

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

McDonald's Corporation, together with its subsidiaries worldwide (the "Company") 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.

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. 15 of McDonald's Corporation's Form 10-Q for the quarter ending June 30, 2020 and at <https://corporate.mcdonalds.com/corpmcd/scale-for-good/esg-reporting/terms-and-definitions.html>

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1 2019	December 31 2019

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on. For each forest risk commodity selected, identify the stages of the supply chain which best represents your organization's area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Retailing	<Not Applicable>
Palm oil	Disclosing	Retailing	<Not Applicable>
Cattle products	Disclosing	Retailing	<Not Applicable>
Soy	Disclosing	Retailing	<Not Applicable>
Other - Rubber	Not disclosing	Retailing	
Other - Cocoa	Not disclosing	Retailing	
Other - Coffee	Disclosing	Retailing	<Not Applicable>

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Primary packaging

Source

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Area of origin

Albania
American Samoa
Angola
Australia
Austria
Belarus
Belgium
Bosnia & Herzegovina
Brazil
Bulgaria
Canada
Chile
China
Croatia
Cyprus
Czechia
Denmark
Estonia
Eswatini
Fiji
Finland
France
Germany
Greece
Hungary
India
Indonesia
Ireland
Italy
Japan
Latvia
Lithuania
Luxembourg
Malta
Netherlands
New Zealand
Norway
Poland
Portugal
Republic of Korea
Romania
Russian Federation
Serbia
Slovakia
Slovenia
South Africa
Spain
Sweden
Switzerland
Thailand
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Viet Nam

% of procurement spend

6-10%

Comment

This applies to all primary fiber-based guest packaging items* (managed by HAVI) made with virgin and/or recycled paper/board. HAVI manages the packaging supply chain for the majority of McDonald's markets. We do not currently have this data from McDonald's markets not managed by HAVI. We are working to achieve data collection for all markets by 2020. Note scope for timber disclosure outlined in F0.4. Note that the countries provided are a list of potential countries from which fiber raw material is sourced. Primary guest packaging refers to products that are used to package guest food on premises at McDonald's restaurants. *This type of packaging includes hot cups, cold cups, carry-out bags, folding cartons, clamshells, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, and drink carriers. The goal excludes food packaged off-site, wood, and limited locally sourced items. The procurement spend above reflects 2018 data as our 2019 annual spend data was not available at time of CDP submission. This figure is extrapolated from 2018 total packaging spend which includes plastic packaging (e.g. plastic cups and lids).

Palm oil**Activity**

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Crude palm oil (CPO)
Crude palm kernel oil (CPKO)
Refined palm oil

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Brazil
Costa Rica
Indonesia
Malaysia
Papua New Guinea
Republic of Korea
Saudi Arabia
Solomon Islands
Thailand
Venezuela (Bolivarian Republic of)

% of procurement spend

<1%

Comment

Re: Form of commodity section above: McDonald's goal is for 100% of the palm oil used in our restaurants and as ingredients in our products to support the production of sustainable palm oil by 2020. (Ingredients includes any type of palm oil used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement.) The Company collects data and requires the purchase of physical RSPO certified oil (Segregated and Mass Balance) for the categories where we use palm oil in the greatest volumes (restaurant frying oil and global core products). For all remaining palm oil we estimate usage and cover this volume with RSPO book and claim certificates. The procurement spend above reflects 2018 data as our 2019 annual spend data was not available at time of CDP submission.

Cattle products

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Beef

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Australia
Austria
Bolivia (Plurinational State of)
Botswana
Brazil
Canada
Costa Rica
Czechia
Denmark
France
Germany
Guatemala
Honduras
Hungary
Ireland
Italy
Lithuania
Mexico
Namibia
Netherlands
New Zealand
Nicaragua
Norway
Panama
Paraguay
Poland
Portugal
Russian Federation
South Africa
Spain
Sweden
Switzerland
Turkey
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay

% of procurement spend

11-20%

Comment

The main use of beef in our products is for our hamburger patties. Country of origin data was collected through the Company's annual raw material survey and is an approximation - it does not quite capture 100% of volume as a few smaller volume markets do not use the survey process. The procurement spend above reflects 2018 data as our 2019 annual spend data was not available at time of CDP submission.

Soy

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Soy bean oil
Soy bean meal
Soy derivatives

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Brazil
Paraguay
United States of America

% of procurement spend

<1%

Comment

The scope of our reporting includes all soy sourced for feed of chicken in McDonald's products, in line with our goal that by 2020, we will source soy for chicken feed that does not contribute to deforestation. With regard to country of origin, we are focusing our efforts on Brazil, Argentina and Paraguay, and the USA. The countries selected here were identified through a risk mapping exercise completed with McDonald's global chicken suppliers to identify the major countries of origin of the soy used in chicken feed in the McDonald's supply chain. Brazil, Argentina and Paraguay were identified as countries with a high risk of deforestation. Please note that the majority of soy used in our supply chain is for animal feed. The Company played an active role in the development of the Soy Moratorium, which is an agreement to not source soy linked to deforestation in the Amazon, and supported its indefinite extension in 2016. Further significant progress is being made in Europe, where we've set a 2020 target for chicken suppliers to ensure their soy volumes in chicken feed are covered by sustainability certifications. In 2019, approximately 71% of the soy sourced for feed of chicken in McDonald's products did not contribute to deforestation. The procurement spend above is an estimate because the majority of soy used in our supply chain is for animal feed and is not procured by the Company.

Other - Coffee

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Please select

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Brazil
China
Colombia
Costa Rica
Dominican Republic
El Salvador
Ethiopia
Guatemala
Honduras
India
Indonesia
Kenya
Lao People's Democratic Republic
Mexico
Nicaragua
Peru
Uganda
United Republic of Tanzania
United States of America
Viet Nam

% of procurement spend

<1%

Comment

The scope of our reporting includes all ground and whole bean coffee, including decaffeinated, to be used in espresso-based drinks and coffee brewed at restaurants and all coffee to be used in retail products. Procurement spend percentages are derived from 2018 data as our 2019 annual spend data was not available at time of CDP submission. This figure is extrapolated from 2018 total hot beverage spend.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	<1%	We do not sell our fiber-based packaging. Packaging is incorporated into our cost of goods sold and can impact the price of our product. We therefore do not know the percentage of revenue dependent on this commodity and have selected <1%.
Palm oil	<1%	Palm oil is used for frying in restaurants in some markets and par-frying chicken or potato products and it does not directly contribute to revenue. It is also an ingredient in some baked goods, liquid products (sauces), and other menu items. This is incorporated into cost of goods sold and can impact the price of our product. We therefore do not know the percentage of revenue dependent on this commodity and have selected <1%.
Cattle products	<1%	Beef is a component of our menu items (e.g. beef patty in a hamburger). We therefore do not know the percentage of revenue dependent on this commodity and have selected <1%.
Soy	<1%	The majority of soy used in our supply chain is for animal feed. This is incorporated into cost of goods sold and can impact the price of our product. We therefore do not know the percentage of revenue dependent on this commodity and have selected <1%.
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<1%	Coffee beans are used in our restaurants as an ingredient of a range of drinks products. This is incorporated into cost of goods sold and can impact the price of our product. We therefore do not know the percentage of revenue dependent on this commodity and have selected <1%.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Palm oil	Consumption data available, disclosing
Cattle products	Consumption data available, disclosing
Soy	Consumption data available, disclosing
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	Consumption data available, disclosing

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Timber products

Data type

Consumption data

Volume

774783.68

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Palm oil

Data type

Consumption data

Volume

93949.68

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Cattle products

Data type

Consumption data

Volume

863269.15

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Soy

Data type

Consumption data

Volume

845391

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Other - Coffee

Data type

Consumption data

Volume

82806.04

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

The Company regularly conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's. A clear finding from this research

is that consumers want and expect brands like McDonald's to be environmentally and socially responsible. These insights drive our sustainability strategies, 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. We recognize that if we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, consumer trust in our brand may suffer.

Primary response

Other, please specify (Certification)

Total financial impact

Description of response

As one of the world's largest restaurant companies, we have the potential to help lead sustainable innovation in the key areas of the world's food system. It's something we've been working on for a long time, using our influence, size and reach, and by working side by side with McDonald's customers, employees, Franchisees, suppliers and partners, to be a responsible leader. Our commitment is that by 2020, 100% of McDonald's primary fiber-based guest packaging will come from recycled or certified sources where no deforestation occurs. Primary fiber-based guest packaging* made from paper/board sold to McDonald's globally must be certified by Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), PEFC-endorsed national programs (e.g., SFI), or made from 100% recycled content as verified by a third-party. McDonald's requires all wood and wood fiber sourced from high-deforestation risk regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be either FSC certified or FSC Controlled Wood at mill level. *Primary packaging refers to products that are used to package guest food on premises at McDonald's restaurants. This type of packaging includes hot cups, cold cups, carry-out bags, folding cartons, clamshells, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, drink carriers. The goal excludes food packaged off-site, wood, and limited locally sourced items.

Forest risk commodity

Palm oil

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

The Company regularly conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's. A clear finding from this research is that consumers want and expect brands like McDonald's to be environmentally and socially responsible. These insights drive our sustainability strategies 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. We recognize that if we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, consumer trust in our brand may suffer.

Primary response

Other, please specify (Certification & Supply Chain Mapping)

Total financial impact

Description of response

As one of the world's largest restaurant companies, we have the potential to help lead sustainable innovation in the key areas of the world's food system. It's something we've been working on for a long time, using our influence, size and reach, and by working side by side with McDonald's customers, employees, Franchisees, suppliers and partners, to be a responsible leader. For palm oil, our goal is that by 2020, 100% of the palm oil used in McDonald's restaurants and as ingredients in McDonald's products will support sustainable production. We also expect all centrally managed suppliers of restaurant and par-fry oil must be active members of the RSPO and report through the RSPO Annual Communications of Progress; have a public commitment to eliminate deforestation and supporting strategy; have a strategy for traceability to the mill and plantation level; be committed not to source from peatlands, high conservation value land and high carbon stock forest; be committed to uphold human rights at the plantation level and Free and Prior Informed Consent; have a third-party verification process; and have a strategy to address any open grievances. We are also committed to increasing traceability for the palm oil used in the McDonald's system in the greatest volumes, which means we are increasing our physical RSPO volumes (Identity Preserved, Segregated and Mass Balance).

Forest risk commodity

Cattle products

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

The Company regularly conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's. A clear finding from this research is that consumers want and expect brands like McDonald's to be environmentally and socially responsible. These insights drive our sustainability strategies 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. We recognize that if we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, consumer trust in our brand may suffer.

Primary response

Other, please specify (Traceability & Risk Mapping)

Total financial impact

Description of response

As one of the world's largest restaurant companies, we have the potential to help lead sustainable innovation in the key areas of the world's food system. It's something we've been working on for a long time, using our influence, size and reach, and by working side by side with McDonald's customers, employees, Franchisees, suppliers and partners, to be a responsible leader. McDonald's partnered with the World Wildlife Fund (WWF) and suppliers to map our five priority commodity supply chains, including for cattle products, to identify product origins and assess the risk of deforestation. Through this process we were able to identify high-risk geographies from which we source. The McDonald's Deforestation-Free Beef Procurement Policy ("Policy") was developed for implementing the McDonald's Commitment on Forests in our beef supply chain in line with the McDonald's Global Sustainability Framework; Strategic Sustainability Process; and Global Sustainable Sourcing Guide. This Policy applies to a list of priority

countries (Argentina, Australia, Brazil and Paraguay), where deforestation has taken place and/or is projected to take place.

Forest risk commodity

Soy

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

The Company regularly conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's. A clear finding from this research is that consumers want and expect brands like McDonald's to be environmentally and socially responsible. These insights drive our sustainability strategies 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. We recognize that if we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, consumer trust in our brand may suffer.

Primary response

Other, please specify (Certification & Supply Chain Mapping)

Total financial impact**Description of response**

Our goal is that, by 2020, we will source soy for chicken feed that does not contribute to deforestation and that 100% of soy used in the feed of chickens supplied to our restaurants in Europe will be covered by sustainability certifications. We have identified the regions where our suppliers source soy that have high deforestation risks. We have also taken a conservative approach and assumed that all soy used in the feed of chickens supplied to our restaurants in Europe, APMEA and Latin America is high risk, until further traceability is established as to their origin. This approach was informed by a traceability analysis we completed which demonstrated that the soy produced in Latin America is flowing into the chicken supply chain of Europe, APMEA and Latin America. Our strategy to achieve our goal states that, at a minimum, Roundtable for Responsible Soy Book & Claim certificates will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. We are also reviewing alternative programs to determine if they can verify that soy being produced under the Soy Moratorium in the Amazon is not being produced in the Cerrado or Chaco, or is produced under conditions that meet all of our Commitment on Forests criteria.

Forest risk commodity

Other - Coffee

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

The Company regularly conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's. A clear finding from this research is that consumers want and expect brands like McDonald's to be environmentally and socially responsible. These insights drive our sustainability strategies 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. We recognize that if we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, consumer trust in our brand may suffer.

Primary response

Other, please specify (Certification)

Total financial impact**Description of response**

As one of the world's largest restaurant companies, we have the potential to help lead sustainable innovation in the key areas of the world's food system. It's something we've been working on for a long time, using our influence, size and reach, and by working side by side with McDonald's customers, employees, Franchisees, suppliers and partners, to be a responsible leader. For coffee, our goal is for 100% of coffee to be sustainably sourced by 2020. Sourcing coffee certified to international sustainability standards such as Rainforest Alliance, UTZ, and Fair Trade is key to our strategy. In parallel with our certification work, we've also launched the McCafé Sustainability Improvement Platform (SIP) in partnership with Conservation International. These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

Unknown

Tools and methods used

Internal company methods

External consultants

National specific tools and databases

Please explain

HAVI manages the consumer packaging category for the majority of McDonald's markets. The Company works closely with HAVI and various stakeholders such as World Wildlife Fund (WWF) to regularly assess risk (operational, regulatory, and reputational) in our supply chain. In 2009 and 2010 WWF assessed the environmental, social, and economic risk in our supply chain at the raw material production level and identified fiber for packaging as a priority product. As a WWF corporate partner, the Company collaborates with WWF on our sustainable fiber-based packaging strategy and is regularly informed of any new or emerging deforestation risks related to fiber. In partnership with HAVI, we conduct an annual packaging fiber survey which includes a risk assessment in which we evaluate the origin of our packaging and review origin against a list of relevant high-risk markets. In 2015, with WWF and HAVI, we mapped the majority of our consumer-facing paper packaging fiber supply against countries where pulp plantations are known drivers of deforestation and found that less than 12% of the fiber for our consumer packaging could not be substantiated as avoiding these high-risk countries. We have made a commitment to pursue FSC certification, either FSC certified or FSC Controlled Wood at mill level, for any fiber sourced from these countries by 2020 at the latest and will continue to work for greater visibility into the amount of fiber coming from these countries. See our Commitment on Forests which will impact our risk assessment procedure in the future (question F4.5a and Further Information). McDonald's is a member of the CDP Supply Chain program and we now request that 108 suppliers report to CDP Supply Chain Climate and Forests each year. *In the case of HAVI, their two largest suppliers by spend are required to complete CDP Forests.

Palm oil

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

Unknown

Tools and methods used

Internal company methods

External consultants

National specific tools and databases

Please explain

The Company works with various stakeholders such as World Wildlife Fund (WWF) to regularly assess risk (operational, regulatory, and reputational) in our supply chain. In 2009 and 2010 WWF assessed the environmental, social, and economic risk in our supply chain at the raw material production level and identified palm oil as a priority product notably because of its link to deforestation. As a WWF corporate partner, the Company collaborates with WWF on our palm oil sourcing strategy and is regularly informed of any new or emerging deforestation risks related to palm oil. In 2016, the Company's Director of Sustainable Sourcing for Asia and other members of our supply chain team visited palm growing regions in Indonesia and met with plantations, WWF, suppliers, other brands and local NGOs to understand and evaluate the risk on the ground in the palm oil industry. The trip demonstrated, first hand, the impacts on the ground and the challenges ahead to successfully address the issues and realize our Commitment on Forests. See our Commitment on Forests which will impact our risk assessment procedure in the future (question F4.5a and Further Information). Our oil RFP process enabled us to learn more about the palm suppliers in our supply chain, from what origins they source palm, and their capabilities in terms of ability to meet our sustainability expectations. This information is considered when deciding whether to do business with suppliers. McDonald's is a member of the CDP Supply Chain program and we now request that 108 suppliers report to CDP Supply Chain Climate and Forests each year. Multiple companies in this list source or use palm oil in McDonald's products. In addition, we undertake risk assessments for global supply chain raw materials periodically (of which palm oils is one), though not at a specified frequency.

Cattle products

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

Unknown

Tools and methods used

Internal company methods

External consultants

National specific tools and databases

Please explain

The Company works with various stakeholders such as World Wildlife Fund (WWF) to regularly assess risk (operational, regulatory, and reputational) in our supply chain. In 2009 and 2010 WWF assessed the environmental, social, and economic risk in our supply chain at the raw material production level and identified beef as a priority product, in part because of its link to deforestation. As a WWF corporate partner, the Company collaborates with WWF on our sustainable beef strategy and is regularly informed of any new or emerging deforestation risks related to beef. See our Commitment on Forests which will impact our risk assessment procedure in the future (question F4.5a and Further Information). In regions with identified risks relating to the preservation of forests, by the end of 2020 we've committed to verifying that beef sourced from these regions comes from farms where primary forests and high conservation value lands are preserved. We acknowledge that the definition of deforestation risk varies in different markets around the world. The assessment of deforestation risk will be determined through consultations with industry and external stakeholders with consideration to local market. McDonald's is a member of the CDP Supply Chain program and we now request that 108 suppliers report to CDP Supply Chain Climate and Forests each year. Multiple companies in this list source beef for our menu items. Please see more information about McDonald's beef sourcing in question F4.6b.

Soy

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

Unknown

Tools and methods used

Internal company methods

External consultants

National specific tools and databases

Please explain

The Company works with various stakeholders such as World Wildlife Fund (WWF) to regularly assess risk (operational, regulatory, and reputational) in our supply chain. In 2009 and 2010 WWF assessed the environmental, social, and economic risk in our supply chain at the raw material production level and identified soy as a high-priority, notably because of its link to deforestation. Because a large portion of soy use in our supply chain is for poultry feed, the Company identified poultry as a priority product inferring poultry would incorporate feed. The Company has formed a cross-functional team to evaluate the material environmental and social issues associated with the poultry supply chain and develop strategies to address such risks. This cross-functional group will oversee the development of soy risk assessments and strategies in order to reach our Commitment on Forests. As a WWF corporate partner, the Company collaborates with WWF on our sustainable poultry/soy strategy and is regularly informed of any new or emerging deforestation risks related to soy. See our Commitment on Forests which will impact our risk assessment procedure in the future (question F4.5a and Further Information). In 2019, we conducted further analysis of our poultry feed (soy) supply chain to map origin and identify high risk origin. McDonald's is a member of the CDP Supply Chain program and we now request that 108 suppliers report to CDP Supply Chain Climate and Forests each year. Multiple companies in this list source soy for our menu items (i.e. poultry suppliers).

Other - Coffee

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

Unknown

Tools and methods used

Internal company methods

External consultants

National specific tools and databases

Please explain

The Company works with various stakeholders such as World Wildlife Fund (WWF) to regularly assess risk (operational, regulatory, and reputational) in our supply chain. In 2009 and 2010 WWF assessed the environmental, social, and economic risk in our supply chain at the raw material production level and identified coffee as a priority product, in part because of its link to deforestation. See our Commitment on Forests which will impact our risk assessment procedure in the future (question F4.5a and Further Information). Through our risk assessment, we determined that 9% of our global coffee supply is from high-risk locations (as of 2019). Of the coffee grown in high-deforestation risk countries, 96% was Rainforest Alliance certified in 2019. Sourcing coffee certified to international sustainability standards such as Rainforest Alliance, UTZ, and Fair Trade is key to our strategy. In parallel with our certification work, we've also launched the McCafé Sustainability Improvement Platform (SIP) in partnership with Conservation International. We have created an Advisory Council to provide input on the strategic direction of McCafé SIP. In partnership with Conservation International and with input from the Advisory Council, we developed and introduced a set of minimum requirements that all farms must meet and that will be assessed through third-party audits. These requirements are focused on social and environmental impacts such as human rights, health and safety and deforestation. McDonald's is a member of the CDP Supply Chain program and we now request that 108 suppliers report to CDP Supply Chain Climate and Forests each year. In addition, we undertake risk assessments for global supply chain raw materials periodically (of which coffee is one), though not at a specified frequency.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

This was included in the WWF Risk Analysis - Supply Risk; Supply Security indicator.

Quality of forest risk commodities

Relevance & inclusion

Not considered

Please explain

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

This was included in the WWF Risk Analysis - Environmental Risk category.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

This was included in the WWF Risk Analysis - Social and Political Risk category.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

This was included in the WWF Risk Analysis - Social and Political Risk category.

Impact on water security

Relevance & inclusion

Please select

Please explain

Tariffs or price increases

Relevance & inclusion

Not considered

Please explain

This was included in the WWF Risk Analysis - Economic and Financial Risk category.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

This risk is inherently included in the WWF Risk analysis though not explicitly called 'Loss of markets.'

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

This was included in the WWF Risk Analysis - Social and Political Risk category.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

This was included in the WWF Risk Analysis - Social and Political Risk category.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

This was included in the WWF Risk Analysis - Social and Political Risk category.

Other, please specify

Relevance & inclusion

Please select

Please explain

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

Our customers are at the center of all that we do. We constantly listen to their feedback about our organization to ensure that we continue to deliver to their expectations. This includes from where we source our products because we want our customers to feel good about eating at McDonald's. The Company conducts consumer surveys and stakeholder research to better understand expectations and perceptions of McDonald's. For example, the Company conducts opinion surveys which ask consumers how McDonald's compares to other global companies regarding social responsibility and sustainability. Our other internal brand trackers help us to understand the strength of the McDonald's brand compared to relevant competitors from the consumers' perspective. A clear finding from this research is that consumers want and expect brands like McDonald's to be environmentally and socially responsible. In addition to the risk assessment procedures discussed, these consumer insights drive our sustainability strategies.

Employees

Relevance & inclusion

Relevant, always included

Please explain

At McDonald's, people are the face of our brand and critical to our success. The Company considers employee engagement, education and training on sustainability issues important components of achieving our global sustainability goals. For example, we are educating our employees on our Scale for Good commitments and strategies.

Investors

Relevance & inclusion

Relevant, always included

Please explain

As the Company develops its global sustainability strategies, we consider investor expectations around sustainability and corporate social responsibility, among other considerations.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

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

NGOs

Relevance & inclusion

Relevant, always included

Please explain

We've developed lasting relationships with experts from academia, non-governmental organizations, the socially responsible investment community and others to understand key issues and advance progress on a range of topics. Working with external experts complements and stretches our thinking, often resulting in greater impact. For example, World Wildlife Fund (WWF) experts on forestry, climate change and oceans challenge us to take action in ways that are both impactful and make sense for our business. WWF led an independent analysis of our supply chain in 2010 to help us identify the raw materials that represented the biggest sustainable sourcing opportunities for us to prioritize. Their experts informed the goals and ambitions of our 2014 Global Sustainability Framework and the new Scale for Good platform. Currently, we continue to work together on a variety of topics, including beef sustainability and conserving forests.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, always included

Please explain

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

Regulators

Relevance & inclusion

Relevant, always included

Please explain

We recognize that each commodity supply chain is different and production practices vary depending on the local context. That's why it is critical that we work collaboratively with suppliers and expert partners to develop tailored solutions, strategies and definitions that are practical and effective. For example, we are supportive of jurisdictional approaches as they enable companies sourcing agricultural commodities to collaborate with local governments, communities, and producers in their sourcing region. By working together, we can all ensure that local laws, regional efforts, and corporate policies work in concert to make regions deforestation-free.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

We know that the policies and expectations that McDonald's sets and the commitments and programs that our suppliers create are watched closely, and we are encouraged by this – because we know that no company can tackle deforestation alone. Where we have identified a risk of deforestation, we require our suppliers to put implementation plans in place to mitigate that risk and ensure compliance with our Commitment on Forests, as well as reporting on progress and compliance annually. Many of our suppliers are signatories to the New York Declaration on Forests and we rely on our trusted and collaborative partnerships to deliver on our 2020 and 2030 forest commitment.

Other stakeholders, please specify

Relevance & inclusion

Please select

Please explain

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes
Palm oil	Yes
Cattle products	Yes
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	Yes

F3.1a

(F3.1a) 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.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Our brand reputation and trust among our customers and stakeholders is vital to our business success, and therefore we know that we have a responsibility to source our products, like the fiber for our packaging, responsibly.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Please select

Likelihood

Please select

Are you able to provide a potential financial impact figure?

Please select

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Cost of response

Explanation of cost of response

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Our brand reputation and trust among our customers and stakeholders is vital to our business success, and therefore we know that we have a responsibility to ensure that the palm oil used in our restaurant cooking oil and as ingredients for our products, supports sustainable production.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Please select

Likelihood

Please select

Are you able to provide a potential financial impact figure?

Please select

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial**Primary response to risk**

Increased use of sustainably sourced materials

Description of response**Cost of response****Explanation of cost of response**

Forest risk commodity

Cattle products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Our brand reputation and trust among our customers and stakeholders is vital to our business success, and therefore we know that we have a responsibility to source our products, like the beef for our burgers, responsibly.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Please select

Likelihood

Please select

Are you able to provide a potential financial impact figure?

Please select

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial**Primary response to risk**

Greater traceability of forest-risk commodities

Description of response**Cost of response****Explanation of cost of response**

Forest risk commodity

Soy

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Our brand reputation and trust among our customers and stakeholders is vital to our business success, and therefore we know that we have a responsibility to ensure the soy used in feed for chicken in McDonald's products supports sustainable production.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Please select

Likelihood

Please select

Are you able to provide a potential financial impact figure?

Please select

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Cost of response

Explanation of cost of response

Forest risk commodity

Other - Coffee

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Our brand reputation and trust among our customers and stakeholders is vital to our business success, and therefore we know that we have a responsibility to source our products, like the coffee for our range of drinks, responsibly.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Please select

Likelihood

Please select

Are you able to provide a potential financial impact figure?

Please select

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial**Primary response to risk**

Increased use of sustainably sourced materials

Description of response**Cost of response****Explanation of cost of response**

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber products	Yes
Palm oil	Yes
Cattle products	Yes
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	Yes

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**Forest risk commodity**

Timber products

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Our customers and their changing needs are at the heart of what we do at McDonald's. We know customers increasingly want to make responsible food choices and we recognize our responsibility as a leading global brand to do what is right to drive positive change. In addition to brand value, McDonald's packaging suppliers have generated savings for McDonald's as a result of optimizing their packaging weights and reducing raw material usage, which improves both environmental and economic outcomes. In addition to the Company's Commitment on Forests, we have a global fiber sourcing policy that aims to continually improve the overall sustainability of our packaging by increasing recycled or certified raw materials and promoting Design for Environment to optimize resources and improve end-of-life recoverability.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Please select

Likelihood

Please select

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**Forest risk commodity**

Palm oil

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Our customers and their changing needs are at the heart of what we do at McDonald's. We know customers increasingly want to make responsible food choices and we recognize our responsibility as a leading global brand to do what is right to drive positive change. In addition to the Company's Commitment on Forests we have a Sustainable Palm Oil Policy and action plan.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Please select

Likelihood

Please select

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

Forest risk commodity

Cattle products

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

McDonald's is synonymous with burgers and as one of the largest purchasers of beef globally, we have the responsibility to help lead the industry toward better and more sustainable practices when it comes to beef. Our customers and their changing needs are at the heart of what we do at McDonald's. We know customers increasingly want to make responsible food choices and we recognize our responsibility as a leading global brand to do what is right to drive positive change. This global movement is gaining momentum through conversations, collaborations, pilot programs and global and local roundtables, and is helping influence beef production not just for McDonald's but around the world. In addition to the Company's Commitment on Forests, in 2017 McDonald's announced our 2020 Vision for Sustainable beef.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Please select

Likelihood

Please select

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

Forest risk commodity

Soy

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Our customers and their changing needs are at the heart of what we do at McDonald's. We know customers increasingly want to make responsible food choices and we

recognize our responsibility as a leading global brand to do what is right to drive positive change. As of the end of 2019, 71% of McDonald's global soy supply is verified as supporting deforestation-free supply chains. This is a combination of soy coming from high-risk locations which has been certified, through ProTerra or RTRS certification, as well as soy traced back to locations with a low risk of deforestation. Both certifications ensure adherence to globally recognized standards for responsible soy production. Since 2006, McDonald's has played a leading role in supporting the establishment and continuation of the Soy Moratorium, a voluntary agreement between retailers, NGOs and major soybean traders to not purchase soy grown on land within the Amazon deforested after 2008. The Moratorium has been widely recognized for its success in dramatically reducing the expansion of soy production areas within the Brazilian Amazon. In 2016, McDonald's actively supported the indefinite extension of the Moratorium. In 2015, McDonald's, together with Greenpeace and Cargill, was recognized by the Keystone Policy Center Award for Leadership in Environment for our collective contribution to this effort. In addition, the Commitment on Forests applies to soy.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Please select

Likelihood

Please select

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

Forest risk commodity

Other - Coffee

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Our customers and their changing needs are at the heart of what we do at McDonald's. We know customers increasingly want to make responsible food choices and we recognize our responsibility as a leading global brand to do what is right to drive positive change. Sourcing coffee certified to international sustainability standards such as Rainforest Alliance, UTZ, and Fair Trade is key to our strategy. In parallel with our certification work, we've also launched the McCafé Sustainability Improvement Platform (SIP) in partnership with Conservation International. These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts. Suppliers of coffee sourced from high risk regions (Honduras, Indonesia and Vietnam) are expected to cover 100% of those volumes with Rainforest Alliance Certification. McCafé SIP is a framework to engage and guide our coffee supply chain in sustainable sourcing, as well as invest in coffee growers and their communities over the long term. McCafé also provides roasters, who supply our coffee, with guidance across four key elements they must achieve in order to have a SIP-approved program. Through McCafé SIP, we have better information about the farmers growing our coffee, which is verified by third parties. We're also enabling coffee roasters to leverage their expertise and relationships at origin to innovate and advance sustainable farming practices.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Please select

Likelihood

Please select

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

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Chief Sustainability Officer (CSO)	The Company's Chief Supply Chain and Sustainability Officer is responsible for overseeing performance, actions, and goals relating to forests and McDonald's broader climate-related issues. They serve as the executive sponsor of McDonald's aspirations to source all food and packaging sustainably.
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 forests and other climate-related issues.
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. 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 of 2020 Proxy Statement, both of which are attached in C12.4. https://corporate.mcdonalds.com/content/dam/gwscorp/nfl/investor-relations-content/company-overview/2020_proxy.pdf https://corporate.mcdonalds.com/content/dam/gwscorp/nfl/corporate-governance-content/board-committees-and-charters/RESTATED_SCR_COMMITTEE_CHARTER_2016.pdf

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing major capital expenditures Providing employee incentives Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	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, and the environment; (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. See committee charter and pg. 30 and 31 of 2020 Proxy Statement, attached in C12.4. The Sustainability & Corporate Responsibility Committee met four times in 2019.

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	As important matters arise	The Company's Chief Supply Chain and Sustainability Officer is responsible for overseeing actions relating to forests. They serve as the executive sponsor of McDonald's aspirations to source all food and packaging sustainably. 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 sourcing and sustainability priorities, including those related to forests. For example, GSCS works with independent suppliers to embed sustainability considerations, including deforestation, into global sourcing decisions for food and packaging.
Other, please specify (Scale for Good Leadership Team)	Both assessing and managing forests-related risks and opportunities	As important matters arise	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.

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

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

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Chief Executive Officer (CEO) Chief Sustainability Officer (CSO) Chief Purchasing Officer (CPO) Other C-suite Officer Other, please specify (Chief Supply Chain Officer and Environmental & Sustainability Managers)	Achievement of commitments and targets Supply chain engagement Other, please specify (Scale for Good's sustainability strategy, which includes aspirations on forest-related issues, sustainable sourcing and environmental efficiency progress, and supply chain sustainability goals and projects)	C-suite officers are the executive sponsors of McDonald's brand trust strategy and global Scale for Good sustainability strategy, which includes the aspirations to source food and packaging sustainably and to develop and operate the most environmentally efficient McDonald's restaurants; this involves the management of forest-related issues. Where employees' annual Individual Performance Plans set out objectives related to forest-related 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 goal to eliminate deforestation in our beef, chicken (including soy in feed), palm oil, coffee and the fiber used in customer packaging by 2020.
Non-monetary reward	Other, please specify (Environmental & Sustainability Managers)	Achievement of commitments and targets Supply chain engagement	We recognize the importance of forest-related issues to our business, our customers and our stakeholders. McDonald's celebrates and recognizes the work of individuals and teams within the organization that help us make progress towards our sustainability and sourcing goals. For example, we recognize the performance of our employees that work to eliminate deforestation from our global supply chains by 2030.

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests Recognition of potential business impact on forests and other natural habitats Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound milestones and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	McDonald's is working eliminate deforestation from our global supply chains by 2030. We are prioritizing, by the end of 2020, the raw materials that our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (including soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our Commitment on Forests and its supporting addendum set out our vision to eliminate deforestation from our supply chains by 2030. Our commitment also extends beyond forests, to areas of high conservation value, and to the individuals and communities around the world who depend on forests. Our Commitment applies to all our raw material supply chains. Our Commitment on Forests outlines our expectation that our suppliers operate their businesses ethically and abide by all applicable laws and regulations. Additionally, we set out that we will work throughout our supply chains to achieve the following: No deforestation of primary forests or areas of High Conservation Value; No development of High Carbon Stock forest areas; No development on peatlands, regardless of depth, and the utilization of best management practices for existing commodity production on peatlands; Respect human rights; Respect the right of all affected communities to give or withhold their free, prior and informed consent for plantation developments on land they own legally, communally or by custom; Resolve land rights disputes through a balanced and transparent dispute resolution process; Verify origin of raw material production; Support smallholders, farmers, plantation owners and suppliers to comply with this commitment. Information on our Commitment and work underway can be accessed on our website here: https://corporate.mcdonalds.com/corpmcd/scale-for-good/our-planet/conserving-forests.html

F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

Do you have a commodity specific sustainability policy?	Scope	Content	Please explain

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	<p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p>	<p>McDonald's is working to eliminate deforestation from our global supply chains by 2030. We are prioritizing, by the end of 2020, the raw materials that our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (including soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our commitment also extends beyond forests, to areas of high conservation value, and to the individuals and communities around the world who depend on forests. Additionally, we aim to source 100% of our guest packaging from renewable recycled, or certified sources by 2025. This includes an interim goal to source 100% of primary fiber-based guest packaging from recycled or certified sources where no deforestation occurs by 2020, in line with our Commitment on Forests. Specifically, all primary fiber based guest packaging items* made from paper/ board sold to McDonald's globally must be certified by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) or a PEFC-endorsed national program (e.g., SFI), or made from 100% recycled content as verified by a third-party. McDonald's requires all wood and wood fiber sourced from high-deforestation risk regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be either FSC certified or FSC Controlled Wood at mill level. *Primary guest packaging refers to products that are used to package guest food on premises at McDonald's restaurants. This type of packaging includes hot cups, cold cups, carry-out bags, folding cartons, clamshells, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, drink carriers. The goal excludes food packaged off-site, wood, and limited locally sourced items.</p>
Palm oil	Yes	Company-wide	<p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p>	<p>McDonald's is working to eliminate deforestation from our global supply chains by 2030. We are prioritizing, by the end of 2020, the raw materials that our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (including soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our commitment also extends beyond forests, to areas of high conservation value, and to the individuals and communities around the world who depend on forests. In 2016, we launched our updated Global Sustainable Palm Oil Policy, which sets out our requirements and expectations for all suppliers and all McDonald's markets. This Policy underpins our goal for 100% of the palm oil used in McDonald's restaurants and as ingredients (includes any type of palm oil used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement) in McDonald's products to support the production of sustainable palm oil by 2020. Additionally, all centrally managed suppliers of restaurant and par-fry oil must: Be active members of the RSPO and report through the RSPO Annual Communications of Progress; have a public commitment to eliminate deforestation and supporting strategy; have a strategy for traceability to the mill and plantation level; be committed not to source from peatlands, high conservation value land and high carbon stock forests; be committed to uphold human rights at the plantation level and Free and Prior Informed Consent; have a third-party verification process; have a strategy to address any open grievances.</p>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Cattle products	Yes	Company-wide	Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets	McDonald's is working to eliminate deforestation from our global supply chains by 2030. We are prioritizing, by the end of 2020, the raw materials that our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (including soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our commitment also extends beyond forests, to areas of high conservation value, and to the individuals and communities around the world who depend on forests. Our goal is that we will, by 2020, in regions with identified risks relating to the conservation of forests, verify that the beef sourced from those regions comes from farms where primary forests and high conservation value lands are preserved. This is part of our Commitment on Forests and includes regions outside of our top 10 beef sourcing countries. We developed the McDonald's Deforestation-Free Beef Procurement Policy ("Policy") to support the implementation of our Commitment on Forests in our beef supply chain. This Policy applies to a list of priority countries (Argentina, Australia, Brazil and Paraguay), where deforestation has taken place and/or is projected to take place. Each priority country has a distinct context, and for that reason, our partners Proforest and AgroTools have gone through the process of adapting the Policy to the local context, including alignment with local expert NGOs.
Soy	Yes	Company-wide	Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related standards for procurement	McDonald's is working to eliminate deforestation from our global supply chains by 2030. We are prioritizing, by the end of 2020, the raw materials that our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (including soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our commitment also extends beyond forests, to areas of high conservation value, and to the individuals and communities around the world who depend on forests. Our Commitment on Forests applies to all soy in our supply chain and we have set a time-bound goal specific to soy used in chicken feed. That goal states that by 2020, we will source soy for chicken feed that does not contribute to deforestation. We have identified the regions where our suppliers source soy that have high deforestation risks. We have also taken a conservative approach and assumed that all soy used in the feed of chickens supplied to our restaurants in Europe, APMEA and Latin America is high risk, until further traceability is established as to their origin. This approach was informed by a traceability analysis we completed which demonstrated that the soy produced in Latin America is flowing into the chicken supply chain of Europe, APMEA and Latin America. Our strategy to achieve our goal states that, at a minimum, Roundtable on Responsible Soy Book & Claim certificates will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. We are also reviewing alternative programs to determine if they can verify that soy being produced under the Soy Moratorium in the Amazon is not being produced in the Cerrado or Chaco, or is produced under conditions that meet all of our Commitment on Forests criteria.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	Yes	Company-wide	Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related standards for procurement	McDonald's is working to eliminate deforestation from our global supply chains by 2030. We are prioritizing, by the end of 2020, the raw materials that our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (including soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our commitment also extends beyond forests, to areas of high conservation value, and to the individuals and communities around the world who depend on forests Sourcing coffee certified to international sustainability standards such as Rainforest Alliance, UTZ, and Fair Trade is key to our strategy. In parallel with our certification work, we've also launched the McCafé Sustainability Improvement Platform (SIP) in partnership with Conservation International. These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts. Suppliers of coffee sourced from high risk regions (Honduras, Indonesia and Vietnam) are expected to cover 100% of those volumes with Rainforest Alliance Certification. McCafé SIP is a framework to engage and guide our coffee supply chain in sustainable sourcing, as well as invest in coffee growers and their communities over the long term. McCafé also provides roasters, who supply our coffee, with guidance across four key elements they must achieve in order to have a SIP-approved program. Through McCafé SIP, we have better information about the farmers growing our coffee, which is verified by third parties. We're also enabling coffee roasters to leverage their expertise and relationships at origin to innovate and advance sustainable farming practices.

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

New York Declaration on Forests
Tropical Forest Alliance 2020
We Mean Business
Cerrado Manifesto
Soy Moratorium
Other, please specify (America's Pledge)

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

Zero gross deforestation/ no deforestation

No new development on peat regardless of depth
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

1993-1997

Commitment target date

2020

Please explain

Each of the criteria listed is included in McDonald's Commitment on Forests, which sets out our aim to eliminate deforestation from our global supply chains by 2030. We partnered with the World Wildlife Fund (WWF) and suppliers to map our five priority commodity supply chains to identify product origins and assess the risk of deforestation. Through this process we were able to identify high-risk geographies from which we source. This assessment paired McDonald's supply chain data with that of the eleven world regions accounting for the majority of deforestation, based on WWF's Living Forests report. It was an important first step for us to understand exactly where our commodities were at risk, and where we could take action to drive the greatest positive impact. Additionally, working with Proforest - a not-for-profit organization focused on responsible production and sourcing - we first confirm that each of the criteria are material in the area that we consider high risk for deforestation. We conduct this analysis by working with local NGO partners in each high-risk region and using global guidance such as The Accountability Framework. If the criteria are material in a high-risk region, we ensure that our chosen solution to address this risk appropriately covers each of the criteria. As a first step we map each standard against our forest criteria to identify any gaps. We then discuss these gaps and create a strategy to address them with the certification scheme, standard body and NGO partners. For fiber, we have selected to work with the Forest Stewardship Council and have ongoing conversations with FSC, WWF and Proforest about how their standard addresses each of these criteria. By 2020, our aim is that 100% of primary fiber-based guest packaging will come from recycled or certified sources where no deforestation occurs. Additionally, McDonald's requires all wood and wood fiber sourced from high-deforestation risk regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be either FSC certified or FSC Controlled Wood at mill level.

Forest risk commodity

Palm oil

Criteria

Zero gross deforestation/ no deforestation
No new development on peat regardless of depth
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment target date

2020

Please explain

Each of the criteria listed is included in McDonald's Commitment on Forests, which sets out our aim to eliminate deforestation from our global supply chains by 2030. We partnered with the World Wildlife Fund (WWF) and suppliers to map our five priority commodity supply chains to identify product origins and assess the risk of deforestation. Through this process we were able to identify high-risk geographies from which we source. This assessment paired McDonald's supply chain data with that of the eleven world regions accounting for the majority of deforestation, based on WWF's Living Forests report. It was an important first step for us to understand exactly where our commodities were at risk, and where we could take action to drive the greatest positive impact. Additionally, working with Proforest - a not-for-profit organization focused on responsible production and sourcing - we first confirm that each of the criteria are material in the area that we consider high risk for deforestation. We conduct this analysis by working with local NGO partners in each high-risk region and using global guidance such as The Accountability Framework. If the criteria are material in a high-risk region, we ensure that our chosen solution to address this risk appropriately covers each of the criteria. As a first step we map each standard against our forest criteria to identify any gaps. We then discuss these gaps and create a strategy to address them with the certification scheme, standard body and NGO partners. For palm oil, we have selected to work with the Roundtable for Sustainable Palm Oil and have ongoing conversations with the RSPO, WWF and Proforest about how their standard addresses each of these criteria. Our goal states that by 2020, 100% of the palm oil used in McDonald's restaurants and as ingredients in McDonald's products will support sustainable production. (Includes any type of palm oil used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement.) We are committed to increasing traceability for the palm oil used in the McDonald's system in the greatest volumes, which means we are increasing our physical RSPO volumes (Mass Balance, Segregated and Identity Preserved).

Forest risk commodity

Cattle products

Criteria

Zero gross deforestation/ no deforestation
No new development on peat regardless of depth
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2018

Commitment target date

2020

Please explain

Each of the criteria listed is included in McDonald's Commitment on Forests, which sets out our aim to eliminate deforestation from our global supply chains by 2030. We partnered with the World Wildlife Fund (WWF) and suppliers to map our five priority commodity supply chains to identify product origins and assess the risk of deforestation. Through this process we were able to identify high-risk geographies from which we source. This assessment paired McDonald's supply chain data with that of the eleven world regions accounting for the majority of deforestation, based on WWF's Living Forests report. It was an important first step for us to understand exactly where our commodities were at risk, and where we could take action to drive the greatest positive impact. Additionally, working with Proforest - a not-for-profit organization focused on responsible production and sourcing - we first confirm that each of the criteria are material in the area that we consider high risk for deforestation. We conduct this analysis by working with local NGO partners in each high-risk region and using global guidance such as The Accountability Framework. If the criteria are material in a high-risk region, we ensure that our chosen solution to address this risk appropriately covers each of the criteria. As a first step we map each standard against our forest criteria to identify any gaps. We then discuss these gaps and create a strategy to address them with the certification scheme, standard body and NGO partners. For beef, we have created a traceability system working with Agrottools and Proforest and a Deforestation-Free Beef Procurement Policy that requires each of the criteria to be fulfilled. This policy applies for all beef produced in Argentina, Australia, Brazil and Paraguay being supplied to McDonald's globally. Our strategy to achieve our goal states that 100% of beef sourced from high risk regions for deforestation (Argentina, Australia, Brazil and Paraguay) is expected to have a system in place by 2020 to verify compliance with McDonald's Commitment on Forests. This will include traceability, risk mapping and verification through systems such as certification, jurisdictional approaches, or other farm level activities. These expectations have been embedded in McDonald's raw material specifications for beef.

Forest risk commodity

Soy

Criteria

Zero gross deforestation/ no deforestation
 No new development on peat regardless of depth
 No conversion of High Carbon Stock forests
 Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
 Resolution of complaints and conflicts through an open, transparent and consultative process
 Facilitate the inclusion of smallholders into the supply chain
 No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2018

Commitment target date

2020

Please explain

Each of the criteria listed is included in McDonald's Commitment on Forests, which sets out our aim to eliminate deforestation from our global supply chains by 2030. We partnered with the WWF and suppliers to map our five priority commodity supply chains to identify product origins and assess the risk of deforestation. Through this process we were able to identify high-risk geographies from which we source. This assessment paired McDonald's supply chain data with that of the eleven world regions accounting for the majority of deforestation, based on WWF's Living Forests report. Working with Proforest - a not-for-profit organization focused on responsible production and sourcing - we first confirm that each of the criteria are material in the area that we consider high risk for deforestation. We conduct this analysis by working with local NGO partners in each high-risk region and using global guidance such as The Accountability Framework. If the criteria are material in a high-risk region, we ensure that our chosen solution to address this risk appropriately covers each of the criteria. As a first step we map each standard against our forest criteria to identify any gaps. We then discuss these gaps and create a strategy to address them with the certification scheme, standard body and NGO partners. Our goal states that by 2020, we will source soy for chicken feed that does not contribute to deforestation. We have identified the regions where our suppliers source soy that have high deforestation risks. We have also taken a conservative approach and assumed that all soy used in the feed of chickens supplied to our restaurants in Europe, APMEA and Latin America is high risk, until further traceability is established as to their origin. This approach was informed by analysis we completed which demonstrated that the soy produced in Latin America is flowing into the chicken supply chain of Europe, APMEA and Latin America. At a minimum, Roundtable on Responsible Soy Book & Claim certificates will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. We are also reviewing programs to determine if they can verify that soy being produced under the Soy Moratorium in the Amazon is not being produced in the Cerrado or Chaco, or is produced under conditions that meet all of our Commitment on Forests criteria.

Forest risk commodity

Other - Coffee

Criteria

Zero gross deforestation/ no deforestation
 No new development on peat regardless of depth
 No conversion of High Conservation Value areas
 No conversion of High Carbon Stock forests
 Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
 Resolution of complaints and conflicts through an open, transparent and consultative process
 Facilitate the inclusion of smallholders into the supply chain
 No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2014

Commitment target date

2020

Please explain

Each of the criteria listed is included in McDonald's Commitment on Forests, which sets out our aim to eliminate deforestation from our global supply chains by 2030. We partnered with the World Wildlife Fund (WWF) and suppliers to map our five priority commodity supply chains to identify product origins and assess the risk of deforestation. Through this process we were able to identify high-risk geographies from which we source. This assessment paired McDonald's supply chain data with that of the eleven world regions accounting for the majority of deforestation, based on WWF's Living Forests report. It was an important first step for us to understand exactly where our commodities were at risk, and where we could take action to drive the greatest positive impact. Additionally, working with Proforest - a not-for-profit organization focused on responsible production and sourcing - we first confirm that each of the criteria are material in the area that we consider high risk for deforestation. We conduct this analysis by working with local NGO partners in each high-risk region and using global guidance such as The Accountability Framework. If the criteria are material in a high-risk region, we ensure that our chosen solution to address this risk appropriately covers each of the criteria. Sourcing coffee certified to international sustainability standards such as Rainforest Alliance, UTZ, and Fair Trade is key to our strategy. In parallel with our certification work, we've also launched the McCafé Sustainability Improvement Platform (SIP) in partnership with Conservation International. These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts. Suppliers of coffee sourced from high risk regions (Honduras, Indonesia and Vietnam) are expected to cover 100% of those volumes with Rainforest Alliance Certification.

F5. Business strategy**F5.1****(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	Forest related risks are incorporated into our Scale for Good strategy, specifically through our Commitment on Forests. Our Commitment on Forests and its supporting addendum set out our vision to eliminate deforestation from our supply chains by 2030. We are prioritizing, by the end of 2020, the raw materials that our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (including soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our Commitment is also connected with our Science Based Target on Climate Action, Packaging & Recycling, and Beef Sustainability Goals. It is also connected to our 2020 Priority Product goals on palm oil, coffee, and poultry. This strategy is a part of McDonald's company growth plan.
Strategy for long-term objectives	Yes, forests-related issues are integrated	Please select	
Financial planning	Yes, forests-related issues are integrated	Please select	

F6. Implementation**F6.1****(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

Yes

F6.1a**(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.****Target reference number**

Target 1

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

By 2020, all primary fiber-based guest packaging will come from recycled or certified sources where no deforestation occurs. All primary guest packaging made from paper/board sold to McDonald's globally must be certified by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) or a PEFC-endorsed national program (e.g., SFI), or made from 100% recycled content as verified by a third-party.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

FSC Forest Management certification
FSC Chain of Custody
FSC Controlled Wood
FSC Forest Management Group certification
FSC SMLIF (small or low-intensity managed forest)
FSC Recycled
PEFC Sustainable Forest Management certification
PEFC Chain of Custody
PEFC Project Chain of Custody
PEFC Group Forest Management certification

Start year

2014

Target year

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

92

Please explain

By 2020, our aim is to have 100% of fiber based guest packaging compliant with our Commitment on Forests. All virgin fiber for our customer packaging sourced from high-deforestation risk regions will be Forest Stewardship Council (FSC) certified, and the Company will also maintain its preference for FSC-certified virgin fiber from other regions. The FSC standard prohibits deforestation, including conversion of natural forests to plantations. As of 2019, 92% of McDonald's fiber-based packaging comes from third-party verified recycled or certified fiber (FSC, PEFC™ or PEFC-endorsed) sources. Note: We estimate that we collected data for 93% of our global volumes of primary fiber-based packaging. Of this volume, 99% was compliant with the goal. For volumes that we are unable to collect, we assume these volumes are not compliant with the goal, and are therefore reporting 92% compliance. We are working to improve the completeness of our data collection systems.

Target reference number

Target 2

Forest risk commodity

Palm oil

Type of target

Third-party certification

Description of target

By 2020, 100% of the palm oil used in McDonald's restaurants and as ingredients in McDonald's products will support sustainable production.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

RSPO Identity Preserved
RSPO Segregated
RSPO Mass Balance
RSPO Book and Claim
RSPO Next
RA Sustainable Agriculture Network (SAN) standard

Start year**Target year**

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

78

Please explain

Our aim is to have all palm oil used in McDonald's restaurants and as ingredients in McDonald's products be verified to support sustainable production by 2020. ('Ingredients' includes any type of palm oil used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement). At the date of submission, 78% of the total volume of restaurant oil, supplier par-fry oil and palm oil used as an ingredient in global core products in 2019 was certified as supporting sustainable production. We will cover remaining volumes with Book and Claim certificates before the end of 2020. We are committed to increasing traceability for the palm oil used in the McDonald's system in the greatest volumes, which means we are increasing our physical RSPO volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils have increased from 58% in 2018 to 71% in 2019. By Roundtable on Sustainable Palm Oil (RSPO) chain of custody system: 7% verified using book and claim certificates (the minimum level of verification currently required according to our palm oil policy) 69% Mass Balance; 2% Segregated; 0.1% Identity Preserved. We will cover remaining volumes with Book and Claim certificates before the end of 2020. Our suppliers are expected to be active members of the RSPO and report through the RSPO Annual Communications of Progress, as well as have a policy in place to conserve forests.

Target reference number

Target 3

Forest risk commodity

Cattle products

Type of target

Other, please specify

Description of target

By 2020, in regions with identified risks relating to the conservation of forests, verify that the beef sourced from those regions comes from farms where primary forests and high conservation value lands are preserved. This is part of our Global Commitment on Forests and includes regions outside of our top 10 beef sourcing countries.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year**Target year**

2020

Quantitative metric

Percentage

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

92

Please explain

The first step for the Company was to identify the list of countries that the Company currently sources beef from that have a high deforestation risk, as defined based on WWF Living Forests report. We are working with these countries and our suppliers, alongside expert consultants including The World Wildlife Fund, Proforest and Agrotools to identify tailored risk mapping and implementation plans for these identified regions. We're also engaged in multi-stakeholder groups to address these issues, including: The Accountability Framework; Collaboration for Forests and Agriculture; Global Roundtable for Sustainable Beef and other local beef sustainability roundtables.

Target reference number

Target 4

Forest risk commodity

Soy

Type of target

Third-party certification

Description of target

By 2020, source soy for chicken feed that does not contribute to deforestation.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

RTRS Segregated
RTRS Mass Balance
RTRS Credits

Start year**Target year**

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

71

Please explain

We are committed to sourcing soy for chicken feed that does not contribute to deforestation and have identified the regions that we are sourcing soy from with high deforestation risks. Our strategy to achieve our goal states that, at a minimum, Roundtable on Responsible Soy Book & Claim certificates will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. We are also reviewing alternative programs to determine if they can verify that soy being produced under the Soy Moratorium in the Amazon is not being produced in the Cerrado or Chaco, or is produced under conditions that meet all of our Commitment on Forests criteria. As of the end of 2019, 71% of McDonald's global soy supply is verified as supporting deforestation-free supply chains.

Target reference number

Target 5

Forest risk commodity

Other - Coffee

Type of target

Third-party certification

Description of target

Our goal is for 100% of our coffee to be sustainably sourced by 2020.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

Other, please specify (Rainforest Alliance, Fairtrade, UTZ, Other - McCafé SIP)

Start year**Target year**

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

75

Please explain

Our goal is for 100% of our coffee* to be sustainably sourced by 2020. This means coffee is either Rainforest Alliance, UTZ, Fair Trade USA, or Fair Trade International certified or is coming from a McCafé SIP approved program. *Includes all ground and whole bean coffee, including decaffeinated, to be used in espresso-based drinks and coffee brewed at restaurants and all coffee to be used in retail products. McCafé SIP is a framework to engage and guide our coffee supply chain in sustainable sourcing, as well as invest in coffee growers and their communities over the long term. McCafé also provides roasters, who supply our coffee, with guidance across four key elements they must achieve in order to have a SIP-approved program. Through McCafé SIP, we have better information about the farmers growing our coffee, which is verified by third parties. We're also enabling coffee roasters to leverage their expertise and relationships at origin to innovate and advance sustainable farming practices. Alongside this, suppliers of coffee sourced from high risk regions (Honduras, Indonesia and Vietnam) are expected to cover 100% of those volumes with Rainforest Alliance Certification. Note: We estimate that data collected for 2019 represented 96% of our volumes. Of this volume, 78% of the data collected was compliant with the goal. By default, we assume that volumes that we are unable to collect are not compliant, and are therefore reporting 75% compliance. We are working to improve the completeness of our data collection systems.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	All primary guest packaging made from paper/ board sold to McDonald's globally must be certified by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) or a PEFC-endorsed national program (e.g., SFI), or made from 100% recycled content as verified by a third-party. McDonald's requires all wood and wood fiber sourced from high risk regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be either FSC certified or FSC Controlled Wood at mill level.	Not applicable	<Not Applicable>
Palm oil	Yes	Our goal states that by 2020, 100% of the palm oil used in McDonald's restaurants and as ingredients in McDonald's products will support sustainable production. This is achieved through RSPO certification. We are committed to increasing traceability for the palm oil used in the McDonald's system in the greatest volumes, which means we are increasing our physical RSPO volumes (Mass Balance, Segregated and Identity Preserved). We are currently engaging with globally managed suppliers to verify reporting against traceability systems and NPDE policy implementation.	Not applicable	<Not Applicable>
Cattle products	Yes	McDonald's currently tracks all beef supply at the country level. We are working with our supplier partners to develop traceability systems to the farm level. This is currently implemented for 100% of cattle sourced in Brazil and implementation is underway in Argentina, Australia, and Paraguay.	Not applicable	<Not Applicable>
Soy	Yes	Our goal states that by 2020, we will source soy for chicken feed that does not contribute to deforestation. At a minimum, Roundtable on Responsible Soy Book & Claim certificates will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. We are also reviewing alternative programs to determine if they can verify that soy being produced under the Soy Moratorium in the Amazon is not being produced in the Cerrado or Chaco, or is produced under conditions that meet all of our Commitment on Forests criteria. We have identified the regions where our suppliers source soy that have high deforestation risks. We have also taken a conservative approach and assumed that all soy used in the feed of chickens supplied to our restaurants in Europe, APMEA and Latin America is high risk, until further traceability is established as to their origin. This approach was informed by a traceability analysis we completed which demonstrated that the soy produced in Latin America is flowing into the chicken supply chain of Europe, APMEA and Latin America. We are also aiming to increase our volumes of soy sourced with ProTerra or Roundtable on Responsible Soy certification.	Not applicable	<Not Applicable>
Other - Rubber	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	Yes	Sourcing coffee certified to international sustainability standards such as Rainforest Alliance, UTZ, and Fair Trade is key to our strategy. In parallel with our certification work, we've also launched the McCafé Sustainability Improvement Platform (SIP) in partnership with Conservation International. These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts. McCafé SIP is a framework to engage and guide our coffee supply chain in sustainable sourcing, as well as invest in coffee growers and their communities over the long term. McCafé also provides roasters, who supply our coffee, with guidance across four key elements they must achieve in order to have a SIP-approved program. Through McCafé SIP, we have better information about the farmers growing our coffee, which is verified by third parties. We're also enabling coffee roasters to leverage their expertise and relationships at origin to innovate and advance sustainable farming practices. Suppliers of coffee sourced from high risk regions (Honduras, Indonesia and Vietnam) are expected to cover 100% of those volumes with Rainforest Alliance Certification.	Not applicable	<Not Applicable>

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Country	100
Palm oil	Country	100
Cattle products	Country	100
Soy	Country	100
Other - Coffee	Country	100

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption.

Forest risk commodity

Timber products

Third-party certification scheme

Other, please specify (FSC (Forest Management certification; Chain of Custody; Controlled Wood; Group certification; SMLIF; Recycled); PEFC (Sustainable Forest Management; Chain of Custody; Project Chain of Custody; Group Certification))

Certification coverage

Consumption volume

% of total production/consumption volume certified

92

Form of commodity

Primary packaging

Volume of production/ consumption certified

712800.99

Metric

Metric tons

Please explain

By 2020, all virgin fiber for our customer packaging sourced from high-deforestation risk regions will be Forest Stewardship Council (FSC) certified, specifically either FSC certified or FSC Controlled Wood at mill level, and the Company will also maintain its preference for FSC-certified virgin fiber from other regions. The FSC standard

prohibits deforestation, including conversion of natural forests to plantations. As of 2019, 92% of McDonald's fiber-based packaging comes from third-party verified recycled or certified fiber (FSC, PEFC™ or PEFC-endorsed) sources.

Forest risk commodity

Palm oil

Third-party certification scheme

Other, please specify (RSPO Identity Preserved; RSPO Segregated; RSPO Mass Balance; RSPO Book and Claim; RSPO Next; RA Sustainable Agriculture Network (SAN) standard)

Certification coverage

Consumption volume

% of total production/consumption volume certified

78

Form of commodity

Refined palm oil

Volume of production/ consumption certified

74049

Metric

Metric tons

Please explain

McDonald's goal is for 100% of the palm oil used in our restaurants and as ingredients in our products to support the production of sustainable palm oil by 2020. ('Ingredients' includes any type of palm oil used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement). At the date of submission, 78% of the total volume of restaurant oil, supplier par-fry oil and palm oil used as an ingredient in global core products in 2019 was certified as supporting sustainable production. We will cover remaining volumes with Book and Claim certificates before the end of 2020. We are committed to increasing traceability for the palm oil used in the McDonald's system in the greatest volumes, which means we are increasing our physical RSPO volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils have increased from 58% in 2018 to 71% in 2019. By Roundtable on Sustainable Palm Oil (RSPO) chain of custody system: 7% verified using book and claim certificates (the minimum level of verification currently required according to our palm oil policy) 69% Mass Balance; 2% Segregated; 0.1% Identify Preserved. We will cover remaining volumes with Book and Claim certificates before the end of 2020. Our suppliers are expected to be active members of the RSPO and report through the RSPO Annual Communications of Progress, as well as have a policy in place to conserve forests.

Forest risk commodity

Cattle products

Third-party certification scheme

No certified production/consumption for this commodity

Certification coverage

<Not Applicable>

% of total production/consumption volume certified

<Not Applicable>

Form of commodity

<Not Applicable>

Volume of production/ consumption certified

<Not Applicable>

Metric

<Not Applicable>

Please explain

The first step for the Company was to identify the list of countries that the Company currently sources beef from that have a high deforestation risk, as defined based on WWF Living Forests report. We are working with these countries and our suppliers, alongside expert consultants including The World Wildlife Fund, Proforest and Agrottools to identify tailored risk mapping and implementation plans for these identified regions. We're also engaged in multi-stakeholder groups to address these issues, including: The Accountability Framework, Collaboration for Forests and Agriculture, Global Roundtable for Sustainable Beef and other local beef sustainability roundtables.

Forest risk commodity

Soy

Third-party certification scheme

Other, please specify (RTRS; ProTerra)

Certification coverage

Consumption volume

% of total production/consumption volume certified

50

Form of commodity

Soy derivatives

Volume of production/ consumption certified

426204

Metric

Metric tons

Please explain

For soy, our commitment is that, by 2020, we will source soy for chicken feed that does not contribute to deforestation and that 100% of soy used in the feed of chickens supplied to our restaurants in Europe will be covered by sustainability certifications. We have identified the regions where our suppliers source soy that have high deforestation risks. We have also taken a conservative approach and assumed that all soy used in the feed of chickens supplied to our restaurants in Europe, APMEA and

Latin America is high risk, until further traceability is established as to their origin. This approach was informed by a traceability analysis we completed which demonstrated that the soy produced in Latin America is flowing into the chicken supply chain of Europe, APMEA and Latin America. Our strategy to achieve our goal states that, at a minimum, Roundtable on Responsible Soy Book & Claim certificates will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. We are also reviewing alternative programs to determine if they can verify that soy being produced under the Soy Moratorium in the Amazon is not being produced in the Cerrado or Chaco, or is produced under conditions that meet all of our Commitment on Forests criteria.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (Rainforest Alliance, UTZ, FairTrade International, FairTrade USA, Other (McCafe SIP))

Certification coverage

Consumption volume

% of total production/consumption volume certified

75

Form of commodity

Please select

Volume of production/ consumption certified

62104.53

Metric

Metric tons

Please explain

Our goal is for 100% of our coffee to be sustainably sourced by 2020*. This can be achieved through Rainforest Alliance, UTZ, Fairtrade International and Fair Trade USA certification schemes, as well as McCafé SIP-approved programs. Suppliers of coffee sourced from high risk regions (Honduras, Indonesia and Vietnam) are expected to cover 100% of those volumes with Rainforest Alliance Certification. *Includes all ground and whole bean coffee, including decaffeinated, to be used in espresso-based drinks and coffee brewed at restaurants and all coffee to be used in retail products.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance	Comment
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Cattle products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Soy	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Supply chain

Description of control systems

All primary guest packaging made from paper/ board sold to McDonald's globally must be certified by Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or a PEFC-endorsed national program (e.g., SFI), or made from 100% recycled content as verified by a third-party by 2020. McDonald's requires all wood and wood fiber sourced from high risk regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be either FSC certified or FSC Controlled Wood at mill level. All suppliers are expected to report raw material data twice per year to enable McDonald's to manage end-to-end sustainability and compliance elements in our supply chain.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

91-99%

% of total suppliers in compliance

Please select

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

McDonald's is working to eliminate deforestation from our global supply chains. This means engaging our suppliers to ensure that they are capable and have plans in place to meet our commitments. As outlined in our Commitment on Forests, we will move to suspend or eliminate purchases from a supplier if an audit or other credible source reveals or confirms that the supplier is seriously violating McDonald's requirements, and if that supplier does not acknowledge and immediately move to acceptably remediate the concern.

Forest risk commodity

Palm oil

Operational coverage

Supply chain

Description of control systems

Our goal states that by 2020, 100% of the palm oil used in McDonald's restaurants and as ingredients in McDonald's products will support sustainable production. This is achieved through RSPO certification. All suppliers are expected to report raw material data twice per year to enable McDonald's to manage end-to-end sustainability and compliance elements in our supply chain.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

71-80%

% of total suppliers in compliance

Please select

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

McDonald's is working to eliminate deforestation from our global supply chains. This means engaging our suppliers to ensure that they are capable and have plans in place to meet our commitments. As outlined in our Commitment on Forests, we will move to suspend or eliminate purchases from a supplier if an audit or other credible source reveals or confirms that the supplier is seriously violating McDonald's requirements, and if that supplier does not acknowledge and immediately move to acceptably remediate the concern.

Forest risk commodity

Cattle Products

Operational coverage

Supply chain

Description of control systems

McDonald's currently tracks all beef supply at the country level. We are working with our supplier partners to develop traceability systems to the farm level. This is currently implemented for 100% of cattle sourced in Brazil and implementation is underway in Argentina, Australia, and Paraguay. All suppliers are expected to report raw material data twice per year to enable McDonald's to manage end-to-end sustainability and compliance elements in our supply chain.

Monitoring and verification approach

Geospatial monitoring tool
Second-party verification

% of total volume in compliance

91-99%

% of total suppliers in compliance

Please select

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

McDonald's is working to eliminate deforestation from our global supply chains. This means engaging our suppliers to ensure that they are capable and have plans in place to meet our commitments. As outlined in our Commitment on Forests, we will move to suspend or eliminate purchases from a supplier if an audit or other credible source reveals or confirms that the supplier is seriously violating McDonald's requirements, and if that supplier does not acknowledge and immediately move to acceptably remediate the concern.

Forest risk commodity

Soy

Operational coverage

Supply chain

Description of control systems

At a minimum, Roundtable on Responsible Soy Book & Claim certificates will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. We are also reviewing alternative programs to determine if they can verify that soy being produced under the Soy Moratorium in the Amazon is not being produced in the Cerrado or Chaco, or is produced under conditions that meet all of our Commitment on Forests criteria. All suppliers are expected to report raw material data twice per year to enable McDonald's to manage end-to-end sustainability and compliance elements in our supply chain.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

71-80%

% of total suppliers in compliance

Please select

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

- Developing time-bound targets and milestones to bring suppliers back into compliance
- Providing information on appropriate actions that can be taken to address non-compliance
- Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
- Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

McDonald's is working to eliminate deforestation from our global supply chains. This means engaging our suppliers to ensure that they are capable and have plans in place to meet our commitments. As outlined in our Commitment on Forests, we will move to suspend or eliminate purchases from a supplier if an audit or other credible source reveals or confirms that the supplier is seriously violating McDonald's requirements, and if that supplier does not acknowledge and immediately move to acceptably remediate the concern.

Forest risk commodity

Other - Coffee

Operational coverage

Supply chain

Description of control systems

Sourcing coffee certified to international sustainability standards such as Rainforest Alliance, UTZ, and Fair Trade is key to our strategy. In parallel with our certification work, we've also launched the McCafé Sustainability Improvement Platform (SIP) in partnership with Conservation International. These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts. Suppliers of coffee sourced from high risk regions (Honduras, Indonesia and Vietnam) are expected to cover 100% of those volumes with Rainforest Alliance Certification. All suppliers are expected to report raw material data twice per year to enable McDonald's to manage end-to-end sustainability and compliance elements in our supply chain.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

71-80%

% of total suppliers in compliance

Please select

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

- Developing time-bound targets and milestones to bring suppliers back into compliance
- Providing information on appropriate actions that can be taken to address non-compliance
- Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
- Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

McDonald's is working to eliminate deforestation from our global supply chains. This means engaging our suppliers to ensure that they are capable and have plans in place to meet our commitments. As outlined in our Commitment on Forests, we will move to suspend or eliminate purchases from a supplier if an audit or other credible source reveals or confirms that the supplier is seriously violating McDonald's requirements, and if that supplier does not acknowledge and immediately move to acceptably remediate the concern.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Please explain
Timber products	Please select	<Not Applicable>
Palm oil	Please select	<Not Applicable>
Cattle products	Please select	<Not Applicable>
Soy	Please select	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	Please select	<Not Applicable>

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Palm oil	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Cattle products	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Soy	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Palm oil	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Cattle products	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Soy	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects	All primary guest packaging made from paper/ board sold to McDonald's globally must be certified by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) or a PEFC-endorsed national program (e.g., SFI), or made from 100% recycled content as verified by a third-party. McDonald's requires all wood and wood fiber sourced from high risk regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be either FSC certified or FSC Controlled Wood at mill level. The majority of the McDonald's fiber supply chain is managed by HAVI. To meet our Commitment on Forests, HAVI engages their suppliers to the mill level to ensure compliance with our commitment.

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Palm oil	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects	The focus of our strategy is to achieve 100% RSPO certification of our palm oil and we are committed to increasing traceability for the palm oil used in the McDonald's system in the greatest volumes, which means we are increasing our physical RSPO volumes (Mass Balance, Segregated, and Identity Preserved). We carry out additional supply chain mapping through the NDPE Implementation Reporting Framework and conduct onsite meetings with producers.
Cattle products	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects	We recognize that each commodity supply chain is different and production practices vary depending on the local context. That's why it is critical that we work collaboratively with suppliers and expert partners to develop tailored solutions, strategies and definitions that are practical and effective. For example, no existing certification scheme or credible process existed for tackling deforestation in beef supply chains so we established a relationship with Proforest, a not-for-profit organization focused on responsible production and sourcing, and AgroTools, a Brazilian ag-tech company and certified B-Corp that provides advanced monitoring technology, to increase our ability to monitor our beef supply chain and to help our suppliers take targeted action. During this process we aligned closely with NGOs like the World Wildlife Fund and tested emerging standards from groups like the Accountability Framework Initiative.
Soy	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects	To understand our soy footprint globally, McDonald's recently developed a soy calculator with our partners Agrottools and Proforest. In 2019 the Company hosted an open workshop in São Paolo, convening stakeholders from retailer, supplier, trader, finance, technology, academic and NGO communities in order to share this calculator and approach and to encourage others to join us.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Other - Coffee	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects	We require all of our coffee to be Rainforest Alliance, UTZ, Fair Trade USA, or Fair Trade International certified or to come from a McCafé SIP approved program. We engage our suppliers through these programmes and via the Sustainable Coffee Challenge which aims to make coffee the world's first sustainable agricultural product. As an Advisory Council member of the SCC, we are uniting with other key industry players – retailers, roasters, industry associations and non-governmental organizations – to help make the changes needed to transform the industry.

F6.10

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Tropical Forest Alliance 2020 (TFA)

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Other, please specify (Collaboration on Forests and Agriculture, The Accountability Framework, The Good Growth Partnership)

Jurisdictional approaches

<Not Applicable>

Please explain

We know that we must work on wider industry transformation to achieve our ultimate aim of eliminating deforestation. To do this, we work in partnership with others – suppliers, governments, non-governmental organizations (NGOs) and other key stakeholders. McDonald's is active in many multi-stakeholder dialogues to bring attention to forests and help drive action toward our goals. We also engage with a range of industry organizations and forums to identify solutions. We also participate in the Global Forestry Trade Network (GFTN) and CDP Supply Chain Forests.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Tropical Forest Alliance 2020 (TFA)

Roundtable on Sustainable Palm Oil (RSPO)

Other, please specify (Collaboration on Forests and Agriculture, The Accountability Framework, The Good Growth Partnership)

Jurisdictional approaches

<Not Applicable>

Please explain

We know that we must work on wider industry transformation to achieve our ultimate aim of eliminating deforestation. To do this, we work in partnership with others – suppliers, governments, non-governmental organizations (NGOs) and other key stakeholders. McDonald's is active in many multi-stakeholder dialogues to bring attention to forests and help drive action toward our goals. We also engage with a range of industry organizations and forums to identify solutions. We communicate annually through the RSPO Annual Communication of Progress and our website. We also continuously update our Sustainable Sourcing Guide, which outlines our priorities and expectations for suppliers, including for palm oil. To help inform our reporting methodology, we use the Reporting Guidance for Responsible Palm, developed by a wide range of organizations and published in 2017. It aims to provide common reporting guidance for companies throughout the supply chain, thereby increasing understanding, transparency and accountability for responsible palm oil production.

Forest risk commodity

Cattle products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Tropical Forest Alliance 2020 (TFA)

Global Roundtable for Sustainable Beef (GRSB)

Brazilian Roundtable on Sustainable Livestock (GTPS)

Other, please specify (Collaboration on Forests and Agriculture, The Accountability Framework, The Good Growth Partnership)

Jurisdictional approaches

<Not Applicable>

Please explain

We know that we must work on wider industry transformation to achieve our ultimate aim of eliminating deforestation. To do this, we work in partnership with others – suppliers, governments, non-governmental organizations (NGOs) and other key stakeholders. McDonald's is active in many multi-stakeholder dialogues to bring attention to forests and help drive action toward our goals. We also engage with a range of industry organizations and forums to identify solutions. As part of the Company's ethos to use our Scale for Good, we leverage our position on cross-sector platforms like the GRSB to drive wider collaboration and action. To support the delivery of the GRSB principles and criteria on the ground, McDonald's has helped set up national and regional multi-stakeholder platforms such as in Canada, the US and Europe, and we participate in several others around the world. Additionally, we continue to partner with farmers, suppliers, academics and NGO experts like the World Wildlife Fund, as well as with our industry partners across the value chain to accomplish our beef sustainability commitments. We are supportive of jurisdictional approaches as they enable companies sourcing agricultural commodities to collaborate with local governments, communities, and producers in their sourcing region. By working together, we can all ensure that local laws, regional efforts, and corporate policies work in concert to make regions deforestation-free. One of the leading jurisdictional approaches is the Produce, Conserve, Include (PCI) strategy in Mato Grosso, Brazil. McDonald's has been mapping our beef volumes sourced from the Mato Grosso area to understand what volumes of beef our suppliers buy from this jurisdiction for the McDonald's system and exploring ways to support this jurisdictional approach. Additionally, some of our other multi-stakeholder platforms and dialogues include: Argentina Roundtable for Sustainable Livestock, Paraguay Roundtable for Sustainable Livestock, Cerrado Manifesto Statement of Support Steering Committee, The Good Growth Partnership, The Collaboration on Forests and Agriculture, The Accountability Framework, CDP Supply Chain Forests.

Forest risk commodity

Soy

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Tropical Forest Alliance 2020 (TFA)

Roundtable on Sustainable Soy (RTRS)

Other, please specify (Collaboration on Forests and Agriculture, The Accountability Framework, The Good Growth Partnership)

Jurisdictional approaches

<Not Applicable>

Please explain

We know that we must work on wider industry transformation to achieve our ultimate aim of eliminating deforestation. To do this, we work in partnership with others – suppliers, governments, non-governmental organizations (NGOs) and other key stakeholders. McDonald's is active in many multi-stakeholder dialogues to bring attention to forests and help drive action toward our goals. We also engage with a range of industry organizations and forums to identify solutions. Since 2006, McDonald's has played a leading role in supporting the establishment and continuation of the Soy Moratorium, a voluntary agreement between retailers, NGOs and major soybean traders to not purchase soy grown on land within the Amazon deforested after 2008. The Moratorium has been widely recognized for its success in dramatically reducing the expansion of soy production areas within the Brazilian Amazon. In 2016, McDonald's actively supported the indefinite extension of the Moratorium. We also participate in The Good Growth Partnership, The Collaboration on Forests and Agriculture, The Accountability Framework, CDP Supply Chain Forests.

Forest risk commodity

Other - Coffee

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Tropical Forest Alliance 2020 (TFA)

Other, please specify (RFA, Fairtrade, Sustainable Coffee Challenge, CFA, AFI, GGP)

Jurisdictional approaches

<Not Applicable>

Please explain

We know that we must work on wider industry transformation to achieve our ultimate aim of eliminating deforestation. To do this, we work in partnership with others – suppliers, governments, non-governmental organizations (NGOs) and other key stakeholders. McDonald's is active in many multi-stakeholder dialogues to bring attention to forests and help drive action toward our goals. We also engage with a range of industry organizations and forums to identify solutions. For example, we have created an Advisory Council to provide input on the strategic direction of McCafé SIP. In partnership with Conservation International and with input from the Advisory Council, we developed and introduced a set of minimum requirements that all farms must meet and that will be assessed through third-party audits. These requirements are focused on social and environmental impacts such as human rights, health and safety and deforestation. In partnership with COSA, we have also expanded performance metrics, which measure continuous improvement towards social, environmental and economic standards annually. Through analysis of these metrics, our roasters can better target investments in programs that support income diversification or food security and help to build the resilience of these communities. Additionally, we engage our suppliers through these programmes and via the Sustainable Coffee Challenge which aims to make coffee the world's first sustainable agricultural product. As an Advisory Council

member of the SCC, we are uniting with other key industry players – retailers, roasters, industry associations and non-governmental organizations – to help make the changes needed to transform the industry.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

No

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

No, we are waiting for more mature verification standards/processes

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Other, please specify (Lack of alignment between certification and NPDE policies. Challenges with verifying traceability systems and NPDE policy implementation)

Comment

Forest risk commodity

Cattle products

Coverage

Supply chain

Primary barrier/challenge type

Other, please specify (Limited supply of certified product, supply chain complexity, lack of aligned definitions/criteria/cut off dates and reporting metrics to track progress.)

Comment

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Other, please specify (Supply chain complexity, lack of aligned definitions/criteria/cut off dates and reporting metrics to track progress.)

Comment

Forest risk commodity

Other - Coffee

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Development of certification and sustainability standards

Comment

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Investment in monitoring tools and traceability systems

Comment

Alignment between certification and NPDE policies, aligned approach to verify traceability and NPDE policy implementation for retailers.

Forest risk commodity

Cattle products

Coverage

Supply chain

Main measure

Investment in monitoring tools and traceability systems

Comment

Industry and civil society agreement on definitions, cut off dates and reporting metrics, as is currently underway with The Accountability Framework and The Collaboration on Forests and Agriculture.

Forest risk commodity

Soy

Coverage

Supply chain

Main measure

Investment in monitoring tools and traceability systems

Comment

Industry and civil society agreement on definitions, cut off dates and reporting metrics, as is currently underway with The Accountability Framework and The Collaboration on Forests and Agriculture.

Forest risk commodity

Other - Coffee

Coverage

Supply chain

Main measure

Development of certification and sustainability standards

Comment

F17 Signoff

F-FI

(F-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.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	VP Sustainability	Other, please specify (Corporate Vice President (officer))

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms