



**McDonald's Corporation
2021 Annual Shareholders' Meeting
Additional Questions**

Following are questions submitted during the 2021 Annual Shareholders' Meeting. We addressed as many questions during the meeting as time permitted. Our responses to questions asked and answered may be found at the replay of the meeting available at www.virtualshareholdermeeting.com/MCD2021. Responses to other questions are below. Consistent with our meeting conduct standards and procedures, similar questions have been grouped together. We also have excluded questions that violate our meeting conduct standards and procedures, general comments and requests for assistance, as well as questions on matters that are privileged or confidential.

How can shareholders be assured that all cultural issues have been fully identified and appropriately addressed, with justice for those affected; what indicators will be reported by the company to demonstrate this?

Under new leadership, and guided by the Board of Directors, McDonald's continues to demonstrate its commitment to taking bold actions to live by its values.

In the past year, these actions include introducing a set of Global Brand Standards designed to reinforce a culture of safety and inclusion in our restaurants and workplaces, a plan to increase women and underrepresented groups in leadership positions linked to executive compensation, and the recruitment of experienced and diverse talent across the management team.

McDonald's Board and Leadership Team will continue taking actions to uphold and advance our values, which is critical for continued growth and success.

Will the board enhance its compensation clawback policy to specifically include instances of misconduct?

The Company currently has clawback provisions in our equity agreements and short-term incentive plans for executives. The Board will continue to lead with values. There is one standard for all members of the organization, regardless of seniority, and McDonald's will not tolerate behavior inconsistent with our values.

Why has McDonald's not split the stock in years?

The Company, together with the Board of Directors, will continue to evaluate the benefits and costs of a stock split. Generally, we do not believe that splitting the stock drives or creates shareholder value. Additionally, there is a cost associated with stock splits and at this time, we prefer to use funds to invest in the McDonald's business or return to shareholders through dividends or share repurchases.

Talk about the recent news stories concerning black franchise owner lawsuits about racial discrimination, and ice cream machine monopoly accusations.

We take all the allegations in the lawsuits seriously. The alleged conduct is inconsistent with our values and what we stand for as an organization and as a partner to communities and small business owners around the world. Discrimination has no place at McDonald's. We are proud of our history of inclusion and empowerment, and we want all our franchisees, suppliers and employees to thrive and prosper. With that said, we deny the claims in the lawsuits, and we will continue to strongly defend against the allegations.

As it relates to soft serve machines, we have high expectations and a rigorous process around anything that impacts our restaurant kitchens, crew and ultimately our customers. That includes our longstanding policy of working only with approved suppliers who have been fully vetted in partnership with restaurant owner/operator leadership and meet our quality and safety standards. Overall, we choose equipment and suppliers that we believe will best serve McDonald's franchisees, restaurant crew and customers.

Would the company consider virtual access to future in-person meetings for those shareholders who cannot attend?

We have a long history of making the Annual Shareholders' Meeting virtually accessible to those who are unable to attend in person. During the past year, we have become even more innovative and flexible, while continuing our efforts to provide transparency to shareholders. The Company, as well as the Board of Directors, will continue to evaluate the external environment to consider accommodations for those who cannot attend future meetings.

How has the pandemic changed McDonald's business? Do you expect the trends to continue once the pandemic over?

Over the past year during challenging times, we have had to keep serving our customers but temporarily limit our menu in some areas. This enabled our restaurant teams to reduce complexity in the kitchen and deliver a seamless pickup experience in our Drive Thru, carry out, and Mobile Order and Pay on McDonald's Global mobile App or with McDelivery. We will continue to evaluate local, state and federal regulations to determine what is best for each market.

Mr. Chairman, the topic of stakeholder capitalism, as an alternative to shareholder capitalism, has received considerable attention recently. As long-term pension fund investors, the Carpenter Funds appreciate the sentiments embodied [sic] in the stakeholder capitalism perspective, but feel that execution could be complicated. Could you discuss the Board's perspective on the concept of stakeholder capitalism, and what the principles the Board would use [sic] the balance the interests of varied stakeholders as it develops and implements the Company's long-term business strategy? Thank You.

Our Board believes that a fundamental understanding of the Company's business, strategy and industry assists it in the effective discharge of its duties. Our Board regularly reviews the Company's performance. Our Board also holds an annual strategy session with the Company's

senior leadership team and other members of management, who present our Board with important information about the Company's strategic priorities.

In 2020, the Board oversaw management's development and adoption of *Accelerating the Arches*. Our Company and franchisees also took proactive steps to feed and foster communities and help promote health and safety in restaurants across our communities. Our Company also continued to deliver strong results for our shareholders over the one- and three-year periods ending December 31, 2020. We remain confident that by investing for the future for both the short- and long-term, and leveraging our competitive strengths, we will continue to capture market share and drive long-term, sustainable growth for all stakeholders.

Does McDonald's plan to have a veggie burger or equivalent in Canada? All your competitors have a veggie burger or similar option.

As our customers look for more plant-based options, we are currently testing a plant-based sandwich called the McPlant™ in select global McDonald's markets. As we introduce more markets to the McPlant™ sandwich, we will assess the appetite for providing more plant-based options to customers globally.

What are your plans to increase plant-based meat options, and also to offer mixed-source meal options? A plant-based "chicken" nugget is just as good as the one made from chicken. Same with burger. Many people won't object to mixed-source options so long as they know what's on the menu. Also interested in making sure any fish products are responsibly sourced, such as Marine Stewardship Council standards. This is especially important in Asian countries where they don't have, or do not comply, with fisheries standards like those in Europe and North America.

Last year, McDonald's [announced](#) a new plant-based platform we are calling McPlant™. The first product developed under this platform is our delicious plant-based burger patty, the McPlant™ sandwich, which is now available for markets to introduce when they're ready based on local customer demand.

McPlant™ is all about giving our customers more choices when they visit McDonald's. We have a proud legacy of delicious food our customers love, and now, we are extending that legacy into the plant-based space. In the future, the McPlant™ platform could include other plant-based items like chicken and breakfast sandwiches.

Globally, 99% of the fish sourced for Filet-O-Fish® sandwiches come from sustainably managed, wild caught fisheries. In the U.S., Filet-O-Fish® sandwiches are made with 100% wild-caught Alaska Pollock that's also always sustainably sourced.

What is McDonald's stand on donating unused food?

McDonald's believes that good food and precious resources should never go to waste, and we want to use our scale to help tackle this global challenge. McDonald's has a Global Food Disposition Policy to ensure that food is not wasted if it is not needed in our restaurants. The

policy was put in place to support our suppliers and distributors globally to dispose of food in alignment with McDonald's food waste hierarchy, including food donations.

When COVID-19 struck, we found ourselves with a food surplus in many markets around the world, as people were staying at home, or in some cases, our restaurants had to close due to government regulation. As a result, meal donation programs like the Thank You Meal, food donation efforts of our supply chain, or efforts like those of one of our franchisees in Iowa, who donated Happy Meals, activity books and coloring supplies to support their community during COVID-19, happened throughout our System to meet the needs of our local communities. And even post-pandemic, we will continue to show up when our communities need us most.

The [Food Waste & Donations](#) page on our corporate website details even more actions that our restaurants and markets have taken to support the communities we serve through food donations.

The company and its PAC paused all political giving after the events at the Capitol building in Washington, DC on January 6, 2021. Will the company consider completely dissolving its PAC as other companies, such as Charles Schwab, have done? Given the size of the company's operations and its name recognition, McDonalds [sic] would have no problem gaining access to members of Congress without making PAC contributions.

As a Company, our guiding light is doing what's best for our employees and the communities we serve. Following the events at the Capitol earlier this year, the McDonald's PAC Steering Committee paused contributions to political officials. The McDonald's PAC Board is currently evaluating future contributions.

The PAC is a separate entity managed by McDonald's owner-operators and corporate employees, which prevents the Company from being able to unilaterally dissolve the PAC.

What percent of the restaurants are franchised and what percent are company owned?

93% of McDonald's restaurants globally are operated by franchisees and 7% are Company-owned.

Does McDonald's plan to lower the percentage of company owned restaurants? Why have you been lowering the percentage of company owned restaurants over the years?

In line with our strategic intent, we have completed the majority of our refranchising activity and are currently approximately 93% franchised. We believe the brand is best served by leveraging the entrepreneurial spirit of local franchisees. Over the past few years, our more heavily franchised business model helped to generate more stable and predictable revenue and cash flow streams. We believe our franchised structure will benefit our business for years to come as our strategic partners unlock the growth potential in markets without the use of our G&A and capital resources while we will receive a steady stream of royalty income.

Will the company increase its use of robotics, AI, and algorithms now and going forward?

McDonald's is committed to driving innovation in our restaurants and for our customers and is adapting the McDonald's experience to meet evolving customer needs by doubling down on digital, delivery and Drive Thru. Innovation and the responsible use of data will always be evaluated with the goal of offering customers a faster, easier, more personalized customer experience.

How will higher wages effect [sic] McDonalds [sic] and its system? What labor savings measures may be instituted to offset these increases and keep prices in check?

The discussion about the minimum wage and what that means in terms of cost of labor, has been going on over the last several years. We are experienced in operating in several markets that have passed some form of an increase.

What we have seen is that as long as increases to wages are done in stages and equitably across all markets and industries, McDonald's will be able to manage through a balance between judicious menu pricing and productivity savings.

Why can franchised restaurants not have the same worker rights as company owned restaurants?

Globally, 93% of our restaurants are operated by local franchisees who know the unique needs of their communities and employees best.

Earlier this year, McDonald's announced the implementation of new Global Brand Standards. These standards are aimed at furthering a culture of physical and psychological safety for employees and customers.

Beginning in January 2022, all 39,000 McDonald's restaurants, in more than 100 countries, will be required to adhere to these standards.

In order to achieve a proper diversity and independence level, how do you plan to ensure that also a tenure balance is achieved within the Board as well as the Nominating Committee?

Our Governance Committee is primarily responsible for maintaining a strong and diverse Board through robust evaluation and succession planning processes. This includes recommending Directors for reelection and identifying new candidates who will bring complementary skills and varied perspectives to our Board.

Our Governance Committee and Board believe that there should be a balance of institutional knowledge and fresh perspectives among our Directors. While our Governance Committee and Board consider tenure in evaluating the overall effectiveness of our Board, it is not a dispositive factor. Our Governance Committee evaluates and determines the most impactful and desirable mix of characteristics, skills, experience and diversity for our Board as a whole, as well as the qualifications and attributes of individual Directors and Director candidates.

The current audit firm's tenure is 57 years. How do you evaluate and ensure the objectivity and independence of the audit firm, in particular after a long tenure? Do you consider a rotation of the audit firm in the near term?

Our Audit & Finance Committee is responsible for the appointment, retention and evaluation for our independent auditors. In executing its responsibilities, this Committee engages in a thorough annual evaluation of Ernst & Young's qualifications, past performance and continuing independence. Ernst & Young or its predecessor has been retained as our independent auditors continuously since 1964. In accordance with SEC rules and Ernst & Young policies, the firm's lead engagement partner rotates every five years.

Our Audit & Finance Committee and our Board of Directors believes that continued retention of Ernst & Young as our independent auditors for 2021 is in the best interests of our Company and its shareholders, and over 95% of shareholders voted in favor of ratification of the appointment of Ernst & Young as our independent auditors for 2021.

Why are there no individual meeting minutes for the October 18 and October 26, 2019 board meetings where the details surrounding the termination of former CEO Steve Easterbrook were discussed?

The discussions among independent Directors and counsel on October 18 and 26 were not formal Board meetings, which would have required notice to Mr. Easterbrook. Nonetheless, these conversations were documented in the minutes of the formal Board meeting that occurred on November 1.

Will the board publish the findings from its third-party investigation into company culture following the departure of the former CEO?

The Easterbrook case is in the pre-trial discovery phase in the Delaware Chancery Court and depositions are being taken.

The Board and Company will continue to follow the facts wherever they may lead. We will provide any updates as appropriate.

Despite the introduction of some supplier standards, incidents of forced labour and human rights violations continue to occur within the fragmented supply chain- most recently in the context of compulsory labor of Uyghurs, China. What additional procedures will be implemented to improve compliance with international norms and standards in the supply chain?

McDonald's requires all suppliers to uphold the standards in our Supplier Code of Conduct, which includes respect for human rights and clearly states that forced labor is prohibited. We invite you to read more about how we partner with our suppliers on these issues within our supply chain on our [Global Purpose & Impact](#) section of our corporate website, which is designed to be a living reporting platform.

What measures are planned within the franchise concept to improve the protection of workers' rights and to avoid discrimination in the future?

Earlier this year, we announced a significant step forward in our commitment to fostering safe, respectful and inclusive workplaces through our implementation of new Global Brand Standards. The Global Brand Standards prioritize actions in four areas: harassment, discrimination and retaliation prevention; workplace violence prevention; restaurant employee feedback; and health and safety. There are no shortcuts to ensuring people feel safe, respected and included at a McDonald's restaurant, and the work begins by making big, intentional moves.

As a result of the new Global Brand Standards, all 39,000 McDonald's restaurants in more than 100 countries will be required to adhere to these standards, and implementation will be supported by a suite of policies, tools, trainings and reporting mechanisms. Beginning in January 2022, restaurants will be assessed and held accountable in accordance with the applicable McDonald's market's business evaluation processes. This timeline allows each market to implement the Brand Standards in the way that is most effective. More information can be found on our [Respectful Workplaces](#) page.

What measures do you take to act on your supply chain with regards to goods linked to environmental deforestation in the Amazon and across Brazil?

As a Company, we take our responsibility to protect and conserve forests extremely seriously. In 2015, we accelerated our efforts in this space and announced our commitment to eliminate deforestation from our global supply chains, including Brazil, by 2030.

We have also worked to identify high-priority forest regions for the various commodities we source – one of which is Brazil. Where we have identified a high-priority region or farm, we require our suppliers to put plans in place to mitigate risks and ensure compliance with our Commitment on Forests, and report on their progress and compliance annually.

In 2013, we started working with Agrotools to track the origin of all the beef exported from Brazil and sold in McDonald's restaurants around the world. We then developed a strategy in partnership with Proforest in 2017 to define deforestation risk across the vast landscape of the Cerrado, prioritize specific locations, and assess whether deforestation and non-compliance with the additional social and environmental aspects of our Commitment on Forests were actually happening at the farm level. This process enabled us to better monitor our beef supply chain and help our suppliers take targeted action.

We also partner with the Collaboration on Forests and Agriculture (CFA), whose focus on beef and soy in the Brazilian Amazon and Cerrado, and in the Gran Chaco in Argentina and Paraguay aligns closely with our own sourcing regions and products. Alongside our Latin American Franchisee Arcos Dorados, we provide continuous feedback to the CFA's framework and support solutions that help protect forests and native vegetation in the Amazon, Cerrado and Chaco.

To see the most up-to-date progress on our deforestation goals and initiatives, please refer to the [Conserving Forests](#) page on our corporate Purpose & Impact website.

Has security been enhanced at restaurants?

Over the past year, we've been especially vigilant in serving our customers safely while also protecting the safety of restaurant crew. At the onset of the pandemic, we implemented the largest and fastest operational transformation in our Company's history, including shifting to contactless operations. McDonald's has also engaged with Mayo Clinic to advise on our continued approach to cleanliness and safety.

As local communities are beginning to re-open, we are continuing to follow the science and revisiting our policies accordingly to help keep everyone healthy.

How will the company use research and development and will this increase in 2021 and 2022?

We believe that our digital investments will maintain or potentially widen our competitive edge in the industry. We have the financial strength to be able to make the types of investments to make real progress on digital initiatives that will drive the business forward while generating substantial free cash flow after those investments.

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The information in this document includes forward-looking statements about future events and circumstances and their effects upon revenues, expenses and business opportunities. Generally speaking, any statement in this report not based upon historical fact is a forward-looking statement. Forward-looking statements can also be identified by the use of forward-looking words, such as "could," "should," "continue," "estimate," "forecast," "intend," "look," "may," "will," "expect," "believe," "anticipate," "plan," "remain," "confident" and "commit" or similar expressions. In particular, statements regarding our plans, strategies, prospects and expectations regarding our business and industry are forward-looking statements. They reflect our expectations, are not guarantees of performance and speak only as of the date the statement is made. Except as required by law, we do not undertake to update such forward-looking statements. Our business results are subject to a variety of risks, including those that are reflected in our filings with the SEC. If any of these risks materialize, our expectations (or the underlying assumptions) may change and our performance may be adversely affected. You should not rely unduly on forward-looking statements.