



McDONALD'S USA

ENVIRONMENTAL SUSTAINABILITY POLICY PRINCIPLES

APRIL 2021

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

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

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

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

In collaboration with thousands of Franchisees, suppliers and producers, we are prioritizing action on the largest elements of our carbon footprint. These include restaurant energy use and sourcing, [packaging and waste](#), and the [sourcing of key ingredients](#) for our menu, such as beef.

However, the efforts of the private sector, organizations and individuals alone are not enough. McDonald's supports efforts to achieve ambitious U.S. climate goals that: (1) create a 100 percent clean energy power sector by 2035; (2) put the U.S. on a path to net zero emissions by 2050; and (3) cut GHG emissions by at least 50 percent below 2005 levels by 2030.

We believe the United States has a responsibility to support and cultivate an environment of innovation to help accelerate the identification of solutions and reduce barriers as we promote a more sustainable world. McDonald's supports public policy that coordinates, incentivizes and accelerates efforts to decrease the country's greenhouse gas emissions and advances environmental sustainability efforts that are good for our planet and for our businesses.

Below, are McDonald's U.S. Environmental Sustainability Policy Principles that guide our U.S. public policy work and advocacy:

ACCELERATE THE REDUCTION OF GREENHOUSE GAS EMISSIONS RELATED TO ENERGY

Conserving energy remains one of the most cost-effective ways to reduce greenhouse gas emissions. McDonald's supports policies that help to reduce energy consumption and replace the use of hydrofluorocarbons for coolants with lower GHG emissions, all of which would make our offices, restaurants and supply chain more energy efficient.

The private sector and solutions made available to our offices, restaurants and supply chain also play a prominent role in strengthening and contributing to the renewable energy market. Policies that incentivize the private sector to invest in technology to produce renewable energy on-site, purchase renewable energy certificates, add new renewable energy capacity to the grid, and give our small



businesses access to local solutions, i.e. community solar, will help level the playing field with traditional energy sources, and expand the amount and accessibility of clean energy on the grid. We support policies that sustain and improve grid operation during commercial operation, such as increasing energy storage which helps increase the reliability of the electricity grid and enable penetration of more renewables.

RECOGNIZE, SUPPORT AND SCALE THE IMPORTANT CONTRIBUTIONS OF AGRICULTURE AND THE LAND USE SECTOR

Farmland and rangeland have played and will continue to play a critical role in reducing GHG emissions, sequestering carbon from the atmosphere, and ensuring efficient use and continued supply of clean and accessible water. Public policies should support research into and incentivize the use of agriculture technology tools, and support training on and incentivize the adoption of production and land use practices that minimize GHG emission output, sequester carbon at scale, and protect our water supply.

MINIMIZE IMPACT OF LOGISTICS AND TRANSPORTATION THROUGHOUT OUR SUPPLY CHAIN

The transportation sector is a large contributor to GHG emissions in the United States. McDonald's support technology innovation, such as development of the electric vehicle market, and investments in transportation R&D to develop alternative fuels with lower emissions and the next generation of efficient light and heavy-duty trucks.

TRANSITION TO CIRCULAR ECONOMY

The U.S. recycling system is at a critical juncture. Global market shifts are changing cost structures and the highly decentralized U.S. marketplace is taking time to adjust. Due to lack of consistent end markets for recycled materials, communities are facing increasing recycling costs, which can make inexpensive landfill disposal more appealing. We support policies that drive increasing the creation of recycling end markets and incentivize the use of more sustainable and recycled materials, including the creation and use of packaging designed for recovery, following the waste hierarchy. We support policies that increase investment in education and infrastructure for collection, sorting, and recycling, and speed the transition to a circular economy.

In addition, we will prioritize policies that:

SUPPORT PEOPLE IN ALL COMMUNITIES: U.S. policies for which we advocate should not be a one-size-fits-all approach and should ensure communities of color and low-income communities are not adversely impacted by policy changes; rather policies should promote equitable and healthier outcomes for all Americans. Where possible, U.S. policies should invest in the resilience of communities that have fewer resources to prepare for the worst impacts of climate change and other environmental impacts.

INCENTIVIZE SUSTAINABLE PRACTICES BY SMALL BUSINESS OWNERS: In 2018, over 99 percent of businesses in the U.S. were considered small businesses, employing almost 50 percent of the private workforce.¹ We want to ensure that U.S. small business owners, including McDonald's restaurant owner-operators, are able to access and benefit from policies that incentivize shifting to more sustainable practices.

REINVEST IN OUR FUTURE: McDonald's supports policies that encourage and incentivize the development of public-private partnerships focused on driving the continuous stream of R&D innovation needed to foster environmental sustainability.

¹ <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>