

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

McDonald's Corporation, together with its subsidiaries worldwide (the "Company" or "we") operates and franchises McDonald's restaurants in the global restaurant industry. These restaurants serve locally-relevant food and beverages in 119 countries around the world, with over 39,000 locations worldwide as of year-end 2020.

McDonald's global system is comprised of both Company-owned and franchised restaurants. McDonald's franchised restaurants are owned and operated under one of the following structures: conventional franchise, developmental license or affiliate. Conventional franchisees are independent business owners responsible for the day-to-day operations of their restaurant. Developmental licensees typically receive a license to operate restaurants within a specified area and may have the right to sub-franchise McDonald's restaurants within their area to individual franchisees. The Company may make an equity investment in other companies that operate McDonald's restaurants, referred to as "affiliates." Conventional franchisees, developmental licensees and affiliates are collectively referred to herein as "Franchisees." The optimal ownership structure for an individual restaurant, trading area or market (country) is based on a variety of factors, including availability of individuals with the entrepreneurial experience, financial resources, and the local legal and regulatory environment in critical areas such as property ownership and franchising.

The business relationship between the Company and its independent Franchisees is supported by adhering to standards and policies of fundamental importance to the Company's overall performance and the McDonald's brand. We cannot prescribe social responsibility and environmental solutions for our independent Franchisees. Rather, we work to raise awareness and provide tools and opportunities to support their sustainability journeys.

The Company is primarily a franchisor and believes franchising is paramount to delivering consistently great-tasting food, locally-relevant customer experiences and driving profitability. Franchising enables an individual to be their own employer and maintain control over staffing, purchasing, marketing and pricing decisions, while benefiting from the strength of the Company's global brand, operating system and financial resources. Directly operating McDonald's restaurants contributes significantly to the Company's ability to act as a credible franchisor. Having Company-operated restaurants provides Company personnel with a venue for restaurant operations training experience. In addition, in Company-operated restaurants, and in collaboration with Franchisees, the Company can further develop and refine operating standards, marketing concepts and product and pricing strategies that will ultimately benefit McDonald's restaurants. The Company, which is currently 95% franchised, continually reviews its mix of restaurant models to help optimize overall performance.

The Company and its Franchisees purchase food, packaging, equipment and other goods from numerous independent suppliers. The Company has established and enforces high quality standards and product specifications and expects our suppliers to share our values and commitments. The Company has implemented numerous programs to encourage these practices. The Company also works with our suppliers to mutually set objectives and goals on sustainability and monitor their progress.

Restaurant energy and emissions data enclosed reflects information from 18 of McDonald's larger markets and the Company extrapolates data for the remaining markets listed in C0.3.

The data required for the raw material metrics is collected primarily through the McDonald's annual raw material survey of suppliers (TraQtion). TraQtion is managed by the Global Supply Chain (GSC) Digitalization team. It gathers data on volume, origin and sustainability certification across six categories of products supplied to McDonald's. TraQtion analyzes all supplier responses for variance from previous reported data. Where significant variances exist, manual review is conducted by the relevant McDonald's sourcing lead to ensure accuracy. Information is not approved or used without review. A governance team of GSC and Global Impact members meets weekly on reporting. McDonald's GSC Compliance team leads follow up with suppliers who do not report or report inaccurate or non-compliant information. We have worked with third parties to undertake supplier audits to ensure the rigor of our processes and information.

Additional detail about the Company's structure, as well as definitions of words used but not defined herein, are found on pages 3-5 of McDonald's Corporation's Annual Report on Form 10-K for the year ended December 31, 2020, page 13 of McDonald's Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 and at <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/impact-strategy-and-reporting.html>.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	Yes	1 year

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

American Samoa
Andorra
Argentina
Aruba
Australia
Austria
Azerbaijan
Bahamas
Bahrain
Belarus
Belgium
Bosnia & Herzegovina
Brazil
Brunei Darussalam
Bulgaria
Canada
Chile
China
China, Hong Kong Special Administrative Region
China, Macao Special Administrative Region
Colombia
Costa Rica
Croatia
Cuba
Curaçao
Cyprus
Czechia
Denmark
Dominican Republic
Ecuador
Egypt
El Salvador
Estonia
Fiji
Finland
France
French Guiana
French Polynesia
Georgia
Germany
Greece
Guadeloupe
Guam
Guatemala
Honduras
Hungary
India
Indonesia
Ireland
Israel
Italy
Japan
Jordan
Kazakhstan
Kuwait
Latvia
Lebanon
Lithuania
Luxembourg
Malaysia
Malta
Martinique
Mauritius
Mexico
Morocco
Netherlands
New Caledonia
New Zealand
Nicaragua
Northern Mariana Islands
Norway
Oman
Pakistan
Panama
Paraguay
Peru
Philippines
Poland
Portugal
Puerto Rico

Qatar
Republic of Korea
Republic of Moldova
Réunion
Romania
Russian Federation
Saint Martin (French part)
Samoa
Saudi Arabia
Serbia
Singapore
Slovakia
Slovenia
South Africa
Spain
Sri Lanka
Suriname
Sweden
Switzerland
Taiwan, Greater China
Thailand
Trinidad and Tobago
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
United States Virgin Islands
Uruguay
Venezuela (Bolivarian Republic of)
Viet Nam

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	Our Board of Directors' Sustainability and Corporate Responsibility Committee (the "Committee") reviews and monitors the Company's strategies and efforts to address sustainability and resiliency through its performance as a sustainable organization, including environmental and social issues. This includes updates and discussion on the Company's climate change strategy, risk management practices, commitments and progress. For example, in 2017 the Committee endorsed the commitment to and public launch of McDonald's Climate Action strategy, which includes the Company's Science Based Target for greenhouse gas emissions reductions, approved by the Science Based Targets initiative (SBTi.) The Committee also reviews and monitors the development and implementation of performance metrics with respect to the Company's sustainability priorities. The Committee regularly reports to the full Board and, from time to time, other Board committees regarding its activities, and the full Board receives reports on the Company's sustainability efforts as circumstances warrant. See the Committee's charter and page 33 of the Company's 2021 Proxy Statement, both of which are attached in 12.4. Also available here: Proxy Statement: https://corporate.mcdonalds.com/content/dam/gwscorp/assets/investors/2021%20Proxy%20Statement.pdf Committee Charter: https://corporate.mcdonalds.com/content/dam/gwscorp/assets/investors/governance-resources/board-committees-charters-reports/Sustainability%20and%20Corporate%20Responsibility%20Committee%20Charter.pdf
Chief Sustainability Officer (CSO)	The Company's Executive Vice President (EVP) Chief Global Impact Officer and reporting Vice President (VP) Chief Sustainability Officer are responsible for overseeing performance, actions, and goals relating to climate change and climate-related issues. They serve as the executive sponsors of McDonald's aspirations to source all food and packaging sustainably, and develop and operate the most environmentally sustainable McDonald's restaurants.
Other C-Suite Officer	The Company's EVP Chief Global Impact Officer and VP Chief Sustainability Officer serve together with the EVP Global Chief People Officer, EVP Chief Supply Chain Officer, Senior VP Chief Global Marketing Officer, Senior VP Global Restaurant Development & Restaurant Solutions Group, and General Counsel and Corporate Secretary as a cross-functional leadership team, leading McDonald's Impact Strategy, which ensures the organization fulfills its overall global sustainability performance, including goals and actions relating to climate-related issues.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues Other, please specify (Reviewing the Company's global sustainability communications plans and global reports issued in connection with sustainability initiatives.) 	<Not Applicable>	The principal oversight responsibilities of the Sustainability & Corporate Responsibility Committee, a standing committee of our Board of Directors, include: (1) the review and monitoring of the Company's strategies and efforts to address McDonald's short- and long-term brand trust opportunities and brand leadership priorities that are significant to the Company, its customers, franchisees, developmental licensees and other stakeholders; including food, sourcing, the environment, community engagement, philanthropy, and diversity and inclusion; (2) the review and monitoring of the development and implementation of the goals the Company may establish from time to time for its performance with respect to its global sustainability framework and initiatives, the review and monitoring of the development of metrics and procedures to gauge progress toward achievement of those goals, and the monitoring of the Company's progress against those goals; (3) the review of the Company's global sustainability communication plans and the global reports issued from time to time in connection with the sustainability initiatives as outlined in the Committee's charter. The Committee also assists the Board of Directors in fulfilling its enterprise risk oversight responsibility by periodically assessing and responding, as appropriate, to risks relating to matters within its purview. pg. 33 of 2021 Proxy Statement, attached in C12.4. The Sustainability & Corporate Responsibility Committee met four times in 2020. The latest SCR Committee Charter can be found at https://corporate.mcdonalds.com/content/dam/gwscorp/assets/investors/governance-resources/board-committees-charters-reports/Sustainability%20and%20Corporate%20Responsibility%20Committee%20Charter.pdf

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Sustainability Officer (CSO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Half-yearly
Other committee, please specify (Chief Global Impact Officer)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Half-yearly
Other C-Suite Officer, please specify (McDonald's Impact Strategy Cross-Functional Leadership Team)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Half-yearly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Company's Executive Vice President (EVP) Chief Global Impact Officer and Vice President (VP) Chief Sustainability Officer are responsible for overseeing actions relating to climate change. They serve as the executive sponsors of McDonald's aspirations to source all food and packaging sustainably, and develop and operate the most environmentally sustainable McDonald's restaurants.

In late 2020, the Company added the role of Executive Vice President Chief Global Impact Officer, as the executive leader of the newly formed Global Impact Team (GIT). The Vice President Chief Sustainability Officer reports to the Chief Global Impact Officer and they work in partnership to oversee actions relating to climate change.

The Global Impact Team provides corporate staff leadership, coordination and support for the Company's global impact strategy, ESG and corporate environmental and social responsibility policies, programs and reporting across the business and works in partnership with other corporate functions. GIT also provides support for country-level sustainability staff for localized execution of environmental and social impacts relevant to our markets.

Additionally, the EVP Chief Supply Chain Officer leads the Company's Global Supply Chain (GSC) department and works in partnership with Global Impact leadership to address Company sustainability priorities, including climate-related issues. For example, GSC and Global Impact work with suppliers to embed sustainability commitments, including climate change and deforestation, into global sourcing decisions for food and packaging through Global Sustainable Sourcing Specifications and direct collaboration in initiatives.

The Senior VP Global Restaurant Development & Restaurant Solutions Group Officer leads the Company's global restaurant development and operations department and works in partnership with Global Impact, GSC leadership and Country-based leadership to address the Company sustainability priorities, including climate-related issues, in the restaurants (for example, to develop and embed solutions for efficient and sustainable restaurants through equipment and restaurant design).

The EVP Chief Global Impact Officer and VP Chief Sustainability Officer serves together with the EVP Chief Supply Chain Officer, Senior VP Global Chief Marketing Officer, Senior VP Global Restaurant Development & Restaurant Solutions Group, and General Counsel and Corporate Secretary as a cross-functional leadership team, leading McDonald's Impact Strategy, which ensures the organization fulfils its overall global sustainability performance, including goals and actions relating to climate-related issues. The Impact Strategy and this cross-functional leadership team is endorsed by the Chief Executive Officer, placing accountability at the top of the organization.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Sustainability Officer (CSO)	Monetary reward	Emissions reduction target	The Chief Impact Officer and Chief Sustainability Officer's annual individual performance plans set out objectives related to the Company's climate change strategy, targets and issues, salary increases and bonuses are directly related to the attainment of those objectives (along with other factors). Examples of such individual performance plan objectives might include advancing progress on McDonald's Climate Action goals to reduce greenhouse gas emissions across McDonald's restaurants, offices and supply chain, such as through energy or emissions reduction projects, efficiency improvements, supplier engagement, and/or behavior changes.
Corporate executive team	Non-monetary reward	Other (please specify) (McDonald's Impact Strategy)	We recognize the importance of our global sustainability vision and goals as a central part of our Company's values. As part of our Global Impact Strategy, climate action is a top global priority: See pages 7-10 and 33 of the Company's 2021 Proxy Statement. Page 10 of the Company's 2021 Proxy Statement states: "In partnership with our Franchisees, suppliers and producers, we're finding new and innovative ways to drive climate solutions, keep waste out of nature, and conserve forests and 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."
Environment/Sustainability manager	Monetary reward	Emissions reduction project Energy reduction project Efficiency project Behavior change related indicator Environmental criteria included in purchases Supply chain engagement	Where these employees' annual individual performance plans set out objectives related to the Company's climate change strategy, targets and issues, salary increases and bonuses are directly related to the attainment of those objectives (along with other factors). Examples of such individual performance plan objectives might include advancing progress on McDonald's Climate Action goals to reduce greenhouse gas emissions across McDonald's restaurants, offices and supply chain, such as through energy or emissions reduction projects, efficiency improvements, supplier engagement, and/or behavior changes.
Buyers/purchasers	Monetary reward	Environmental criteria included in purchases	McDonald's sustainable sourcing and Climate Action goals map out specific environmental priorities for key commodities and supplier engagement in our supply chain. Where these purchasing managers and their employees' annual individual performance plans set out objectives related to sustainable sourcing and climate action strategy, targets and issues, salary increases and bonuses are directly related to the attainment of those objectives (along with other factors). Examples of such individual performance plan objectives might include partnering with the Sustainability team as the Company establishes: - New supplier engagement programs related to beef sustainability (e.g. Flagship Farmers - https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/food-quality-and-sourcing/farming-communities.html), - Supplier engagement programs to advance progress on McDonald's Climate Action goals to reduce greenhouse gas emissions across McDonald's supply chain or McDonald's Commitment on Forests to eliminate deforestation from its supply chain, - Coordination of supplier recognition and awards for sustainability, and/or behavior changes.
Other, please specify ((Franchisees, Suppliers, Company staff))	Non-monetary reward	Other (please specify) ((Several as described in comment below.))	McDonald's Worldwide Convention with Franchisees (occurs biennially, last in 2018 and did not occur in 2020 due to the COVID-19 pandemic): - suppliers of kitchen equipment and building system equipment are recognized through an energy recognition program at McDonald's Worldwide Convention for products with demonstrated energy efficiency attributes. This is used to incentivize global uptake of more efficient products within McDonald's restaurants, both for Franchisee and Company-owned locations. - There is a Sustainability category within the overall supplier recognition program, rewarding innovation and leadership in sustainability among food, packaging and equipment suppliers. Supplier Performance Metrics (SPM): The SPM is an evaluation tool which McDonald's and suppliers use to drive consistent high performance and ensure self-managed excellence across a number of areas, including sustainability leadership. Through the SPM self-assessment process, suppliers confirm annually that they have followed a comprehensive Strategic Sustainability Process (SSP), including understanding their upstream supply chain, materiality assessment, and plans for impact and measurement, that they have time-bound roadmaps in place to meet all relevant McDonald's strategic expectations applicable to the supplier's company, facilities and/or product(s) supplied to all McDonald's markets, as outlined in McDonald's Global Sustainable Sourcing Guide (GSSG) and Supplier Quality Expectations (SQE). Through this process they are able to demonstrate their external engagement strategy aimed at industry leadership in quality, sustainability and operational excellence and their support for the McDonald's System to achieve its strategic sustainability expectations through engagement and collaboration beyond the McDonald's system. For strategic suppliers, this self-assessment is reviewed by McDonald's with alignment meetings held to discuss areas in greater depth and provide feedback.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	2	Time horizon to nearest term sustainability goals, such as those related to Beef Sustainability and the Commitment on Forests for priority categories, both of which are connected to the Climate Action strategy, and for any analysis leading to the setting of new long-term strategies. Time horizon ranges provided in context of climate-related impacts.
Medium-term	2	11	Time horizon to Climate Action target year, and Packaging & Recycling goals. Time horizon ranges provided in context of climate-related impacts.
Long-term	11	30	Time horizon beyond the Climate Action target year. Time horizon ranges provided in context of climate-related impacts.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

The Company's risk management process identifies, prioritizes and addresses a broad range of risks that can directly or indirectly impact the organization in the short-, medium-, and long-term, and we tier risks accordingly. 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. Our Risk and Sustainability teams partner closely with Global Finance to determine potential financial impact to the Company and its Franchisees. Climate, forests, water and other natural resource related risks are assessed based on both breadth as well as depth of impact to the McDonald's System (Company, Franchisees, Suppliers). Each is measured distinctly depending on the topic, but may include impact on factors such as sales, price stability, competitive advantage, restaurants and Franchisees, customers and communities, supply chain commodities, suppliers and producers/farmers. Assessment of substantive impact may include magnitude, duration and/or dependency. As well, we assess impact based on existing crisis preparedness or the ability to develop such crisis preparedness, contingency and resiliency plans, and expressed external stakeholder concern or inquiry.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

The Company's risk management process identifies, prioritizes and addresses a broad range of risks that can directly or indirectly impact the organization in the short-, medium-, and long-term. Examples of the risks that are identified throughout this process include: risks to brand reputation or trust among our customers and stakeholders; risks to the ongoing functions of our operations and assets, including our restaurants and supply chain; financial risks; legal risks, and risks to the continuing viability of our business model. In addition to material risk identification, we account for the varying velocities of change that might occur relative to different risks and incorporate these considerations into contingency planning. The risks, and opportunities, identified also include those related to climate and the environment, and the Company's other sustainability initiatives, such as human rights. The Company's internal time horizons for climate change risk and opportunity considerations vary depending on the topic and scope of impact. For example, increasing regulatory complexity related to climate change could have a different time horizon from country to country. Fluctuations in commodity markets for some of the ingredients we use due to seasonal shifts or climate conditions can vary over place and time. Identifying/Assessing Risk: Senior managers in a wide range of functional areas are responsible for identifying and managing risks within their areas of expertise. In many cases, they have their own formal risk identification and management processes. A cross-functional working group helps ensure timely risk information is shared across internal stakeholders and elevated within the organization as appropriate. Input is also incorporated from partners outside the Company, such as strategic suppliers and industry experts. For example, the Company leverages partnerships and insights from leading external environmental stakeholders and industry groups to continually monitor and integrate the latest factors (science, policy, geo-politics, trends) into our climate risk and resiliency planning. One such functional area is our supply chain. Identification, assessment and management of risk in our supply chain is overseen by a Corporate Vice-President for Risk Management and Advisory Services that reports directly to the Chief Supply Chain Officer. This vice-president role is supported by a team of colleagues to lead the design, development and implementation of a comprehensive risk management strategy for our supply chain organization around the world. They regularly assess supply chain risks, working with the EVP Chief Global Impact Officer, VP Chief Sustainability Officer and other Sustainable Sourcing Directors on identified environmental risks. Most recently, the Company has committed additional resources to focus on climate-related risks and developed a supply chain cross-commodity working team dedicated to supply chain resiliency, including climate. Commodity risk management strategies are also developed through a collaboration among McDonald's Treasury, Supply Chain and suppliers. The Company and its suppliers manage risks for many of the commodity categories with the goal being to provide predictable and competitive pricing to the restaurants. Other risk management strategies include mitigation and adaption planning to ensure suppliers can meet both our sustainability and Company growth plans. Examples of physical and transition risk assessment and response: We recognize that we need to work with our suppliers to assess and address climate related risks and take opportunities through CDP Supply Chain and internal supplier surveys and workstreams to engage our supply chain. We respond to risks in different ways appropriate to the risk. One example is our approach to deforestation risk which has been identified as having a significant impact on climate change and exacerbating the associated physical and transition risks. We worked with WWF to assess projected deforestation priority areas linked to our beef supply and worked with Agrottools, Proforest and local stakeholders to establish a Deforestation Free Beef Procurement Policy. After determining prioritization, we use a combination of satellite imagery of the farm area and data analysis to assess whether deforestation has happened on the farms which supply McDonald's. Where a farm is linked to deforestation, suppliers are expected to mitigate this risk and implement corrective action plans with any farms in their supply chain that are not in compliance. In 2020, the Company also initiated quantitative and qualitative physical risk (medium and long-term) assessments and transition risk (long-term) assessments relating to climate change. Company subject matter leads in Climate worked alongside our climate analytics partners to develop foundational scenarios to assess both carbon pricing and water-related risks that included: 1. A low carbon transition scenario to assess transition risks that considers the financial implications of carbon taxes for McDonald's across its markets, including North America, Europe, Latin America and APMEA, and our suppliers, across priority commodities, under the Sustainable Development Scenario (SDS) from the International Energy Agency (IEA). 2. A business-as-usual scenario to assess physical risks that considers exposure to water-related risks for McDonald's restaurants (across North America, Europe, Latin America and APMEA) and our supply chain (across key commodities), under the Intergovernmental Panel on Climate Change (IPCC) RCP8.5 scenario. We are now in the process of analyzing medium- and long-term implications from such carbon pricing mechanisms and water stress risks for both McDonald's restaurants and supply chain. The results of these assessments will be integrated into our climate modeling tools to advance climate-related risk discussions within the business, to ensure we are appropriately managing these risks and related opportunities, and to support effective alignment with the Task Force on Climate-related Financial Disclosures (TCFD) as part of our future planning.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The Company has global operations and is therefore subject to the laws of the United States and all foreign jurisdictions in which the Company operates, and the rules and regulations of various governing bodies, which may differ among jurisdictions. Compliance to existing regulations is a requirement for our Company and our Franchisees and changes in regulation are assessed regularly and feedback is shared via our Government Relations Team. Many of our markets are subject to increasing, conflicting and highly prescriptive regulations involving, among other matters, product packaging. Our success depends in part on our ability to manage the impact of regulations that can affect our business plans and operations and have increased our costs of doing business and exposure to litigation, governmental investigations or other proceedings. An example of current regulatory impact is the European Union's Single-Use Plastics (SUP) Directive. As part of this directive, from July 2021, the EU no longer allows certain single-use plastic items, such as plastic cutlery and straws, to be placed on the Member States market. Specialist corporate and cross functional teams on packaging are well established in the Company to identify and develop strategies to respond to such risks. As a result of the SUP directive as it relates to single use plastic items, McDonald's in EU Member states which include, among others, France, Germany, Ireland, Italy, Portugal, Spain and The Netherlands met this legislation with the removal/replacement of plastic straws, stirrers, balloon sticks, cutlery, and some locally sourced plates as of Q1 2021.
Emerging regulation	Relevant, always included	Emerging laws and regulations are assessed regularly with feedback shared via the Government Relations Team. Specialist corporate teams exist within the Company that also identify actual or perceived risks relating to emerging regulation in areas such as Climate, Packaging and Energy to support the development of mitigation strategies. One example of a considered climate-related risk is that of emerging carbon pricing regulation and potential financial impact on restaurants operating in jurisdictions where carbon tax schemes are proposed for implementation and the potential increase in raw material costs associated with production in jurisdictions where carbon pricing systems may be implemented by national governments. Additionally, in the EU, the team is actively monitoring and assessing the potential impact of the 2030 Climate Plan, the strategy on measures to increase EU's 2030 target for GHG emissions to at least -55% compared to 1990 levels to better achieve climate neutrality by 2030, as well as Farm-to-Fork, the EU's sustainable food blueprint and major component of the Green Deal, including an Action Plan with 27 measures aimed at greener food production, healthier and more sustainable diets, and less food waste, among other emerging regulations.
Technology	Relevant, sometimes included	Technology solutions and associated risks, including our investments potentially not generating expected returns, are evaluated as part of both restaurant sustainability and supply chain sustainability programs. Our long-term business objectives depend on the successful systemwide execution of our strategies. We continue to build upon our investments in technology and modernization, in order to transform the customer experience. For Company restaurants this can include the substitution of existing products and services with lower emissions options, including but not limited to renewable energy, packaging, or restaurant equipment. If these initiatives are not well executed, or if we do not fully realize the intended benefits of these significant investments, our business results may suffer.
Legal	Relevant, always included	Our regulatory and legal environment worldwide exposes us to complex compliance, litigation and associated risks including growing climate-related risks. Many of our markets are subject to increasing, conflicting and highly prescriptive regulations involving, among other matters, product packaging, the safety of our food and other products, labelling and other disclosure practices. Compliance efforts with those regulations may be affected by ordinary variations in food preparation among our own restaurants and the need to rely on the accuracy and completeness of information from third-party suppliers. Our success depends in part on our ability to manage the impact of regulations that can affect our business plans and operations and have increased our costs of doing business and exposure to litigation, governmental investigations, or other proceedings. As such, legal compliance is assessed regularly across local laws to ensure our Company is in line with all applicable laws and obligations.
Market	Relevant, sometimes included	We regularly assess fluctuations in commodity markets in partnership with suppliers across different geographies to monitor raw material availability. For example, McDonald's utilizes public commodity reporting to assess anticipated fluctuations in commodities that may impact future prices or assured supply. Beyond direct crop impact, extreme weather incidents may impact manufacturing facilities causing unplanned downtime and resulting pressure on pricing and/or supply. We also monitor trends in consumer preferences and regulatory developments that may impact markets in relation to climate action to implement appropriate mitigation controls and minimize impact on operations.
Reputation	Relevant, always included	Climate change and other environmental factors are included in the criteria we evaluate regularly for customer and external stakeholder feedback. The Company conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's, which helps us to understand the strength of the McDonald's brand. The Company conducts consumer and stakeholder surveys, interviews and stakeholder engagements that allow us to understand expectations and gauge reputation within the context of the food and beverage industry, as well as among corporate sustainability leaders. These insights inform our communications and engagement on sustainability topics and are considered in our sustainability strategies including Climate Action, Forests, Responsible Sourcing, Sustainable Agriculture and Beef and Packaging & Recycling, which are intended to demonstrate to customers, as well as internal and external stakeholders, that the Company understands the interconnectivity of environment, social and economic business drivers. For example, Packaging and Waste has emerged as a top environmental concern for customers from recent multi-market customer research, which reinforces our work in this area as a priority for the Company.
Acute physical	Relevant, sometimes included	The impacts of specific events with acute physical risk (e.g. hurricanes or other natural disasters) are included in regular evaluations. Severe weather conditions and natural disasters can adversely affect consumer spending and confidence levels, supply availability and costs, as well as the local operations in impacted markets, all of which can affect our business results and prospects. In the US for example, we recently assessed flood risk to identify restaurants located in high-risk areas and develop local level response plans.
Chronic physical	Relevant, sometimes included	The impact of chronic physical risks (e.g. changes in temperature or water access) are included in regular evaluations, especially for agricultural supply chains. Severe weather conditions and shifting climate patterns can adversely affect consumer spending and confidence levels, supply availability and costs, as well as the local operations in impacted markets, all of which can affect our results and prospects. For example, working with external consulting partners, we recently conducted a bespoke company assessment to understand water risk scenarios and identify long-term physical risk as it relates to our restaurants across North America, Latin America, Europe and APMEA.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Carbon pricing mechanisms are increasing at an international, national and sub-national level and according to The World Bank's "State and Trends of Carbon Pricing" 2021 report, a total of 64 carbon pricing instruments are now in operation around the world. The Company operates in many different countries, including but not limited to the United States, Canada, UK, France, and Sweden and within multiple jurisdictions within countries and may therefore be subject to varying forms of emerging climate-related regulations resulting in increased costs for restaurant operations in those jurisdictions where carbon pricing systems, including carbon tax schemes, are in development or

scheduled for implementation.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We are currently in the process of analyzing the potential financial implications of medium- and long-term climate-related risks to McDonald's based on our initial assessment.

Cost of response to risk

0

Description of response and explanation of cost calculation

We recognize the actions being taken by national governments across the world to address their climate impact through nationally determined contributions in line with the Paris Agreement. This is likely to affect our restaurants with a potential increase in operating costs through regulation or tax. For that reason, we are assessing our potential exposure to this risk and, in addition to taking steps to achieve our emissions reduction target, to reduce this exposure while continuing to provide the service and experience our customers love. In 2020, the Company initiated an initial assessment of climate-related financial risks, to establish a foundational scenario for assessing the transition risk and potential increased costs associated with carbon pricing systems on restaurants globally. This scenario considers the financial implications of carbon pricing and taxes under the Sustainable Development Scenario (SDS) from the International Energy Agency (IEA) to keep global temperatures well below 2 degrees Celsius. We conducted our assessment on nearly 39,000 Company owned and franchised restaurants across North America, Latin America, Europe and APMEA to assess energy spend and associated emissions. The result of this work provides a platform to advance climate-related risk discussions for the business and support effective engagement with stakeholders, in particular investors, Franchisees, and suppliers. While we are not in a position to share the potential cost of response at this time, the work is being undertaken as a priority for climate-related risk mitigation. In addition, risk mitigation actions are set up to engage with Franchisees to manage energy costs including implementation of more energy efficient equipment, management of energy use, and more sustainable sourcing practices in many markets that support the Company's approved Science Based Target to partner with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year. The Company continues to monitor developments related to environmental regulations and plans to respond to governmental initiatives in a timely and appropriate manner. As we are not in a position to release the financial impact of this risk, we have not released a figure for cost of response.

Comment

For the purpose of our disclosure, we are highlighting this risk as just one of the key risks with the potential to have a business. This risk is not disclosed in order of magnitude to the Company, nor is the potential climate-related risk to the business limited to the risks we have chosen for this disclosure.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market	Increased cost of raw materials
--------	---------------------------------

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Potential for increased cost of raw materials driven by both physical and regulatory risk from climate change and production in jurisdictions where carbon pricing systems and/or carbon tax schemes may be implemented by national governments. Adoption of new regulations or costs of changing business practices in response to taxation or regulation may increase costs for suppliers to McDonald's. McDonald's suppliers operate in over 100 countries and sub-national jurisdictions across North America, Latin America, Europe and APMEA. As regulations are uncertain and vary by jurisdiction, there is a risk that regulations will affect some suppliers significantly more than others. The Company will therefore be exposed to this uncertainty in regulation and its potential to impact costs of our raw materials.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We are currently in the process of analyzing financial implications of medium- and long-term risks based on our initial assessment of climate-related financial risks to McDonald's.

Cost of response to risk

0

Description of response and explanation of cost calculation

We recognize national governments across the world are acting to address their climate impact through nationally determined contributions in line with the Paris Agreement. This is likely to affect the operating environment for our suppliers with potential to add costs through regulation or tax. We are assessing our potential exposure to this risk and, in addition to taking steps to achieve our emissions reduction target, are taking steps in partnership with our suppliers to reduce this exposure while continuing to supply food our customers love. In 2020, we initiated an assessment of climate-related financial risks to model a foundational scenario for assessing the transition risk associated with carbon pricing systems on our supply chain. This scenario considers the financial implications of carbon pricing and taxes under the Sustainable Development Scenario (SDS) from the International Energy Agency (IEA) to keep global temperatures well below 2 degrees Celsius. We are conducting our assessment on supply chain energy spend and emissions intensities of selected agricultural commodities that represent our main supply chain GHG drivers globally. The result of this work provides a platform to advance climate-related risk discussions for the business and will support effective future engagement with stakeholders, in particular suppliers. In addition, risk mitigation actions are embedded in our strategy to meet the Company's approved Science Based Target. For example, McDonald's is a lead member of CDP Supply Chain to engage our suppliers on actions they are taking to identify climate risk to their businesses and mitigate their climate impact. We now request that 131 suppliers report to CDP Supply Chain Climate and Forests each year (up from 107 in 2020). This includes our top 19 suppliers, making up the majority of our annual spend and encompasses all globally managed beef, chicken, dairy, cheese, bakery and baked goods, logistics, produce, liquid products and potato suppliers, and the top 80% of our fiber-based packaging and key equipment suppliers. Overall, in 2020 these suppliers represented 79% of McDonald's global spend across Food, Packaging, Logistics and Equipment in 2020. In addition, in the US, the Company tracks cost-saving actions among supplier companies & categorizes which are sustainability-related actions. As we are not in a position to release the financial impact of this risk, we have not released a figure for cost of response.

Comment

For the purpose of our disclosure, we are highlighting this risk as just one of the key risks with the potential to have a financial or strategic impact on our business. This risk is not disclosed in order of magnitude to the Company nor is the potential climate-related risk to the business limited to the risks we have chosen for this disclosure.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Changes in precipitation patterns and extreme variability in weather patterns
------------------	---

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

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. The Company is primarily an operator and franchisor of McDonald's restaurants which serve locally relevant food and beverage at locations across the world. Risks to the business relating to water, including but not limited to water stress or flooding, could potentially impact operations through a combination of restaurant closures, operational delays, higher operating costs, loss of license to operate, disruption to sales, supply chain disruption, water supply disruption and reputational and brand damage which would each have a financial and/or strategic impact on our business.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We are currently in the process of analyzing financial implications of medium- and long-term risks based on our initial assessment of climate-related financial risks to McDonald's.

Cost of response to risk

0

Description of response and explanation of cost calculation

In 2020, we engaged in an initial assessment of climate-related financial risks, to establish a foundational scenario for assessing the physical risk related to climate change

and water. We used a business-as-usual scenario to assess physical risks. This scenario assessed the exposure to water-related risks for McDonald's restaurants across North America, Latin America, Europe and APMEA and key suppliers under the Intergovernmental Panel on Climate Change (IPCC) RCP 8.5 scenario. The analysis focused on water stress under the conditions of a rapidly heating planet. While our scenario modelling has been used to identify and address water risk at a global level, many McDonald's markets have also been conducting water related risk assessments to identify and mitigate risk at a local level. For example, in 2020 the US market undertook a risk analysis using the WRI Aqueduct Water Risk Atlas to identify areas in the country at high risk. In response to the risk identified, the US team began designing a restaurant engagement pilot program to assist Franchisees in highly water-stressed areas in identifying water efficiency opportunities in their restaurants and building engagement in their communities around local water issues. Potential opportunities for engagement include watershed cleanup activities and awareness campaigns. As we are not in a position to release the financial impact of this risk, we have not released a figure for cost of response.

Comment

For the purpose of our disclosure, we are highlighting this risk as just one of the key risks with the potential to have a financial or strategic impact on our business. This risk is not disclosed in order of magnitude to the Company nor is the potential climate-related risk to the business limited to the risks we have chosen for this disclosure.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Chronic physical	Changes in precipitation patterns and extreme variability in weather patterns
------------------	---

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Severe weather conditions and natural disasters can adversely affect consumer spending and confidence levels or other factors that affect our results and prospects, such as commodity costs. Our receipt of proceeds under any insurance we maintain with respect to certain of these risks may be delayed or the proceeds may be insufficient to offset our losses fully. For example the Company sources food and beverage products and ingredients from suppliers in over 100 countries across North America, Latin America, Europe and APMEA. Changes in weather patterns and increased frequency of extreme weather-related events (temperature changes, precipitation, floods, droughts, cyclones, and quality or quantity impacts to other natural resources) could have a direct impact on our operations, Franchisees and restaurants and the operations of our suppliers by causing disruption to the supply and availability of key commodities and ingredients such as protein, produce and coffee for McDonald's iconic menu items and a direct impact on our ability to source and price our food consistently, due to commodity price increases or volatility and the uncertainty of these changes.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We are currently in the process of analyzing financial implications of medium- and long-term risks based on our initial assessment of climate-related financial risks to McDonald's.

Cost of response to risk

0

Description of response and explanation of cost calculation

We understand the value and strength of our supply chain and the Company invests significant resources to mitigate supply chain risks to assure supply of the food and paper resources we procure. We create long-term relationships with our suppliers and ensure due diligence is built into our supply chain management through the methods discussed in C2.2. We mitigate climate-related risks in our supply chain through our responsible sourcing policies to accompany our approved Science Based Target. Through 2020, we prioritized six 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 with the greatest environmental risks and sustainability impacts. On these commodities and more, we continue work with WWF and others to address risks. Further information: <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/food-quality-and-sourcing/responsible-sourcing.html> To further improve climate-related risk identification in our supply chain, the Company engages our suppliers in CDP Supply Chain and now requests 131 (up from 107 in 2020) of our top suppliers to respond to CDP Climate Change, and where applicable, CDP Forests. We also expect proactive suppliers to set climate targets relevant for their own businesses, to measure, reduce and report emissions through CDP. We also focus on collaborative action and investment to address climate-related risk associated with our agriculture value chain. For Example, in the US Northern Great Plains, McDonald's has partnered with Cargill, the Walmart Foundation and World Wildlife Fund, investing \$1.6 million over a five-year project to support ranchers to implement regenerative grazing practices across 1 million acres making up 15% of McDonald's US cow-calf supply. 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 to enhance soil health and its ability to absorb further carbon from the atmosphere, improve biodiversity and environmental and economic resiliency. We do not centrally collate these costs specifically in relation to this type of risk, they are embedded in our responsible sourcing strategies across multiple categories and as such we have not provided a cost of response figure.

Comment

For the purpose of our disclosure, we are highlighting this risk as just one of the key risks with the potential to have a financial or strategic impact on our business. This risk is not disclosed in order of magnitude to the Company nor is the potential climate-related risk to the business limited to the risks we have chosen for this disclosure.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Current regulation	Mandates on and regulation of existing products and services
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Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

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. The shifting consumer demand toward sustainable packaging and the increasing regulation on disposable packaging in jurisdictions in which McDonald's operates, specifically adoption of new environmentally-driven legislation on packaging (e.g., EU Circular Economy Package), are a potential risk to our business as there is a potential increase in costs and impact on supply chain optimization which is being monitored.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We are currently in the process of analyzing financial implications of medium- and long-term risks based on our initial assessment of climate-related financial risks to McDonald's.

Cost of response to risk

0

Description of response and explanation of cost calculation

In the case of packaging, HAVI, a packaging sourcing and supply chain services partner of McDonald's, monitors and tracks these requirements to identify occurrences to enable compliance, as well as to identify important trends, which are considered during strategic planning. Additionally, the Company has two key related commitments: Source 100% of our guest packaging from renewable, recycled, or certified sources by 2025, and to recycle guest packaging in 100% of McDonald's restaurants by 2025. 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. Our actions to meet these goals include testing a range of new materials and designs to cut down on plastic (e.g., strawless lids, reusable cups, wooden cutlery), transforming our Happy Meals toys, installing sorting and recycling points in restaurants, and repurposing materials (e.g., reusing cooking oil, upcycling coffee waste). McDonald's in Europe has been responding to legislation relating to disposable packaging, specifically the European Union's Single-Use Plastics (SUP) Directive. As part of this directive, from July 2021, the EU no longer allows certain single-use plastic items, such as plastic cutlery and straws, to be placed on the Member States market. Specialist corporate and cross functional teams on packaging, alongside our partner HAVI, identified and developed strategies to respond to such risks. As a result of the SUP directive, as it relates to single use plastic items, McDonald's in EU Member states which include France, Germany, Ireland, Italy, Portugal, Spain and The Netherlands currently meet this legislation with the removal/replacement of plastic straws, stirrers, balloon sticks, cutlery and some locally sourced plates as of Q1 2021. As we are not in a position to release the financial impact of this risk, we have not released a figure for cost of response.

Comment

For the purpose of our disclosure, we are highlighting this risk as just one of the key risks with the potential to have a financial or strategic impact on our business. This risk is not disclosed in order of magnitude to the Company nor is the potential climate-related risk to the business limited to the risks we have chosen for this disclosure.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Move to more efficient buildings

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

McDonald's is moving to more efficient buildings and kitchen equipment. 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 and restaurant equipment (e.g., refrigeration, heating, ventilation and air conditioning systems). For example, to advance the overall sustainability of McDonald's restaurants in Europe, we 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. In addition, 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.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Financial implications vary by region as there are unique upfront costs and efficiency gain associated with the move to more energy-efficient buildings. We are planning to centrally track costs and gains associated with select initiatives in the future.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

McDonald's is continuing to make progress toward our global Science Based Target to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030, from a 2015 base year. Energy and building efficiency is a key strategy lever to meet this target. Examples of initiatives we are taking in this area include incorporating building/equipment efficiency guidance into McDonald's Global Restaurant Building & Equipment Standards (GRBES), partnering with Franchisees on energy usage and GHG emissions reduction programs, and innovating new restaurant solutions. The GRBES platform is designed to provide Building/Equipment requirements for new restaurants and guidance on exterior/site LED lighting, Energy Management, Building construction, Refrigeration, HVAC, Maintenance & Servicing, Local Equipment, Recycling Bins and Water Conservation. The GRBES requirements and recommendations are reviewed and updated annually. Our efforts to realize this opportunity are measured as part of our GHG and energy tracking platform on an annual basis. We do not centrally collate costs specifically in relation to our investment in resource efficiency. They are embedded in strategies across multiple functions and markets and as such, we have not provided a cost to realize this opportunity. We are planning to centrally track costs and gains associated with select initiatives in the future.

Comment

Opportunities identified are not disclosed in order of magnitude to the Company nor is the potential financial or strategic impact to the business limited to the climate-related opportunities identified in this disclosure.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced direct costs

Company-specific description

A primary climate-related opportunity driver for McDonald's is the procurement of low-cost, clean electricity for the operation of restaurants. This enables McDonald's and Franchisees to manage risks of increased operational costs due to tax and regulations in the short term, and ensures long term resiliency of our restaurants for the future. For example, in 2020 McDonald's completed three new virtual power purchase agreement (VPPA) transactions, with two wind farms and one portfolio of solar projects slated to be built in Illinois, Oklahoma, North Carolina and Ohio. Once online, the energy generated by the US VPPA projects transacted in 2019 and 2020 will be equivalent to over 7,000 US restaurants-worth of electricity. In Europe, renewable energy purchases in 2020 covered over 6,000 restaurants-worth of electricity across 11 markets (Austria, France, UK and Ireland, Germany, the Netherlands, Poland, Portugal, Spain, Sweden and Switzerland).

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure**Cost to realize opportunity**

0

Strategy to realize opportunity and explanation of cost calculation

Now more than ever, McDonald's is focused on identifying long-term solutions that will enable a more resilient future for the planet and because of this we are continuing to make progress toward our global Science Based Target to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030, from a 2015 base year. Procurement of low-cost, clean electricity for the operation of restaurants is an important lever to reach this target. In Europe, renewable energy purchases in 2020 covered over 6,000 restaurants-worth of electricity across 11 markets (Austria, France, UK and Ireland, Germany, the Netherlands, Poland, Portugal, Spain, Sweden and Switzerland). These markets have achieved purchasing over 75% renewable electricity for their restaurants, and in many cases are at or close to 100%. In 2020, McDonald's increased investment to five renewable energy projects across the US which will add a significant amount of renewable energy to the US power supply. The GHG emissions reductions from the five deals are expected to contribute to an approximate reduction of 20% from the 2015 base year and will prevent about 2.3 million metric tons of CO2e emissions, once online. We do not centrally collate and report costs specifically in relation to our investment in renewable energy procurement. They are embedded in sustainability strategies across multiple markets and as such we have not provided an investment cost to realize this opportunity.

Comment

Opportunities identified are not disclosed in order of magnitude to the Company nor is the potential substantive financial or strategic impact to the business limited to the climate-related opportunities identified in this disclosure.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Upstream

Opportunity type

Resilience

Primary climate-related opportunity driver

Other, please specify (Regenerative Agriculture)

Primary potential financial impact

Increased revenues resulting from increased production capacity

Company-specific description

The majority of our environmental impacts occur beyond our own operations, through the Company's supply chain and so McDonald's journey toward sustainable sourcing begins with our suppliers. Among other activities, the Company is focused on collaborative action and investment to address climate related risk associated with our agriculture value chain and partnering to advance sustainable and regenerative agriculture practices to help protect our planet for communities today and in the future.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure**Cost to realize opportunity**

0

Strategy to realize opportunity and explanation of cost calculation

Given McDonald's size and scale, we have an important role to play in responsible sourcing. 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 want to create positive

impact, such as boosting resiliency, improving biodiversity, maintaining native grasslands and capturing carbon, and rebuilding soils. McDonald's is working on a number of activities in this area, including but not limited to: Investing in soil and biodiversity in Nebraska, US: With Cargill, The Nature Conservancy and Target, we support regenerative agriculture that helps mitigate climate change and improve the resiliency while achieving other 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. Improving grazing techniques in the US: We launched a partnership with The Foundation for Food and Agriculture Research. We committed to match up to \$4.5 million in a research project with The ASU Foundation for A New American University to analyze the impact of Adaptive Multi-Paddock grazing practices against continuously grazed ranches across. This helps identify beneficial techniques for the environment and farming communities, such as improved soil health, sequestered carbon, increased grassland biodiversity, farmer livelihoods and animal welfare. Regenerative grazing in the UK: We're working with FAI Farms on regenerative grazing focused on how cattle are a vital part of a farm ecosystem, contributing to soil biology by trampling of grass and addition of dung to feed microbes. Healthy soil draws carbon out of the atmosphere, supports farm resilience 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. We do not centrally collate these costs specifically in relation to our investment in this type of farming system, they are embedded in our responsible sourcing strategies across multiple categories and markets and as such have not provided a cost to realize this opportunity.

Comment

Opportunities identified are not disclosed in order of magnitude to the Company nor is the potential financial or strategic impact to the business limited to the climate-related opportunities identified in this disclosure.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	Yes, in the next two years	No, we do not intend to include it as a scheduled AGM resolution item	

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 8.5 IEA Sustainable development scenario	McDonald's is conducting scenario modeling in line with the Task Force on Climate-related Financial Disclosures (TCFD) to understand the physical and transition risks and opportunities for our supply chain, restaurants and offices, specifically carbon pricing mechanisms and water related risks. In line with our climate modeling tool, a data analysis platform was developed for assessing the potential impact of carbon taxes and water-related risks at each restaurant across locations in North America, Latin America, Europe and APMEA and on key commodities. Transition Risk Scenario Analysis: To assess transition risk, our scenario modeling considers the financial implications of a carbon pricing mechanism/taxes for McDonald's and its suppliers under the Sustainable Development Scenario (SDS) from the International Energy Agency (IEA) to keep global temperatures well below 2 degrees Celsius. Our current assessment covers all Company owned and Franchised restaurants globally. Inputs included: greenhouse gas emissions across Scopes 1, 2 & 3 representing nearly 39,000 restaurants (Company owned and Franchisee), restaurant sales and corporate operating expenses and revenues. We also assessed emissions intensities of our key agricultural commodities that represent our main supply chain GHG drivers globally, with the ambition to expand this modeling in the near future. The time horizon for this scenario analysis is 2040, selected for its relevance to our organization due to the likelihood of carbon taxation regulation and its impact on our operations and supply chain globally. Physical Risk Scenario Analysis: A business-as-usual scenario is being considered to assess physical risks. This scenario assesses the exposure to water-related risks for McDonald's restaurants and its suppliers under the Intergovernmental Panel on Climate Change (IPCC) RCP 8.5 scenario. The analysis focuses on water stress under the conditions of a rapidly heating planet. Our first assessment covers all Company owned and Franchised restaurants globally and our supply chain including our key agricultural commodities. Inputs included: water usage data and predicted values using linear regressions of reported data to model direct operations and supply chain impact, and the WRI water risk indicators including Aqueduct 3.0 global water risk indicators and Aqueduct water stress projections to assess high priority locations for water-related risks. The time horizon for this scenario analysis is 2030 for restaurants and 2040 for Supply Chain, selected for its relevance to our organization due to the importance of water for our operations and supply chain, notably agriculture, and allows us to view medium- and long-term risks and opportunities in financial terms. Results of Scenario Analysis: The result of the analysis will help us understand the potential financial impact to our business by scenario and time period. The results will provide directional focus in terms of priority locations and commodities where further analysis and refinement is required along with identification and scaling of best practices for mitigating such risks to help build a more resilient McDonald's ecosystem. The results will also help the business to build use-cases to further socialize the risk assessment.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Evaluation in progress	We know there are risks, opportunities, and impacts from all products and services. While we continuously evaluate these risks and opportunities, we work with suppliers and Franchisees to reduce the climate risk and build resiliency across all products and services, rather than limit products and services.
Supply chain and/or value chain	Evaluation in progress	We have assessed climate related risks and opportunities through our supply chain using AITrack, our enterprise-level internal climate tracking system, and our approach is guided by the TCFD framework. We also assess our supply chain climate impact by category, market and supplier to prioritize and tailor our Climate Action and engagement strategy. Finally, we use CDP Supply Chain to better understand the risks our suppliers identify and build these into our strategic approach. Our initial climate risk analysis was completed this year and we use climate impact and CDP Supply Chain insights to influence our strategy on an ongoing basis.
Investment in R&D	Yes	As we decide how and where to pursue and scale innovation pilot programs, such as agricultural research projects or alternative energy technology and energy efficiency projects, we build on prior learnings and anticipate continuous future insights that will inform short, medium and long term future investments in R&D based on climate-related risks and opportunities. Many markets are testing energy sourcing/reduction, water saving, and recycling/waste related innovations. An example is the US flagship store that serves as a learning hub for McDonald's to test solutions for reducing energy and water use, a testament to the Company's ongoing commitment to sustainable innovation. The Company and its suppliers monitor and track packaging related legislation requirements to identify important trends for consideration during strategic planning. The Company is testing and deploying new packaging solutions in our restaurants around the world to learn how we can reduce packaging and switch to more sustainable materials, while still delivering a great experience for our customers. Additionally, the Company has two key commitments: Source 100% of our guest packaging from renewable, recycled, or certified sources by 2025, 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. Meeting these goals and planning for upcoming legislation has resulted in an increase in R&D. This included partnering with suppliers on the development of re-usable packaging options for specific geographic regions/items.
Operations	Yes	In cases of extreme weather events, restaurant operations and deliveries have been disrupted in some geographies. As we continue to pursue climate-related scenario modeling going forward – in the short term and to long-term, we will continue to assess the materiality of these impacts to the Company, Franchisees and suppliers. Energy and GHG reducing technologies and approaches identified as opportunities are being implemented across our restaurants. An example is McDonald's digital Global Restaurant Building & Equipment Standard (GRBES) which are being rolled out to countries globally through 2021. The GRBES platform is designed to provide Building/Equipment requirements for new restaurants and guidance on exterior/site LED lighting, Energy Management, Building construction, Refrigeration, HVAC, Maintenance & Servicing, Local Equipment, Recycling Bins and Water Conservation. Our efforts to realize this opportunity are measured as part of our GHG and energy tracking platform on an annual basis.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs Indirect costs Capital expenditures Capital allocation Assets	McDonald's corporate and markets assess and plan for the risks and opportunities related to climate change. There are significant investments made to activate our strategies including opportunities integrated into our financial planning to achieve our Science Based Target to reduce GHG emissions, or to implement resilience/adaptation plans and other actions to accommodate transitional and physical risks and opportunities. For example, we have integrated building / equipment efficiency measures and the associated cost savings (e.g. from energy efficiency) have been identified and incorporated into asset reinvestment plans in the short to medium-term time horizon.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based) +3 (upstream & downstream)

Base year

2015

Covered emissions in base year (metric tons CO2e)

8829367

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

36

Covered emissions in target year (metric tons CO2e) [auto-calculated]

5650794.88

Covered emissions in reporting year (metric tons CO2e)

8078627

% of target achieved [auto-calculated]

23.6187813791055

Target status in reporting year

Underway

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

2°C aligned

Please explain (including target coverage)

The Company partners with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year. The target includes all Company-wide Scope 1 & 2 emissions, as well as operational waste (upstream Scope 3) and waste associated with final food and packaging delivered to customers post-sale on restaurant premise (downstream Scope 3) for all restaurants (Company-owned and Franchised), and Scope 1 & 2 emissions for Franchisee restaurants (downstream Scope 3). These figures reflect the latest enhancements to our 2015 base year emissions which have been updated based on best practice guidance on leveraging the latest methodology and data available. We continue to be on track to meet the restaurant and offices portion of our Science-Based Target. Absolute emissions related to restaurants and offices have reduced from our 2015 base year. GHG reductions in the reporting year of 2020 are driven by McDonald's continued investment in renewable energy, efforts on building/equipment energy efficiency and recycling initiatives, as well as the impact of COVID19 related temporary restaurant closures/reduced operations. Once online, the US VPPA transactions referenced in section C4.3 a and b are expected to contribute a 20% reduction from the 2015 baseline (or 55% of the restaurants and offices portion of our global Science-Based Target). As we continue to enhance our methodology and data quality in future years, we can expect the baseline and annual progress figures to further adjust in future reporting cycles.

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 3 (upstream)

Intensity metric

Metric tons CO2e per metric ton of product

Base year

2015

Intensity figure in base year (metric tons CO2e per unit of activity)

8.22

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

78.38

Target year

2030

Targeted reduction from base year (%)

31

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

5.6718

% change anticipated in absolute Scope 1+2 emissions

0

% change anticipated in absolute Scope 3 emissions

Intensity figure in reporting year (metric tons CO2e per unit of activity)

7.73

% of target achieved [auto-calculated]

19.229259869712

Target status in reporting year

Underway

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Target ambition

2°C aligned

Please explain (including target coverage)

Through collaboration and partnership with our suppliers and producers, the Company commits to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels. Our target includes all emissions from purchased food, beverage and packaging products sold to customers. Our reported intensity reduction includes emissions from Purchased Goods and Services specifically from purchased beef, dairy, cheese, chicken and packaging products and Upstream transportation and distribution which together represented 78.38% of emissions in these categories in our baseline year. We are pleased to report our supply chain emissions intensity has reduced between our baseline in 2015 and the 2020 reporting year. We recognize that our supply chain is a significant contributor to our total greenhouse gas emissions. In order to accurately assess and manage this impact by supplier, category and market, we have developed a system to take the best available data sources across the range of commodities and markets in which McDonald's operates and use national and industry datasets to build detailed emissions profiles for our key categories. We use this information to create reduction strategies relevant for our supply chains and to have informed discussions with suppliers in our largest emitting categories. We continue to communicate the importance of taking positive action on climate to our suppliers and we are confident that the Company has the right strategy in place in partnership with our suppliers to accelerate progress in the years ahead. We are seeing an increase in the number of our suppliers setting climate targets and implementing strategies tailored to their own supply chains. With CDP Supply Chain we request 131 of our key suppliers in our largest categories of emissions to set targets, measure emissions, make reductions, and report progress to CDP. This is up from 2020 requests to 107 suppliers, representing 79% of McDonald's global spend across Food, Packaging, Logistics and Equipment in 2020. These figures reflect our current 2015 and 2020 emissions estimates, which have been calculated based on best practice use of latest methodology and data available. We continue to enhance our methodology and data quality and can expect our baseline and annual progress figures to further adjust.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	
To be implemented*	2	
Implementation commenced*	4	1300000
Implemented*	4	793671
Not to be implemented	0	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy consumption	Other, please specify (Various: Hydro, Wind, Solar, Solar PV)
-------------------------------	---

Estimated annual CO2e savings (metric tonnes CO2e)

696499

Scope(s)

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

The Company encourages markets to develop a roadmap to integrate renewable energy. In Europe, 11 reporting markets – Austria, France, UK and Ireland, Germany, the Netherlands, Poland, Portugal, Spain, Sweden, and Switzerland – have achieved purchasing over 75% renewable electricity for their restaurants, and in many cases are at or close to 100% renewable electricity.

Initiative category & Initiative type

Low-carbon energy consumption	Other, please specify (Various: Hydro, Wind, Solar, Solar PV)
-------------------------------	---

Estimated annual CO2e savings (metric tonnes CO2e)

93972

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

The Company encourages all markets to develop a roadmap to integrate renewable energy (RE) into their sustainability plans. In the US, in 2019 McDonald's committed to buy electricity from one solar and one wind project that will continue to help expand the amount of RE available in the US. McDonald's energy offtake commitments from the projects will be in the form of virtual power purchase agreements (VPPAs) with both projects located in Texas. In September 2020, the wind project became operational and the energy that will be generated by this project alone is estimated to be equivalent to over 1,500 US restaurants-worth of electricity and will help to prevent approximately 500,000 metric tons of CO2e each year, which is equivalent to planting 8 million trees. We have noted 93,972 mtCO2e in the numeric field above as the number associated with savings in the reporting year, 2020 (as the wind project became operational in September 2020). In 2020, McDonald's completed three new VPPA transactions, with two wind farms and one portfolio of solar projects slated to be built in Illinois, Oklahoma, North Carolina and Ohio. Once all 2020 and 2019 transacted projects are online, the energy generated will be equivalent to over 7,000 US restaurants-worth of electricity and is expected to contribute to a 20% GHG reduction from our 2015 base year. McDonald's portion of these RE projects will help to prevent approximately 2,300,000 metric tons of CO2e emissions each year.

Initiative category & Initiative type

Energy efficiency in production processes	Product or service design
---	---------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

3200

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)**Investment required (unit currency – as specified in C0.4)****Payback period**

No payback

Estimated lifetime of the initiative

Ongoing

Comment

In 2018, McDonald's China announced its action plan to focus on more sustainable restaurants and packaging. They expect to open more than 1,800 restaurants from the end of 2018 to 2022, more than 95% of which will be designed to meet LEED v4 ID+C Standard via LEED Volume Program. 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. Each LEED Certification restaurant may save approximately 30 tCO2 per year. 100 LEED Certification restaurants may save 3,200 tCO2 per year.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)**Scope(s)**

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)**Investment required (unit currency – as specified in C0.4)****Payback period**

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

LED lighting investment amounts vary by region and are incorporated into the overall cost of a standard new or rebuilt restaurant (for both the Company and Franchisees), thus we do not represent an incremental investment cost. In the US LED lighting is standard for all new and rebuilt McDonald's restaurants (excluding certain signs and equipment lamps), and in Europe LED lights are part of the restaurant guidelines for all markets. India also implements LED lighting technology in new restaurants since 2012. Restaurants that have used LED lighting in the US have achieved an estimated average reduction of 7% in energy usage per year against a 2010 baseline.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Energy and water efficiency)
--------------------------------	---

Estimated annual CO2e savings (metric tonnes CO2e)**Scope(s)**

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)**Investment required (unit currency – as specified in C0.4)****Payback period**

No payback

Estimated lifetime of the initiative

Ongoing

Comment

McDonald's US operates an environmental sustainability program, US 20x2020 By Design. The program aims to reduce energy and water by 20% by 2020 from a 2005 base year, using innovative strategies in the design of new restaurants. These include LED lighting, low oil-volume fryers, high-efficiency hand dryers, toilets and faucets, and low-spray valves. In a concluding study, McDonald's US 2020 prototype buildings have achieved a 26.4% reduction in electric use, and a 3.7% reduction in natural gas

use from 2005. For water, they achieved a total water use reduction of 19% (including a reduction of approximately 27% for hot water and water to sewer). McDonald's ECO2 program continues to help US Franchisees identify and install cost-saving energy efficiency measures in their restaurants. McDonald's US works with experts to provide restaurants surveys, analysis of available upgrades and potential savings, utility incentive management, and coordination of equipment selection and installation for the Franchisees.

Initiative category & Initiative type

Energy efficiency in production processes	Machine/equipment replacement
---	-------------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s)

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

1-3 years

Estimated lifetime of the initiative

Ongoing

Comment

The impact of COVID-19 reduced the equipment development pipeline, which limited the amount of new equipment designs released in 2020. However, continued purchasing and upgrading of legacy equipment continued, particularly in the 2nd half of 2020. For example, roll-out of the Next Gen Grill, which provides energy savings of approximately 16% compared to previous models; the High Density Universal Holding Cabinet that increases hot holding capacity and reduces energy use by about 31% compared to the previous holding cabinet; Continuing roll-out of bun toasters that provide up to 55% better energy efficiency than the previous model; Continuing roll-out of the "IDLE mode" for Henny Penny LOV Fryer, which reduces energy consumption when fryer vats are not actively cooking products. Typically a vat will go into IDLE mode if there is no cooking for 30 minutes. Actual investment costs and estimated monetary and CO2e savings results will vary by restaurant.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Various initiatives)
--------------------------------	---

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

In 2020, McDonald's launched a new Net Zero Energy restaurant in the US designed to create enough renewable energy on-site to cover 100% of its energy needs on a net annual basis. The restaurant includes a solar-paneled roof, photovoltaic glass panels integrated throughout the building, and solar parking lot lights on the property's exterior. It also has an automated energy system and passive ventilation dining-room that circulates air and regulates temperature. This global flagship restaurant will serve as a learning hub for McDonald's to test solutions for reducing energy and water use, a testament to the Company's ongoing commitment to sustainable innovation.

Initiative category & Initiative type

Waste reduction and material circularity	Waste reduction
--	-----------------

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

The Company is testing and deploying new packaging solutions in our restaurants around the world to learn how we can reduce packaging and switch to more sustainable materials, while still delivering a great experience for our customers. By using our restaurants as innovation hubs, we can get immediate customer feedback and identify the best solutions to accelerate and scale across multiple markets. For example, by the end of 2020, 45 markets had switched to new McFlurry packaging which eliminates the need for a separate plastic lid. In Europe alone, this will save more than 1,200 metric tons of plastic per year. Additionally, we've also made progress in recycling of customer packaging and kitchen waste at our restaurants. By the end of 2020, we offered guests the opportunity to recycle packaging waste in over 25% of restaurants in our 30 largest markets. In these restaurants, guest packaging is collected in customer-facing recycling bins, or collected for sorting and recycling back of house or off-site. In regions where infrastructure is more robust, we see greater progress toward our goal. For example, on average, just under 70% of our restaurants in McDonald's largest European markets are already providing recycling for guest packaging. In restaurants around the world we also 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.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Various initiatives)
--------------------------------	---

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

McDonald's Australia launched its 1,000th restaurant as the market's first sustainability flagship and hub for testing industry-leading sustainability innovations. It features 25 core initiatives to reduce its environmental impact, from energy-efficiency to water conservation to recycling, and is designed to operate with 100% renewable energy, with elements like carbon neutral McDelivery.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for other emissions reduction activities	Varies by market
Employee engagement	Varies by market
Internal incentives/recognition programs	Supplier engagement programs and CDP Supply Chain
Internal incentives/recognition programs	Varies by market.
Dedicated budget for energy efficiency	Varies by market

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Company-wide

Description of product/Group of products

As a franchise organization, the Company provides energy saving solutions and technologies to Franchisees which enable them to avoid emissions at their restaurants. An example is McDonald's digital Global Restaurant Building & Equipment Standard (GRBES) which is being rolled out to countries globally through 2021. The GRBES platform is designed to provide Building/Equipment requirements for new restaurants as well as recommendations and shared learnings guidance, and will include guidance on exterior/site LED lighting, Energy Management, Building construction, Refrigeration, HVAC, Maintenance & Servicing, Local Equipment, Recycling Bins and Water Conservation. In addition to the GRBES, to advance the overall sustainability of McDonald's restaurants in Europe, markets in Europe have developed their own internal building standards in consultation with external experts, designed to be scalable across all new and remodeled restaurants. In 2015, the Company issued an update of the document for their new store openings. This update included an even broader and more impacting array of sustainability solutions, including expanded energy efficiency measures. These guidelines and standards, applicable for both Company-owned and Franchisee restaurants, can help to reduce GHG emissions.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Energy efficiency leads to GHG reduction, we do not currently track according to a formal Taxonomy)

% revenue from low carbon product(s) in the reporting year

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

We do not track % of revenue involved.

Level of aggregation

Product

Description of product/Group of products

Electric Vehicle Charging Stations: In some markets, McDonald's restaurants have installed Electric Vehicle Charging Units as an added service benefit for customers. For example, by the end of 2020, 32 US restaurants had around 80 charging stations installed. McDonald's Sweden has worked with Fortum (a Finnish power company) and Nissan (a Japanese car manufacturer) since 2012 to establish "green corridors" of fast chargers for electric cars between Nordic capitals, with over 100 charging stations in Sweden. McDonald's U.K. has entered a partnership with InstaVolt to introduce EV rapid-charging points as standard across new Drive-Thru restaurants.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Electric vehicles can reduce GHGs, we do not currently track according to a formal Taxonomy)

% revenue from low carbon product(s) in the reporting year

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

We do not track % of revenue involved.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2015

Base year end

December 31 2015

Base year emissions (metric tons CO2e)

162958

Comment

These figures reflect the latest enhancements to our 2015 base year emissions, which have been updated based on best practice guidance on leveraging the latest methodology and data available. We can expect the baseline and annual progress figures to further adjust in future reporting cycles with continued methodology and data quality enhancements.

Scope 2 (location-based)

Base year start

January 1 2015

Base year end

December 31 2015

Base year emissions (metric tons CO2e)

1378676

Comment

These figures reflect the latest enhancements to our 2015 base year emissions, which have been updated based on best practice guidance on leveraging the latest methodology and data available. We can expect the baseline and annual progress figures to further adjust in future reporting cycles with continued methodology and data quality enhancements.

Scope 2 (market-based)

Base year start

January 1 2015

Base year end

December 31 2015

Base year emissions (metric tons CO2e)

1295123

Comment

These figures reflect the latest enhancements to our 2015 base year emissions, which have been updated based on best practice guidance on leveraging the latest methodology and data available. We can expect the baseline and annual progress figures to further adjust in future reporting cycles with continued methodology and data quality enhancements.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
97398

Start date
January 1 2020

End date
December 31 2020

Comment

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
107034.65

Start date
January 1 2019

End date
December 31 2019

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
473728

Scope 2, market-based (if applicable)
431395

Start date
January 1 2020

End date
December 31 2020

Comment

Past year 1

Scope 2, location-based
569598.23

Scope 2, market-based (if applicable)
492114.18

Start date
January 1 2019

End date
December 31 2019

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Emissions for Company-owned offices outside of the U.S., larger European markets, Brazil, Japan and Australia. Emissions for Company-owned or controlled fleets and offices based outside of the US

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why this source is excluded

In recent years, estimated emissions for Company-owned or controlled fleets based outside of the US larger markets represented less than 1% of both Scope 1 and Scope 2 emissions and were deemed not relevant to complete for the analysis.

Source

Emissions for Company-owned or controlled fleets outside of the U.S. Emissions for Company-owned offices outside of the US, larger European markets, Brazil, Japan and Australia.

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why this source is excluded

In recent years, estimated emissions for Company-owned offices based outside of the US represented less than 1% of both Scope 1 and Scope 2 emissions and were deemed not relevant to complete for the analysis.

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

40210561

Emissions calculation methodology

Emissions were calculated using Aligned Incentives' hybrid life cycle assessment models and database for 100% of procured food, beverage and packaging products procured over the reporting period. All values represent cradle-to-gate emissions across all GHG emissions identified in the GHG Protocol Value Chain Standard, using GWP values from the IPCC Fifth Assessment Report. Purchased goods and services refers to food and packaging supply chain categories only, including agriculture, processing and distribution activities (non-category 4 activities). Emissions estimates for this Scope 3 category were calculated using procurement and distribution data in a hybrid LCA model. The results reflect goods & services purchased for both Company-owned and franchised restaurants due to format of data used for analysis. Spend data regarding other purchased goods and services was not available at the global level at the time of analysis.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Emissions were calculated using Aligned Incentives' hybrid life cycle assessment models and database for 100% of procured food, beverage and packaging products procured over the reporting period. This system uses product volume and spend data from multiple McDonald's systems but does not use supplier reported emissions data.

Capital goods

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Due to lack of availability of consistent, global data at time of reporting to enable analysis, we will not report estimated emissions from capital goods at this time.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2751848

Emissions calculation methodology

Emissions were calculated using data on the energy consumption across all restaurants (both Company and Franchisee owned), as well as energy consumption for US and European offices and fleets. Emissions factors represent upstream emissions from the production and transportation of fuels consumed in the reporting year as well as T&D losses associated with electricity use. For electricity, upstream fuel consumption was based on a market-based method, using the fuel mix for the local grid for each facility to calculate supply chain emissions. Values were calculated using GWP values from the IPCC Fifth Assessment Report.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1651247

Emissions calculation methodology

The reported figure represents total emissions from outbound transportation and distribution center activities. These emissions cover markets composing the vast majority of all restaurants globally (both Company and Franchisee owned). Emissions from outbound transportation and distribution center activities for the remaining stores were estimated by using a weighted average per-store value, calculated across all reporting markets. Inbound emissions are also included in this estimate but are extrapolated due to lack of data. Emissions from inbound transportation were calculated using country-level inbound-to-outbound emissions ratios from an analysis conducted by the Company's logistics suppliers.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

85

Please explain

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

447961

Emissions calculation methodology

The reported figure represents total emissions from waste generated in operations that are not associated with final food and packaging delivered to customers post sale.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Business travel

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Emissions from this category represented less than 1% of total emissions when estimated in a prior years' more holistic Scope 3 analysis. As such, this category was excluded from the analysis.

Employee commuting

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Emissions from this category represented less than 1% of total emissions when estimated in a prior years' more holistic Scope 3 analysis. As such, this category was excluded from the analysis.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Upstream leased assets are not applicable in the Company's business.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Downstream transportation and distribution to the end consumer is not currently a sizeable part of McDonald's operational model and the GHG emissions magnitude is estimated as small compared to other Scope 3 categories noted here. We will continue to evaluate relevance in future years.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not relevant because there is no downstream processing of sold products for McDonald's.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not relevant because there are no GHG emissions from the use of sold products.

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1534282

Emissions calculation methodology

The reported figure represents total emissions from waste that is associated with final food and packaging delivered to customers post sale on restaurant premises (including Franchises). Emissions from "carry out" or "drive thru" customers category was excluded from the analysis due to lack of data at the time of analysis, but we plan to include this in future reporting years.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Emissions from assets that the Company owns and leases to Franchisees are represented in the Franchisee-related emissions figures.

Franchises

Evaluation status

Relevant, calculated

Metric tonnes CO2e

6599281

Emissions calculation methodology

Represents Franchisee Scope 1 & 2 emissions. Primary data was collected from Franchisee restaurants in the largest markets. A predictive model drawing from the data collected from these stores was used to extrapolate energy data for all non-reporting stores open at some point during the reporting period. Refrigerant emissions were estimated using linear extrapolation of Company-owned restaurant data.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

The Company does not have significant investments as part of its core business.

Other (upstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00002804

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

528793

Metric denominator

unit total revenue

Metric denominator: Unit total

Scope 2 figure used

Market-based

% change from previous year

0.1

Direction of change

Increased

Reason for change

The intensity increase is driven by a reduction in total revenue in 2020 due to the impact of COVID19, as Scope 1 and 2 emissions decreased from 2019 to 2020.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CH4	36	IPCC Fifth Assessment Report (AR5 – 100 year)
CO2	96412	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	41	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	172	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Asia, Australasia, Middle East and Africa <i>McDonald's common internal designation for this region is "APMEA": Asia Pacific Middle East Africa.</i>	1709
Europe	26703
Other, please specify (Global/Unspecified)	26946
North America	42041

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Heating Oil	142
Natural Gas	49961
Propane / NGL	292
Refrigerants	20379
Mobile Fuels	26625

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Asia, Australasia, Middle East and Africa <i>McDonald's common internal designation for this region is "APMEA": Asia Pacific Middle East Africa.</i>	80436	73224	97257	0
Europe	222452	184579	936443	211476
North America	170840	173591	471349	11043

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
District Heating	24042	24042
Electricity	449685	407353

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	49239	Increased		114,268 - 65,029 = 49,239
Other emissions reduction activities		<Not Applicable>		
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	57132	Decreased		(528,793 - 536,686) - (114,268 - 65,029) = -57,132
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	386373	386373
Consumption of purchased or acquired electricity	<Not Applicable>	222518	1196937	1419455
Consumption of purchased or acquired heat	<Not Applicable>	0	81418	81418
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	222518	1664728	1887246

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Fuel Oil Number 2

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

560

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.2534

Unit

metric tons CO2e per MWh

Emissions factor source

WRI (2015), GHG Protocol tool for stationary combustion. Version 4.1 (Gas/Diesel Oil)

Comment

Fuels (excluding feedstocks)

Other, please specify (Mobile Fuels)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

109524

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.243

Unit

metric tons CO2e per MWh

Emissions factor source

WRI (2015), GHG Protocol tool for mobile combustion. Version 2.6. (Jet Fuel, units converted to kWh), and EPA (2020) Mobile Emissions.

Comment

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

274862

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.1818

Unit

metric tons CO2e per MWh

Emissions factor source

WRI (2015), GHG Protocol tool for stationary combustion. Version 4.1 (Natural gas)

Comment

Fuels (excluding feedstocks)

Propane Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1426

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.2044

Unit

metric tons CO2e per MWh

Emissions factor source

WRI (2015), GHG Protocol tool for stationary combustion. Version 4.1 (LPG)

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Germany

MWh consumed accounted for at a zero emission factor

40588

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling

France

MWh consumed accounted for at a zero emission factor

21991

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Other, please specify (Household Waste Incineration Plant)

Country/area of consumption of low-carbon electricity, heat, steam or cooling

France

MWh consumed accounted for at a zero emission factor

21665

Comment

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

18676

Comment

Onshore Wind

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor

18021

Comment

Onshore Wind

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Poland

MWh consumed accounted for at a zero emission factor

13258

Comment

Onshore Wind

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type

Biomass

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor

9590

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

France

MWh consumed accounted for at a zero emission factor

8944

Comment

Onshore Wind

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Netherlands

MWh consumed accounted for at a zero emission factor

8689

Comment

Onshore Wind

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type

Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Sweden

MWh consumed accounted for at a zero emission factor

8218

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Spain

MWh consumed accounted for at a zero emission factor

7934

Comment

Onshore Wind

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type

Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor

7507

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Austria

MWh consumed accounted for at a zero emission factor

6623

Comment

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Austria

MWh consumed accounted for at a zero emission factor

6113

Comment

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type

Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Portugal

MWh consumed accounted for at a zero emission factor

6034

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Switzerland

MWh consumed accounted for at a zero emission factor
4790

Comment

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor
4078

Comment

Offshore Wind

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Please select

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Ireland

MWh consumed accounted for at a zero emission factor
2902

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Spain

MWh consumed accounted for at a zero emission factor
2800

Comment

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
United States of America

MWh consumed accounted for at a zero emission factor
2346

Comment

Onshore Wind

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Spain

MWh consumed accounted for at a zero emission factor
583

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling

France

MWh consumed accounted for at a zero emission factor

538

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Biomass

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Spain

MWh consumed accounted for at a zero emission factor

350

Comment

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, not supported by energy attribute certificates

Low-carbon technology type

Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

261

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Sweden

MWh consumed accounted for at a zero emission factor

17

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	No third-party verification or assurance
Scope 2 (location-based or market-based)	No third-party verification or assurance
Scope 3	No third-party verification or assurance

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

We monitor regulations that will affect McDonald's operations through our Corporate Relations team and respond accordingly as part of our holistic risk management approach, as outlined in C2.2.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Also consider this type of engagement to be "Engagement & Incentivization"

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

30

% total procurement spend (direct and indirect)

79

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

We collect information on all of our sourcing through our TraQtion and Distribution Center information which would cover suppliers in every market we have data for. We cannot categorically state the % of total suppliers who respond to CDP Supply Chain so have used 30% as a conservative lower estimate of suppliers covered through information collection. We have calculated the spend with suppliers we request information on through CDP as a percentage of our annual food and paper spend as a conservative lower estimate of suppliers covered through information collection. In 2020 we collected climate change and carbon information through the CDP Supply Chain program from 107 key suppliers who represent 79% of McDonald's global spend across Food, Packaging, Logistics and Equipment in 2020. The Company has set a science-based target to reduce emissions through collaboration and partnership with our suppliers towards a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels. To achieve these reductions, we need the full engagement from our biggest suppliers in the product categories which form the highest proportions of our emissions profiles. Since 2017 McDonald's has engaged our largest suppliers by spend in CDP Supply Chain to support our Climate Action Strategy and our commitment to Conserving Forests by disclosing on these business-critical issues. In 2020, the Company requested information through CDP Supply Chain Climate Change from 107 suppliers. This included our top 19 suppliers, who represent over 2/3 of global annual spend across Food,

Packaging, and Logistics. It also encompassed all globally managed beef, chicken, dairy, cheese, bakery and baked goods, logistics, produce, liquid products and potato suppliers, and the top 80% of our fiber-based packaging and key equipment suppliers. In 2021, we have requested 131 suppliers report to CDP Supply Chain Climate Change and Forests.

Impact of engagement, including measures of success

As a Lead Member of CDP Supply Chain, one way we track supplier information and progress on climate action is through their annual CDP disclosures. In 2020, we received an 82% disclosure response rate from suppliers to our CDP Supply Chain Climate information collection. This represents an improved engagement score from 76% response rate in 2019. This increased response rate was achieved while also increasing suppliers invited to disclose from 55 in 2019 to 107 in 2020. In addition, based on information collected annually from suppliers and information collected from McDonald's markets globally on product volumes, origins, processing locations and markets supplied, we visualize the emissions impact every major supplier has within our supply chain by key product. We share this information with procurement leads globally and sustainability leads in key markets to support conversations on our expectations for climate action. For our highest emitting categories, we expect that all globally managed suppliers meet our expectations. A great example of this is in our logistics category where all of McDonald's Global and North American independent logistics suppliers have set science-based targets, approved by the SBTi. We are using this information to work more closely with suppliers in these categories to capture the impact of the reductions and removals under supplier-led climate strategies to the annual McDonald's supply chain emissions. In addition to our direct questions to suppliers through CDP Supply Chain, suppliers must adopt the McDonald's Supplier Code of Conduct. This requires that their facilities meet the standards and promote the principles outlined in the Code, which are intended to advance McDonald's commitment to all aspects of sustainability, including environmental management. The McDonald's Supplier Workplace Accountability program articulates our expectations of how suppliers should treat the people within their supply chain, and through the program's Self-Assessment Questionnaire, we ask suppliers if they utilize an environmental scorecard or comparable system to track environmental impacts and measure continuous progress, and if they have identified and documented environmental legal requirements. Globally, 97% of our suppliers completed the Self-Assessment Questionnaire in 2020.

Comment

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

We have well-publicized expectations for all McDonald's suppliers to set climate strategies that include climate targets as well as the measurement, reduction and reporting of emissions. To underpin our engagement campaign, we have created a Climate Action Toolkit on our supplier facing sustainability web resource, the McDonald's Global Sustainable Sourcing Guide, to aid suppliers to take self-managed action on the climate. We have highlighted great examples of supplier action in this Toolkit to inspire others. This resource is open to all suppliers. We reinforce this supplier communication annually through two CDP Supply Chain webinars and periodically in individual supplier and category level meetings to explain our expectations for them to set holistic climate targets, monitor reductions, implement reduction initiatives, engage their supply chain and report progress. We also invite key McDonald's commercial and quality leads to these meetings, so they understand our expectations of suppliers and the specific asks for CDP reporting. We are lead members of CDP Supply Chain and partner with CDP to engage with 107 suppliers representing 79% of McDonald's global spend across Food, Packaging, Logistics and Equipment in 2020. In 2021, we invited 131 suppliers to engage with our CDP Supply Chain Climate Change and Forests program. In 2020, we developed a climate action scorecard and supplier report to evaluate supplier action around Climate Change and encourage all globally managed and key market suppliers to set targets, measure emissions and look to make reductions, particularly in Scope 3, in line with their broader sustainability strategies. Of the 107 global suppliers we invited to report to CDP Supply Chain Climate Change in 2020, 82% responded. For these responders, we evaluated their disclosures on the actions they are taking across 10 priority areas including but not limited to: Measuring emissions across all scopes, setting emissions reduction targets, enacting emissions reduction initiatives, aligning climate targets to the latest science and cascading action through their own supply chain.

Impact of engagement, including measures of success

While all suppliers have access to our Climate Action Toolkit and associated resources, we invited all globally managed suppliers across food, packaging, logistics and equipment to engage in our CDP Webinars on Climate and Forests in March 2021. We recorded a 65% attendance to these Live Webinars and over 75% engagement with suppliers newly invited to the CDP Supply Chain program this year. We believe by improving our engagement with suppliers, we are improving the understanding of McDonald's expectations of suppliers displaying self-managed excellence in climate action and improving the quality and quantity of disclosures we are seeing year on year. We have long-standing expectations for all suppliers to set holistic climate targets, monitor reductions, implement reduction initiatives, and report progress. Using CDP Supply Chain insights, we have integrated these expectations into bespoke feedback reports to suppliers to simply communicate whether a supplier meets or exceeds McDonald's expectations, meets many of our expectations or whether further action is recommended across 10 priority climate actions including, but not limited to, measuring emissions across all scopes, setting emissions reduction targets, enacting emissions reduction initiatives, aligning climate targets to the latest science and cascading action through their own supply chain. Measuring our engagement impact: A key measure of our success is the percentage of suppliers by category who are meeting our expectations through their CDP Supply Chain reports. In 2020, the 107 suppliers we requested to respond to CDP Supply Chain Climate represented 79% of our global procurement spend for food, packaging, logistics and equipment in 2020. Following our evaluation of supplier responses and our procurement spend with these suppliers, we identified that 88% of spend was with suppliers who met many or all of our 10 climate expectations; 10% of spend was with suppliers who required further action (and were supported with recommended next steps); and only 2% of spend was with suppliers who did not respond to our request to report to CDP Supply Chain Climate in 2020.

Comment

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

We're committed to building a better McDonald's and that includes using our scale to help address this defining issue for current and future generations. This strategy encompasses both our company-owned restaurants and other partners, namely, our franchise restaurants, and suppliers as described above. In 2018, we became the first restaurant company in the world to address global climate change by setting a Science Based Target to significantly reduce our greenhouse gas emissions. The Company is partnering with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year. Franchisees operate 95% of McDonald's restaurants worldwide so they are a key partner for us to work alongside to reach our target. Engagement with Franchisees on climate action is led at market level, and the methods of engagement vary.

We have launched two projects in the US in 2020 in collaboration with suppliers and other partner organizations focused on regenerative agricultural techniques with an aim to remove and sequester carbon through a change in farming practices. Working with Cargill, The Nature Conservancy and Target, we have invested in a five-year, \$8.5 million project to influence farming practices across 100,000 acres of land dedicated to corn production in Nebraska with the potential to sequester 150,000 metric tons of carbon. In the US Northern Great Plains, McDonald's has partnered with Cargill, the Walmart Foundation and World Wildlife Fund, investing \$1.6 million over a five-year project to support ranchers to implement regenerative grazing practices across 1 million acres making up 15% of McDonald's US cow-calf supply. 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 to enhance soil health and its ability to absorb further carbon from the atmosphere, improve biodiversity and environmental and economic resiliency.

In collaboration with others inside and outside the McDonald's value chain, we have worked to help develop tools and best practices to help everyone more credibly and practically account for impact on carbon reductions and removals. Other climate-related engagements with partners in our value chain include:

- 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. We are engaged with the Climate and Land Use Working Groups to collaborate to set a recently announced climate target and to find solutions to help members demonstrate impact.
- 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.
- We are working with WWF and other organizations across the land based and forestry sections to guide the development of tools to help companies set credible 1.5°C Science Based Targets for land-based emissions in operations and supply chains.
- 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.
- 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.
- 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.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Various topics relevant to McDonald's business model and climate action strategy)	Support	Since announcing McDonald's climate commitment in 2018, McDonald's has been meeting with members of US Congress and their staff to educate them on its climate goals and progress on climate action. It has also met with members to discuss broader policy issues including energy, agriculture, circular economy, and transportation and logistics.	
Other, please specify (Various topics relevant to McDonald's business model and climate action strategy)	Support	McDonald's has proactively communicated with Members of the European Parliament and European Commission officials to inform them on the Company's activities and progress in the area of sustainability and climate action, including on sustainable farming.	

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

McDonald's VP, Global Public Policy & Government Relations is a board member of the National Restaurant Association (NRA).

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The National Restaurant Association (NRA) is committed to educating their members about environmental sustainability in the restaurant business, including how to manage and reduce packaging waste, increase recycling and minimize food waste. They have a leadership role in the Food Waste Reduction Alliance (FWRA). FWRA's aims are twofold: 1) reduce the amount of food waste being sent to America's landfills; and 2) increase healthful food donations to hungry people.

How have you influenced, or are you attempting to influence their position?

Yes, McDonald's influenced National Restaurant Association's (NRA) position on climate change in the restaurant space, especially when it comes to backing science-based goals and targets, packaging issues, sourcing issues and waste. According to the NRA's staff, while many other companies and restaurants have made goals like McDonald's, our leadership has helped NRA bring these issues to the forefront and speak with their members about greenhouse gas emissions and the need to reduce them.

Trade association

McDonald's VP, Global Public Policy & Government Relations is a board member of the International Franchise Association (IFA)

Is your position on climate change consistent with theirs?

Unknown

Please explain the trade association's position

IFA has not taken a public position.

How have you influenced, or are you attempting to influence their position?

No position taken on climate change legislation at this time.

Trade association

McDonald's Supply Chain Global Beverage Team Manager is an Advisory Council member of Conservation International's Sustainable Coffee Challenge (<https://www.sustaincoffee.org/>)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Sustainable Coffee Challenge states that they aim to make coffee the world's first sustainable agricultural product, including addressing coffee's impact on and from a changing climate.

How have you influenced, or are you attempting to influence their position?

McDonald's collaborates with other organizations throughout the coffee supply chain through the Sustainable Coffee Challenge, led by Conservation International. As a SCC partner and Advisory Council Member, McDonald's has joined forces with other industry leaders to further the call to action of making coffee the world's first sustainable agricultural product.

Trade association

McDonald's Manager of Sustainable Sourcing is on the Executive Committee of the Global Roundtable for Sustainable Beef (GRSB).

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The GRSB defines sustainable beef as a socially responsible, environmentally sound and economically viable product that prioritizes Planet, People, Animals and Progress. Clear criteria for this include that net greenhouse gas emissions from the beef value chain are minimized on a per unit of product basis; native forests are protected from deforestation; grasslands, other native ecosystems, and high conservation value areas are protected from land conversion and degradation and; soil health is maintained or improved through implementation of appropriate management practices. The GRSB have been developing and agreeing goals that will positively influence these criteria.

How have you influenced, or are you attempting to influence their position?

We are an active stakeholder in GRSB and have worked with partners throughout the value chain to contribute to their position across a number of topics.

Trade association

McDonald's International Government Relations Director is Chairman of Serving Europe.

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Serving Europe members take their environmental responsibilities very seriously across their entire supply chains and work hard to reduce their environmental footprint where possible. Serving Europe members support smart government policies to protect the environment when they are effective. Member companies aspire to reduce their impact on the planet by actions that include: • Minimization of waste, especially food waste, through corporate policies to recycle used cooking oil, food donations, implement separate collection of specific recyclable materials, etc. • Foster eco-friendly suppliers, meaning both local agri-food producers for a shorter supply chain and eco-friendly packaging • Reduce their energy and water consumption by increasing the energy efficiency of their outlets

How have you influenced, or are you attempting to influence their position?

We are an active stakeholder in Serving Europe and have worked with the organization across a number of topics. Environment & Sustainability is one of their four priority areas, along with Nutrition & Health, Food Safety & Quality, and Employment & Community Engagement.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

We believe engagement can influence the development and adoption of global best practices and standards that will eventually become part of mainstream corporate behavior. For example:

1. **Responsible Sourcing:** The Company works with independent suppliers who share our commitment to sourcing food ingredients and materials for packaging in an ethical and responsible manner, and sustainability is an integral part of how we measure their performance. Our approach to responsible sourcing begins with direct suppliers and extends to thousands of indirect suppliers that source ingredients for our menu items. The majority of our environmental impacts occur beyond our own operations, through the Company's supply chain. We focus on priority products including beef, coffee, fiber-based packaging, palm oil, fish, and poultry including soy for feed.
2. **Commitment on Forests:** Deforestation is a major global challenge with broad & far-reaching implications due to loss of biodiversity & contribution to climate change. After McDonald's endorsed the New York Declaration on Forests in 2014, we announced our global Commitment on Forests in 2015. The commitment encompasses the entire supply chain and focuses on priority products for 2020. In 2016, McDonald's actively supported the indefinite extension of the Soy Moratorium and in 2017, we launched a statement of support for the objectives of the Cerrado Manifesto. We are engaged in multi-stakeholder forums for industry transformation, including the Roundtable on Sustainable Palm Oil, Tropical Forest Alliance (TFA), the Palm Oil Collaboration Group, the GRSB Joint Working Group on Land Use and Biodiversity, and we have been invited to take part in the Forest Positive Coalition Beef Working Group of the Consumer Goods Forum.
3. **Beef Sustainability:** The Company helped found the Global Roundtable for Sustainable Beef (GRSB) to bring together key players in the beef value chain around a common purpose. In 2014, GRSB finalized a global set of principles & criteria and in 2020, GRSB outlined key sustainability targets, marking a major milestone in our journey to sustainable beef. Through these programs we are learning how to deliver meaningful impact through a more sustainable beef supply that is scalable, which requires ongoing measurement of performance, assumes third party assurances/audits and delivers credibility & transparency.
4. **The Company is a member of:** the GHG Protocol Land Based Technical Working Group to update GHG Protocol guidance relevant to land based activities in line with the latest science and best practices; the Forest Land and Agriculture Group with WWF to define the pathways to support credible 1.5°C Science Based Targets for land based supply chains; the C-Sequ and GWP* industry working groups to support the development of scientific best practice on the impact of sequestration and the impact of methane as a greenhouse gas; the Cool Farm Alliance to support the development of a multi-sectoral on-farm carbon calculator; Gold Standard to work with others to develop new approaches to carbon accounting in the supply chain, dealing with challenges of traceability and allocation.
5. **Science Based Targets Initiative:** In March 2018, McDonald's became the first restaurant company in the world to address global climate change by setting a Science Based Target to significantly reduce greenhouse gas emissions.
6. **America Is All In (AIAI), formerly We Are Still In (WASI):** In 2018, the Company joined more than a dozen others on the cross-sector coalition of AIAI/WASI at the Leaders Circle level.
7. **Packaging Challenges and Partnership:** In 2018, the Company joined Starbucks & Closed Loop Partners in a groundbreaking partnership to develop a recyclable and/or compostable cup solution through NextGen Cup Consortium and Challenge. McDonald's is committing \$5 million in partnership with Closed Loop Partners, bringing the total contributed to \$10 million. The initial focus of the challenge is on the fiber-based hot and cold cup, starting with identifying solutions for a fully recyclable and/or compostable cup system in North America.
8. **In 2019 McDonald's became a member of the Renewable Energy Buyers Alliance (REBA),** to collaborate with other energy buyers, energy providers, and service providers to navigate the complexities of the energy market.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

McDonald's global sustainability vision and goals are a central part of our Company's values and therefore are consistent across all activities. Specifically, however, the Global Impact department provides corporate staff leadership, coordination, and support for our global corporate social responsibility / ESG policies, Company goals, programs, and reporting. This group includes Global Communications, Public Policy & Government Relations, and Corporate Relations, who help manage overall climate change strategy integration and consistency for external engagement practices, such as with NGOs or policymakers. This global department coordinates with market-level subject matter experts and external advisors to establish the Company's goals across the Brand Purpose and Impact platform, including the Company's Science Based Target for climate action and Commitment on Forests. The team also provides support for country-level sustainability staff for localized execution of environmental and social impacts relevant to our markets.

At the Company's senior leadership level, the Company's Executive Vice President (EVP) Chief Global Impact Officer and Vice President (VP) Chief Sustainability Officer are responsible for overseeing actions relating to climate change. They work in partnership as the executive sponsors of McDonald's aspirations to source all food and packaging sustainably, and develop and operate the most environmentally sustainable McDonald's restaurants. The Executive Vice President Chief Global Impact Officer leads the Global Impact Team.

Additionally, the EVP Chief Supply Chain Officer leads the Company's Global Supply Chain (GSC) department and works in partnership with Global Impact leadership to address Company sustainability priorities, including climate-related issues. For example, GSC and Global Impact work with suppliers to embed sustainability commitments, including climate change and deforestation, into global sourcing decisions for food and packaging through Global Sustainable Sourcing Specifications and direct collaboration in initiatives.

Furthermore, the Senior VP Global Restaurant Development & Restaurant Solutions Group Officer leads the Company's global restaurant development and operations department and works in partnership with Global Impact, GSC leadership and Country-based leadership to address the Company sustainability priorities in the restaurants, including climate-related issues. The global cross-functional team in place to align on Restaurants & Offices climate strategies and initiatives (spanning Restaurant Development, Global Impact, and Equipment Sourcing) ensures that our Climate goals are considered as part of any new business and policy recommendations related to our restaurants and offices.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

2020 Annual Report.pdf
Sustainability and Corporate Responsibility Committee Charter.pdf

Page/Section reference

Committee Charter: Entirety (pages 1-3) Annual Report page numbers (PDF): - Business - Environmental matters: page 5 - Customer Centric Growth Strategy: page 9 - Risk factors: page 26

Content elements

Governance
Strategy
Risks & opportunities

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

McDonald's Climate Action.pdf
ESG 2018 Website Archive FINAL.pdf

Page/Section reference

McDonald's Climate Action (2020): Entirety of document. McDonald's does not issue standalone ESG reports but rather continues its commitment to strong governance and regular ESG reporting with annual updates to its strategy, goals and performance KPI web pages. The Climate Action web page includes an overview of our climate strategy and goals and is updated annually <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/climate-action.html> Website Archive (2018): Pages 44-46

Content elements

Governance
Strategy
Risks & opportunities
Emission targets

Comment

Publication

In other regulatory filings

Status

Complete

Attach the document

2021 Proxy Statement.pdf
Sustainability and Corporate Responsibility Committee Charter.pdf

Page/Section reference

Committee Charter: Entirety (pages 1-3) Proxy statement: Page 7: Summary – Company values Page 10: Our Impact and Brand Purpose - Commitment to Climate Action, SBTi-approved GHG reduction target, Virtual Power Purchase Agreements. Page 33: Sustainability and Corporate Responsibility Committee - Board governance approach on sustainability and commitments

Content elements

Governance
Strategy
Emission targets

Comment

Page 9: Our Impact and Brand Purpose are highlighted as part of the Company's values. "In partnership with our Franchisees, suppliers, and producers, we're finding new and innovative ways to drive climate solutions, keep waste out of nature, and conserve forests and 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. We were the first global restaurant company to address climate change by setting science-based targets to reduce greenhouse gas emissions in our restaurants, offices and across our supply chain. By 2030, we expect to prevent approximately 150 million tons of greenhouse gas emission from being released into the atmosphere. In 2020, we continued investment in large-scale renewable energy projects through virtual power purchase agreements and 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." Page 33: Sustainability and Corporate Responsibility Committee section provides overview of Board governance approach on sustainability matters and commitments, which includes climate action.

Publication

In voluntary sustainability report

Status

Complete

Attach the document

ESG 2018 Website Archive FINAL.pdf

Page/Section reference

Website snapshot for 2018, inclusive of McDonald's activities relating to environmental matters. 2019/2020 snapshot will be published mid-August 2021.

Content elements

Please select

Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Sustainability Officer	Chief Sustainability Officer (CSO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms