

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

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

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

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

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

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

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

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 2020	December 31 2020

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 (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that 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
Australia
Austria
Belarus
Belgium
Belize
Bosnia & Herzegovina
Brazil
Bulgaria
Canada
Chile
China
Croatia
Cyprus
Czechia
Denmark
Ecuador
Estonia
Eswatini
Finland
France
Germany
Greece
Hungary
India
Indonesia
Ireland
Italy
Japan
Latvia
Lithuania
Luxembourg
Malaysia
Malta
Namibia
Netherlands
New Zealand
Norway
Poland
Portugal
Republic of Korea
Romania
Russian Federation
Serbia
Slovakia
Slovenia
South Africa
Spain
Sweden
Switzerland
Thailand
Turkey
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Viet Nam

% of procurement spend

6-10%

Comment

The scope for timber disclosure outlined in F0.4 relates to all primary fiber-based guest packaging items that are used to package guest food on premises at McDonald's restaurants and made with virgin and/or recycled paper/board including hot cups, cold cups, carry-out bags, folding cartons, clamshells, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, and drink carriers, and excluding food packaged off-site, wood, and limited locally sourced items. We collect sourcing information from our primary fiber based guest packaging suppliers globally. Data completeness for 2020 is estimated to be over 99.7% of the total McDonald's system volume by weight. The countries provided above are a list of countries from which fiber raw material may be sourced. The percentage of our procurement spend represents our entire 2020 packaging spend which includes plastic packaging (e.g. plastic cups and lids), however, given the sourcing breakdown, we believe the range would be appropriate for fiber based packaging.

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
Guatemala
Indonesia
Malaysia
Papua New Guinea
Singapore
Thailand
Turkey
Venezuela (Bolivarian Republic of)

% of procurement spend

<1%

Comment

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). We are committed to increasing the level of physical certification and 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. In 2020, 100% of palm oil sourced for use in McDonald's restaurants and used as an ingredient in McDonald's products supported the production of sustainable palm oil and deforestation-free supply chains; 78% of which was RSPO physically certified (Segregated or Mass Balance Chain of Custody System) The procurement spend above is an estimate using our reported and calculated palm oil use and the World Bank palm oil and palm kernel oil price for 2020 as we do not procure palm oil directly.

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
- Chile
- China
- 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, TraQtion. We estimate that the volume coverage through this survey represents 99.9% of our global raw material volume.

Soy

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Whole soy beans

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 used in McDonald's products globally, in line with our goal that by 2020, we will source soy for chicken feed in a way which supports the responsible production of soy and deforestation-free supply chains. Brazil, Argentina and Paraguay were identified as countries with a high risk of deforestation. Given the complexity of soy supply chains, we consider that all of McDonald's suppliers of chicken source soy for feed from these high deforestation-risk countries, with the exception of chicken sourced from the United States and Canada where soy used in chicken feed is locally produced. The procurement spend above is an estimate using our calculated soy use for chicken feed and the World Bank soy price for 2020 as the majority of soy used in our supply chain is for animal feed and is not procured directly.

Other - Coffee

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Other, please specify (Raw material volumes relate to green bean coffee used in McDonald's products defined below.)

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
- Rwanda
- 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 coffee, to be used in espresso-based drinks and coffee brewed at McDonald's restaurants and all ground and whole bean coffee in McDonald's branded retail products. Spend data is based on our 2020 coffee spend as a percentage of our total 2020 food and paper 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%	The commodities represented in this disclosure are used in a large number of McDonald's menu items around the world, therefore their end products are connected to a sizeable revenue. We do not currently track the proportion of such revenue directly related to specific raw materials from origins associated with forest risks 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 alone and have selected <1%.
Palm oil	<1%	The commodities represented in this disclosure are used in a large number of McDonald's menu items around the world, therefore their end products are connected to a sizeable revenue. We do not currently track the proportion of such revenue directly related to specific raw materials from origins associated with forest risks 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 alone and have selected <1%.
Cattle products	<1%	The commodities represented in this disclosure are used in a large number of McDonald's menu items around the world, therefore their end products are connected to a sizeable revenue. We do not currently track the proportion of such revenue directly related to specific raw materials from origins associated with forest risks 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 alone and have selected <1%.
Soy	<1%	The commodities represented in this disclosure are used in a large number of McDonald's menu items around the world, therefore their end products are connected to a sizeable revenue. We do not currently track the proportion of such revenue directly related to specific raw materials from origins associated with forest risks 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 alone and have selected <1%.
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<1%	The commodities represented in this disclosure are used in a large number of McDonald's menu items around the world, therefore their end products are connected to a sizeable revenue. We do not currently track the proportion of such revenue directly related to specific raw materials from origins associated with forest risks 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 alone 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

721826

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

The scope for timber disclosure relates to all primary fiber-based guest packaging items that are used to package guest food on premises at McDonald's restaurants and made with virgin and/or recycled paper/board including hot cups, cold cups, carry-out bags, folding cartons, clamshells, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, and drink carriers, and excluding food packaged off-site, wood, and limited locally sourced items. We collect sourcing information from our primary fiber based guest packaging suppliers globally. Data completeness for 2020 is estimated to be over 99.7% of the total McDonald's system volume by weight. We extrapolate an estimated volume to account for missing data.

Forest risk commodity

Palm oil

Data type

Consumption data

Volume

99589

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Cattle products

Data type

Consumption data

Volume

795944

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Soy

Data type

Consumption data

Volume

480421

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Other - Coffee

Data type

Consumption data

Volume

76576

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.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

16.9

Please explain

We currently classify Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia, and Vietnam as high priority areas to address forest related risks for timber products. The percentage reflects the maximum proportion of our 2020 fiber sourcing from these countries for our primary guest packaging. All other countries are assessed as low priority. The data required for the raw material metrics outlined in this response is collected primarily through the McDonald's Global Supply Chain and Sustainability annual raw material survey of suppliers (TraQtion). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is also sourced from a high priority forest location.

Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

100

Please explain

We currently classify Brazil, Argentina, and Paraguay as high priority areas to address forest related risks for soy products used as chicken feed. Due to limitations in soy traceability, unless demonstrated otherwise, we assume our chicken supply from all countries with the exception of the United States and Canada originates from high deforestation priority areas at the percentage reflects this high priority sourcing proportion. 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). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location.

Forest risk commodity

Cattle products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

16.3

Please explain

We currently classify Brazil, Argentina, Australia and Paraguay as high priority areas to address forest related risks for cattle products. The percentage reflects the proportion of our 2020 beef sourcing from these countries. All other countries are assessed as low priority. 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). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location.

Forest risk commodity

Soy

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

54.7

Please explain

We currently classify Brazil, Argentina, and Paraguay as high priority areas to address forest related risks for soy products used as chicken feed. Due to limitations in soy traceability, unless demonstrated otherwise, we assume our chicken supply from all countries with the exception of the United States and Canada originates from high deforestation priority areas at the percentage reflects this high priority sourcing proportion. 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). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location.

Forest risk commodity

Other - Coffee

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

9.1

Please explain

We classify Honduras, Indonesia, Vietnam as high priority areas to address forest related risks for coffee. The percentage reflects the proportion of our 2020 coffee sourcing from these countries. All other countries are assessed as low priority. 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). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location.

F1.5e

(F1.5e) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?

No

Data type

<Not Applicable>

Volume produced/consumed

<Not Applicable>

Metric

<Not Applicable>

Country/Area of origin

<Not Applicable>

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

<Not Applicable>

Does the source of your organization's biofuel material come from smallholders?

<Not Applicable>

Comment

We have tracked markets that use palm oil as restaurant oil and are not aware of any markets using biofuel derived from palm oil.

F1.6

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

Yes

(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. The sustainability of our packaging is a significant consumer and stakeholder expectation, with issues on packaging materials, reducing waste and improving recycling consistently ranking highly in McDonald's customer insights surveys, with the potential for significant impact. Consumers want and expect brands like McDonald's to be environmentally and socially responsible. These insights drive our responsible sourcing strategy for the timber products used in our consumer packaging. We know that if we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, the trust in our brand from customers and internal and external stakeholders may suffer.

Primary response

Increased use of sustainably sourced materials

Total financial impact**Description of response**

In 2020, 99.6% of our primary fiber-based guest packaging came from recycled or certified sources supporting deforestation free supply chains. Primary fiber-based guest packaging (products that are used to package guest food on premises at McDonald's restaurants including containers, cups, wraps, and bags for food, beverages, napkins, Happy Meal cartons and cup carriers) come from recycled or certified sources including Forest Stewardship Council (FSC), Program for the Endorsement of Forest Certification (PEFC), or made from 100% recycled content as verified by a third-party. McDonald's requires all wood and wood fiber sourced from high-deforestation priority 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 with full chain of custody certification. Our certification requirements can result in increased supply chain costs, which our procurement teams and suppliers aim to minimize through our sourcing strategies. We track our volumes, origin and certification from suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP.

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 customers. The importance of sustainably sourced palm oil was identified by external stakeholders like WWF through the Living Forest report and Deforestation Fronts as a priority area for companies to address through positive actions in their supply chains. Consumers want and expect brands like McDonald's to be environmentally and socially responsible. We know through this insight from customers and stakeholders that if we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, the trust in our brand from customers and internal and external stakeholders may suffer. It will also have real impacts to the environment and communities where palm oil is grown and a wider impact to the climate through land use change.

Primary response

Increased use of sustainably sourced materials

Total financial impact**Description of response**

We have a global palm oil responsible sourcing policy to ensure that the palm oil we use supports sustainable production. We expect all centrally managed suppliers of restaurant and par-fry oil to be active RSPO members and report through ACOP; have a public commitment to eliminate deforestation and supporting strategy; 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; commit to uphold human rights at the plantation level and Free and Prior Informed Consent; have third-party verification processes; and a strategy to address any open grievances. We're committed to increasing traceability for palm oil we use in the greatest volumes. We are increasing our physical RSPO volumes (Identity Preserved, Segregated and Mass Balance). At the end of 2020, 78.1% of our palm oil was RSPO physically certified (Mass Balance or Segregated) and the remaining 21.9% supported the production of sustainable palm oil through RSPO credits. We know that our certification requirements can result in increased supply chain costs, which we and our suppliers aim to minimize through sourcing strategies. We track volumes, origin and certification from key suppliers through TraQtion to ensure we meet and can report on our commitments via our website and CDP. We also engage with groups like the Palm Oil Collaboration Group to collectively tackle issues and influence change on a landscape scale.

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. Beef is an iconic product for McDonald's and we recognize the opportunity for positive impact and industry transformation through responsible sourcing investments in our beef supply chain. We know that if we are not effective in addressing the social and environmental sustainability linked to beef production, the trust in our brand from customers and internal and external stakeholders could suffer.

Primary response

Greater traceability of forest-risk commodities

Total financial impact**Description of response**

McDonald's partnered with WWF and suppliers to assess the risk of deforestation for cattle products and worked with Proforest to develop the McDonald's Deforestation-Free Beef Procurement Policy to implement the our Commitment on Forests in our beef supply chain. This Policy applies to priority countries (Argentina, Australia, Brazil and Paraguay), where deforestation has taken place or is projected to take place and involves satellite mapping areas of deforestation activity, tracking supply from those areas and taking action in collaboration with suppliers to address deforestation linked to our supply. The sustainability of beef production is wider than forest risk and we are a founding member of the Global Roundtable for Sustainable Beef. We have actively contributed to the work of the Joint Working Group on Land Use and Biodiversity and the Greenhouse Gas working group as well as serving on the Executive Committee of the GRSB and at board level of affiliated regional roundtables across the world.

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 key expectation and one that ranks consistently highly with consumers is that brands like McDonald's must be environmentally and socially responsible. However, these expectations are often complex and not always clearly defined. We engage with organizations like WWF and Proforest to better define how we can have the biggest positive impacts based our sourcing and supply chain. Chicken is a core product for McDonald's and we recognize the significant opportunity for positive impact and industry transformation through responsible sourcing investments in our chicken and associated soy supply chain. By effectively and visibly addressing the social and environmental impacts in our soy supply chain, brand trust and stakeholder support in this area will improve.

Primary response

Engagement in multi-stakeholder initiatives

Total financial impact**Description of response**

The soy used for the feed of chicken for McDonald's products worldwide supports deforestation-free supply chains globally. We support responsible soy production through the purchase of RTRS credits. A number of our chicken suppliers to Europe also use physical certification through Proterra. We have identified the soy sourcing regions that have high deforestation risks. Using a traceability analysis, we have 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 may originate from high deforestation-risk regions. At a minimum, approved third party certification is used to cover all soy volumes used in poultry feed where the soy is assessed as produced in Argentina, Brazil or Paraguay. We are reviewing alternative programs to determine if they can verify that soy is produced under conditions that meet all of our Commitment on Forests criteria. We have also developed a calculator to assess the soy equivalent associated with our global chicken supply to inform the investment in certification needed. We track our chicken volumes, origin and any soy certification associated with this from suppliers annually through the TraQtion system to ensure we can meet our commitments and can report transparently through our website and CDP.

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. The sustainability of our coffee supply was identified through stakeholder research as priority expectation with potential for positive impact. Consumers want and expect brands like McDonald's to be environmentally and socially responsible. These insights drive our responsible sourcing strategy for the coffee used in our supply chain. We know that if we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, the trust in our brand from customers and internal and external stakeholders may suffer.

Primary response

Increased use of sustainably sourced materials

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. We source coffee certified to international sustainability standards such as Rainforest Alliance, UTZ, or Fair Trade. We've also developed 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. We are aware that our certification requirements can

result in increased supply chain costs, which our procurement teams and suppliers aim to minimize through our sourcing strategies. We track our volumes, origin and certification from all coffee suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP.

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?

> 6 years

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. For example, the WWF Living Forest report, which helped to prioritize our actions, assesses the risk from projected deforestation to 2030. In partnership with HAVI, we conduct an annual raw material survey of suppliers, TraQtion 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. Unless made from 100% recycled content as verified by a third-party, we require FSC certification, at mill level with full chain of custody certification, for any fiber sourced from these countries and continue to work for greater visibility into the amount of fiber coming from these countries. McDonald's is a member of the CDP Supply Chain program and we now request that 131 suppliers report to CDP Supply Chain Climate and Forests each year. We review the information on risk our suppliers provide and give feedback on the areas most important to McDonald's for them to disclose information on.

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?

> 6 years

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) and Proforest to regularly assess risk (operational, regulatory, and reputational) in our supply chain. For example, the WWF Living Forest report, which helped to prioritize our actions, assesses the risk from projected deforestation to 2030. We assess supplier compliance annually against our sustainable palm oil policy using our annual raw material survey of suppliers, TraQtion. We are Roundtable on Sustainable Palm Oil (RSPO) members and all of our palm oil volume supports sustainable palm oil production through RSPO, responding to industry risks through the evolution of the RSPO Principles and Criteria. 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 (Identity Preserved, Segregated and Mass Balance) to better quantify and manage risk. As of the end of 2020, 78.1% of our palm oil was RSPO physically certified (Mass Balance or Segregated) and the remaining 21.9% supported the production of sustainable palm oil through RSPO credits. We are lead members of CDP Supply Chain and now request that 131 of our largest suppliers respond to CDP Climate and Forest each year. In 2020, our CDP Supply Chain request represented 79% of our global spend on food, fibre based packaging, logistics and equipment. We use the insights from this to give feedback to suppliers and assess the risk to our supply chain. We are members of the Palm Oil Collaboration Group to accelerate effective implementation of our no deforestation, no peat expansion, no exploitation (NDPE) commitment.

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?

> 6 years

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), Proforest and Agrottools to regularly assess risk (operational, regulatory, and reputational) in our supply chain. As a WWF corporate partner, we collaborate with WWF on our sustainable beef strategy and are informed of new or emerging beef-related deforestation risks. For example, the WWF Living Forest report, which helped to prioritize our actions, assesses the risk from projected deforestation to 2030. We also test emerging frameworks from groups like the Accountability Framework initiative. We acknowledge that the definition of deforestation varies in different countries around the world. The assessment of our approach to prioritize actions in each country is determined through consultations with industry and external stakeholders with consideration to local factors. We work with Agrottools, an agri-tech company and certified B-Corp, to annually assess the biomes and regions in the priority countries, identify the locations we source beef from and assess compliance with our Deforestation Free Beef Procurement Policy. In regions that WWF identified or projected risks relating to the conversion of forests linked to beef production; Brazil, Argentina, Australia and Paraguay we are verifying that the beef we source forests are preserved, tailored to the specific conditions in each country. We have made significant investments in satellite mapping and tracking our beef supply chain in the priority countries above. We track our volumes, origin and sustainability engagement from beef suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP. Sustainable Beef and works collaboratively with others in GRSB and the subcommittees of the Joint Working Group on Land Use and Biodiversity and Greenhouse Gas Working Group to assess and discuss industry level response to the sustainability risks from beef production. We have also been invited to the Consumer Goods Forum Forest Positive Coalition Beef Working Group meetings by members to work with to assess and address forest positive actions in collaboration with others at an industry level.

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?

> 6 years

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), Proforest and Agrottools to regularly assess risk (operational, regulatory, and reputational) in our supply chain. As a WWF corporate partner, the Company collaborates with WWF on our sustainable soy strategy and is regularly informed of any new or emerging deforestation risks related to soy. For example, the WWF Living Forest report, which helped to prioritize our actions, assesses the risk from projected deforestation to 2030. A large portion of soy use in our supply chain is for poultry feed, and through collaboration with WWF, this was identified as a priority product for our 2020 forest commitment. The Company has formed a cross-functional team to evaluate the sustainability issues within the poultry supply chain and develop strategies to address risks. This cross-functional group oversees the development of soy risk assessments and strategies in order to reach our Commitment on Forests. We have worked with Agrottools, an agri-tech company and certified B-Corp and with suppliers across the world to create a detailed tool that can assess the soy footprint related to our poultry supply. We use our annual raw material survey of suppliers, TraQtion to annually track the origin, volume, destination and type of poultry meat sourced from suppliers across the world. Coupled with the insight from the Agrottools Soy Calculator we assess our soy footprint annually, understand the volume covered by physical certification and The investment we need to make in book and claim credits. We are lead members of CDP Supply Chain and now request responses to CDP Climate and Forests from 131 of our largest suppliers. In 2020, our CDP Supply Chain request represented 79% of our global spend across food, packaging, logistics and equipment.

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?

> 6 years

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) and Proforest to regularly assess risk (operational, regulatory, and reputational) in our supply chain. We use risk assessments such as the WWF Living Forest report, which assesses the risk from projected deforestation to 2030. Through our risk assessment, we identified three high risk sourcing locations, Honduras, Indonesia and Vietnam. We annually assess our sourcing risk using the TraQtion system to gather supplier declarations of compliance with our policy and collect information on volumes, origin, destination and certification by supplier. IAL reported volume sourced from these regions was Rainforest Alliance Certified™. 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. We are lead members of CDP Supply Chain and now request that 131 of our largest suppliers respond to CDP Climate and Forest each year. In 2020, our CDP Supply Chain request represented 79% of our global spend across food, packaging, logistics and equipment. We use the insights from this to give feedback to suppliers and assess the risk to our supply chain.

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

McDonald's has dedicated sourcing teams at both global and country level and long term relationships with suppliers with supply chain management processes in place to assess ongoing availability across all forest risk commodities sourced for the McDonald's system. This assessment and decision making process considers financial impact, food safety and quality, brand risk and our time-bound public commitments. We have embedded internal company processes for Supply Chain Risk Assessments with our suppliers, which includes brand, compliance, regulatory, financial, industry, operational, strategy and technology risks. We have cross functional internal company processes on Supply Chain Resiliency to assess these factors and take action sponsored at Senior Vice-President level.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

McDonald's has dedicated quality teams at both global and country level and long term relationships with suppliers with supply chain management processes in place to ensure the safety and quality across forest risk commodities sourced for the McDonald's system. We have embedded internal company processes for Supply Chain Risk Assessments with our suppliers, which includes brand, compliance, regulatory, financial, industry, operational, strategy and technology risks. We have cross functional internal company processes on Supply Chain Resiliency to assess these factors and take action sponsored at Senior Vice-President level.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

The McDonald's Corporation Commitment on Forests includes a commitment to achieve no deforestation of primary forests or areas of high conservation value, no development of high carbon stock forest areas, and no development on peatlands. Assessing the impact of activity on these ecosystems and habitats is essential to achieving our goals. To do this, we annually assess the risk from our supply chain through the externally managed TraQtion tool to measure the origin, traceability and third party certification through supplier declarations to guide our strategy. We engage with third-party certification bodies including FSC, Rainforest Alliance, RSPO and RTRS to ensure we take into account external insight into our impact on ecosystems and habitats and take mitigating action by ensuring our sourcing of relevant forest risk commodities is certified with schemes that meet our forest commitment. We work with organizations including WWF and Proforest to review this issue in our periodic risk assessments and with external groups like the Palm Oil Collaboration Group, and the Forest Positive Coalition Beef Working Group of the Consumer Goods Forum to build external insight from other organizations. We use the suite of satellite mapping tools from Agrottools to monitor the impact of our beef sourcing on the habitats and ecosystems of the forests and high conservation value lands in priority countries.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

We continually assess the impact of changes to regulation on our business activities. We have teams at country and global level to scan for new regulatory issues, engage with policy makers and adapt sourcing strategies. Additionally, we work with organizations including WWF and Proforest to take this issue into account in our periodic company sustainability risk assessment processes. We have embedded internal company processes for Supply Chain Risk Assessments with our suppliers, which includes brand, compliance, regulatory, financial, industry, operational, strategy and technology risks.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

We work with organizations including WWF and Proforest to take this issue into account in our periodic company sustainability risk assessment processes. We have worked with Aligned Incentives to develop a detailed greenhouse gas assessment tool, AITrack for our operations and supply chain across all scopes. This uses detailed sourcing information and climate models at a country level tailored to our supply chains to annually assess our climate impact. We use this information at a global and country level to inform our climate action strategy. In 2020, we integrated our forest commitment on beef sourced in Brazil to this model to more accurately reflect the land use change impact of our commitment to eliminate deforestation has on our greenhouse gas emissions. We have also started to model the climate risk and resiliency impacts of our supply chain for key forest commodities as part of the TCFD framework using the AITrack tool.

Impact on water security

Relevance & inclusion

Relevant, sometimes included

Please explain

McDonald's has dedicated sourcing teams at both global and country level and long term relationships with suppliers with internal company supply chain management processes in place to assess this impact for forest risk commodities sourced for the McDonald's system. We work with organizations including WWF and Proforest to take this issue into account in our periodic company sustainability risk assessment processes. We have also started to model the water risk and resiliency impacts of our supply chain for key forest commodities as part of the TCFD framework using the AITrack tool.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

McDonald's has dedicated sourcing teams at both global and country level and long term relationships with suppliers with internal company supply chain management processes in place to assess the impact of tariffs or prices increases for forest risk commodities sourced for the McDonald's system. We have embedded internal company processes for Supply Chain Risk Assessments with our suppliers, which includes brand, compliance, regulatory, financial, industry, operational, strategy and technology risks. We work with organizations including WWF and Proforest to take this issue into account in our periodic company sustainability risk assessment processes.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

McDonald's has dedicated sourcing teams at both global and country level and long term relationships with suppliers with internal company supply chain management processes in place to assess this impact for forest risk commodities sourced for the McDonald's system. We have embedded internal company processes for Supply Chain Risk Assessments with our suppliers, which includes brand, compliance, regulatory, financial, industry, operational, strategy and technology risks. We work with organizations including WWF and Proforest to take this issue into account in our periodic company sustainability risk assessment processes.

Leakage markets

Relevance & inclusion

Relevant, not included

Please explain

We track all of our volume annually by origin and destination and couple this with specific sustainable sourcing requirements for suppliers based on commodity and priority country of origin for forest risk. We do not explicitly focus our risk assessments or action on leakage markets.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

McDonald's has dedicated sourcing teams at both global and country level and long term relationships with suppliers with internal company supply chain management processes in place to assess this impact for forest risk commodities sourced for the McDonald's system. We have embedded internal company processes for Supply Chain Risk Assessments with our suppliers, which includes brand, compliance, regulatory, financial, industry, operational, strategy and technology risks. Suppliers are required to comply with McDonald's Supplier Code of Conduct which outlines the standards McDonald's expect of suppliers on a range of issues important to brand risk. This is backed up by the McDonald's social compliance program, Supplier Workplace Accountability (SWA). SWA enables McDonald's to mitigate brand risks, assists suppliers to understand our expectations regarding ethical and safe treatment of individuals in the supply chain, preserve the integrity of our supply chain and contribute to the consistent delivery of high quality, safe products without interruption. Suppliers complete an annual SWA self-assessment questionnaire and third-party onsite audits as required with Corrective and Preventative Action Plans for any non-compliances identified. In 2020 we established a new Global Impact team, focused on taking action to drive responsible business growth, investing to strengthen communities and taking values-based advocacy. We work with organizations including WWF and Proforest to take this issue into account in our periodic company sustainability risk assessment processes.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

McDonald's has dedicated sourcing teams at both global and country level and long term relationships with suppliers with internal company supply chain management processes in place to assess this impact for forest risk commodities sourced for the McDonald's system. We have embedded internal company processes for Supply Chain Risk Assessments with our suppliers, which includes brand, compliance, regulatory, financial, industry, operational, strategy and technology risks. Suppliers are required to comply with McDonald's Supplier Code of Conduct, which outlines the standards McDonald's expects of suppliers relating to business integrity, supply chain, subcontractors and third party labor agencies. This is backed up by the McDonald's social compliance program, Supplier Workplace Accountability (SWA). SWA enables McDonald's to mitigate brand risks, assists suppliers to understand our expectations regarding ethical and safe treatment of individuals in the supply chain, preserve the integrity of our supply chain and contribute to the consistent delivery of high quality, safe products without interruption. Suppliers complete an annual SWA self-assessment questionnaire and third-party onsite audits as required with Corrective and Preventative Action Plans for any non-compliances identified. We work with organizations including WWF and Proforest to take social and political risks like this into account in our periodic company sustainability risk assessment processes.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

McDonald's has dedicated sourcing teams at both global and country level and long term relationships with suppliers with internal company supply chain management processes in place to assess this impact for forest risk commodities sourced for the McDonald's system. We have embedded internal company processes for Supply Chain Risk Assessments with our suppliers, which includes brand, compliance, regulatory, financial, industry, operational, strategy and technology risks. Suppliers must meet our high standards, and direct suppliers are required to commit to upholding the standards contained in our Supplier Code of Conduct, which outlines the standards McDonald's expects of suppliers on a range of issues including conducting their activities in a manner that respects human rights as set out in the United Nations Universal Declaration of Human Rights. Suppliers are expected to respect human rights in their businesses, supply chain, subcontractors and third party labor agencies including around issues such as employment practices, including no slavery and bonded labor, anti-discrimination and fair treatment, working hours and rest days, no underage labor, and lawful wages and benefits. The McDonald's social compliance program, Supplier Workplace Accountability (SWA) supports compliance with the standards and expectations outlined in the Code of Conduct. SWA enables McDonald's to mitigate brand risks, assists suppliers to understand our expectations, verify compliance, and work towards continuous improvement. Suppliers complete an annual SWA self-assessment questionnaire and third-party onsite audits as required with Corrective and Preventative Action Plans for any non-compliances identified. In 2020 we established a new Global Impact team, focused on taking action to drive responsible business growth, investing to strengthen communities and taking values-based advocacy. We work with organizations including WWF and Proforest to take social issues into account in our periodic company sustainability risk assessment processes for forest risk commodities.

Other, please specify

Relevance & inclusion

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 which is why their view is critically important to our forest-related risk assessments. We constantly listen to customer 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 engages customers through 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. 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, which is why their view is important in our forest-related risk assessments. The Company considers employee engagement, education and training on sustainability issues important components of achieving our global sustainability goals.

Investors

Relevance & inclusion

Relevant, always included

Please explain

As a multinational, publicly traded company, we value the views of investors on our forest related risk assessments. We regularly engage with investors on our sustainability strategy through calls and written communication. Through this communication, we take into account their views on our sustainability strategy including forest related risks. In addition, we utilize public disclosures like CDP, ACOP, WWF Scorecard and others along with public ESG ratings based on these disclosures and provide updates on our progress through the McDonald's corporate website.

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. We engage and partner with local stakeholders including local NGOs, farmer and civil society groups at country and regional level to tailor our global strategies and risk assessments to ensure local relevance. For example, our Deforestation Free Beef Procurement Policy is tailored to local conditions in each of the four markets it is currently operational based on feedback from local stakeholders. Another example is our McCafé Sustainability Improvement Platform (McCafé SIP) which guides our sustainable coffee supply chain by investing in coffee growers and their communities over the long term. McCafé SIP is in five countries across South and Central America, reaching nearly 6,000 farms as of 2019. McDonald's and our Franchisees partner with roasters to invest in programs that provide direct premiums to farmers to support economic viability, as well as farmer training, technical assistance, tools and resources, and measurement and evaluation.

NGOs

Relevance & inclusion

Relevant, always included

Please explain

We've developed lasting relationships with experts from non-governmental organizations and academia, 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, which is why their view is important in our forest-related risk assessments. For example, we have worked with the World Wildlife Fund (WWF) experts on forestry, climate change and oceans for over a decade to challenge us to take action in ways that are both impactful and make sense for our business. We continue to work together on a variety of forest-related topics, including beef sustainability in collaboration with the Global Roundtable for Sustainable Beef. We work closely with Proforest on our strategy and actions across all forest-related commodities and we are pleased to work with a range of other NGOs at a global and market level to provide constructive feedback on our forest related strategy. We rely on Standards and Certification Schemes from third party NGOs such as FSC (Forest Stewardship Council), the Rainforest Alliance, RSPO (Roundtable of Sustainable Palm Oil), RTRS (Round Table for Responsible Soy) and several other for the verification and implementation of our Commitment on 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 engage and work collaboratively with suppliers and expert partners including farmers and farmer groups to assess risk, develop tailored solutions, strategies and definitions that are practical and effective. Examples of this include our engagement with the Global Roundtable for Sustainable Beef and the regional and local roundtables and the engagement we have on an ongoing basis through our suppliers to tailor and apply our Deforestation Free Beef Procurement Policy.

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. The views and actions of regulators are included in our forest related risk assessments as they have an impact on the level of risk and the strategy we take to achieve our goals. 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. McDonald's teams in various countries engage with policy makers and regulators to advocate on behalf of McDonald's. Examples of this engagement include one-to-one and industry wide meetings with regulators and responding on behalf of McDonald's to formal consultations.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

Many of our suppliers are signatories to the New York Declaration on Forests and we rely on our trusted and collaborative long-term partnerships with suppliers to deliver on our 2020 and 2030 forest commitment so they are always included in our forest-related risk assessments. 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. This provides an important and credible platform to engage organization organizations outside our supply chain to achieve great progress at a jurisdictional level. McDonald's engages with our suppliers to source forest-related commodities in line with our global policies. These policies are visible to suppliers through our Global Sustainable Sourcing requirements, in the web-based Global Sustainable Sourcing Guide and through our internal company system, Merlin, and we communicate directly with suppliers when specifications are updated. We measure compliance against these specifications through an externally managed annual raw material survey of suppliers, TraQtion and follow up with suppliers where non-compliance is identified. We are lead members of CDP Supply Chain and we use this process to engage with suppliers on the importance of taking action and disclosing progress on forest-related commodities, providing feedback to suppliers on their performance.

Other stakeholders, please specify

Relevance & inclusion

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. We also 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 consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts.

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?

No, we do not have this figure

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

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to responsibly estimate.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

In 2020, 99.6% all of our primary fiber-based guest packaging came from recycled or certified sources supporting deforestation free supply chains. Primary fiber-based guest packaging (products that are used to package guest food on premises at McDonald's restaurants including containers, cups, wraps, and bags for food, beverages, napkins, Happy Meal cartons and cup carriers) come from recycled or certified sources including Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), or made from 100% recycled content as verified by a third-party. McDonald's requires all wood and wood fiber sourced from high-deforestation priority 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 with full chain of custody certification.

Cost of response

Explanation of cost of response

Our certification requirements can result in increased supply chain costs, which our procurement teams and suppliers aim to mitigate through our sourcing strategies. We track our volumes, origin and certification from suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP. We do not allocate these traceability and reporting costs to particular commodities and so have not provided a figure.

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 consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts.

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?

No, we do not have this figure

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

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

We have a global palm oil responsible sourcing policy to ensure that the palm oil we use supports sustainable production. We expect all centrally managed suppliers of restaurant and par-fry oil to be active RSPO members and report through ACOP; have a public commitment to eliminate deforestation and supporting strategy; 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; commit to uphold human rights at the plantation level and Free and Prior Informed Consent; have third-party verification processes; and a strategy to address any open grievances. We're committed to increasing traceability for palm oil we use in the greatest volumes. We are increasing our physical RSPO volumes (Identity Preserved, Segregated and Mass Balance). At the end of 2020, 78.1% of our palm oil was RSPO physically certified (Mass Balance or Segregated) and the remaining 21.9% supported the production of sustainable palm oil through RSPO credits. We know that our certification requirements can result in increased supply chain costs, which we and our suppliers aim to minimize through sourcing strategies. We track volumes, origin and certification from key suppliers through TraQtion to ensure we meet and can report on our commitments via our website and CDP. We also engage with groups like the Palm Oil Collaboration Group to collectively tackle issues and influence change on a landscape scale.

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

Our certification requirements can result in increased supply chain costs, which our procurement teams and suppliers aim to mitigate through our sourcing strategies. We track our volumes, origin and certification from suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP. We do not allocate these traceability and reporting costs to particular commodities and so have not provided a figure.

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 consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts.

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?

No, we do not have this figure

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

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

Primary response to risk

Greater traceability of forest-risk commodities

Description of response

The McDonald's Deforestation-Free Beef Procurement Policy ("Policy") was developed to implement the McDonald's Commitment on Forests in our beef supply chain. This Policy applies to priority countries (Argentina, Australia, Brazil and Paraguay), where deforestation has taken place or is projected to take place and involves satellite mapping areas of deforestation activity, tracking supply from those areas and taking action in collaboration with suppliers to address deforestation linked to our supply. We make significant investments in satellite mapping and tracking our beef supply chain in the priority countries above. We recognize that the sustainability of beef production extends to many factors alongside forest risk and we are a founding member and significant supporter of the work of the Global Roundtable for Sustainable Beef. We have actively contributed to the work of the Joint Working Group on Land Use and Biodiversity and the Greenhouse Gas working group as well as serving on the Executive Committee of the GRSB and at board level of affiliated regional roundtables across the world. We track our volumes, origin and engagement in GRSB aligned programs from beef suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP.

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

We track our volumes and origin from suppliers annually through the TraQtion system. We have invested with Agrottools in a satellite mapping and traceability process to apply our Deforestation Free Beef Procurement Policy (DFBPP) in high priority countries to ensure we meet our commitments and can report transparently through our website and CDP. Finally our suppliers commit time and resource to ensuring the McDonald's DFBPP is applied in priority countries. The cost of this work is spread over many different countries and businesses and we do not collate a definitive cost for our response to this risk.

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 consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts.

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?

No, we do not have this figure

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

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

The soy used for the feed of chicken for McDonald's products worldwide supports deforestation-free supply chains globally. We support responsible soy production through the purchase of RTRS credits. A number of our chicken suppliers to Europe also use physical certification through Proterra. We have identified the soy sourcing regions that have high deforestation risks. Using a traceability analysis, we have 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 may originate from high deforestation-risk regions. At a minimum, approved third party certification is used to cover all soy volumes used in poultry feed where the soy is assessed as produced in Argentina, Brazil or Paraguay. We are reviewing alternative programs to determine if they can verify that soy is produced under conditions that meet all of our Commitment on Forests criteria. We have also developed a calculator to assess the soy equivalent associated with our global chicken supply to inform the investment in certification needed. We track our chicken volumes, origin and any soy certification associated with this from suppliers annually through the TraQtion system to ensure we can meet our commitments and can report transparently through our website and CDP.

Cost of response

Explanation of cost of response

Our certification requirements can result in increased supply chain costs, which our procurement teams and suppliers aim to mitigate through our sourcing strategies. We track our volumes, origin and certification from suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP. We do not allocate these traceability and reporting costs to particular commodities and so have not provided a figure.

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 consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts.

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?

No, we do not have this figure

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

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

We source coffee certified to international sustainability standards such as Rainforest Alliance, UTZ, or Fair Trade. We've also developed 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.

Cost of response

Explanation of cost of response

Our certification requirements can result in increased supply chain costs, which our procurement teams and suppliers aim to mitigate through our sourcing strategies. We track our volumes, origin and certification from suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP. We do not allocate these traceability and reporting costs to particular commodities and so have not provided a figure.

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 consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts. By positively investing in our supply chain through traceability, third party certification with FSC and

engagement with cross industry action at a landscape scale, we are able to bring to life our commitment and continue to build trust in a way that matters most to customers. 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

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

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 consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts. By positively investing in our supply chain through traceability, third party certification with RSPO and engagement with cross industry action at a landscape scale through groups like the Palm Oil Collaboration Group, we are able to bring to life our commitment and continue to build trust in a way that matters most to customers.

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

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

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 consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts. By positively investing in our supply chain through traceability, satellite mapping to implement our Deforestation Free Beef Procurement Policy, and engagement with cross industry action at a landscape scale through groups including the Global Roundtable for Sustainable Beef and the Forest Positive Coalition Beef Working Group of the Consumer Goods Forum, we are able to bring to life our commitment and continue to build trust in a way that matters most to customers.

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

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

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 consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts. By positively investing in our supply chain through traceability, third party certification, and engagement with cross industry action at a landscape scale, we are able to bring to life our commitment and continue to build trust in a way that matters most to customers.

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

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

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 consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust

among our customers and stakeholders is vital to our business success. We have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts. By positively investing in our supply chain through traceability, third party certification through Rainforest Alliance, engagement with suppliers through the McCafe SIP program, and engagement with cross industry action at a landscape scale through the Conservation International and the Sustainable Coffee Challenge, we are able to bring to life our commitment and continue to build trust in a way that matters most to customers.

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

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

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 Executive Vice President (EVP) Chief Global Impact Officer and reporting Vice President (VP) Chief Sustainability Officer are responsible for overseeing performance, actions, and goals relating to 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, and operate the most environmentally sustainable McDonald's restaurants. Examples of specific forest related decision making by the Chief Sustainability Officer includes formal approval of all McDonald's forest policies and CDP disclosures.
Other C-Suite Officer	The Company's EVP Chief Global Impact Officer and VP Chief Sustainability Officer serve together with the EVP Chief Supply Chain Officer, EVP Global Chief People Officer, Senior VP Global Marketing Officer, Senior VP Global Restaurant Development & Restaurant Solutions Group, and General Counsel and Corporate Secretary as a cross-functional leadership team, leading McDonald's Impact Strategy, which ensures the organization fulfills its overall global sustainability performance, including goals and actions relating to climate-related issues.
Board-level committee	Our Board of Directors' Sustainability and Corporate Responsibility Committee (the "Committee") reviews and monitors the Company's strategies and efforts to address 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 and, from time to time, other Board committees regarding its activities, and the full Board receive reports on the Company's sustainability efforts as circumstances warrant. See the Committee's charter and page 33 of the Company's 2021 Proxy Statement, both of which are attached in 12.4. https://corporate.mcdonalds.com/content/dam/gwscorp/nfl/investor-relations-content/company-overview/2020_proxy.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; 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	Half-yearly	The Company's Chief Impact Officer and Chief Sustainability Officer are responsible for overseeing actions relating to forests. They serve as the executive sponsor of McDonald's aspirations to source all food and packaging sustainably and in accordance with our 2030 forest commitment. They present report on these issues as a whole to the board half yearly As an example, both individuals are responsible for partnering with other functions of the business to address Company sourcing and sustainability priorities, including forests-related commitments, such as our 2020 sourcing goals and our 2030 forest commitment.
Other, please specify (Cross-Functional Leadership Team)	Both assessing and managing forests-related risks and opportunities	As important matters arise	The EVP Chief Global Impact Officer and VP Chief Sustainability Officer serves together with the EVP Chief Supply Chain Officer, Senior VP Global Chief Marketing Officer, Senior VP Global Restaurant Development & Restaurant Solutions Group, EVP Global Chief People Officer, and General Counsel and Corporate Secretary as a cross-functional leadership team, leading McDonald's Impact Strategy, which ensures the organization fulfills its overall global sustainability performance, including goals and actions relating to climate-related issues. The Impact Strategy and this cross-functional leadership team is endorsed 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 Global Officer and Environmental & Sustainability Managers)	Achievement of commitments and targets Supply chain engagement Other, please specify (McDonald's Impact Strategy, which includes aspirations on forest-related issues, responsible sourcing and environmental efficiency progress, and supply chain sustainability goals and projects)	C-suite officers are the executive sponsors of McDonald's impact 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)
2020 Annual Report.pdf

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
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	Scope	Content	Please explain
Row 1	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <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>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural habitats</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 milestones and targets</p> <p>Description of forests-related performance standards for direct operations</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 prioritized 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 to eliminate deforestation by the end of 2020 and we are proud of our achievements in these five commodities which are outlined in this report. 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. This commitment is underpinned by responsible sourcing policy requirements for suppliers and our actions in public forums to further the goals of our commitment at a landscape scale. These policies are reviewed regularly and in some cases annually for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback. Information on our Commitment and work underway can be accessed on our website here: https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/conserving-forests.html</p>

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 have prioritized actions related to 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 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 Chain of Custody certified oat 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. This policy is reviewed periodically for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback. We adjust our reporting requirement annually to ensure we gather the most appropriate data to accurately report against our commitment and identify non-compliance.</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>Our Global Sustainable Palm Oil Policy 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. This policy is reviewed periodically for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback. We adjust our reporting requirement annually to ensure we gather the most appropriate data to accurately report against our commitment and identify non-compliance.</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 prioritized 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 regions with identified risks relating to the conservation of forests, we are verifying that the beef sourced from those regions comes from farms and feed lots 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), highlighted through the WWF Living forests report which assessed projected deforestation to 2030. 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. This policy is reviewed annually for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback. We adjust our reporting requirement annually to ensure we gather the most appropriate data to accurately report against our commitment and identify non-compliance.
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 prioritized 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 included a time-bound goal specific to soy used in chicken feed. That goal stated 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 we consider high-deforestation priority regions: Argentina, Brazil and Paraguay. However, 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 may originate from these high deforestation-priority regions, unless 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. Given the complexity of soy supply chains, we consider that all of McDonald's sources of chicken fall into the high deforestation-risk category with the exception of chicken sourced in North America where soy used in feed is locally produced. This policy is reviewed periodically for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback. We adjust our reporting requirement annually to ensure we gather the most appropriate data to accurately report against our commitment and identify non-compliance.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
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 prioritized 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 responsible 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. This policy is reviewed periodically for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback. We adjust our reporting requirement annually to ensure we gather the most appropriate data to

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; Palm Oil Collaboration Group)

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 projected risk of deforestation. Through this process we were able to identify high-priority 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. To meet our zero deforestation and associated commitments outlined above, we annually track our sourcing in detail using our supplier reporting system annual raw material survey of suppliers, TraQtion. By the end of In 2020, 99.6% of our supply from these areas was sourced either FSC certified or FSC Controlled Wood at mill level. of primary fiber-based guest packaging sourced for McDonald's restaurants supported deforestation-free supply chains by end of 2020.

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

2005

Commitment target date

2020

Please explain

2005 is the cutoff date for deforestation and 2018 is the cutoff date for conversation, aligned to RSPO. 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 projected risk of deforestation. Through this process we were able to identify high-priority 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. We track our sourcing in detail using our annual raw material survey of suppliers, TraQtion. In 2020, 100% of the palm oil used in McDonald's restaurants and as ingredients in McDonald's products supported sustainable production of palm oil. (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). Our volumes of physical certified oils increased to 78% in 2020

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

Cutoff date details: 2008 for illegal deforestation; 2009 in Amazon; 2018 in Cerrado; 2019 for Chaco. 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 projected risk of deforestation. Through this process we were able to identify high-priority 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. The policy is adapted for local conditions and involves detailed 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 Global Sustainability Specifications for beef. In 2020 99.4% of beef sourced for McDonald's restaurants supported deforestation-free supply chains.

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

2004

Commitment target date

2020

Please explain

Cutoff Date Details: 2004 for Proterra certification; 2009 for RTRS credits for native forests, riparian vegetation, natural wetlands, steep slopes, areas designated by law to serve the purpose of native conservation and/or cultural and social protection; 2016 for RTRS credits for any "natural land", steep slopes and in areas designated by law to serve the purpose of native conservation and/or cultural and social protection 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 projected risk of deforestation. Through this process we were able to identify high-priority 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. 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, unless 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. We have worked with Agrottools, an agri-tech company and certified B-Corp and with suppliers across the world to create a detailed tool that can assess the soy footprint related to our poultry supply. We use our annual raw material survey of suppliers, TraQtion to annually track the origin, volume, destination and type of poultry meat sourced from suppliers across the world. Coupled with the insight from the Agrottools Soy Calculator we assess our soy footprint annually, understand the volume covered by physical certification and support responsible production through the use of third party certification. linked to priority areas for our forest commitment. At a minimum, we ensure that our the calculated soy associated with our poultry diets is covered by approved third party certification where the soy is produced in Argentina, Brazil or Paraguay We are reviewing programs to determine if they can verify that soy is produced under conditions that meet all of our Commitment on Forests criteria. A number of our suppliers have also invested in physical certifications for part of their volumes and we track this through our annual supplier reporting process. In 2020 100% of soy sourced for feed of chicken used in McDonald's products supported deforestation-free supply chains globally.

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 projected risk of deforestation. Through this process we were able to identify high-priority 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. In 2020, 98.3% of ground and whole bean coffee, including decaffeinated coffee, to be used in espresso-based drinks and coffee brewed at McDonald's restaurants and all ground and whole bean coffee in McDonald's branded retail products supported deforestation-free supply chains.

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	Addressing forest related sustainability issues is a key part of our business objectives and brand purpose to feed and foster communities, specifically outlined 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. Running up to 2020 we focused on commodities our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our Commitment on Forests is a key part of one of the four areas of our business strategy to Feed and Foster Communities. It is strongly linked with other Planet and Food business objectives including our Science Based Target on Climate Action, our targets on Packaging & Recycling, and Beef Sustainability Goals. It is also connected to our wider 2020 responsible sourcing goals on palm oil, coffee, and poultry.
Strategy for long-term objectives	Yes, forests-related issues are integrated	5-10	Our Commitment on Forests is a key part of one of the four areas of our business objective to Feed and Foster Communities. It is strongly linked with other Planet and Food business objectives including our Science Based Target on Climate Action, our targets on Packaging & Recycling, and Beef Sustainability Goals. It is also connected to our wider 2020 responsible sourcing goals on palm oil, coffee, and poultry.
Financial planning	Yes, forests-related issues are integrated	5-10	We regularly assess the risk and resiliency of forest-related commodities to our supply chain and invest in long term programs to address these risks and meet our 2030 Commitment on Forests.

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 the end of 2020, all primary fiber-based guest packaging sourced for McDonald's restaurants will come from recycled or certified sources and support deforestation-free supply chains. 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 at Mill level.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

FSC Chain of Custody

FSC Recycled

PEFC Chain of Custody

Other, please specify (Supplier Chain of Custody SFI)

Start year

2014

Target year

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

99.6

Please explain

In 2020, 99.6% of our primary fiber based guest packaging supported deforestation-free supply chains. 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. We estimate that we collected data for 99.7% of our global volumes of primary fiber-based packaging. Of this volume, 99.8% was compliant with the goal. For the 0.3% of volumes that we are unable to collect, we assume these volumes are not compliant with the goal to be conservative, and are therefore reporting 99.6% compliance.

Target reference number

Target 2

Forest risk commodity

Palm oil

Type of target

Third-party certification

Description of target

In 2020, all the palm oil sourced for use in McDonald's restaurants and listed on the ingredient statement in McDonald's products will support the production of sustainable palm oil and deforestation-free supply chains.

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

2016

Target year

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

100

Please explain

In 2020, 100% of the palm oil sourced for McDonald's restaurants and used as an ingredient in McDonald's products supported the production of sustainable palm oil and deforestation-free supply chains -free supply chains. 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 Roundtable on Sustainable Palm Oil (RSPO) certified volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils increased to 78% in 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 (Traceability; Assess and verify compliance; Engagement with direct suppliers; Engagement with indirect suppliers)

Description of target

By the end of 2020, all the beef sourced for McDonald's restaurants will support deforestation-free supply chains.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2018

Target year

2020

Quantitative metric

Percentage

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

99.6

Please explain

In 2020, 99.6% of the beef sourced for McDonald's restaurants supported deforestation-free supply chains. We verify all beef sourced from high deforestation priority regions (Brazil, Argentina, Paraguay and Australia) via satellite imagery and/or postcode to the last point prior to slaughter. Data is received, analyzed and qualified to be in compliance with McDonald's Deforestation-Free Beef Procurement Policy ("Policy") and followed by all McDonald's Direct Beef Suppliers and their raw material suppliers (slaughterhouses) in these 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, the Forest Positive Coalition Beef Working Group of the Consumer Goods Forum 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 the end of 2020, all soy sourced for feed of chicken used in McDonald's products will support deforestation-free supply chains

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

RTRS Credits

ProTerra certification

Start year

2017

Target year

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

100

Please explain

In 2020, 100% of soy sourced for feed of chicken in McDonald's products supported deforestation-free supply chains. We support responsible soy production through the purchase of RTRS credits. A number of our chicken suppliers to Europe also use physical certification through ProTerra. 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 may originate from high deforestation-risk regions, 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, approved third party certification will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. We also reviewing alternative programs to determine if they can verify that soy is produced under conditions that meet all of our Commitment on Forests criteria. To achieve this we engage with multi-stakeholder initiatives including the RTRS. We have also developed a calculator to assess the soy equivalent associated with our global chicken supply to inform the investment in certification needed. We track our chicken volumes, origin and any soy certification associated with this from suppliers annually through the TraQtion system to ensure we can meet our commitments and can report transparently through our website and CDP.

Target reference number

Target 5

Forest risk commodity

Other - Coffee

Type of target

Other, please specify (Traceability; Third-party certification; Assess and/or verify compliance; Engagement with direct suppliers)

Description of target

By the end of 2020, all ground and whole bean coffee, including decaffeinated coffee, to be used in espresso-based drinks and coffee brewed at McDonald's restaurants and all ground and whole bean coffee in McDonald's branded retail products will be sustainably sourced and support deforestation-free supply chains.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2016

Target year

2020

Quantitative metric

Please select

Target (number)

<Not Applicable>

Target (%)

<Not Applicable>

% of target achieved

98.3

Please explain

Our 2020 goal was for 100% of our coffee to support deforestation free supply chains at the end of 2020. . We also require that all coffee sourced for McDonald's restaurants be sustainably sourced in compliance with Rainforest Alliance, UTZ, Fairtrade or McCafé SIP. McCafé SIP is a framework to engage and guide our coffee supply chain in responsible sourcing, as well as invest in coffee growers and their communities over the long term. 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. In addition, we trace coffee back to all countries of origin via TraQtion. For countries identified as high-deforestation priority regions for coffee (Honduras, Indonesia, and Vietnam), McDonald's requires all coffee sourced from these regions to be Rainforest Alliance Certified™. Coffee sourced for McDonald's restaurants is considered as supporting deforestation-free supply chains when: It is sourced from low-deforestation priority regions, or; Sourced as Rainforest Alliance Certified™ By the end of 2020, 98.3% of ground and whole bean coffee, including decaffeinated coffee, to be used in espresso-based drinks and coffee brewed at McDonald's restaurants and all ground and whole bean coffee in McDonald's branded retail products supported deforestation-free supply chains.. We estimate that data collected for 2020 represented 98.3% of our volumes. 100% of these volumes were compliant with the goal. By default, we assume that volumes that we are unable to collect are not compliant to be conservative, and are therefore reporting the 1.7% of volumes which we were unable to collect as non-compliant. 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	Third Party certification 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-priority regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) to be either FSC certified at mill level.	Specific product line(s)	Primary fiber-based packaging in food packaged off-site McDonald's restaurants; wood stirrers and cutlery, tray liners, straws and limited locally sourced items.
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 Roundtable on Sustainable Palm Oil (RSPO) certified volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils increased 78% in 2020 We are currently engaging with globally managed suppliers to verify reporting against traceability systems and NPDE policy implementation.	Specific product line(s)	Palm oil, palm kernel oil or their derivative used as secondary ingredients in McDonald's products. This is when palm oil is used as an ingredient within an ingredient; for example, an emulsifier.
Cattle products	Yes	Geolocation or postcode. McDonald's currently tracks all beef supply at the country level. For High-deforestation priority regions (Brazil, Argentina, Paraguay and Australia) we trace cattle by supplying farm location and assess deforestation by farm or postcode..	Specific product line(s)	Beef used as secondary ingredients in McDonald's products, for example as flavoring in a sauce
Soy	Yes	We track our chicken volumes, origin and any soy certification associated with this from suppliers annually through the TraQtion system to ensure we can meet our commitments and can report transparently through our website and CDP. We use this to calculate our global soy footprint from our chicken supply, assess the volumes associated with third party physical certification and ensure we have invested in the equivalent amount of third party book and claim credits which meet our forest commitment.	Specific product line(s)	Soy used as an ingredient in McDonald's products sold in restaurants, for example, soy oil, and soy used to feed animals aside from chickens.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	Yes	Third party Certification – Segregated coffee We trace coffee back to countries of origin via TraQtion. For countries identified as high-deforestation priority regions for coffee (Honduras, Indonesia, and Vietnam), McDonald's requires all coffee sourced from these regions to be Rainforest Alliance Certified™. Coffee sourced for McDonald's restaurants is considered as supporting deforestation-free supply chains when: It is sourced from low-deforestation priority regions, or; Sourced as Rainforest Alliance Certified™	Please select	Coffee extracts and ingredients used in products such as frappés and coffee in baked goods; coffee in cold brew drinks if they are brewed off-site; coffee extract in ready-to-drink retail products; and other locally sourced products containing coffee

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)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	99.6
Palm oil	Yes	100
Cattle products	No, we have not adopted any third-party certification schemes for this commodity	<Not Applicable>
Soy	Yes	100
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	Yes	100

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

Other, please specify (FSC Chain of Custody; FSC Recycled; PEFC Chain of Custody; Supplier Chain of Custody SFI)

Chain-of-custody model used

Please select

% of total production/consumption volume certified

99.6

Form of commodity

Primary packaging

Volume of production/ consumption certified

719061

Metric for volume

Metric tons

Is this certified by more than one scheme?

Please select

Please explain

In 2020, 99.6% of primary fiber-based guest packaging sourced for McDonald's restaurants supported deforestation-free supply chains. McDonald's requires all wood fiber sourced from these regions to be Forest Stewardship Council® (FSC®) Certified or FSC Controlled Wood sources with full chain of custody certification.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO (any type)

Chain-of-custody model used

Not applicable

% of total production/consumption volume certified

100

Form of commodity

Refined palm oil

Volume of production/ consumption certified

99589

Metric for volume

Metric tons

Is this certified by more than one scheme?

Please select

Please explain

In 2020, 100% of the palm oil sourced for McDonald's restaurants and used as an ingredient in McDonald's products supported the production of sustainable palm oil and deforestation-free supply chains -free supply chains 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 Roundtable on Sustainable Palm Oil (RSPO) certified volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils increased to 78% in 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

Soy

Third-party certification scheme

Other, please specify (RTRS Credits; ProTerra Certification)

Chain-of-custody model used

Please select

% of total production/consumption volume certified

100

Form of commodity

Whole soy beans

Volume of production/ consumption certified

480421

Metric for volume

Metric tons

Is this certified by more than one scheme?

Please select

Please explain

In 2020, 100% of soy sourced for feed of chicken used in McDonald's products supported deforestation-free supply chains. We support responsible soy production through the purchase of RTRS credits. A number of our chicken suppliers to Europe also use physical certification through Proterra. 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 may originate from high deforestation-risk regions, unless 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, approved third party certification 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 is produced under conditions that meet all of our Commitment on Forests criteria. To achieve this we engage with multi-stakeholder initiatives including the RTRS. We have also developed a calculator to assess the soy equivalent associated with our global chicken supply to inform the investment in certification needed. We track our chicken volumes, origin and any soy certification associated with this from suppliers annually through the TraQtion system to ensure we can meet our commitments and can report transparently through our website and CDP. We use this to calculate our global soy footprint from our chicken supply and ensure we meet our commitments.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (Rainforest Alliance; UTZ; Fairtrade; McCafe SIP)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

98.3

Form of commodity

Other, please specify (Green coffee beans)

Volume of production/ consumption certified

75246

Metric for volume

Metric tons

Is this certified by more than one scheme?

Please select

Please explain

In 2020, 98.3% of ground and whole bean coffee, including decaffeinated coffee, to be used in espresso-based drinks and coffee brewed at McDonald’s restaurants and all ground and whole bean coffee in McDonald’s branded retail products supported deforestation-free supply chains. We require that all coffee sourced for McDonald’s restaurants be sustainably sourced in compliance with Rainforest Alliance, UTZ, Fairtrade or McCafe SIP. McCafé SIP is a framework to engage and guide our coffee supply chain in responsible sourcing, as well as invest in coffee growers and their communities over the long term. 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. In addition, we trace coffee back to countries of origin via TraQtion. For countries identified as high-deforestation priority regions for coffee (Honduras, Indonesia, and Vietnam), McDonald’s requires all coffee sourced from these regions to be Rainforest Alliance Certified™. Coffee sourced for McDonald’s restaurants is considered as supporting deforestation-free supply chains when: it is sourced from low-deforestation priority regions, or; Sourced as Rainforest Alliance Certified™

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

Third-party certification Supply Chain Traceability Automated monitoring of supplier declarations for variance Supply chain lead sign off Cross functional team Compliance protocols 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 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

91-99%

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
Other, please specify (McDonald's global and market based teams follow up with suppliers who choose not to report or report inaccurate or non-compliant information through a process led by the McDonald's Global Supply Chain Compliance team)

Please explain

McDonald's engages suppliers to ensure that they are capable and have plans in place to meet our commitments. As outlined in our Commitment on Forests, we 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

• Third Party certification • Automated monitoring of supplier declarations for variance • Supply chain lead sign off • Cross functional team • Compliance protocols The palm oil used in McDonald's restaurants and as ingredients in McDonald's products supports sustainable production. This is achieved through RSPO certification. All suppliers are expected to report raw material data 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

100%

% of total suppliers in compliance

100%

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
Other, please specify (McDonald's global and market based teams follow up with suppliers who choose not to report or report inaccurate or non-compliant information through a process led by the McDonald's Compliance team)

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

• Geospatial monitoring • Second-party certification • Compliance protocols McDonald's currently tracks all beef supply at the country level through the TraQtion system. We have worked with our supplier partners to develop geospatial monitoring and traceability systems to the farms supplying for cattle in Brazil Argentina, Australia, and Paraguay with application of our Deforestation Free Beef Procurement Policy tailored to local conditions.

Monitoring and verification approach

Geospatial monitoring tool

Second-party verification

% of total volume in compliance

91-99%

% of total suppliers in compliance

91-99%

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
Other, please specify (McDonald's global and market based teams follow up with suppliers who choose not to report or report inaccurate or non-compliant information through a process led by the McDonald's Global Supply Chain Compliance team)

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. As our Deforestation Free Beef Procurement Policy is applied at a raw material supplier rather than finished product supplier level, we have calculated the percentage of total suppliers in compliance by the proportion of reported raw material volume in compliance supplied to the global system.

Forest risk commodity

Soy

Operational coverage

Supply chain

Description of control systems

• Third Party certification • Automated monitoring of supplier declarations for variance • Supply chain lead sign off • Cross functional team • Compliance protocols 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. All suppliers are expected to report raw material data 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

100%

% of total suppliers in compliance

100%

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

Other, please specify (McDonald's global and market based teams follow up with suppliers who choose not to report or report inaccurate or non-compliant information through a process led by the McDonald's Compliance team.)

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

• Third Party certification • Automated monitoring of supplier declarations for variance • Supply chain lead sign off • Cross functional team • Compliance protocols 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 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

100%

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

Other, please specify (McDonald's global and market based teams follow up with suppliers who choose not to report or report inaccurate or non-compliant information through a process led by the McDonald's Compliance team)

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. All suppliers are expected to report raw material data to enable McDonald's to manage end-to-end sustainability and compliance elements in our supply chain. We add an additional calculated volume to represent information missing from this annual data collection and conservatively classify this volume as none compliant. For this reason, we report 98.3% of global volume in compliance in 2020. All suppliers reporting that they sourced coffee from high deforestation-risk countries were in compliance in 2020.

(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	Comment
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	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Palm oil	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Cattle products	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Soy	No, not working with smallholders	<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	No, not working with smallholders	<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	Yes, working with direct suppliers	Please select	Please select	Please select	Our sourcing requirements and guidance are clearly laid out for suppliers on the McDonald's Global Sustainable Sourcing Guide. We provide annual feedback on the areas of importance to us in relation to forest-related commodities through CDP Supply Chain. HAVI actively engage with fiber suppliers to ensure they can meet our requirements and we ensure that suppliers are involved and can feed into strategy development to meet our goals. We engage others within the industry to align our requirements with third parties to improve the capacity for suppliers to meet our goals.
Palm oil	Yes, working with direct suppliers	Please select	Please select	Please select	Our sourcing requirements and guidance are clearly laid out for suppliers on the McDonald's Global Sustainable Sourcing Guide. We provide annual feedback on the areas of importance to us in relation to forest-related commodities through CDP Supply Chain. We ensure that suppliers are involved and can feed into strategy development to meet our goals. We engage others within the industry to align our requirements with third parties to improve the capacity for suppliers to meet our goals.
Cattle products	Yes, working with direct suppliers	Please select	Please select	Please select	Our sourcing requirements and guidance are clearly laid out for suppliers on the McDonald's Global Sustainable Sourcing Guide and, in priority countries, the Deforestation-Free Beef Procurement Policy. We provide annual feedback on the areas of importance to us in relation to forest-related commodities through CDP Supply Chain. We ensure that suppliers are involved and can feed into strategy development to meet our goals and we resource Agrotools and Proforest to support our strategy development, including tailoring the application of our strategy at a country level.
Soy	Yes, working with direct suppliers	Please select	Please select	Please select	Our sourcing requirements and guidance are clearly laid out for suppliers on the McDonald's Global Sustainable Sourcing Guide. We provide annual feedback on the areas of importance to us in relation to forest-related commodities through CDP Supply Chain. We ensure that suppliers are involved and can feed into strategy development to meet our goals. We engage others within the industry to align our requirements with third parties to improve the capacity for suppliers to meet our goals.
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	Yes, working with direct suppliers	Please select	Please select	Please select	Our sourcing requirements and guidance are clearly laid out for suppliers on the McDonald's Global Sustainable Sourcing Guide. We provide annual feedback on the areas of importance to us in relation to forest-related commodities through CDP Supply Chain. We ensure that suppliers are involved and can feed into strategy development to meet our goals. We engage others within the industry to align our requirements with third parties to improve the capacity for suppliers to meet our goals.

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
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	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 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. Raw material suppliers (e.g. paper mills) are included in the TraQtion collection process to request that these supplier disclose their fiber sourcing practices and chain of custody. High risk mitigation procedures have been developed in partnership with mills to demonstrate compliance with high risk requirements.
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 are members of RSPO and the Palm Oil Collaboration group and collaborate with a number of direct and indirect suppliers through these forums to manage and mitigate risks. We also 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. We actively map our beef sourcing locations in high priority regions through our direct suppliers, and their raw material suppliers to the location of at least the last farm before slaughter to understand the risk from deforestation to our supply and take steps to mitigate that risk through compliance action in coordination with our direct and indirect suppliers.

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
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 developed a soy calculator with our partners Agrottools and Proforest. We linked the outputs from our annual raw material survey of suppliers, TraQtion, with this calculator to better understand our soy footprint related to our poultry supply chain. We have taken steps to work with direct suppliers to mitigate this risk by supporting deforestation free supply chains through third party certification.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
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 programs and via the Sustainable Coffee Challenge (SCC) 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 have also participated in the Global Forest & 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 Global 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 (GTSP)

Other, please specify (Forest Positive Coalition Beef Working Group of the Consumer Goods Forum, Collaboration on Forests and Agriculture, The Accountability Framework (AFI), 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 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 (Sustainable Coffee Challenge, Accountability Frameworks (AFI), Certification schemes - capacity building with Rainforest Alliance, Fairtrade, CFA, 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 programs 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?

Yes

F6.11a

(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Forest ecosystem restoration

Primary motivation

Voluntary

Description of project

One of the ways McDonald's has expanded its work beyond our initial forest commitment is to engage in efforts to halt conversion of ecosystems that host critical biodiversity, including forests, grasslands and savannahs, such as our support of the Instituto Onça-Pintada in Brazil. The presence of an apex predator such as the jaguar indicates a robust and thriving ecosystem. The Certificado Onça-Pintada, or Jaguar Friendly Ranch Certification, by the Instituto Onça-Pintada recognizes accomplishments related to protecting this threatened species.

Start year

2019

Target year

Please select

Project area to date (Hectares)

Project area in the target year (Hectares)

Country/Area

Brazil

Latitude

Longitude

Monitoring frequency

Please select

Measured outcomes to date

Biodiversity

Please explain

By exemplifying actions and conduct that allow for the coexistence of cattle production and the jaguar, landowners are taking a leadership role in decisions that will help determine the jaguar's existence for future generations.

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

Lack of adequate traceability systems

Comment

Lack of alignment between certification and NPDE policies. Challenges with verifying traceability systems and NPDE policy implementation

Forest risk commodity

Cattle products

Coverage

Supply chain

Primary barrier/challenge type

Inexistent or immature certification standards

Comment

Not a suitable third party certification scheme, supply chain complexity, lack of aligned definitions/criteria/cut off dates and reporting metrics to track progress.

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Lack of adequate traceability systems

Comment

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

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

Other - Coffee

Coverage

Supply chain

Main measure

Development of certification and sustainability standards

Comment

Development of certification and sustainability standards.

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	Chief Sustainability Officer (CSO)	Chief Sustainability Officer (CSO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms