

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 38,000 locations worldwide.

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 also 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 defined herein as, "Franchisees"). The optimal ownership structure for an individual restaurant, trading area or market (country) is based on a variety of factors, including the availability of individuals with the entrepreneurial experience and financial resources, as well as 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 of fundamental importance to the Company's overall performance and to the McDonald's brand. This business relationship is supported by an agreement that requires adherence to standards and policies essential to protecting 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 help them on 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 own a restaurant business and maintain control over staffing, purchasing, marketing and pricing decisions, while also benefiting from the financial strength and global experience of the Company. However, directly operating restaurants is important to being a credible franchisor and provides Company personnel with restaurant operations experience. In Company-operated restaurants, and in collaboration with Franchisees, the Company further develops and refines operating standards, marketing concepts and product and pricing strategies that will ultimately benefit McDonald's restaurants. The Company continually reviews its mix of Company-operated and franchised restaurants to help optimize overall performance, with a goal to be 95% franchised over the long term.

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 its suppliers to mutually set objectives and goals on sustainability and monitor their progress.

McDonald's global brand is well-known. The Company continuously endeavors to improve its social responsibility and environmental practices to achieve long-term sustainability, which benefits McDonald's and the communities that the Company and its Franchisees serve.

Restaurant energy and emissions data enclosed reflects information gathered from 17 McDonald's markets, and the Company extrapolates data for the remaining markets with Company-owned or Franchisee operations, listed in C0.3. The data required for the raw material metrics outlined in this Information Request is collected primarily through the McDonald's Global Supply Chain and Sustainability annual raw material survey of suppliers (TraQtion). Results of the raw material survey are reviewed by sourcing or category leads and compared against historical volumes and transactional or similar data sets. Where large differences exist, the data is reviewed to better understand or correct the inconsistencies. Where comparable data sets do not exist, sourcing or category leads work with suppliers to understand information reported and ensure plausibility.

Additional detail about the Company structure and definitions used herein but not defined can be found on pgs. 3-5 of McDonald's Corporation's 2019 Annual Report, pg. 14 of McDonald's Corporation's Form 10-Q for the quarter ending June 20, 2020 and at <https://corporate.mcdonalds.com/corpmcd/scale-for-good/esg-reporting/terms-and-definitions.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 2019 | December 31 2019 | Yes   | 1 year   |

**(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

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

USD

#### C0.5

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**(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

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##### C1.1

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

Yes

##### C1.1a

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**(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 reviews and monitors the Company's strategies and efforts to address Brand trust 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. 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 regarding its activities, and from time to time, other Board committees and the full Board receive reports on the Company's sustainability efforts as circumstances warrant. See committee charter and pg. 30 and 31 of 2020 Proxy Statement, both of which are attached in 12.4. Also available here: Proxy Statement: <a href="https://corporate.mcdonalds.com/content/dam/gwscorp/nfl/investor-relations-content/company-overview/2020_proxy.pdf">https://corporate.mcdonalds.com/content/dam/gwscorp/nfl/investor-relations-content/company-overview/2020_proxy.pdf</a> Committee Charter: <a href="https://corporate.mcdonalds.com/content/dam/gwscorp/nfl/corporate-governance-content/board-committees-and-charters/RESTATED_SCR_COMMITTEE_CHARTER_2016.pdf">https://corporate.mcdonalds.com/content/dam/gwscorp/nfl/corporate-governance-content/board-committees-and-charters/RESTATED_SCR_COMMITTEE_CHARTER_2016.pdf</a> |
| Chief Sustainability Officer (CSO) | The Company's Chief Supply Chain and Sustainability Officer is responsible for overseeing performance, actions, and goals relating to climate change and climate-related issues. They serve as the executive sponsor of McDonald's aspirations to source all food and packaging sustainably, and develop and operate the most environmentally efficient McDonald's restaurants.  |
| Other C-Suite Officer              | The Chief Supply Chain and Sustainability Officer serves together with the Chief People Officer, Senior Vice-President Global Marketing, Vice-President Global Communications, and General Counsel as the Company's Scale for Good Leadership Team, 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   | Reviewing and guiding strategy<br>Reviewing and guiding major plans of action<br>Reviewing and guiding risk management policies<br>Setting performance objectives<br>Monitoring implementation and performance of objectives<br>Overseeing major capital expenditures, acquisitions and divestitures<br>Monitoring and overseeing progress against goals and targets for addressing climate-related issues<br>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. 30 of 2020 Proxy Statement, attached in C12.4. The Sustainability & Corporate Responsibility Committee met four times in 2019. |

**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 (Scale for Good Leadership Team) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable>           | Half-yearly   |

C1.2a

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**(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 Chief Supply Chain and Sustainability Officer is responsible for overseeing actions relating to climate change. They serve as the executive sponsor of McDonald's aspirations to source all food and packaging sustainably, and develop and operate the most environmentally efficient McDonald's restaurants. The Chief Supply Chain and Sustainability Officer serves together with the Chief People Officer, Senior Vice-President Global Marketing, Vice-President Global Communications, and General Counsel, as the Company's Scale for Good Leadership Team, which ensures the organization fulfills its overall global sustainability performance, including goals and actions relating to climate-related issues. The Scale for Good Leadership Team is supported by the Chief Executive Officer, placing accountability at the top of the organization.

The Chief Supply Chain and Sustainability Officer also leads the Company's Global Supply Chain and Sustainability (GSCS) department, which provides corporate staff leadership, coordination and support for our global corporate social responsibility policies, programs and reporting, and country-level sustainability staff for localized execution relevant to our markets. GSCS liaises with other departments throughout the business, suppliers and Franchisees to address Company sustainability priorities, including climate-related issues. For example, GSCS works with independent suppliers to embed sustainability considerations, including climate change and deforestation, into global sourcing decisions for food and packaging, as well as McDonald's Restaurant Solutions Group to increase energy efficiency of our restaurants around the world through operations, equipment, design and technology.

C1.3

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**(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

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**(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   |
|---|---------------------|---|---|
| Corporate executive team  | Non-monetary reward | Other (please specify) ((Scale for Good platform aspirations))  | We recognize the importance of our global sustainability vision and goals as a central part of our Company's values. As part of our Scale for Good platform, climate action is a top global priority: See pages 7 and 34-35 of 2020 Proxy Statement. Page 7 of the Proxy Statement states: "We recognize the link between our Company's success, value creation for our shareholders and our ability to positively impact the industry and communities in which we operate. Our sustainability vision and initiatives are embodied in our Scale for Good platform. This platform is aligned with our strategic objectives and is designed to drive meaningful change in partnership with our Franchisees and suppliers. Our Scale for Good priorities include beef sustainability, packaging and recycling, commitment to families, climate action and youth opportunity."  |
| Environment/Sustainability manager                              | Monetary reward     | Emissions reduction project<br>Energy reduction project<br>Efficiency project<br>Behavior change related indicator<br>Environmental criteria included in purchases<br>Supply chain engagement<br>Other (please specify) (Scale for Good platform aspirations) | 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 - <a href="https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/our-people-and-communities/farmer-livelihoods.html">https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/our-people-and-communities/farmer-livelihoods.html</a> ), -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/Scale for Good, and/or behavior changes.   |
| Chief Procurement Officer (CPO)                                 | Non-monetary reward | Other (please specify) (Other, please specify (Sustainability/climate goals))   | The Company's Chief Supply Chain (Procurement) Officer and Chief Sustainability Officer are the same leader, in a combined role of Chief Supply Chain and Sustainability Officer. "We're aware that we live in a world of rapid change, with continued opportunities to embed sustainability across our business. Our values of responsible leadership are even more relevant to our customers and stakeholders today, influencing our business plans more directly than ever before." Chief Supply Chain and Sustainability Officer, McDonald's Corporation. The Chief Supply Chain and Sustainability Officer is the Executive Sponsor of the Climate Action strategy and goals, and also leads the Scale for Good Leadership Team, for which information can be found on the Governance page of the Scale for Good website (link below): "The Scale for Good Leadership Team was formed in 2016, bringing together cross-functional senior executives from across the Company who are accountable for leading McDonald's strategy for responsible leadership. These leaders and their teams worked together to develop and guide our new Scale for Good platform and goals." The team is chaired by the Chief Supply Chain and Sustainability Officer. They lead the team along with the Chief Communications Officer; the Global Chief Marketing Officer; the Chief People Officer; and the General Counsel. Each member of the team looks after a specific area of our Scale for Good work. Together, they ensure that we establish plans and monitor progress to achieve our goals and commitments, and that the Company share the progress its making through our brand communications globally and across the local markets. They meet multiple times a year to discuss strategy and progress. "We recognize that the size and reach of our business puts us in a unique position to improve people's lives and the environment. We want to use our Scale for Good and continue raising the bar on what it means to be a responsible company committed to people and the planet." Executive Vice President and Chief Supply Chain and Sustainability Officer, McDonald's Corporation. The Scale for Good Leadership Team is supported by a strong CEO voice, placing accountability at the very top of our organization." <a href="https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/esg-reporting/governance.html">https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/esg-reporting/governance.html</a> |
| 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): - 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 Scale for Good 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 has 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, 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. 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. Senior managers in a wide range of functional areas have lead responsibility 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, geopolitics, 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 and Sustainability 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 Senior Director of Sustainability Strategy and Scale for Good (oversees climate strategy) 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. The scope and approach for responding to identified risks depends on the level of cost and operational impact on the organization and the calculated impact on the environment. Our approach includes, but is not limited to, engaging our suppliers and Franchisees to develop mitigation and adaptation plans and strategies and partially informs our approach to setting commitments and goals as part of our sustainability and Company growth plans, such as our science based target on Climate Action, goals on Packaging & Recycling, Beef Sustainability and 2020 sustainable sourcing goals on palm oil, coffee, and poultry.

**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    | Assessed regularly and feedback shared via Corporate Relations   |
| Emerging regulation | Relevant, always included    | Assessed regularly and feedback shared via Corporate Relations   |
| Technology          | Not evaluated                | Not a regular focus for risk management approach for climate, but technology solutions are evaluated and pursued in both restaurant sustainability and supply chain sustainability programs. |
| Legal               | Relevant, always included    | Legal compliance assessed regularly across local laws.   |
| Market              | Relevant, sometimes included | We regularly assess fluctuations in commodity markets in partnership with suppliers across different geographies.  |
| Reputation          | Relevant, sometimes included | Climate change and other environmental factors are included in the criteria we evaluate regularly for customer and external stakeholder feedback.  |
| 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.  |
| 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.                           |

**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**

|                    |  |
|--------------------|--|
| Current regulation | Mandates on and regulation of existing products and services |
|--------------------|--|

**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

Adoption of new regulations may increase costs for the Company and Franchisees. The Company operates in many different countries and multiple jurisdictions within countries. The Company may therefore be subject to varying forms of climate related regulations at multiple levels.

**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**

Financial risks for the Company related to regulation could include higher energy costs (direct or embedded in supply costs) due to related regulations being placed on energy sources.

**Cost of response to risk**

**Description of response and explanation of cost calculation**

The Company monitors developments related to environmental matters and plans to respond to governmental initiatives in a timely and appropriate manner. At this time the Company has already begun to undertake its own initiatives relating to preservation of the environment, in many of our markets. This includes engaging 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. In addition, the Company set a goal 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. Management methods will vary by market.

**Comment**

The costs of these risk management efforts are built into our global operations and have not been specifically isolated at the corporate level at this time.

**Identifier**

Risk 2

**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 |
|--------------------|--|

**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

Adoption of new regulations may increase costs for suppliers. McDonald's suppliers operate in multiple countries and sub-national jurisdictions. 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**

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**

The costs of potential regulation of suppliers could impact raw material costs to McDonald's.

**Cost of response to risk**

**Description of response and explanation of cost calculation**

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. In 2015, the Company developed a comprehensive deforestation-free commitment, our Commitment on Forests. The Commitment clarifies & expands on the Company's goals to sustainably source beef, fiber, coffee, palm oil & poultry (inclusive of feed) & recognizes the role of reducing deforestation for climate change mitigation. More information can be found here: <http://corporate.mcdonalds.com/mcd/sustainability/sourcing.html>. Additionally, the Company joined the CDP Supply Chain Platform & now request that 108 suppliers report to CDP Supply Chain Climate and Forests each year (up from 55 in 2018). This includes our top 19 suppliers, making up the majority of our annual spend. It also 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. In the U.S., the Company tracks cost-saving actions among supplier companies & categorizes which are sustainability-related actions.

**Comment**

The costs of these risk management efforts are built into our global operations and have not been specifically isolated at the corporate level at this time.

**Identifier**

Risk 3

**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 |
|--------------------|--|

**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

Adoption of new environmentally-driven legislation (e.g. packaging) may increase costs and negatively affect supply chain optimization.

**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)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

In the case of packaging, financial risks for the Company related to regulation could include higher costs of packaging due to raw materials, increased complexity to manage local 'exceptions', longer distance from ship points and/or reduced leverage due to low volumes.

**Cost of response to risk****Description of response and explanation of cost calculation**

In the case of packaging, HAVI 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, as part of the Company's Scale for Good ambition, the Company has made 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 varies from city to city and country to country, but we plan to be part of the solution and help influence powerful change.

**Comment**

The costs of these risk management efforts are built into our global operations and have not been specifically isolated at the corporate level at this time.

**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**

&lt;Not Applicable&gt;

**Company-specific description**

Actual or perceived effects of changes in weather patterns or climate could have a direct impact McDonald's operations, Franchisees and restaurants and/or the operations of our suppliers. For example, it could impact McDonald's supply chain in the ability to source and price our food consistently, due to commodity price increases or volatility. Weather related changes (temperature, precipitation, droughts, cyclones, and quality or quantity impacts to other natural resources) and the uncertainty of these changes are potential risks to the Company.

**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)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Among other variables, extreme weather could increase global food prices and increase the costs of several of our commonly purchased raw material commodities. We work with various stakeholders such as World Wildlife Fund to assess risk (operational, regulatory, and reputational) in our supply chain, and with our suppliers and supply chain team to continually monitor and manage risks (please see C2.2). Examples of specific risk assessments stretch back as far as 2009 and 2010 when World Wildlife Fund assessed the environmental, social, and economic risk in our supply chain at the raw material production level. More recently, in 2016, the Company & World Resources Institute (WRI) scoped a follow up Water Risk Assessment which assesses water-related business risks across McDonald's value chain, from raw material sourcing, through manufacturing and distribution, to Company-owned and Franchised restaurants. Our ongoing risk management process and specific assessment efforts helps the Company understand the likelihood of water-related business risk and magnitude of potential financial impacts, as well as what sections of the McDonald's value chain could be most affected.

**Cost of response to risk**

**Description of response and explanation of cost calculation**

We understand the value and strength of our supply chain and therefore the Company invests a lot of time, energy, and resources to mitigate our supply chain risks in order to help ensure we have an assured supply of the resources we procure. We do this by creating long-term relationships with our suppliers and ensuring we have due diligence built into our supply chain management through the methods discussed in C2.2. As a result of the risk assessment work discussed, we published our Sustainable Land Management Commitment in 2011. This informed our commitment to source all of the agricultural raw materials used for our food and packaging from verified sustainable sources over time with an initial focus on beef, chicken (inclusive of soy for feed), coffee, palm oil, and fiber (for packaging). The responsible sourcing practices and priority products are outlined here in the Scale for Good platform: <https://corporate.mcdonalds.com/corpmcd/scale-for-good/our-food.html> We continue to work with World Wildlife Fund and other partners to evaluate progress, opportunities for improvement, emerging issues and risks, and future priority areas. In addition, the Company joined the CDP Supply Chain Platform and now requires 108 (up from 55 in 2018) of the Company’s top suppliers to respond to CDP.

**Comment**

The cost of risk management is built into global supply chain and operations, but is unknown at this time.

**Identifier**

Risk 5

**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**

Actual or perceived effects of changes in weather patterns or climate could have a direct impact McDonald’s operations, Franchisees and restaurants and/or the operations of our suppliers. For example, it could impact McDonald’s restaurant operations in the ability to source the electricity and water required to serve our food. Weather related changes (temperature, precipitation, droughts, cyclones, and quality or quantity impacts to other natural resources) and the uncertainty of these changes are potential risks to the Company.

**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**

Due to the number of restaurants throughout the world, particularly in urban areas, the Company may be exposed to increased electricity and/or water costs or disruptions at uncertain points in the future. Costs will vary across regions.

**Cost of response to risk**

**Description of response and explanation of cost calculation**

The Company set a goal 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. As we build and remodel more restaurants, we see the continued opportunity to develop McDonald’s restaurants that are less impactful—saving energy and water, while using environmentally preferred building materials. This includes the implementation of more energy efficient equipment, management of energy use, and more sustainable sourcing practices in many markets. Since McDonald’s restaurant design and construction is locally based—considering local building codes, regulations and differing infrastructures—our approach is tailored to each market. Specific efforts from select markets can be found on our corporate website at: <https://corporate.mcdonalds.com/corpmcd/scale-for-good/our-planet/smart-restaurant-design.html>, including how we work to innovate and scale sustainable design solutions.

**Comment**

The costs of risk management efforts are built into our global development and operations costs and have not been specifically isolated at the Company level at this time.

**Identifier**

Risk 6

**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**

Decreased revenues due to reduced production capacity

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

Actual or perceived effects of changes in weather patterns or climate could have a direct impact McDonald's operations, Franchisees and restaurants and/or the operations of our suppliers. For example, it could impact McDonald's supply chain in the ability to source food consistently in order to run our operations due to limitations on commodities. Weather related changes (temperature, precipitation, droughts, cyclones, and quality or quantity impacts to other natural resources) and the uncertainty of these changes are potential risks to the Company.

**Time horizon**

Medium-term

**Likelihood**

Unlikely

**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**

Due to its dependence on agricultural productivity, our supply chain could be exposed to disruptions from changes in the physical climate which could impact our ability to sell products in our Company & Franchisee restaurants, causing us to lose revenues. We work with various stakeholders such as World Wildlife Fund to assess risk (operational, regulatory, & reputational) in our supply chain, and with our suppliers and supply chain team to continually monitor and manage risks (please see C2.2). Examples of specific risk assessments stretch back as far as 2009 & 2010 when World Wildlife Fund assessed the environmental, social, & economic risk in our supply chain at the raw material production level. More recently, in 2016, the Company & World Resources Institute (WRI) scoped a follow up Water Risk Assessment which assesses water-related business risks across McDonald's value chain, from raw material sourcing, through manufacturing & distribution, to Company-owned & Franchised restaurants. Our ongoing risk management process and specific assessment efforts helps the Company understand the likelihood of water-related business risk & magnitude of potential financial impacts, as well as what sections of the McDonald's value chain could be most affected.

**Cost of response to risk**

**Description of response and explanation of cost calculation**

We understand the value and strength of our supply chain and therefore the Company invests a lot of time, energy, and resources to mitigate our supply chain risks in order to help ensure we have an assured supply of the resources we procure. We do this by creating long-term relationships with our suppliers and ensuring we have due diligence built into our supply chain management through the methods discussed in C2.2. As a result of the risk assessment work discussed, we published our Sustainable Land Management Commitment in 2011. This informed our commitment to source all of the agricultural raw materials used for our food and packaging from verified sustainable sources over time with an initial focus on beef, chicken (inclusive of soy for feed), coffee, palm oil, and fiber (for packaging). The responsible sourcing practices and priority products are outlined here in the Scale for Good platform: <https://corporate.mcdonalds.com/corpmcd/scale-for-good/our-food.html> We continue to work with World Wildlife Fund and other partners to evaluate progress, opportunities for improvement, emerging issues and risks, and future priority areas. In addition, the Company joined the CDP Supply Chain Platform and now requires 108 of the Company's top suppliers (up from 55 in 2018) to respond to CDP.

**Comment**

The costs of these risk management efforts generally are built into the cost of goods paid by the restaurants and have not been specifically isolated at the corporate level at this time.

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**Identifier**

Risk 7

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

|            |                                |
|------------|--------------------------------|
| Reputation | Shifts in consumer preferences |
|------------|--------------------------------|

**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

McDonald's has a very strong brand and reputation as an industry leader, and thus needs to continue to demonstrate leadership on issues such as climate change in order to mitigate for reputational risk and ensure brand trust. Consumers are demanding increased social and environmental responsibility of the companies from which they buy products and services. The climate change initiatives that we have created and continue to enhance, are part of the Company's growth plan and our desire to be more sustainable as a company and in response to our customers' desire to support a responsible company.

**Time horizon**

Medium-term

**Likelihood**

Unlikely

**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**

It is difficult to determine the direct financial implications of these risks, as changing consumer preferences are both difficult to measure and uncertain, as well as vary by market.

**Cost of response to risk**

**Description of response and explanation of cost calculation**

The Company conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's. This research helps us to understand the strength of the McDonald's brand compared to relevant competitors from the consumers' perspective. 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. A clear finding from this research is that consumers and stakeholders want and expect brands like McDonald's to be environmentally and socially responsible. These insights drive our sustainability strategies including aspirational goals for Climate Action, Beef Sustainability 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.

**Comment**

The Company sustainability actions require financial support and capital reinvestments; however, we believe they can offer important pay backs which support our brand and reputation in both tangible and intangible ways. These sustainability programming costs are built into both our global and regional operations, and have not been specifically isolated at the corporate level at this time.

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**C2.4**

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**(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**

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**(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**

Other, please specify

**Primary potential financial impact**

Please select

**Company-specific description**

Primary climate-related opportunity driver: Move to more efficient buildings and kitchen equipment.

**Time horizon**

Short-term

**Likelihood**

Unknown

**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.

**Cost to realize opportunity**

**Strategy to realize opportunity and explanation of cost calculation**

Partnering with Franchisees on energy usage and GHG emissions reduction programs.

**Comment**

Varies by market and region.

**C3. Business Strategy**

**C3.1**

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

Yes

**C3.1a**

**(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, qualitative, but we plan to add quantitative in the next two years

**C3.1b**

**(C3.1b) Provide details of your organization’s use of climate-related scenario analysis.**

| Climate-related scenarios and models applied | Details  |
|--|--|
| Other, please specify (To be determined)     | McDonald’s is beginning a process for modelling scenarios to understand the physical and transitional risks and opportunities for our supply chain, restaurants and offices. As we continue to pursue climate-related scenario modelling, we will continue to assess the materiality of these impacts to the Company, Franchisees and suppliers. |

### C3.1d

**(C3.1d) 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  | While we know there are risks, opportunities, and impacts, we anticipate additional insights on the impacts of product risks and opportunities after further assessing the results of the CDP Supply Chain responses from suppliers. We will also continue to assess impact and materiality based on future climate related scenario modelling results. |
| Supply chain and/or value chain | Evaluation in progress  | While we know there are risks and opportunities in our supply chain, we anticipate additional insights after further assessing the results of the CDP Supply Chain responses from suppliers. We will also continue to assess impact and materiality based on future climate related scenario modelling results.   |
| Investment in R&D               | Evaluation in progress  | 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 future investments in R&D based on climate-related risks and opportunities.    |
| Operations                      | Evaluation in progress  | In cases of extreme weather events, restaurant operations and deliveries have been disrupted in some geographies. As we continue to pursue climate-related scenario modelling going forward, we will continue to assess the materiality of these impacts to the Company, Franchisees and suppliers.   |

### C3.1e

**(C3.1e) 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<br>Indirect costs<br>Capital expenditures<br>Capital allocation<br>Assets | Opportunities for building / equipment efficiency measures and the associated cost savings (e.g. from energy efficiency) have been identified and incorporated into asset reinvestment plans. |

### C3.1f

**(C3.1f) 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)**

Other, please specify (Other, please specify: Scope 1+2 (market-based) +3 (waste generated in operations))

**Base year**

2015

**Covered emissions in base year (metric tons CO2e)**

8446246.48

**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]**

5405597.7472

**Covered emissions in reporting year (metric tons CO2e)**

8132508.36

**% of target achieved [auto-calculated]**

10.3181310164391

**Target status in reporting year**

Underway

**Is this a science-based target?**

Yes, this target has been approved as science-based by the Science-Based Targets initiative

**Please explain (including target coverage)**

The Company will 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 target includes all Company-wide Scope 1 & 2 emissions, as well as operational waste (upstream Scope 3) for all restaurants (Company-owned and franchised) and Scope 1&2 emissions for Franchisee restaurants (downstream Scope 3). 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 despite an increase in total restaurants worldwide through 2019. Beyond the progress reported here, once online, the US VPPA deals referenced in section C4.3b are expected to contribute an additional 16% reduction from the 2015 baseline (or 43% of the restaurants and offices portion of our global Science-Based Target). These figures reflect the latest enhancements to our 2015 base year emissions and 2018 emissions estimates, which have been updated based on best practice guidance on leveraging the latest methodology and data available. Having recalculated the 2018 emissions data with updated methodology, we have seen a lower reduction than previously reported and have adjusted our progress reporting accordingly. 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.

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**C4.1b**

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**(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)**

Other, please specify (Other, please specify: All emissions from purchased beef, dairy, cheese, chicken and packaging products and transportation/distribution )

**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)**

8.14

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

80.44

**Target year**

2030

**Targeted reduction from base year (%)**

31

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

5.6166

**% change anticipated in absolute Scope 1+2 emissions**

**% change anticipated in absolute Scope 3 emissions**

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

8.07

**% of target achieved [auto-calculated]**

2.77403503209956

**Target status in reporting year**

Underway

**Is this a science-based target?**

Yes, this target has been approved as science-based by the Science Based Targets initiative

**Please explain (including target coverage)**

Through collaboration and partnership with our suppliers and producers, the Company also 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. 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 sources from worldwide. We are pleased to report our supply chain emissions intensity has reduced between our baseline in 2015 and the 2019 reporting year. 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 to reduce emissions intensity that are tailored to and relevant for their own supply chains. We work with CDP to encourage over 100 of our key global suppliers across our largest categories of emissions to set targets, measure emissions, make reductions, and report progress to CDP. These figures reflect our current 2015 and 2019 emissions estimates, which have been calculated based on best practice guidance on leveraging the latest methodology and data available. 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.

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**C4.2**

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

No other climate-related targets

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**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

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**C4.3a**

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(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       |                       |  |
| To be implemented*        | 2                     |  |
| Implementation commenced* | 4                     |  |
| Implemented*              | 4                     |  |
| Not to be implemented     |                       |  |

### C4.3b

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

#### 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 U.S. 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 U.S. have achieved an estimated average reduction of 7% in energy usage per year since 2010.

#### 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

Please select

##### Comment

In the U.S., we operate an environmental sustainability program, US 20x2020 By Design. The program aims to reduce energy and water by 20% by 2020, 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. McDonald's prototype buildings in the U.S. are increasingly more efficient. Compared against our 2005 building design, we have achieved a 16.7% reduction in electricity consumption and a 19% reduction in water use. Our hot water remains hot but we've managed to reduce the energy needed to heat it by over 26%. These figures reflect progress as of 2015, we plan to report on progress in 2021.

#### 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**

Key kitchen equipment enhancements include: 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**

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

**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**

The Company encourages markets to develop a roadmap to integrate renewable energy. Several European markets – Austria, France, Ireland, Germany, the Netherlands, Poland, Portugal, Slovakia, Spain, Sweden and Switzerland – have achieved purchasing over 50% renewable energy for their restaurants, and in many cases close to 100%. We will continue to expand tracking and reporting in future reporting cycles. In the U.K., the Company has committed to purchasing renewable energy for a 20-year period from new infrastructure, including wind and solar photovoltaics (PV). By enabling the development of renewable energy-generating infrastructure in this manner, the Company anticipates saving on energy costs over the long term.

**Initiative category & Initiative type**

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

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

700000

**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 markets to develop a roadmap to integrate renewable energy into their overall sustainability plans. In the US, in 2019 McDonald's committed to two renewable energy projects that will expand the amount of renewable energy available in the U.S. These projects will be in the form of virtual power purchase agreements (VPPAs) located in Texas - firsts for McDonald's in the U.S. - and help us join other leading corporate renewable energy buyers in adding large-scale new renewable energy to the grid. The energy that will be generated by these U.S. projects is estimated to be equivalent to over 3,000 restaurants-worth of electricity. Once online, McDonald's portion of these two renewable energy projects will help to prevent approximately 700,000 metric tons of CO2e each year, which is equivalent to planting 11 million trees or taking over 140,000 cars off the road.

**Initiative category & Initiative type**

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

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

1000000

**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 addition to the two renewable energy projects in the U.S. McDonald's committed to in 2019, two more U.S. RE projects are underway with expected execution in 2020. These projects will be in the form of virtual power purchase agreements (VPPAs) located in Oklahoma and Illinois, and are expected to generate the equivalent of over 3,000 restaurants-worth of electricity. Once online, McDonald's portion of these two renewable energy projects will help to prevent approximately 1,000,000 metric tons of CO2e emissions each year.

**Initiative category & Initiative type**

|                                     |   |
|-------------------------------------|---|
| Company policy or behavioral change | Other, please specify (Employee engagement) |
|-------------------------------------|---|

**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 markets are encouraged to leverage the environmental enthusiasm of its staff members and engaging them on initiatives to lower the environmental impact of our Restaurants. McDonald's France has developed a digital environmental management system called EcoProgress for its restaurants. EcoProgress helps restaurant teams manage their environmental impact and includes a platform that provides restaurant managers and crew with training, tools, and best practice examples to help them do so. It also includes a country-wide annual challenge that rewards the McDonald's restaurants with the highest performance. Other markets such as the US, Russia, Portugal and Sweden run internal sustainability campaigns via the McDonald's intranet to engage crew on sustainability topics including climate change.

**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 2019, McDonald's began planning a new Net Zero Energy restaurant in the U.S. designed to create enough renewable energy on-site to cover 100% of its energy needs on a net annual basis. Launched in 2020, 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**

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

**Estimated annual CO2e savings (metric tonnes CO2e)****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 green restaurants and green packaging. They expect to open more than 1,800 restaurants by 2022 and that these restaurants target LEED (Leadership in Energy and Environmental Design) certification standards in the "Interior Design & Construction" category, issued by the United States Green Building Council. For the existing restaurants, McDonald's China has been continuously updating and optimizing the energy management systems, including the use of LED energy-saving lamps, as well as more efficient air conditioning and kitchen equipment.

**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 new packaging solutions and recycling initiatives 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 mini innovation hubs, we can get immediate customer feedback and identify the best solutions to accelerate and scale across multiple markets. For example, across Europe, we are in the process of switching to new McFlurry packaging which eliminates the need for a separate plastic lid, which will save more than 1,200 metric tons of plastic per year. Additionally, we've also made progress in recycling behind the kitchen counter at our restaurants. At more than 85% of McDonald's restaurants globally, crew recycle materials such as used cooking oil and corrugated cardboard.

**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             |
| Other   | Supplier engagement programs |
| 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) 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 European Green Building Guidelines: 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. In addition to the European Guidelines, the Company also has a set of Global Restaurant Building & Equipment Standards, which include minimum requirements and/or recommendations on topics including lighting/LEDs, Refrigeration, Building construction to optimize solar gain, HVAC systems for energy efficiency, and energy management systems. 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 2019 there were about 30 U.S. restaurants with a total of 80 charging stations installed or planned. 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 75 charging stations in Sweden.

**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)**

154808.72

**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)**

1379540.08

**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)**

1306670.37

**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**

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**(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**

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**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)**  
107034.65

**Start date**  
January 1 2019

**End date**  
December 31 2019

**Comment**

**Past year 1**

**Gross global Scope 1 emissions (metric tons CO2e)**  
111499.18

**Start date**  
January 1 2018

**End date**  
December 31 2018

**Comment**

These figures reflect the latest enhancements to our 2018 emissions estimates, which have been updated based on best practice guidance on leveraging the latest methodology and data available. We can expect annual progress figures to further adjust in future reporting cycles with continued methodology and data quality enhancements.

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**  
569598.23

**Scope 2, market-based (if applicable)**  
492114.18

**Start date**  
January 1 2019

**End date**  
December 31 2019

**Comment**

**Past year 1**

**Scope 2, location-based**  
563037.5

**Scope 2, market-based (if applicable)**  
491052.97

**Start date**  
January 1 2018

**End date**  
December 31 2018

**Comment**

These figures reflect the latest enhancements to our 2018 emissions estimates, which have been updated based on best practice guidance on leveraging the latest methodology and data available. We can expect annual progress figures to further adjust in future reporting cycles with continued methodology and data quality enhancements.



## 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

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**(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 or controlled fleets and offices based outside of the U.S. and Europe.

**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**

These emissions sources were not estimated due to incomplete and insufficient data availability at corporate level for estimation and/or extrapolation. In recent years, estimated emissions for Company-owned or controlled fleets based outside of the U.S. represented less than 1% of both Scope 1 and Scope 2 emissions and were deemed not relevant to complete for the analysis.

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**Source**

Emissions for Company-owned offices outside of the U.S. and larger European markets.

**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**

These emissions sources were not estimated due to incomplete and insufficient data availability at corporate level for estimation and/or extrapolation. In recent years, estimated emissions for Company-owned offices based outside of larger markets represented less than 1% of both Scope 1 and Scope 2 emissions and were deemed not relevant to complete for the analysis.

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## C6.5

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**(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**

41115851.55

**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.

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

0

**Please explain**

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 global level at time of analysis.

## 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

2358793.15

### 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 U.S. 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

1947637.85

### 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

100

### Please explain

## Waste generated in operations

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

1535857.79

### Emissions calculation methodology

The reported figure represents total emissions from waste generated in operations. No reliable data was collected in the reporting year. As such, the results from our 2015 waste analysis was extrapolated to estimate total emissions for operational waste.

### 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

Not yet evaluated at time of disclosure. 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

Not yet evaluated at time of disclosure. 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

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

Estimated emissions resulting from waste from "carry out" or "drive thru" customers were not yet evaluated at time of disclosure. Emissions from this category represented a small portion of total emissions when estimated in a prior years' more holistic Scope 3 analysis. As such, this category was excluded from the analysis.

## 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

5997501.76

### 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**  
0.00002843

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**  
599148.82

**Metric denominator**  
unit total revenue

**Metric denominator: Unit total**  
21076500000

**Scope 2 figure used**  
Market-based

**% change from previous year**  
0.01

**Direction of change**  
Decreased

**Reason for change**  
The slight decrease could be attributed to increased renewable energy purchases, the use of lower impact refrigerants, and overall decreases in energy intensity as the key drivers amongst other factors.

**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            | 42.51                                   | IPCC Fifth Assessment Report (AR5 – 100 year) |
| CO2            | 106737.89                               | IPCC Fifth Assessment Report (AR5 – 100 year) |
| HFCs           | 49.92                                   | IPCC Fifth Assessment Report (AR5 – 100 year) |
| N2O            | 204.33                                  | 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<br><i>McDonald's common internal designation for this region is "APMEA": Asia Pacific Middle East Africa.</i> | 8838.56                              |
| Europe  | 21775.79                             |
| Other, please specify (Global/Unspecified)  | 35527.7                              |
| North America   | 40892.6                              |

## 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) |
|--------------------|--------------------------------------|
| Fuel Combustion    | 88913.78                             |
| Fugitive Emissions | 18120.87                             |

## 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<br><i>McDonald's common internal designation for this region is "APMEA": Asia Pacific Middle East Africa.</i> | 134634.72                                  | 134634.72                                | 8975980.33   | 0  |
| Europe  | 240466.79                                  | 165399.07                                | 11177286.31  | 2745178.21   |
| North America   | 194496.72                                  | 192080.39                                | 13633729.13  | 79202.61   |

## 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 | 20202.26                                   | 20202.26                                 |
| Electricity      | 549395.97                                  | 471911.91                                |

## 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  | 1184                                   | Increased           | 0.2                          | Calculation used: (mtCO2e attributed to change in renewable energy consumption (1,184 mtCO2e)/Total Market-based scope 1+2 (602,552))*100. Context: Since the majority of renewable energy consumption occurs for Franchise stores (Scope 3 emissions), this was omitted from this calculation. If this calculation included our Franchise stores (to be consistent with our Science Based Target), we would see an overall decrease in emissions due to increased renewable energy consumption by 1.62%. |
| Other emissions reduction activities    |  | <Not Applicable >   |                              |   |
| Divestment                              |  | <Not Applicable >   |                              |   |
| Acquisitions                            |  | <Not Applicable >   |                              |   |
| Mergers                                 |  | <Not Applicable >   |                              |   |
| Change in output                        |  | <Not Applicable >   |                              |   |
| Change in methodology                   |  | <Not Applicable >   |                              |   |
| Change in boundary                      |  | <Not Applicable >   |                              |   |
| Change in physical operating conditions |  | <Not Applicable >   |                              |   |
| Unidentified                            | 4587                                   | Decreased           | 0.76                         | Calculation used: (Unidentified change in mtCO2e for market-based scope1+2 (4,587 mtCO2e)/Total Market-based scope 1+2 (602,552))*100   |
| 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) |                            | 440260.05                      | 440260.05                               |
| Consumption of purchased or acquired electricity        | <Not Applicable>           | 333500.44                  | 1379419.13                     | 1712919.57                              |
| Consumption of purchased or acquired heat               | <Not Applicable>           |                            | 70118.81                       | 70118.81                                |
| 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>           | 333500.44                  | 1889797.99                     | 2223298.43                              |

**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          | No  |
| 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**

529.23

**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 CO2 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**

146233

**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.

**Comment**

---

**Fuels (excluding feedstocks)**

Natural Gas

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

291811.44

**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**

1685.98

**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**

---

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(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**

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

**Low-carbon technology type**

Hydropower

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

Germany

**MWh consumed accounted for at a zero emission factor**

41955

**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/region of consumption of low-carbon electricity, heat, steam or cooling**

Austria

**MWh consumed accounted for at a zero emission factor**

4578

**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/region of consumption of low-carbon electricity, heat, steam or cooling**

Poland

**MWh consumed accounted for at a zero emission factor**

20161

**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/region of consumption of low-carbon electricity, heat, steam or cooling**

Portugal

**MWh consumed accounted for at a zero emission factor**

7778

**Comment**

---

**Sourcing method**

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

**Low-carbon technology type**

Biomass

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

Spain

**MWh consumed accounted for at a zero emission factor**

2038

**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/region of consumption of low-carbon electricity, heat, steam or cooling**

Spain

**MWh consumed accounted for at a zero emission factor**

19705

---

**Comment**

---

**Sourcing method**

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

**Low-carbon technology type**

Solar

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

Spain

**MWh consumed accounted for at a zero emission factor**

2641

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Hydropower

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

France

**MWh consumed accounted for at a zero emission factor**

70542

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Wind

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

France

**MWh consumed accounted for at a zero emission factor**

3285

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Other, please specify (Waste incineration)

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

France

**MWh consumed accounted for at a zero emission factor**

35212

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Biomass

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

Ireland

**MWh consumed accounted for at a zero emission factor**

355

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Hydropower

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

Ireland

**MWh consumed accounted for at a zero emission factor**

42

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Wind

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

Ireland

**MWh consumed accounted for at a zero emission factor**

290

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Wind

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

Ireland

**MWh consumed accounted for at a zero emission factor**

696

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Solar

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

Ireland

**MWh consumed accounted for at a zero emission factor**

148

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Wind

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

Netherlands

**MWh consumed accounted for at a zero emission factor**

9828

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Hydropower

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

Switzerland

**MWh consumed accounted for at a zero emission factor**

8751

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Biomass

**Country/region 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**

21379

**Comment**

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**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Hydropower

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**Country/region 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**

2554

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Wind

**Country/region 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**

17436

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Wind

**Country/region 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**

41842

**Comment**

---

**Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Solar

**Country/region 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**

8901

**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/region of consumption of low-carbon electricity, heat, steam or cooling**

United States of America

**MWh consumed accounted for at a zero emission factor**

5409

**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/region of consumption of low-carbon electricity, heat, steam or cooling**

United States of America

**MWh consumed accounted for at a zero emission factor**

176

**Comment**

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C9. Additional metrics

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C9.1

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

## C10. Verification

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### 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, we are waiting for more mature verification standards and/or processes

## 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

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### 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)

**Details of engagement**

Collect climate change and carbon information at least annually from suppliers

*Collect climate change and carbon information at least annually from our largest suppliers in the categories with the greatest impact on our supply chain emissions.*

**% of suppliers by number**

**% total procurement spend (direct and indirect)**

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

**Rationale for the coverage of your engagement**

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. CDP Supply Chain helps us to better understand the level of self-managed activity these key suppliers are under taking and will help to inform our future conversations with these suppliers. We have actively communicated with these suppliers and have issued general communications to all globally managed suppliers setting out the need for them to set targets, measure emissions and look to make reductions, particularly in Scope 3, in line with their broader sustainability strategies. Outside the supplier categories detailed in the Comment section, we have also encouraged all suppliers to report to CDP to improve our knowledge of supplier activity and to help them to develop their focus on taking climate action. These expectations are available to all suppliers through our Global Sustainable Sourcing Guide along with guidance on how to start to take action on climate in their businesses. 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 & 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 & measure continuous progress, and if they have identified & documented environmental legal requirements. Globally, 98% of our suppliers completed the Self-Assessment Questionnaire in 2019.

**Impact of engagement, including measures of success**

We prioritize our other methods of engagement with suppliers based on their role in our value chain & the communication channels best suited to engage them. For those suppliers who have been responding to CDP for some time, we are actively working to better integrate their responses and activity into our long term, strategic communications with them and across our supply chain team. For those who we have requested data from this year, we will be looking closely at their response rates and responses to develop our future strategies. We expect our proactive suppliers to be setting targets grounded in climate science, measuring emissions in their own supply chain, including Scope 3, and adopting strategies to reduce those emissions in-line with their targets.

**Comment**

We now request that 108 suppliers report to CDP Supply Chain Climate and Forests each year. This includes our top 19 suppliers, making up the majority of our annual spend. It also 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. Globally, 98% of our suppliers completed the Self-Assessment Questionnaire in 2019 which involves environmental management information as noted in Rationale section. We are Lead members of CDP Supply Chain for Climate and Forests and last year, achieved an A Rating for Supplier Engagement. We support our suppliers to make their CDP submissions, arranging two introductory supplier webinars explaining both our expectations on reporting and our expectations of them on the setting of holistic climate targets, monitoring of reductions, implementing reduction initiatives and the engagement of their supply chain. We also invite key McDonald's commercial and quality leads to these webinars so they understand our expectations of suppliers and the specific asks for CDP reporting. We have also created a Climate Action Toolkit on our supplier facing sustainability web resource to aid suppliers in taking self-managed action on these initiatives. We actively track the actions our suppliers are taking to set targets and have highlighted great examples of supplier action in this Toolkit to inspire others. We are now working on the visualization of the supplier actions we collect through CDP Supply Chain to improve the insight of the McDonald's supply chain category leads, both globally and within our markets in their interactions with suppliers. While this work progresses, we have engaged both global commercial and quality category leads as well as key market supply chain leads to share our climate strategy and align this with business priorities. We are actively collaborating with suppliers on reduction initiatives and to develop accounting techniques to capture and report the impact of that reduction.

---

**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. 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 93% of McDonald's restaurants worldwide so 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.

---

**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 U.S. 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  | 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 of US Government Relations is a board member of the National Restaurant Association (NRA).

**Is your position on climate change consistent with theirs?**

Unknown

**Please explain the trade association's 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 Director EU Public Affairs, is Chairman of Steering Group in Serving Europe.

**Is your position on climate change consistent with theirs?**

Unknown

**Please explain the trade association's 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?**

Unknown

**Please explain the trade association's 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 Director 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?**

Unknown

**Please explain the trade association's position**

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

No position taken on climate change legislation at this time.

**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, de-facto public policy in the absence of regulation, or adopted public policy. For example:

1. Sustainable 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 journey toward sustainable 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. In 2014, the Company became a signatory to the UN's Joint Statement on Climate-Smart Agriculture.
2. Commitment on Forests: The Company understands that deforestation is a major global challenge with broad & far-reaching implications for generations to come due to loss of biodiversity & contribution to climate change. After the Company endorsed the New York Declaration on Forests in 2014, McDonald's announced a global Commitment on Forests across the Company's global supply chain in 2015. The commitment encompasses the entire supply chain and focuses on priority products with goals for 2020. In 2016, the Company actively supported the indefinite extension of the Soy Moratorium, which helps prevent deforestation in the Amazon biome. We are engaged in multi-stakeholder forums for industry transformation, including the Roundtable on Sustainable Palm Oil & Tropical Forest Alliance (TFA) where we have been an active member of the TFA Forum. In 2017, the Company, along with other global companies, launched a statement of support for the objectives of the Cerrado Manifesto, reaffirming our individual and collective commitment to halting forest loss associated with agricultural commodity production and recognizing the critically important role played by the Cerrado for its role in climate change mitigation, biodiversity, water and agricultural production. The Company currently serves on the Steering Committee for the group.
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, to help ensure that all aspects of the beef value chain are environmentally sound, socially responsible & economically viable. In 2014, GRSB finalized a global set of principles & criteria, marking a major milestone in our journey to sustainable beef. In Canada & Brazil, we met our commitment, established in 2014, to begin purchasing verified sustainable beef in 2016. Through these programs we are learning how to deliver meaningful impact through a more sustainable beef supply that is scalable, requires ongoing measurement of performance, assumes third party assurances/audits & delivers credibility & transparency. With GRSB & WWF, we have instigated a project to improve the ability for organizations around the world to accurately measure and report emissions from on farm beef production. The first stage of this report recommends action on methodology alignment, accounting for land use change and sequestration, and the impact of methane. The Company is also a member of: 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 GHG Protocol Land Based Technical Working Group to update GHG Protocol guidance relevant to land based activities in line with the latest science & best practice; 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. We Are Still In (WASI): In 2018, the Company joined more than a dozen others on the WASI Leaders Circle.
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.

**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 Supply Chain and Sustainability department provides corporate staff leadership, coordination, and support for our global corporate social responsibility policies, Company goals, programs, and reporting. This group works with the Global Communications function to manage overall climate change strategy integration and consistency for external engagement practices, such as with NGOs or policymakers. These global departments coordinate with market-level subject matter experts and external advisors to establish the Company's goals across the Scale for Good strategy platform, including the Company's Science Based Target for climate action and Commitment on Forests.

At the Company's senior leadership level, McDonald's Scale for Good Leadership Team governs the strategy and liaises with the Board of Directors. The team is chaired by Chief Supply Chain and Sustainability Officer, and led along with the Chief People Officer, Senior Vice-President Global Marketing, Vice-President Global Communications, and General Counsel.

**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**

RESTATED\_SCR\_COMMITTEE\_CHARTER\_2016.pdf  
2019 Annual Report.pdf

**Page/Section reference**

Committee Charter: Entirety (pg. 1-2) Annual Report page numbers (PDF): - Business: Environmental matters - pg 5 - Customer Centric Growth Strategy: pg 8 - Risk factors: pg 26

**Content elements**

Governance  
Strategy  
Risks & opportunities

**Comment****Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document****Page/Section reference**

Entirety of document. McDonald's does not issue standalone ESG reports, but rather continues its commitment to strong senior management governance and regular ESG reporting with annual updates to its strategy, goals, and performance KPI website pages. The Climate Action website page includes an overview of our climate strategy and goals, and is updated annually. <https://corporate.mcdonalds.com/corpmcd/scale-for-good/climate-action.html>

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emission targets

**Comment****Publication**

In other regulatory filings

**Status**

Complete

**Attach the document**

RESTATED\_SCR\_COMMITTEE\_CHARTER\_2016.pdf  
2020 Notice of Annual Shareholders' Meeting.pdf

**Page/Section reference**

Committee Charter: All, Proxy statement: 7: Summary – Company values 30: Sustainability and Corporate Responsibility Committee - Board governance approach on sustainability and commitments 34: Responsible Leadership- commitment to Climate Action, SBTi-approved GHG reduction target, Virtual Power Purchase Agreements.

**Content elements**

Governance  
Strategy  
Emission targets

**Comment**

pg 7: Scale for Good highlighted as part of the Company's values. An overview is embedded in Chairman's letter, and additional reference to our ongoing engagement with shareholders around Scale for Good among other matters. pg 30 Sustainability and Corporate Responsibility Committee section provides overview of Board governance approach on sustainability matters and commitments, which includes climate action. pg 34: Responsible Leadership "CLIMATE ACTION: We are the first global restaurant company to address climate change by setting a 2030 target approved by the Science Based Targets initiative (SBTi). The Company's target involves collaboration with franchisees and suppliers to reduce greenhouse gas emissions from McDonald's restaurants, offices and supply chain. For example, in 2019, we announced our first-ever large-scale renewable energy commitments in the U.S. in the form of Virtual Power Purchase Agreements (VPPAs) for wind and solar projects in Texas, which will help provide renewable energy to the U.S. grid. We are engaging suppliers representing the majority of our food and packaging spend to report strategic progress via CDP Climate Change and Forests, and we are proud to be counted among CDP's Supplier Engagement leader board in 2019".

**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

ESG 2018 Website Archive FINAL.pdf

**Page/Section reference**

Website snapshot for 2019, inclusive of McDonald's activities relating to environmental matters.

**Content elements**

Governance  
Emissions figures  
Other metrics

Comment

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C15. Signoff

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C-FI

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**(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.**

Regarding section C0.5: The reporting boundary for which climate-related impacts on the business are reported has been reported as Financial Control in McDonald's previous submissions of CDP since 2014. This has changed to Operational Control for 2020. This change follows an internal review of relevant guidance and should be applied to previous submissions of CDP since 2014, which we are unable to alter.

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 | VP Sustainability | Other, please specify (Corporate Vice President (officer)) |

Submit your response

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**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