

# McDonald's Sustainability Accounting Standards Board (SASB) Index 2021

**SASB** is an independent, standards setting organization that looks to improve efficiency and consistency in environmental, social and governance (ESG) reporting of material issues for each sector and has been developed in conjunction with investors.

McDonald's has chosen to report through the voluntary SASB framework for the third time for our 2021 ESG reporting period. This is an important step in continuing our ESG journey, enabling us to communicate our progress in a transparent and standardized manner for investors and other important stakeholders.

In certain instances, a specific SASB topic may be discussed in our reporting even though McDonald's does not currently report progress on the corresponding SASB metrics in their exact form. In these instances, we provide brand-relevant data on the topic and link to the corresponding issue page within the **Our Purpose & Impact** section of our corporate website, which acts as a living reporting platform where these topics and any relevant performance data are discussed in greater detail.

We are committed to continuous improvement and are continuously working to improve our data collection and coordination across the McDonald's System. We look forward to continuing to identify ways to strengthen our reporting processes and disclosures in the coming years.

Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
<b>Energy Management</b>	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-RN-130a.1	<p><b>Response</b></p> <p><b>Energy Consumption for Company-Owned Restaurants &amp; Offices</b>            (1) Total energy consumed: 8,243,895.6 GJ            (2) Percentage grid electricity: 60.5%            (3) Percentage renewable: 15.3%</p> <p><b>Commentary</b></p> <p><b>Greenhouse Gas (GHG) Emissions (In Metric Tons)</b>            Gross Scope 1 Emissions: 113,197 tCO<sub>2</sub>e            Gross Scope 2 Emissions: 416,573 tCO<sub>2</sub>e            Gross Scope 3 Emissions: 55,463,398 tCO<sub>2</sub>e</p> <p>In Europe, over 6,000 restaurants' worth of electricity is renewable across 11 markets (Austria, France, U.K., Ireland, Germany, the Netherlands, Poland, Portugal, Spain, Sweden and Switzerland). These markets purchase over 75% renewable electricity for their restaurants, and in many cases are at or close to 100% renewable electricity.</p> <p>Since 2019, McDonald's has contracted for eight renewable energy projects through virtual power purchase agreements (VPPAs), representing both solar and wind technologies, located in the United States in Texas, Illinois, North Carolina, Ohio and Louisiana. This includes three recent wind projects that are online and operational as of January 2022.</p> <p>Once all projects initiated between 2019–2022 come online, the energy generated by renewable energy projects is expected to be equivalent to more than 10,000 restaurants' worth of electricity and to contribute to a 27% GHG reduction from our 2015 baseline.</p> <p>McDonald's portion of these renewable energy projects is expected to help to prevent approximately 3,200,000 metric tons of CO<sub>2</sub>e emissions each year.</p> <p><b>Related Goals</b></p> <p>McDonald's is partnering with Franchisees to target reducing GHG emissions related to our restaurants and offices by 36% by the end of 2030 from a 2015 base year (inclusive of both Company-owned and Franchised restaurants).</p> <p>Through collaboration with our suppliers and producers, we are also committed to achieving a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by the end of 2030. This combined target has been approved by the Science Based Targets initiative (SBTi).</p> <p>We hold ourselves accountable by measuring emissions data annually. As of the end of 2021, we have achieved a <b>10.2%</b> reduction in the absolute GHG emissions of our restaurants and offices compared to our 2015 baseline. This means approximately 28.3% of our 2030 absolute emissions target has been achieved. As of the end of 2021, the emissions intensity of our supply chain has decreased by <b>9.1%</b> from the 2015 baseline. This means we are approximately 29.3% of the way toward our 2030 emissions intensity target.</p> <p><b>Additional Resources</b></p> <p>Please find additional information on our <b>Climate Action</b> reporting page and in our <b>2021 CDP Climate Change</b> response.</p>



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<b>Water Management</b>	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m <sup>3</sup> ), Percentage (%)	FB-RN-140a.1	<p><b>Response</b></p> <p>Total water withdrawn is an estimated 9,591,000 m<sup>3</sup>.</p> <p><b>Commentary</b></p> <p>Water withdrawn was estimated based on 616 U.S. owned locations that provided withdrawal data and extrapolated to the 2,736 Company-owned restaurants worldwide based on standardized usage intensities.</p> <p><b>Additional Resources</b></p> <p>Please find additional information on our <b>Nature, Forests &amp; Water</b> reporting page.</p>
	(1) Total amount of waste, (2) percentage food waste and (3) percentage diverted	Quantitative	Metric tons (t), Percentage (%)	FB-RN-150a.1	<p><b>Commentary</b></p> <p>By the end of 2021, in our top 35 markets, on average 35% of McDonald's restaurants offer guests the opportunity to recycle packaging items. In these restaurants, guest packaging is collected in customer-facing recycling bins or collected for sorting and recycling back-of-house or off-site.</p> <p>In regions where infrastructure is more robust, we see greater progress. For example, on average, approximately 78% of our restaurants in McDonald's largest European markets are already providing recycling for guest packaging.</p> <p><b>Related Goals</b></p> <p>By the end of 2025, our goal is to implement global and local solutions across our business to expand the reduction, reuse or recycling of guest packaging, and create demand for recycled materials.</p> <p><b>Additional Resources</b></p> <p>Learn more about our approach to food and packaging waste management on our <b>Packaging, Toys &amp; Waste</b> reporting page.</p>
<b>Food &amp; Packaging Waste Management</b>	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials and (3) percentage that is recyclable, reusable, and/or compostable	Quantitative	Metric tons (t), Percentage (%)	FB-RN-150a.2	<p><b>Response</b></p> <p>(1) Total weight of guest packaging: 1,028,209 metric tons of guest packaging &amp; toys sourced for McDonald's restaurants</p> <p>(2) Percent made from recycled and/or renewable materials: 82.7% of all of our primary guest packaging items are sourced from renewable, recycled or certified sources. Additionally, 97.6% of our primary fiber-based guest packaging was sourced from recycled or certified sources in 2021.</p> <p><b>Commentary</b></p> <p>Primary guest packaging is inclusive of centrally managed guest packaging and Happy Meal book and toy packaging for a significant portion of our system sales across more than 39,000 restaurants.</p> <p>We take recoverability into account whenever we design guest packaging. Whether packaging items are recyclable in practice and at scale depends on the waste and recycling infrastructure in each market. We do not track this data centrally. We are working to eliminate or replace small plastic items that are hard to recycle, not needed for safety or functionality and likely to leak into the environment, such as straws, plastic bags and cutlery.</p> <p><b>Related Goals</b></p> <p>By the end of 2025, our goal is to have all of our primary guest packaging sourced from renewable, recycled or certified sources.</p> <p><b>Additional Resources</b></p> <p>Learn more about our approach to packaging sustainability on our <b>Packaging, Toys &amp; Waste</b> reporting page.</p>
	(1) Percentage of restaurants inspected by a food safety oversight body and (2) percentage receiving critical violations	Quantitative	Percentage (%)	FB-RN-250a.1	<p><b>Commentary</b></p> <p>McDonald's has developed and implemented science- and risk-based food safety and quality standards through collaboration with internal and external experts. These standards include the McDonald's Global Good Agriculture Practices, Supplier Quality Management Systems (SQMS) and the Distribution Center Quality Management Program. Our McDonald's Global Food Safety Advisory Council includes food safety, public health, and medical professionals and leaders from North America, Europe and Asia.</p> <p>This council meets with our Chief Supply Chain Officer and global food safety team members annually to discuss progress and to provide recommendations to further advance our food safety practices and standards.</p> <p>Restaurant food safety and quality management procedures are integrated into the McDonald's Operations and Training Program, which is based on our Hazard Analysis and Critical Control Point principles and are followed in every restaurant.</p> <p>Daily checks against key food safety standards and procedures are conducted in all restaurants. Third-party audits verify that these standards are implemented. In 2021, 46,241 restaurant food safety audits (announced and unannounced) were carried out. To ensure audits are robust, we host calibration sessions with our approved third-party auditing firms.</p> <p>In addition, our Food Safety Field Service team supports our markets to ensure they have received training and are operating in compliance with our standards. The members of this team are strategically located in the Middle East, Europe and Latin America, enabling strong connection to the Developmental Licensee (DL) markets and helping to elevate our food safety culture globally.</p> <p><b>Additional Resources</b></p> <p>Learn more about our approach to food safety on our <b>Food Safety</b> reporting page.</p>
<b>Food Safety</b>	(1) Number of recalls issued and (2) total amount of food product recalled	Quantitative	Number, Metric tons (t)	FB-RN-250a.2	
	(1) Number of confirmed foodborne illness outbreaks and (2) percentage resulting in U.S. Centers for Disease Control and Prevention (CDC) investigation	Quantitative	Number, Percentage (%)	FB-RN-250a.3	



Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
Nutritional Content	(1) Percentage of meal options consistent with national dietary guidelines and (2) revenue from these options	Quantitative	Percentage (%), Reporting currency	FB-RN-260a.1	<p><b>Additional Resources</b></p> <p>Learn more about our approach to nutritional content on our <a href="#">Nutrition &amp; Marketing Practices</a> reporting page.</p>
	(1) Percentage of children's meal options consistent with national dietary guidelines for children and (2) revenue from these options	Quantitative	Percentage (%), Reporting currency	FB-RN-260a.2	<p><b>Commentary</b></p> <p>As of 2019, 8 of our 20 major markets met the Global Happy Meal Goals Nutrition Criteria for Happy Meal Bundles with an average of 43% achievement across the 20 major markets.</p> <p>The Global Happy Meal Goals apply to all markets globally, with measurement and reporting of progress among our 20 major markets: the U.S., Canada, Brazil, Argentina, the U.K., France, Germany, Austria, Spain, Netherlands, Italy, Poland, Sweden, Switzerland, Russia, Hong Kong, China, Japan Taiwan and Australia.<sup>2</sup></p> <p><b>Related Goals</b></p> <p>By the end of 2022, our goal is to ensure 50% or more of the Happy Meal Bundle offerings listed on menus in each market meet McDonald's Global Happy Meal Nutrition Criteria of less than or equal to: 600 calories, 10% of calories from saturated fat, 650 mg of sodium and 10% of calories from added sugar.</p> <p><b>Additional Resources</b></p> <p>Our <a href="#">Global Happy Meal Goals 2020 Interim Progress Report</a> captures our latest progress toward the five Global Happy Meal Goals, leveraging the latest data available for each goal.</p>
	Number of advertising impressions made on children, percentage promoting products that meet national dietary guidelines for children	Quantitative	Number, Percentage (%)	FB-RN-260a.3	<p><b>Commentary</b></p> <p>In 2019, 16 of our 20 major markets met our goal of having all Happy Meal bundles advertised to children meet McDonald's Global Happy Meal Nutrition Criteria. 100% of ads shown to children in 2019 featured water, milk or juice as the Happy Meal beverage, and fruits, vegetables or dairy as the Happy Meal side.</p> <p><b>Related Goals</b></p> <p>By the end of 2022, our goal is that all Happy Meal bundles advertised to children will meet McDonald's Global Happy Meal Nutrition Criteria and continue to meet any existing applicable local/regional advertising pledges.</p> <p><b>Additional Resources</b></p> <p>Please find additional information on nutritional content on our <a href="#">Nutrition &amp; Marketing Practices reporting</a> page and in our <a href="#">Happy Meal Goals 2020 Progress Report</a>.</p>



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<b>Labor Practices</b>	(1) Voluntary and (2) involuntary turnover rate for restaurant employees	Quantitative	Rate	FB-RN-310a.1	<p><b>Commentary</b></p> <p>In order to attract and retain talent at all levels of the business, we provide competitive compensation commensurate with a Company employee's position. We evaluate competitive wage data and market trends to determine appropriate wage ranges, and ensure compliance with all applicable wage and hour laws.</p> <p>We introduced our Global Pay Principles to our owned markets in 2019, to ensure that good pay practices are understood and consistently implemented for all Company employees.</p> <ul style="list-style-type: none"> <li>Competitive – Pay opportunities are aligned with the external value of a job to attract, engage and motivate talent. The competitiveness of our pay rates is reviewed regularly relative to peer companies that reflect our size, scale, performance and talent needs.</li> <li>Nondiscriminatory – Company employees are compensated at a level commensurate with their role, responsibility, impact, location, experience, knowledge, skills and performance, irrespective of gender, race, ethnicity or any other similar protected personal characteristics. See also our <a href="#">Diversity, Equity &amp; Inclusion</a> page.</li> <li>Performance-Based – Pay is focused on motivating high performance, recognizing achievement and reinforcing behaviors that align with our culture.</li> <li>Understandable – Pay programs are communicated regularly and transparently. We strive for simplicity and focus on the design of our programs to ensure Company employees understand what determines their pay.</li> <li>Compliant – We comply with all applicable legal and regulatory requirements and standards.</li> </ul> <p>In the U.S., McDonald's continues to enhance its compensation packages for Company-owned Restaurant Staff. In 2021, we raised hourly wages for more than 36,500 employees at Company-owned U.S. restaurants by an average of 10% – investing \$70 million in restaurant wages. We plan to reach an average hourly wage of \$15 for Company-owned restaurant employees by 2024. These raises reflect McDonald's commitment to evaluating competitive wage data and the evolving legislation and regulatory environment to determine the appropriate wage ranges on a market-by-market level.</p> <p>A third-party professional services partner is currently rolling out a Pay Matters workshop for U.S. Franchisees. These sessions include how to establish a wage philosophy and build competitive pay ranges, based on third-party local benchmarking data. Additionally, wage modeling tools are available to U.S. Franchisees, to help model different wage structures against local benchmarking data so they can make the best decisions around compensation for their organizations.</p> <p><b>Additional Resources</b></p> <p>Learn more about our approach to labor practices throughout our <a href="#">Talent &amp; Benefits</a>, <a href="#">Safe &amp; Respectful Workplaces</a> and <a href="#">Diversity, Equity &amp; Inclusion</a> reporting pages.</p>
	(1) Average hourly wage, by region and (2) percentage of restaurant employees earning minimum wage, by region	Quantitative	Reporting currency, Percentage (%)	FB-RN-310a.2	
	Total amount of monetary losses as a result of legal proceedings associated with (1) labor law violations and (2) employment discrimination	Quantitative	Reporting currency	FB-RN-310a.3	
<b>Supply Chain Management &amp; Food Sourcing</b>	Percentage of food purchased that (1) meets environmental and social sourcing standards and (2) is certified to third-party environmental and/or social standards	Quantitative	Percentage (%) by cost	FB-RN-430a.1	<p><b>Response</b></p> <p>We substantially achieved all of our 2020 Responsible Sourcing Goals across our six priority commodities – beef, fish, palm oil, fiber, soy and coffee – and we continue to work with our suppliers on what is outlined in those commitments and evaluate the continued progress. Below is our 2021 responsible sourcing performance across these key priorities:</p> <p>Beef: <b>97.2%</b> of beef sourced for McDonald's restaurants supported deforestation-free supply chains.</p> <p>Fish: <b>96.3%</b> of the fish sourced for McDonald's Filet-O-Fish® came from sustainably managed wild-caught fisheries, assessed and verified annually against the McDonald's Sustainability Fisheries Standard by the Sustainable Fisheries Partnership.</p> <p>Palm Oil: <b>100%</b> of the palm oil used in McDonald's restaurants and as an ingredient in McDonald's products supported the production of sustainable palm oil in 2021.</p> <p>Fiber: <b>97.6%</b> of our primary fiber-based guest packaging was sourced from recycled or certified sources in 2021.</p> <p>Soy: <b>100%</b> of soy sourced for the feed of chicken used in McDonald's products supported deforestation-free supply chains in 2021.</p> <p>Coffee: <b>98.7%</b> of our ground and whole bean coffee was sustainably sourced in 2021.</p> <p><b>Additional Resources</b></p> <p>Please see our <a href="#">Responsible Sourcing</a> and <a href="#">Nature, Forests &amp; Water</a> reporting pages to learn more about our approach and to see full performance data and relevant definitions, scope and exclusions.</p>



Topic	Accounting Metric	Category	Unit of Measure	Code	Response and Source(s)
	Percentage of (1) eggs that originated from a cage-free environment and (2) pork that was produced without the use of gestation crates	Quantitative	Percentage (%) by number, Percentage (%) by weight	FB-RN-430a.2	<p><b>Response</b></p> <p>(1) More than 74% of eggs sourced in the U.S. are cage-free. France, Germany, Australia, and the U.K. have all achieved 100% cage-free egg supply chains, and all of the eggs used in our menu and as ingredients in McDonald's Netherlands were free-range in 2021.</p> <p>(2) Our U.S. pork supply chain is more than 61% of the way to our goal to phase out use of gestation stalls for housing pregnant sows.</p> <p><b>Commentary</b></p> <p>We believe we have a responsibility to improve the health and welfare of animals in our supply chain and work with our global network of suppliers in encourage industry and cross-sector collaboration. This is why we have animal health and welfare policies or commitments in place across our chicken, eggs, pork, beef and dairy supply chains.</p> <p>We also believe that reducing any overdependence on antibiotics within our supply chain complements our decades-long commitment to managing and improving the health and welfare of animals. We are committed to a responsible antibiotic use approach – refining antibiotic selection and administration, reducing non-therapeutic antibiotic use and, when possible, replace antibiotics with long-term solutions to prevent diseases and protect animal health and welfare.</p> <p><b>Related Goals</b></p> <p>The U.S., Canada and Arcos Dorados (the largest independent McDonald's Developmental Licensee (DL), with operations in Latin America and the Caribbean) have each set goals of sourcing 100% cage-free eggs by the end of 2025.</p> <p>In the U.S., we're working with pork suppliers to phase out the use of gestation stalls (small, enclosed pens) for housing pregnant sows by the end of 2024.</p> <p>In 2017, McDonald's announced a global commitment to source chickens raised with improved welfare outcomes. To achieve this, we outlined eight Broiler Welfare Commitments in 14 of our key markets. Once fully implemented, these eight commitments are expected to positively impact more than 70% of our global chicken supply and will be fully implemented by the end of 2024.</p> <p>By the end of 2027, we aim to eliminate the use of antibiotics defined by the WHO as Highest Priority Critically Important Antibiotics (HPCIA) to human medicine from all chicken served in the U.S., Europe, Brazil, Canada, Japan, South Korea, Australia, Russia and China. As of the end of 2021, all in-scope markets except for China have eliminated HPCIA.</p> <p>In collaboration with our suppliers, producers and farmer partners, we will establish market-appropriate targets for use of medically important antibiotics - as defined by the WHO - in our beef supply chain across our 10 in-scope markets. This goal focuses on Australia, Brazil, Canada, France, Germany, Ireland, New Zealand, Poland, the U.K., and the U.S, which represented over 80% of our beef supply chain as of the end of 2021.</p> <p><b>Additional Resources</b></p> <p>Please see our <b>Animal Health &amp; Welfare</b> and <b>Responsible Antibiotic Use</b> reporting pages for more information.</p>
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	Discussion and Analysis	N/A	FB-RN-430a.3	<p>McDonald's aims to scale responsible sourcing programs that drive lasting, meaningful outcomes on critical issues for people, animals, the environment and our business. To deliver on this, we focus on the following priority areas: promoting the health and welfare of animals; respecting human rights; addressing climate change; reducing food and packaging waste; protecting water resources; conserving forests; and farmer livelihoods.</p> <p>McDonald's works with its suppliers to embed sustainability commitments, into global sourcing decisions for food and packaging through Global Sustainable Sourcing Specifications and direct collaboration on sustainable initiatives.</p> <p>Learn more about our efforts in these areas throughout the <b>Food Quality &amp; Sourcing</b> and <b>Our Planet</b> reporting pages, as well as our <b>2021 CDP Climate Change</b> and <b>2021 CDP Forests</b> responses.</p>



## Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Response and Source(s)
<b>Number of (1) Company-owned and (2) franchise restaurants</b>	Quantitative	Number	FB-RN-000.A	(1) 2,736 Company-owned restaurants (2) 37,295 franchised restaurants These figures are as of year-end 2021. Please find additional information in <b>McDonald's Annual Report</b> .
<b>Number of employees at (1) Company-owned and (2) franchise locations</b>	Quantitative	Number	FB-RN-000.B	Company employees, which include those in the Company's corporate and other offices as well as in Company-owned and operated restaurants, totaled approximately 200,000 worldwide as of year-end 2021. Across our franchised and Company-owned restaurants, approximately 2 million people globally work in a McDonald's restaurant. <sup>1</sup> Please find additional information throughout <b>McDonald's Annual Report</b> .

## Find Out More

For more information on terms and definitions, governance, performance data and more, please visit the **Our Purpose & Impact** section of our website, which is designed to be a living reporting platform.

## Scope and Restatements

This Index covers our 2021 progress, unless noted otherwise. Russia is included for the purposes of performance reporting to the end of December 2021.

In the 2020 SASB Index, total water withdrawn was inaccurately stated as 156,000 m<sup>3</sup>. Total water withdrawn was an estimated 9,156,000 m<sup>3</sup> in 2020.

## Footnotes

<sup>1</sup> Franchisees are independent business owners who employ the individuals who work in their restaurants and for their businesses.

## Forward-Looking Statements

This Index contains certain forward-looking statements and projections, which reflect our expectations, and are not guarantees of performance and speak only as of the date statements are made. Generally speaking, any statement in this Index not based upon historical fact is a forward-looking statement. Forward-looking statements can often be identified by the use of forward-looking or conditional words, such as "could," "should," "can," "continue," "estimate," "forecast," "intend," "look," "may," "will," "expect," "believe," "anticipate," "plan," "remain," "confident" and "commit" or similar expressions. In particular, statements regarding our plans, strategies, prospects, goals and expectations regarding our business and industry are forward-looking statements. You should not rely unduly on forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties. Factors that could cause actual results to differ materially from our expectations are detailed in our filings with the Securities and Exchange Commission. We undertake no obligation to update such forward-looking statements, except as may otherwise be required by law.

