenticeships](#) to help promote and improve access to vocational training for young people. These apprenticeships are offered in Austria, Denmark, France, Germany, Italy, the Netherlands, Switzerland and the U.K. In the first year of the commitment, McDonald's offered more than 13,000 apprenticeships across the participating markets.

Providing Comprehensive Educational Support

McDonald's and participating Franchisees offer education opportunities to restaurant employees in 25 countries and counting.

Because we believe opportunity starts with education, in 2018 we invested in [Archways to Opportunity](#), a comprehensive education program that offers eligible employees the opportunity to graduate from college, earn a high school diploma, learn English as a second language, complete an apprenticeship and gain access to advising services.



By the Numbers: Impact of Archways to Opportunity

Find out how Archways to Opportunity has made an impact in the lives of individuals around the world.

U.S.:

- McDonald's Archways to Opportunity has increased access to education for more than 54,000 people.
- 39,000 restaurant employees awarded college tuition maintenance.
- Almost 900 graduates in the Career Online High School program.
- 7,400+ graduates from English Under the Arches since 2007.
- \$100 million awarded in high school and college tuition assistance.

U.K.:

- Across the U.K. business since 2006, 80,000+ qualifications have been gained and 18,500+ qualified apprentices have come through the year-long training program.
- 22,000+ employees have gained math and English qualifications through free Skills for Life training.
- 169 managers have gained a foundation degree.
- Achieved 4 awards at the School Leaver Awards 2020.
 - Best level of Responsibility
 - Top Employer – Hospitality & Tourism
 - Top Employer – Large School Leaver Intake
 - Best School Leaver Programme

Australia:

- McDonald's Australia has been a registered training organization (RTO) since 1997, providing nationally recognized training to its employees in the areas of retail, business, barista skills and food safety.
- As of June 30, 2020, more than 47,000 qualifications have been issued.
- McDonald's has been recognized consistently both nationally and in each state in the National Training Awards.

Training Future Leaders at Hamburger University

Since it first opened its doors in 1961, McDonald's Hamburger University has grown to nine campuses around the world and prepared thousands of students for leadership positions in the restaurant industry. It provides training for Company-owned restaurant employees, as well as Franchisees and eligible employees from their organizations.

Contrary to its name, the university is about a whole lot more than cooking burgers. Over the past few years, thousands of people have learned management and leadership skills that enable them to become the best that they can be – for



themselves, their restaurant and the customers they serve. In many areas, students are even eligible to receive college credits for their courses.

Developing the Skills for Success Through Youth Opportunity

In 2018, we set a global goal to reduce barriers to employment for 2 million young people by 2025 through our Youth Opportunity program.

To achieve this ambition, we are focused on a few key areas where we believe we can have the greatest impact:

Training and Developing Young People

In the U.S., we have partnered with local community organizations and the [International Youth Foundation](#) (IYF), which has over two decades of experience in youth development around the world, to offer a pre-employment work-readiness and soft skills training program. The program is designed to help young people develop the competencies employers look for in entry-level employees, such as self-awareness and management, communication skills, healthy relationship building and conflict management. In addition to being considered for job opportunities at Company-owned and participating franchised restaurants, graduates from the training have the chance to pursue opportunities with potential employers across a variety of industries, such as healthcare, supply chain logistics and IT.

Internationally, McDonald's, or its Franchisees in participating markets, has partnered with local organizations and programs to provide pre-employment training to young people, as part of the Youth Opportunity initiative. For example, in 2019, McDonald's Italy worked with a local certified training partner to provide a training program for young people not in employment, education or training. The program provided participants with the technical skills necessary to search for, apply, interview and secure a job, as well as essential soft skills such as time management, interpersonal skills and ethical behavior.

Supporting Community-Based Organizations

To ensure our youth training and development efforts make a meaningful impact, we team up with local organizations embedded in their communities. We know that these partnerships are critical to reaching young people where they are.

When we launched the Youth Opportunity program in Chicago, IL, in 2018, McDonald's distributed \$1 million in grants to four local organizations with deep regional roots and decades of experience serving young people and their communities. These organizations paired relevant skills training programs with a specialized version of IYF's curriculum, developed in partnership with McDonald's, to offer a pre-employment work-readiness and soft skills training program.



The partnership proved incredibly successful, and over 4,200 young people received life skills training through the Chicago pilot, exceeding the initial goal of reaching 4,000 youth in the program's first year. Of those participants surveyed after completing the program, 87% reported an increase in life skills and 71% were engaged in education or employment.¹ Following the success of the pilot program, McDonald's expanded it to Washington D.C. in July 2019, once again in partnership with local organizations in the area.

As of the end of 2019, over 9,500 young people had received training through the program across Chicago and Washington D.C. Of those that completed the program, 71% are either employed or in education, with 73% reporting an increase in life skills.²

Partnering to Accelerate Efforts

We know we cannot solve youth unemployment alone, which is why, in 2018, McDonald's joined the [Global Initiative on Decent Jobs for Youth](#), a United Nations-led multi-stakeholder initiative, to help accelerate efforts to tackle the youth employment challenge.

“With 64 million young people unemployed worldwide, the youth employment challenge is vast and affects all countries. This new initiative by McDonald's has the potential to support many young women and men, especially in disadvantaged areas, with relevant skills for employability and targeted strategies to boost their transition into quality jobs – jobs that protect their rights and support their development.”

Sukti Dasgupta, Chief, Employment and Labour Market Policies Branch, ILO

McDonald's also partners with local governments and regional initiatives to multiply our impact. Through its Youth Opportunity program, our Latin American Franchisee Arcos Dorados has established strategic alliances with leading NGOs focused on education and skills development. These programs reach an average of 250,000 young adults between 16 and 24 every year.

Engaging With Young People

In 2019, McDonald's and IYF launched the [Youth Opportunity Youth Ambassador Program](#). The youth ambassadors give their perspective on issues that are barriers to success for Youth Opportunity program participants, as well as feedback on the program's ability to support them. We also completed the development of a digital complement to the Youth Opportunity life skills training in English and Spanish, with more to come.



Our Performance

Goal

By 2025, reduce barriers to employment for 2 million young people.

Progress

Since July 2018, approximately 850,000 young people participated in training programs and/or have been hired in McDonald's or participating Franchisee restaurants³.

Footnotes

¹ Participating markets include United States, Argentina, Brazil, Colombia, Mexico, Italy, UK, Spain, Canada, China, Hong Kong, Korea, Japan, Switzerland, Portugal, Australia

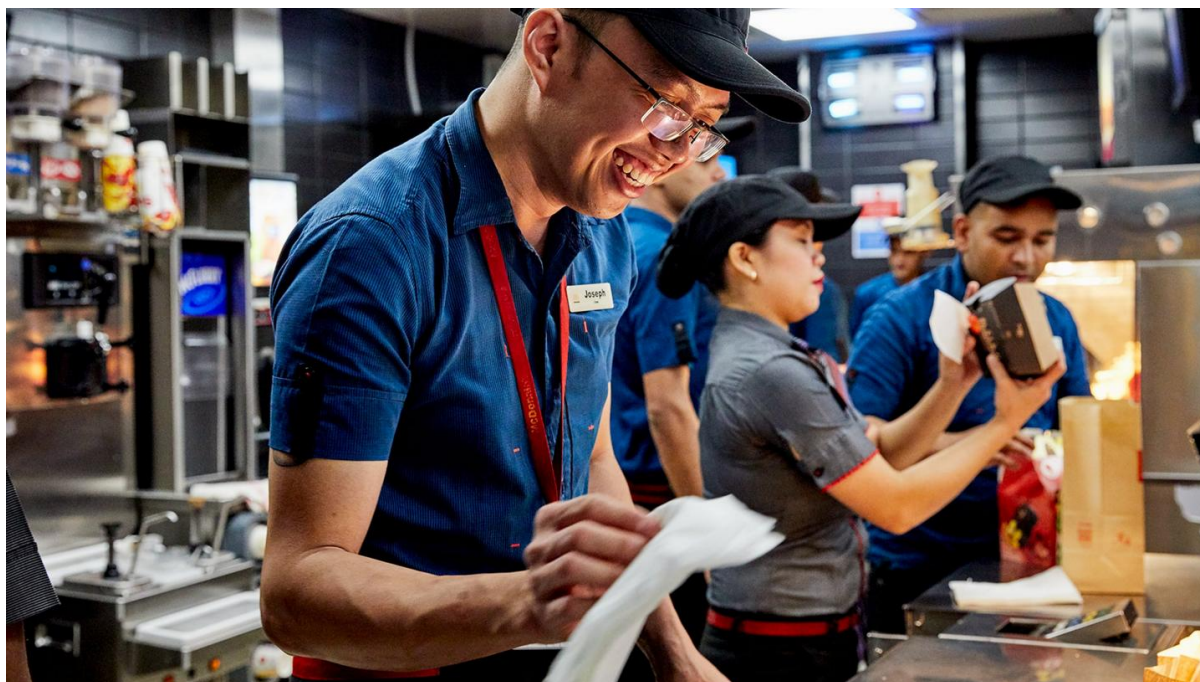
² Percentages were collected from IYF and include results from Chicago participants who elected to share with the local organizations that collect education/employment data. Therefore, not all data sets add up to the total enrollment number.

Franchisees are independent employers and each franchisee and each franchisee restaurant is unique. Franchisees are alone responsible for all employment matters in their restaurant(s), including alone making all decisions regarding the requirements for jobs and setting all terms and conditions of employment, including hiring, firing, discipline, supervision, staffing and scheduling. McDonald's Corporation and its subsidiaries have no control over employment matters at restaurants owned and operated by franchisees.

³ Percentages were collected from IYF and include results from Chicago participants who elected to share with the local organizations that collect education/employment data. Therefore, not all data sets add up to the total enrollment number.



Respectful Workplaces



Why It Matters

McDonald's and our Franchisees are committed to creating and fostering environments where everyone is equally supported and empowered to realize their full potential. Upholding human rights and cultivating respectful workplaces builds trust, protects the integrity of our brand and fuels our success. This is the right way to do business.

"The basis of our entire business is that we are ethical, truthful and dependable."

These words are as relevant today as they were when spoken by McDonald's founder, Ray Kroc, in 1958.

We're passionate about people and are committed to prioritizing safety, providing opportunity, nurturing talent, developing leaders and rewarding achievement in our offices, owned restaurants and communities around the world, and supporting our Franchisees to do the same.

Our Strategy

McDonald's has always been a people business. Fostering safe, inclusive and respectful workplaces wherever we do business has been integral to McDonald's for more than 60 years and we will continue to hold ourselves to the highest standards.

Our commitment to respect our people and their rights is defined in several



documents: [Human Rights Policy \(PDF – 91 KB\)](#) (“Policy”), [Global Statement of Principles Against Discrimination, Harassment and Retaliation \(PDF – 272 KB\)](#), [Global Statement of Principles on Workplace Violence Prevention \(PDF – 144 KB\)](#) and Standards of Business Conduct.

The Policy and Global Principles work together to reinforce a culture of integrity and respect and are foundational to how we serve our communities, our people and our customers around the globe. They apply to McDonald’s Corporation and our wholly owned subsidiaries worldwide.

Our Human Rights Policy is informed by the Universal Declaration of Human Rights and guided by internationally recognized standards, including the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the principles set out in the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work. Where the Company may impact the human rights of diverse and particularly vulnerable groups, such as migrant laborers, indigenous peoples, women or children, we are also guided by other international standards that elaborate on their rights. The Human Rights Policy is signed by our Chief Executive Officer.

In 2020, McDonald’s established two important sets of principles: a Global Statement of Principles Against Discrimination, Harassment and Retaliation and a Global Statement of Principles on Workplace Violence Prevention. The Global Principles on harassment prevention outline McDonald’s expectations around this critical topic and set expectations for addressing and preventing discrimination, harassment and retaliation for Company-owned restaurant employees and staff globally. To drive a best-in-class framework, a cross-functional internal working group developed our approach in partnership with external experts in corporate sustainability and women’s empowerment and drew guidance from international standards, including the ILO Violence and Harassment Convention.

Recently, McDonald’s launched Global Brand Standards aimed at advancing a culture of safety for everyone working under the Arches and McDonald’s customers worldwide through the prevention of violence, harassment and discrimination. All 39,000 McDonald’s restaurants across the globe, both Company-owned and franchised locations, will be required to adhere to these standards. McDonald’s is committed to supporting implementation of the Global Brand Standards through policies, tools, trainings and reporting mechanisms.

Our commitment to respect human rights is also set out in our [Standards of Business Conduct \(PDF – 9.1 KB\)](#) (“Standards”), which apply to Company employees, and in our [Supplier Code of Conduct \(PDF – 1.4 KB\)](#) (“Code”), which applies to McDonald’s suppliers globally. Company staff are trained regularly on the Standards and are required to annually certify their understanding of and commitment to upholding them.



“People come to work at a McDonald’s because they want the chance to be a part of a community and grow as individuals. Our job as employers is to make that possible while fostering an environment where those ambitions are never compromised by concerns of safety. As Franchisees, we’re developing comprehensive programs centered on building healthy relationships, trusting environments and resolving conflict to support our people in all facets of their lives – at work, at home and out in their communities.”

Dorothy Stingley, President of McDonald’s Women Operators Network, franchise owner and 36-year veteran of the McDonald’s business

Putting Our Commitments Into Practice

In 2018, we created a global cross-functional Human Rights Working Group, which oversees implementation of the Policy and improves our procedures and practices. McDonald’s Chief Global Impact Officer, in partnership with the Chief People Officer, is ultimately responsible for our corporate human rights efforts, while the Public Policy & Strategy Committee of the Board of Directors also has oversight of human capital management matters affecting the Company.

To help employees understand their rights and their duty to respect the rights of others, the Company offers training to all employees on the Policy. Both our Policy and training are available in 15 languages.

In addition to the online training, in 2019 senior leadership received in-person training in partnership with an external human rights consultancy. Company staff are also trained regularly on the Standards and are required to annually certify their understanding of and commitment to upholding them.

Global Brand Standards

We recognize that developing respectful workplaces, where everyone’s rights are recognized, is an ongoing process of continuous improvement. We know we have more work to do. We are committed to regularly assessing our approach, and engaging with relevant stakeholders to improve our monitoring, analysis and remediation of human rights impacts in order to be more transparent and effective in supporting people.

The Global Brand Standards extend requirements to all Company-owned and franchised restaurants. The standards are required and all restaurants will be assessed and held accountable in accordance with the applicable McDonald’s market’s business evaluation processes starting in January 2022. The Global Brand Standards prioritize actions in four areas: harassment, discrimination and retaliation prevention; workplace violence prevention; restaurant employee feedback; and health and safety. These standards were informed by input from perspectives across the system, a cross-functional global team and reviews of global market practices.



Ensuring Fair Reporting Processes

We take seriously our responsibility to act with due diligence to avoid infringing on the rights of others and to address any human rights impacts should they occur. This includes encouraging open and honest communication with managers and human resource representatives, when appropriate, and as well as providing anonymous channels for employees to report ethics or human rights concerns. Company employees can raise concerns via an anonymous global channel, the Business Integrity Line – staffed by a live operator from an independent company – 24 hours a day, 365 days a year. This is complemented by additional reporting channels in many markets.

We take seriously all concerns that are raised. We will not impede state-based grievance processes via our employee system and we do not require employees to waive their right to use such external mechanisms to participate in our hotline. We do not tolerate retaliation of any kind against anyone who reports an issue and do not tolerate unlawful threats, intimidation, physical or legal attacks against human rights defenders. We provide access to remediation and encourage our business partners to do the same, and recognize that this commitment should not obstruct access to other remedies.

Each of our internationally owned markets has HR staff that are responsible for handling concerns in an appropriate and timely manner. This process may include investigating complaints, interviewing witnesses, reviewing documentation and determining next steps.

For example, in the U.S. market, there are several reporting mechanisms available. Company-owned restaurant employees may report concerns or complaints to their restaurant's General Manager or Ops consultant, HR Consulting or HR manager, or the Business Integrity Line. We also provide Company-owned restaurant employees with third-party Employee Assistance Programs (EAPs) such as the McResource Line and the Employee Resource Connection. These EAPs offer services such as counseling, referrals and other support, and they are free and confidential.

Additionally, in the U.S. market, the Company offers Franchisees a third-party managed hotline. This hotline supplements what Franchisees already offer their employees and provides callers with another anonymous way to file a concern with their employer. We encourage Franchisees to implement a shared values commitment to workplace safety that includes a mutual understanding and acknowledgment of their responsibility in ensuring a safe, healthy and respectful environment for their employees.

Preventing Forced Labor

McDonald's is committed to ethical recruitment in our employment practices. We prohibit direct or indirect fees or costs being charged to those seeking employment



with or who are employed by the Company for the services directly related to recruitment for temporary or permanent job placement, unless legally permissible and within the legal limit. This includes where we may use private recruitment services, a labor broker or employment agent, or where we perform recruitment activities directly.

Even where such fees or costs are legally permissible and within the legal limit, our policies and practices are designed to ensure that no one is indebted to the Company or to a recruiter, labor broker or employment agent in a manner that prohibits the individual from freely leaving his or her employment. Likewise, we do not retain employees' original government-issued identification, passport or work permit as a condition of employment.¹

The Company provides any agreements, whether oral or in writing, in a language understood by the person agreeing to be bound and expects that any recruiter, labor broker or employment agent will do the same and will be responsible for ensuring that the agreement is understood by the person agreeing to be bound.

We do not engage in human trafficking or exploitation, or import goods tainted by slavery or human trafficking. The Company is committed to the elimination of any forced labor in our business and our supply chain. The McDonald's Code applies to our suppliers and is aligned with these goals and standards.

We are also committed to preventing forced labor and support the goals of the UK and Australian Modern Slavery Acts. McDonald's UK published its first UK Modern Slavery Act statement in 2017. The Company does not use any form of slave, forced, bonded, indentured or involuntary prison labor.

Maintaining Respectful and Inclusive Contractual Practices

The Company is committed to diversity, equal opportunity and an inclusive workplace culture. This commitment is fundamental to the way we do business and we embed it in our policies and practices. We further recognize that maintaining our commitment will require ongoing reflection on and evolution of these policies and practices. In this regard, we are also providing greater transparency regarding our approach to certain contractual arrangements we may enter into with Company employees based in the United States. Specifically, arbitration, noncompetition and nondisclosure covenants have come under public scrutiny where their overbroad application may result in inequities. With this in mind, we limit our use of such agreements as follows:

- We do not and will not, as a condition of employment, require mandatory arbitration of harassment and discrimination claims.
- While leadership within the officer level, representing less than 10% of the employee population in 2019, sign noncompetition covenants, we do not require as a condition of employment any employee below the officer level to sign post-termination, noncompetition covenants, except in very limited situations as authorized by the General Counsel for an employee who has unique skills, knowledge or access to



intellectual property, trade secrets or highly confidential customer information that would provide a competitor with an advantage (e.g., complex knowledge regarding menu innovation or critical technology applications or systems).

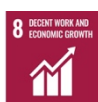
- In the event that McDonald's seeks a nondisclosure covenant in connection with the settlement of a harassment or discrimination claim brought by an employee or former employee against an officer of McDonald's Corporation, we will provide notice of such arrangement to the Board of Directors to ensure the Board has appropriate oversight.

Supporting the Sustainable Development Goals

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



[Goal 5: Gender Equality and Inclusive Workplaces \(Specifically target 5.1\)](#)



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



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

Our Actions

Identifying, Preventing and Addressing Discrimination, Harassment and Retaliation in the U.S.

We have taken several steps over the past few years to strengthen our approach in the U.S. market. This includes our work with RAINN (the largest anti-sexual violence organization in the U.S.) to update our [U.S. Policy against Discrimination, Harassment and Retaliation](#). This policy sets out expectations on workplace conduct, manager responsibilities, employee resources and our investigation process. The policy applies to all company-owned restaurant and staff employees. We have shared the policy with our franchisees and encourage them to use it, along with other resources, to continue to support safe and respectful work environments in their restaurants.



To enhance our restaurant training, we launched an initiative in partnership with the U.S. National Franchisee Leadership Alliance (NFLA) in 2019. The program's aim is to educate and empower people working at McDonald's brand restaurants across the country with important information, resources and training that support building healthy relationships and trusting work environments. The program is a combination of interactive and computer-based trainings on various topics, including harassment, discrimination, and retaliation and workplace violence mitigation. The training is required for company-owned restaurant employees and has been made available to U.S. franchisees for use in their organizations.

These training modules include:

- Mitigating Workplace Violence
- Safe and Respectful Workplace
- Anti-Bullying
- Bystander

We have also taken steps over the past few years to provide robust training to U.S. staff employees. For example, in 2020, we provided respectful workplace training aimed at the prevention and mitigation of harassment, discrimination, and retaliation in our corporate offices, as well as a separate training called "Speak Up," which is aimed at encouraging employees to raise and report issues and guiding them on how to do so.

By taking actions to strengthen our policy, training offerings and reporting mechanisms, we work to create and sustain a culture of trust where employees feel safe, valued and respected.

Footnotes

¹We may hold copies and/or temporarily hold onto such documents for no longer than 24 hours and to the extent reasonably necessary to complete legitimate administrative and immigration processing and/or comply with local law.



People Safety



Why It Matters

At McDonald's, safety is paramount. We are committed to keeping everyone safe – whether it's the employees in our corporate offices, the team members in our restaurants or the customers who are visiting to eat.

The Company and our Franchisees employ a workforce of nearly 2 million across 38,000 locations worldwide. We have a responsibility to protect the safety, health and wellness of everyone who works with us. We're committed to customer and crew safety, promoting robust health and safety measures in our restaurants and helping employees make more informed decisions to support their own well-being.

Our Strategy

Living by our core value of putting our customers and people first means that we must continue to provide a safe and clean environment in McDonald's restaurants around the world. Our international markets implement safety programs and set goals, providing safety training and equipment to support safe working conditions, and access to resources to maintain and improve staff health and well-being.

As the global community is faced with new and evolving safety risks, we know that we must continue to adapt and enhance our approach to ensure the safety and well-being of our customers and people.



Cleanliness has been one of the hallmarks of the McDonald's business for over 65 years. McDonald's has had one goal since the pandemic started – safety for our customers and crew. Our elevated practices are informed by guidance from health ministries in most of the countries where we operate as well as by recommendations from the World Health Organization (WHO). We continue to leverage our long-standing relationships with external experts in health and science in an ongoing effort to elevate the hygiene and safety standards and procedures for our restaurants.

Informed by health authorities around the world, we implement practices to foster an environment where crew feel safe and supported, and customers have a variety of choices for contactless order and payments. This is our Safety+ commitment. Our measures have included:

- Taking wellness and temperature checks for crew.
- Providing equipment designed to reduce spread, like gloves, face coverings and protective barriers.
- Adjusting our restaurant operations to better allow for appropriate social distancing between crew and customers.
- Expanding our contactless ordering and payment methods, and sealing bags for delivery.
- Promoting a timed handwashing system to ensure employees wash their hands with approved soap for at least 20 seconds and every hour at minimum.
- Increasing the frequency of cleanliness and sanitization/disinfecting of high-touch surfaces such as counters, door handles and kiosks.
- Providing hand sanitizer in dining rooms in most of our markets.

McDonald's also puts a strong emphasis on well-being and access to benefits and resources for staff and crew, something we have expanded during the COVID-19 crisis. We created a cross-functional team to get relevant information out as quickly as possible.

The team implemented several new resources, including:

- BeWell@McD – an internal webpage dedicated to employee well-being and organized into five pillars: Physical, Emotional, Financial, Social and Workplace.
- A weekly BetterTogether newsletter, sent to around 4,000 people, which features relevant and timely existing benefits, and highlights new offerings and resources.
- Regular additions and enhancements to McDonald's benefits, offerings and resources.
- A toolkit to equip our markets around the world with tools and resources to replicate BeWell@McD and a well-being cross-functional team.
- An interactive PDF resource featuring well-being offerings for restaurant crew and managers was added to iPads in Company-owned restaurants. Content is updated monthly.

These efforts build upon the work McDonald's has been committed to for decades. In addition to our global efforts, several of our markets have led the way in developing a robust approach to helping keep people safe.



Supporting the Sustainable Development Goals

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



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

Our Actions

Adjusting Operations and Processes to Help Protect Customers and Teams

Our commitment to cleanliness stretches right back to 1948, when the McDonald brothers opened their very first restaurant. No one wants to see their food being prepared in a dirty kitchen, so the brothers were steadfast in ensuring the kitchen, and the rest of the restaurant, was always immaculately clean.

This commitment to cleanliness, which has been upheld ever since, came to the fore as the COVID-19 pandemic unfolded, with restaurant operations able to rely on our existing quality, service and hygiene standards to help protect their customers and teams.

At the height of the COVID-19 pandemic, 99% of McDonald's U.S. restaurants remained open, providing Drive-Thru, McDelivery[®] and carryout. Safety measures were kept under review and quickly bolstered as required, including increased training for our crew and more than 50 process changes in all 14,000 U.S. restaurants – from increased frequency of cleaning and sanitization to at least hourly handwashing routines for all employees.

As restrictions began to ease, the U.S. market continued to move judiciously, with guidance provided by local authorities. A 59-page “playbook” was produced, outlining the minimum standards and elevated processes all U.S. restaurants must implement, in addition to state and local laws, before reopening a dining room.

McDonald's restaurants around the world have also adopted significant measures and procedures in accordance with local health and safety guidelines, ranging from contactless operations to gloves, face coverings and protective barriers. There have been inspiring examples of best practice, including the fun, informative videos about social distancing in the Netherlands, and the plans for restaurant reopening celebrations in Portugal.



Engaging Expert Advisors in Ongoing Cleanliness and Safety Practices

McDonald's has been proactive in ensuring our standards for cleanliness are as robust as possible during the pandemic. In July 2020, McDonald's engaged Mayo Clinic, a global leader in serious and complex healthcare, to provide counsel and expertise in infection prevention and control. Learn more about [how McDonald's works with Mayo Clinic](#).

Market Focus: Promoting Health and Safety in Canada

In Canada, McDonald's has aligned the provincial and territories health and safety regulations with national health and safety policies/procedures. As a result, the business developed a cross-functional team to execute an annual business plan to improve health and safety management, supporting incident reduction and continuous improvement. Quarterly reporting is provided to senior management to inform on progress against established key performance indicators. The market wants everyone to be involved in taking ownership for their safety. That is why crew, managers, maintenance people and department leaders are trained on personal safety, with annual health and safety audits to ensure compliance.

The Canadian market is constantly on the lookout for ways to improve its health and safety measures. Market-level Health & Safety Notice Boards are available to restaurant staff. Through these portals, staff can access information on how to raise issues related to health and safety, including how to submit a Personal Action Letter for any concerns.

Market Focus: Leadership as Champions of People Safety in Australia

Our commitment to people safety starts at the top in our Australian market. The Senior Leadership Team (SLT) plays a key role, proactively promoting a positive safety culture among employees and customers and engaging with operators and contractors to instate similar standards in their own operations.

Safety is on the agenda at every SLT meeting and included in formal presentations to McDonald's management, staff and Franchisees. The three-year strategic plan is reviewed and updated annually, with targets set against numerous safety metrics. All incidents are reported through a new online incident management database called Donesafe, which greatly improved the market's report collection over the previous manual process. Having this system in place during Covid-19, supported by changes to the back-office system, assisted the market with visibility and tracking of employee confirmed cases, close contact events and employees in self-isolation.

However, the SLT is not alone in prioritizing safety. A general personal safety module is included in every new employee's orientation program, while managers receive



numerous training sessions on safety. Extending beyond the walls of our owned restaurants, a program for franchise business consultants began in January 2020 to upskill them in general safety awareness and McDonald's safety systems and practices. In 2019, a Safety Summit was held to upskill Franchisees on their safety responsibilities and to remind them of the tools in place to support them, ensuring everyone in the McDonald's network is on the same page when it comes to safety.