

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

McDonald's Corporation, together with its subsidiaries worldwide (the "Company") operates and franchises McDonald's restaurants in the global restaurant industry. These restaurants serve a locally-relevant menu at various price points in more than 100 countries around the world, with about 38,000 locations worldwide.

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

The business relationship between the Company and its independent Franchisees is of fundamental importance to the Company's overall performance and to the McDonald's brand. This business relationship is supported by an agreement that requires adherence to standards and policies essential to protecting the McDonald's brand. We cannot prescribe social responsibility and environmental solutions for our independent Franchisees. Rather, we work to raise awareness and provide tools and opportunities to help them on their sustainability journeys.

The Company is primarily a franchisor and believes franchising is paramount to delivering consistently great-tasting food, locally-relevant customer experiences and driving profitability. Franchising enables an individual to own a restaurant business and maintain control over staffing, purchasing, marketing and pricing decisions, while also benefiting from the financial strength and global experience of the Company. However, directly operating restaurants is important to being a credible franchisor and provides Company personnel with restaurant operations experience. In Company-operated restaurants, and in collaboration with Franchisees, the Company further develops and refines operating standards, marketing concepts and product and pricing strategies that will ultimately benefit McDonald's restaurants. The Company continually reviews its mix of Company-operated and franchised restaurants to help optimize overall performance, with a goal to be 95% franchised over the long term.

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

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

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

Additional detail about the Company structure and definitions used herein but not defined can be found on pgs. 1-3 of McDonald's Corporation's 2018 Annual Report, pg. 14 of McDonald's Corporation's Form 10-Q for the quarter ending March 31, 2019 and at <https://corporate.mcdonalds.com/corpmcd/scale-for-good/esg-reporting/terms-and-definitions.html>

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	No	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

- Australia
- Brazil
- Canada
- China
- France
- Germany
- Japan
- United Kingdom of Great Britain and Northern Ireland
- United States of America

C0.4

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

- USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

- Financial control

C1. Governance

C1.1

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

- Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	Our Board of Directors' Sustainability and Corporate Responsibility Committee reviews and monitors the Company's strategies and efforts to address Brand trust through its performance as a sustainable organization, including environmental and social issues. See committee charter and pg. 30 of 2019 Proxy Statement, both of which are attached in 12.4. Also available here: Proxy Statement: https://www.sec.gov/Archives/edgar/data/63908/000120677419001299/mcd_courtesy-pdf.pdf Committee Charter: https://corporate.mcdonalds.com/content/dam/gwscorp/corporate-governance-content/board-committees-and-charters/RESTATED_SCR_COMMITTEE_CHARTER_2016.pdf
Chief Sustainability Officer (CSO)	The Company's Chief Supply Chain and Sustainability Officer is responsible for overseeing actions relating to climate change, and serves as the executive sponsor of McDonald's aspirations to source all food and packaging sustainably and develop and operate the most environmentally efficient McDonald's restaurants. The Chief Supply Chain and Sustainability Officer serves together with the Chief Communications Officer, Chief People Officer, Chief Marketing Officer and General Counsel as the Company's Scale for Good Leadership Team, which ensures the organization fulfills its overall global sustainability performance, including goals and actions relating to climate-related issues.
Other C-Suite Officer	The Company's Chief Supply Chain and Sustainability Officer is responsible for overseeing actions relating to climate change, and serves as the executive sponsor of McDonald's aspirations to source all food and packaging sustainably and develop and operate the most environmentally efficient McDonald's restaurants. The Chief Supply Chain and Sustainability Officer serves together with the Chief Communications Officer, Chief People Officer, Chief Marketing Officer and General Counsel as the Company's Scale for Good Leadership Team, which ensures the organization fulfills its overall global sustainability performance, including goals and actions relating to climate-related issues.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The principal oversight responsibilities of the Sustainability & Corporate Responsibility Committee, a standing committee of our Board of Directors, include: (1) the review and monitoring of the Company's strategies and efforts to address McDonald's short- and long-term brand trust opportunities and brand leadership priorities that are significant to the Company, its customers, franchisees, developmental licensees and other stakeholders; including food, sourcing, the environment, community engagement, philanthropy, and diversity and inclusion; (2) the review and monitoring of the development and implementation of the goals the Company may establish from time to time for its performance with respect to its global sustainability framework and initiatives, the review and monitoring of the development of metrics and procedures to gauge progress toward achievement of those goals, and the monitoring of the Company's progress against those goals; (3) the review of the Company's global sustainability communication plans and the global reports issued from time to time in connection with the sustainability initiatives as outlined in the Committee's charter. The Committee also assists the Board of Directors in fulfilling its enterprise risk oversight responsibility by periodically assessing and responding, as appropriate, to risks relating to matters within its purview. See committee charter and pg. 30 of 2019 Proxy Statement, attached in C12.4.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other, please specify (Chief Supply Chain & Sustainability Officer)	Both assessing and managing climate-related risks and opportunities	Half-yearly
Other committee, please specify (Scale for Good Leadership Team)	Both assessing and managing climate-related risks and opportunities	Half-yearly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

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

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

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**Who is entitled to benefit from these incentives?**

Board/Executive board

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify (Scale for Good platform aspirations)

Comment

Recognition and support for global sustainability vision and goals, now framed as our Scale for Good platform, which includes 'Climate Action' as a top global priority: - See pages 2–3 and 34 of 2019 Proxy Statement . The Chairman writes on page 3: "A year ago, we shared our vision for responsible leadership to address challenges in a way that upholds the trust customers and other stakeholders place in McDonald's. Since then, as the pace of change and complexity of the challenges have continued to grow, so has our resolve to make a difference for our customers, our employees and our communities. McDonald's operates on a scale unlike any other restaurant company. With our Scale for Good initiative, McDonald's made a series of bold pledges last year that defined how we are using our resources and influence to contribute to the greater good. From offering new, balanced options in our classic Happy Meals, reducing greenhouse gas emissions and recycling more to influencing responsible and sustainable beef production practices, we are taking on complex challenges that demand innovative solutions and collective action. We know we have the responsibility and opportunity to take bold action and embrace this opportunity to drive meaningful progress by collaborating with millions of customers, employees, franchisees and suppliers." See further on page 34, we report 2018 Scale for Good Highlights, including: "CLIMATE ACTION: We became the first global restaurant company to address climate change by setting a 2030 target approved by the Science Based Targets initiative (SBTi). The Company's target involves collaboration with franchisees and suppliers to reduce greenhouse gas emissions from McDonald's restaurants, offices and supply chain. We participated in the Global Climate Action Summit (GCAS) in San Francisco, one of the largest climate conferences in 2018, which helped to raise awareness and drive cross-sector action on climate change. Also, the Company's new global headquarters in Chicago achieved LEED Platinum certification, which is the highest level of LEED for its building category and includes close proximity to public transportation, electric vehicle charging stations, green roofing systems, indoor bike storage, a sustainable cooling tower chemical management program and high-efficiency base building filtration."

Who is entitled to benefit from these incentives?

Chief Executive Officer (CEO)

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify (Scale for Good platform aspirations)

Comment

Recognition and support for global sustainability vision and goals, now framed as our Scale for Good platform, which includes global 'Climate Action' priority and goals to reduce greenhouse gas emissions. Perspectives from The Company's President and CEO (available on corporate website): "We are proud to build on our strong commitment to the communities where we operate. With these bold actions, McDonald's is embracing our leadership responsibility and demonstrating the incredible opportunities we can create for our customers, our people and our stakeholders when we harness our Scale for Good around the world." "To create a better future for our planet, we must all get involved. McDonald's is doing its part by setting this ambitious goal to reduce greenhouse gas emissions to address the challenge of global climate change. To meet this goal, we will source our food responsibly, promote renewable energy and use it efficiently, and reduce waste and increase recycling." See pages 2–3 and 34 of 2019 Proxy Statement. The Chairman writes on page 3: "As the pace of change and complexity of the challenges have continued to grow, so has our resolve to make a difference for our customers, our employees and our communities. McDonald's operates on a scale unlike any other restaurant company. With our Scale for Good initiative, McDonald's made a series of bold pledges last year that defined how we are using our resources and influence to contribute to the greater good. From offering new, balanced options in our classic Happy Meals, reducing greenhouse gas emissions and recycling more to influencing responsible and sustainable beef production practices, we are taking on complex challenges that demand innovative solutions and collective action. We know we have the responsibility and opportunity to take bold action and embrace this opportunity to drive meaningful progress by collaborating with millions of customers, employees, franchisees and suppliers." See further on page 34, we report 2018 Scale for Good Highlights, including: "CLIMATE ACTION We became the first global restaurant company to address climate change by setting a 2030 target approved by the Science Based Targets initiative (SBTi). The Company's target involves collaboration with franchisees and suppliers to reduce greenhouse gas emissions from McDonald's restaurants, offices and supply chain."

Who is entitled to benefit from these incentives?

Chief Sustainability Officer (CSO)

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify (Sustainability/climate goals)

Comment

The Company's Chief Supply Chain (Procurement) Officer and Chief Sustainability Officer are the same leader, in a combined role of Chief Supply Chain and Sustainability Officer. "We're aware that we live in a world of rapid change, with continued opportunities to embed sustainability across our business. Our values of responsible leadership are even more relevant to our customers and stakeholders today, influencing our business plans more directly than ever before." Chief Supply Chain and Sustainability Officer, McDonald's Corporation. The Chief Supply Chain and Sustainability Officer is the Executive Sponsor of the Climate Action strategy and goals, and also leads the Scale for Good Leadership Team, for which information can be found on the Governance page of the Scale for Good website (link below): "The Scale for Good Leadership Team was formed in 2016, bringing together cross-functional senior executives from across the Company who are accountable for leading McDonald's strategy for responsible leadership. These leaders and their teams worked together to develop and guide our new Scale for Good platform and goals. The team is chaired by the Chief Supply Chain and Sustainability Officer. She leads the team along with the Chief Communications Officer; the Global Chief Marketing Officer; the Chief People Officer; and the General Counsel. Each member of the team looks after a specific area of our Scale for Good work. Together, they ensure that we establish plans and monitor progress to achieve our goals and commitments, and that we share the progress we're making through our brand communications globally and across the local markets. They meet multiple times a year to discuss strategy and progress. "We recognize that the size and reach of our business puts us in a unique position to improve people's lives and the environment. We want to use our Scale for Good and continue raising the bar on what it means to be a responsible company committed to people and the planet." Executive Vice President and Chief Supply Chain and Sustainability Officer, McDonald's Corporation. The Scale for Good Leadership Team is supported by a strong CEO voice, placing accountability at the very top of our organization. <https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/esg-reporting/governance.html>

Who is entitled to benefit from these incentives?

Chief Procurement Officer (CPO)

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify (Sustainability/climate goals)

Comment

The Company's Chief Supply Chain (Procurement) Officer and Chief Sustainability Officer are the same leader, in a combined role of Chief Supply Chain and Sustainability Officer. "We're aware that we live in a world of rapid change, with continued opportunities to embed sustainability across our business. Our values of responsible leadership are even more relevant to our customers and stakeholders today, influencing our business plans more directly than ever before." Chief Supply Chain and Sustainability Officer, McDonald's Corporation. The Chief Supply Chain and Sustainability Officer is the Executive Sponsor of the Climate Action strategy and goals, and also leads the Scale for Good Leadership Team, for which information can be found on the Governance page of the Scale for Good website (link below): "The Scale for Good Leadership Team was formed in 2016, bringing together cross-functional senior executives from across the Company who are accountable for leading McDonald's strategy for responsible leadership. These leaders and their teams worked together to develop and guide our new Scale for Good platform and goals. The team is chaired by the Chief Supply Chain and Sustainability Officer. She leads the team along with the Chief Communications Officer; the Global Chief Marketing Officer; the Chief People Officer; and the General Counsel. Each member of the team looks after a specific area of our Scale for Good work. Together, they ensure that we establish plans and monitor progress to achieve our goals and commitments, and that we share the progress we're making through our brand communications globally and across the local markets. They meet multiple times a year to discuss strategy and progress. "We recognize that the size and reach of our business puts us in a unique position to improve people's lives and the environment. We want to use our Scale for Good and continue raising the bar on what it means to be a responsible company committed to people and the planet." Executive Vice President and Chief Supply Chain and Sustainability Officer, McDonald's Corporation. The Scale for Good Leadership Team is supported by a strong CEO voice, placing accountability at the very top of our organization." <https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/esg-reporting/governance.html>

Who is entitled to benefit from these incentives?

Other C-Suite Officer

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify (Sustainability/climate goals)

Comment

Additional C-Suite Officers oversee the Company's sustainability and climate goals: Information can be found on the Scale for Good Governance page of the website (link below): "The Scale for Good Leadership Team was formed in 2016, bringing together cross-functional senior executives from across the Company who are accountable for leading McDonald's strategy for responsible leadership. These leaders and their teams worked together to develop and guide our new Scale for Good platform and goals. The team is chaired by the Chief Supply Chain and Sustainability Officer. She leads the team along with the Chief Communications Officer; the Global Chief Marketing Officer; the Chief People Officer; and the General Counsel. Each member of the team looks after a specific area of our Scale for Good work. Together, they ensure that we establish plans and monitor progress to achieve our goals and commitments, and that we share the progress we're making through our brand communications globally and across the local markets. They meet multiple times a year to discuss strategy and progress. "We recognize that the size and reach of our business puts us in a unique position to improve people's lives and the environment. We want to use our Scale for Good and continue raising the bar on what it means to be a responsible company committed to people and the planet." Executive Vice President and Chief Supply Chain and Sustainability Officer, McDonald's Corporation. The Scale for Good Leadership Team is supported by a strong CEO voice, placing accountability at the very top of our organization. <https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/esg-reporting/governance.html>

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Scale for Good platform aspirations)

Comment

Additional activities relevant from drop down list: Emissions reduction projects, Energy reduction projects, Efficiency projects, Behavior change related indicators, Environmental criteria included in purchases, Supply chain engagement. Where these employees' annual individual performance plans set out objectives related to the Company's climate change strategy, targets and issues, salary increases and bonuses are directly related to the attainment of those objectives (along with other factors). Examples of such individual performance plan objectives might include advancing progress on McDonald's Climate Action goals to reduce greenhouse gas emissions across McDonald's restaurants, offices and supply chain, such as through energy or emissions reduction projects, efficiency improvements, supplier engagement, and/or behavior changes.

Who is entitled to benefit from these incentives?

Buyers/purchasers

Types of incentives

Monetary reward

Activity incentivized

Environmental criteria included in purchases

Comment

McDonald's sustainable sourcing and Climate Action goals map out specific environmental priorities for key commodities and supplier engagement in our supply chain. Where these purchasing managers and their employees' annual individual performance plans set out objectives related to sustainable sourcing and climate action strategy, targets and issues, salary increases and bonuses are directly related to the attainment of those objectives (along with other factors). Examples of such individual performance plan objectives might include partnering with the Sustainability team as the Company establishes: - New supplier engagement programs related to beef sustainability (e.g. Flagship Farmers - <https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/our-people-and-communities/farmer-livelihoods.html>), - Supplier engagement programs to advance progress on McDonald's Climate Action goals to reduce greenhouse gas emissions across McDonald's supply chain or McDonald's Commitment on Forests to eliminate deforestation from its supply chain, - Coordination of supplier recognition and awards for sustainability/Scale for Good, and/or behavior changes.

Who is entitled to benefit from these incentives?

Corporate executive team

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify (Scale for Good platform aspirations)

Comment

Recognition and support for global sustainability vision and goals, now framed as our Scale for Good platform, which includes global 'Climate Action' priority and goals to reduce greenhouse gas emissions.

Who is entitled to benefit from these incentives?

Other, please specify (Franchisees, Suppliers, Company staff)

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify (Several as described in comment below.)

Comment

McDonald's Worldwide Convention with Franchisees (occurs biennially, last in 2018): - Suppliers of Kitchen Equipment and Building System Equipment are recognized through an energy recognition program at McDonald's Worldwide Convention for products with demonstrated energy efficiency attributes. This is used to incentivize global uptake of more efficient products within McDonald's restaurants, both for Franchisee and Company-owned locations. - There is a Scale for Good category within the overall supplier recognition program, rewarding innovation and leadership in sustainability among food, packaging and equipment suppliers. McDonald's Supplier Performance Index (SPI): The (SPI) is an evaluation tool that includes corporate social responsibility and sustainability along with innovation, contingency planning, business strategy and other topics. The SPI helps clarify what we mean by CSR & Sustainability leadership and enables the Company to evaluate suppliers on a variety of measures including environmental, social and other metrics. Expectations on the Company's sustainability Priority Impact Areas are integrated into the SPI expectations, including climate-related issues. The formal evaluation, which takes place every 1 to 3 years, is complemented by regular reviews that provide feedback. This process provides dedicated opportunities for discussion and opportunities for recognition of supplier sustainability performance.

C2. Risks and opportunities**C2.1****(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.**

	From (years)	To (years)	Comment
Short-term	0	2	Time horizon to nearest term sustainability goals, such as those related to Beef Sustainability and the Commitment on Forests, both of which are connected to the Climate Action strategy. Time horizon ranges provided in context of climate-related impacts.
Medium-term	2	12	Time horizon to Climate Action target year. Time horizon ranges provided in context of climate-related impacts.
Long-term	12	30	Time horizon beyond the Climate Action target year. Time horizon ranges provided in context of climate-related impacts.

C2.2**(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.**

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a**(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.**

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	Unknown	The Company's internal time horizons for climate change risk considerations vary depending on the topic and scope of impact. For example, increasing regulatory complexity related to climate change could have a different time horizon from country to country. Fluctuations in commodity markets for some of the ingredients we use due to seasonal shifts or climate conditions can vary over place and time.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

The Company's risk management process identifies and prioritizes risks that can have major impacts on the brand and /or long-term sustainable, profitable growth, including those related to climate change.

Senior managers in a wide range of functional areas have lead responsibility for identifying and managing risks within their areas of expertise. In many cases, they have their own formal risk identification and management processes. Senior management has established an on-going cross-functional team to further strengthen senior-level oversight and global alignment on issues that can impact the brand and/or our reputation as well as our industry. Input is also incorporated from partners outside the company, such as strategic suppliers and industry experts.

The risk management process addresses a broad spectrum of risks, including risks to reputation or brand, strategic risks, risks to the ongoing functions of our operations and assets, financial risks, legal risks, and risks to the continuing viability of our business model. In addition to material risk identification, we account for the varying velocities of change that might occur relative to different risks and incorporate these considerations into contingency planning.

In 2014, McDonald's Global Supply Chain strengthened its approach to strategically manage supply risk as a company and created a new Senior Director overseeing Supply Chain Risk Management position that reports to the Chief Supply Chain and Sustainability Officer. A Director of Supply Chain Risk Management was added to the team in 2015. These positions are responsible for leading the design, development and implementation of a comprehensive risk management strategy for our supply chain organization around the world and regularly assess supply chain risks, working with the Senior Director of Sustainability Strategy and Scale for Good (oversees climate strategy) and other Sustainable Sourcing Directors on identified environmental risks.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Assessed regularly and feedback shared via Government Relations team and Global Issues Management Center of Excellence.
Emerging regulation	Relevant, always included	Assessed regularly and feedback shared via Government Relations team and Global Issues Management Center of Excellence.
Technology	Not evaluated	Not a regular focus for risk management approach for climate, but technology solutions are evaluated and pursued in both restaurant sustainability and supply chain sustainability programs.
Legal	Relevant, always included	Legal compliance assessed regularly across markets.
Market	Relevant, sometimes included	Climate strategy team in Global Sustainability works with geographical business divisions (markets) and supply chain teams to assess market impacts of climate change and goals.
Reputation	Relevant, sometimes included	Climate change and other environmental factors are included in the criteria we evaluate regularly for customer and external stakeholder feedback.
Acute physical	Relevant, sometimes included	The impacts of specific events with acute physical risk (e.g. hurricanes or other natural disasters) are included in regular evaluations.
Chronic physical	Relevant, sometimes included	The impact of chronic physical risks (e.g. changes in temperature or water access) are included in regular evaluations, especially for agricultural supply chains.
Upstream	Relevant, sometimes included	Many of McDonald's climate change-related impacts occur upstream in the supply chain, especially in agriculture. These risks are incorporated into our regular risk management processes and strategic planning.
Downstream	Relevant, sometimes included	With franchises considered 'downstream', our regular evaluations of operational risk for restaurants (majority franchised) include impacts related to weather and climate.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The Company's risk management process identifies and prioritizes risks that can have major impacts on the brand and/or long-term sustainable, profitable growth, including those related to climate change.

Senior managers in a wide range of functional areas have lead responsibility for identifying and managing risks within their areas of expertise. In many cases, they have their own formal risk identification and management processes. Senior management has established an on-going cross-functional team to further strengthen senior-level oversight and global alignment on issues that can impact the brand and/or our reputation.

The risk management process addresses a broad spectrum of risks, including risks to reputation or brand, strategic risks, risks to the ongoing functions of our operations & assets, financial risks, legal risks, & risks to the continuing viability of our business model. In addition to material risk identification, we account for the varying velocities of change that might occur relative to different risks and incorporate these considerations into contingency planning.

In 2014, McDonald's Global Supply Chain strengthened its approach to strategically manage supply risk as a company and created a new Senior Director overseeing Supply Chain Risk Management position that reports to the Chief Supply Chain and Sustainability Officer. A Director of Supply Chain Risk Management was added to the team in 2015. These positions are responsible for leading the design, development and implementation of a comprehensive risk management strategy for our supply chain organization around the world and regularly assess supply chain risks, working with the Senior Director of Sustainability Strategy and Scale for Good (oversees climate strategy) and other Sustainable Sourcing Directors on identified environmental risks.

Commodity risk management strategies are developed through a collaboration among McDonald's Treasury, Supply Chain, Suppliers and Owner/Operators. The Company and its suppliers manage risks for many of the commodity categories with the goal being to provide predictable and competitive pricing to the restaurants.

The Company prioritizes risks and opportunities related to climate change based on their likelihood to directly or indirectly impact restaurant operations, & their likelihood to impact the raw material supply chains that we depend on to deliver food and packaging to restaurants. The scope and approach for risk mitigation efforts depend on the level of impact and cost to the brand.

For example, increased focus by certain governmental authorities on environmental matters, including climate change, may lead to new governmental initiatives. We expect that they may impact our business both directly and indirectly. Although the impact would likely vary by market, we believe that adoption of new regulations may increase costs. There is a possibility that governmental initiatives, or actual or perceived effects of changes in weather patterns, climate, or water resources could have a direct impact on McDonald's operations. These risks could expose us to market, operational and execution costs.

Supply chain interruptions may increase costs or reduce revenues. We depend on the effectiveness of our supply chain management to assure reliable and sufficient product supply. Supply chain interruptions could be caused by factors including inclement weather, natural disasters, increased demand, problems in production or distribution, and disruptions in transportation systems.

Failure to preserve the value and relevance of our brand could have a negative impact on our financial results. The ongoing relevance of our brand may depend on the success of our sustainability initiatives, which require system-wide coordination and alignment. If we are not effective in addressing social responsibility matters or achieving relevant sustainability goals, consumer trust in our brand may suffer.

The Company continuously endeavors to improve its social responsibility and environmental practices to achieve long-term sustainability, which benefits McDonald's and the communities we serve.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact

Please select

Company- specific description

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

Time horizon

Unknown

Likelihood

Unknown

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

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

Management method

The Company monitors developments related to environmental matters and plans to respond to governmental initiatives in a timely and appropriate manner. At this time the Company has already begun to undertake its own initiatives relating to preservation of the environment, in many of our markets. (Intro applies to all responses in C2.3a). This includes the implementation of more energy efficient equipment, management of energy use, and more sustainable sourcing practices in many markets. In addition, the Company set a goal to partner with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year. Other management methods will vary by market.

Cost of management

0

Comment

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

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact

Please select

Company- specific description

Adoption of new regulations may increase costs for suppliers. McDonald's suppliers operate in multiple countries and sub-national jurisdictions. As regulations are uncertain and vary by jurisdiction, there is a risk that regulations will affect some suppliers significantly more than others, the Company will therefore be exposed to this uncertainty in regulation and its potential to impact costs of our raw materials.

Time horizon

Unknown

Likelihood

Unknown

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

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

Management method

Through collaboration and partnership with our suppliers and producers, the Company commits to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels. In 2015, the Company developed a comprehensive deforestation-free commitment, our Commitment on Forests. The Commitment clarifies & expands on the Company's goals to sustainably source beef, fiber, coffee, palm oil & poultry (inclusive of feed) & recognizes the role of reducing deforestation for climate change mitigation. More information can be found here: <http://corporate.mcdonalds.com/mcd/sustainability/sourcing.html>. Additionally, the Company joined the CDP Supply Chain Platform & now requires the Company's top 19 suppliers by spend to respond to CDP Forests & CDP Climate Change, along with all globally managed suppliers of beef, chicken dairy and cheese and fiber suppliers which make up the majority of global fiber packaging supply. In total, the Company now requests information from 55 of our top global suppliers. In the U.S., the Company tracks cost-saving actions among supplier companies & categorizes which are sustainability-related actions.

Cost of management

0

Comment

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

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact

Please select

Company- specific description

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

Time horizon

Unknown

Likelihood

Unknown

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

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

Management method

In the case of packaging, HAVI monitors and tracks these requirements to identify occurrences to enable compliance, as well as to identify important trends, which are considered during strategic planning.

Cost of management

0

Comment

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

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact

Please select

Company- specific description

Actual or perceived effects of changes in weather patterns or climate could have a direct impact on operations or McDonald's restaurants or the operations of our suppliers in ways which we cannot predict at this time. For example, changes in the physical climate have the potential to impact McDonald's supply chain; specifically, the ability to

source food in order to run our operations due to limitations on commodities. Weather related changes (temperature, precipitation, droughts, cyclones, and induced changes in natural resources) and the uncertainty of these changes are potential risks to the Company.

Time horizon

Unknown

Likelihood

Unknown

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Among other variables, extreme weather could increase global food prices & increase the costs of several of our commonly purchased raw material commodities. We work with various stakeholders such as World Wildlife Fund to assess risk (operational, regulatory, & reputational) in our supply chain. In 2009 & 2010 World Wildlife Fund assessed the environmental, social, & economic risk in our supply chain at the raw material production level. Additionally, in 2016, the Company & World Resources Institute (WRI) scoped a follow up Water Risk Assessment which assesses water-related business risks across McDonald's value chain, from raw material sourcing, through manufacturing & distribution, to Company-owned & Franchised restaurants. This work helps the Company understand the likelihood of water-related business risk & magnitude of potential financial impacts, as well as what sections of the McDonald's value chain could be most affected.

Management method

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

Cost of management

0

Comment

The cost of risk management is built into global supply chain and operations, but is unknown at this time. We support sustainable production of raw materials and on-the-ground projects. Examples include: BEEF: The Company is a founding member of the U.S. Roundtable for Sustainable Beef and has been working with the industry to establish a set of metrics that will improve beef sustainability throughout the supply chain. The Company and our Franchisees committed \$4.5 Million over 3 years to support research including exploring Adaptive Multi-Paddock (AMP) grazing to remove carbon from the atmosphere and store in the soil. COFFEE: The Company and its Franchisees invested over \$6 million over 4.5 years in farmer technical assistance in Guatemala. Since launching the technical assistance program in 2012, participating farmers reported harvesting bigger yields in production of green coffee than their neighbors.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact

Please select

Company- specific description

Actual or perceived effects of changes in weather patterns or climate could have a direct impact on operations or McDonald's restaurants or the operations or our suppliers in ways which we cannot predict at this time. For example, changes in the physical climate have the potential to impact McDonald's restaurant operations; specifically, the ability to source the electricity and water required to serve our food. Weather related changes (temperature, precipitation, droughts, cyclones, and induced changes in natural resources) and the uncertainty of these changes are potential risks to the Company.

Time horizon

Unknown

Likelihood

Unknown

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

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

Management method

As we build and remodel more restaurants, we see the continued opportunity to develop McDonald's restaurants that are less impactful—saving energy and water, while using environmentally preferred building materials. Since McDonald's restaurant design and construction is locally based—considering local building codes, regulations and differing infrastructures—our approach is tailored to each market. Specific efforts from select markets can be found on our corporate website at:

<https://corporate.mcdonalds.com/corpmcd/scale-for-good/our-planet/smart-restaurant-design.html>, including how we work to innovate and scale sustainable design solutions. This includes the implementation of more energy efficient equipment, management of energy use, and more sustainable sourcing practices in many markets. In addition, the Company set a goal to partner with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year.

Cost of management

0

Comment

The costs of risk management efforts are built into our global operations, but are unknown at this time.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact

Please select

Company- specific description

Changes in the physical climate have the potential to impact McDonald's supply chain; specifically, the ability to source and price our food consistently, due to commodity price increases or volatility. We see all weather related changes (temperature, precipitation, droughts, cyclones, and induced changes in natural resources) and the uncertainty of these changes as risks. As the Company operates in many different countries, physical climate related risks are highly variable across the organization.

Time horizon

Unknown

Likelihood

Unknown

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Due to its dependence on agricultural productivity, our supply chain could be exposed to disruptions from changes in the physical climate which could impact our ability to sell products in our Company & Franchisee restaurants, causing us to lose revenues. Extreme weather could increase global food prices & increase the costs of several of our commonly purchased raw material commodities. We work with stakeholders such as WWF to assess operational, regulatory, & reputational risk in our supply chain. In 2009 & 2010 WWF assessed the environmental, social, & economic risk in our supply chain at the raw material production level. In 2016, with WRI we scoped a Water Risk Assessment which assesses water-related business risks across our value chain. This will help us understand the likelihood of water-related business risk & magnitude of potential financial impacts, as well as what sections of our value chain could be most affected.

Management method

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

Cost of management

0

Comment

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

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Shifts in consumer preferences

Type of financial impact

Please select

Company- specific description

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

Time horizon

Unknown

Likelihood

Unknown

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

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

Management method

The Company conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's. This research helps us to understand the strength of the McDonald's brand compared to relevant competitors from the consumers' perspective. The Company partners with GlobeScan to conduct surveys, interviews and stakeholder engagements that allow us to understand expectations and gauge reputation within the context of the food and beverage industry, as well as among corporate sustainability leaders. A clear finding from this research is that consumers want and expect brands like McDonald's to be environmentally and socially responsible. These consumer insights drive our sustainability strategies including aspirational goals for Climate Action, Beef Sustainability and Packaging & Recycling, which are intended to demonstrate to customers, as well as internal and external stakeholders, that the Company understands the interconnectivity of environment, social and economic business drivers.

Cost of management

0

Comment

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

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other

Type of financial impact

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description

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

Time horizon

Current

Likelihood

Unknown

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Financial implications vary by region.

Strategy to realize opportunity

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

Cost to realize opportunity

Comment

Varies by market and region.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Not yet impacted	While we believe there will be impacts, we anticipate future insights on the impacts of product risks and opportunities after further assessing the results of the CDP Supply Chain responses from suppliers.
Supply chain and/or value chain	Not yet impacted	While we believe there will be impacts, we anticipate future insights on the impacts of supply chain risks and opportunities after further assessing the results of the CDP Supply Chain responses from suppliers.
Adaptation and mitigation activities	Not yet impacted	While we believe there will be impacts, we anticipate future insights on the impacts of adaptation and mitigation risks and opportunities after further assessing the results of the CDP Supply Chain responses from suppliers.
Investment in R&D	Not yet impacted	As we continue pilot programs, such as agricultural research projects or alternative energy technology deployment, we anticipate future insights that will inform investments in R&D based on climate-related risks and opportunities.
Operations	Impacted	In cases of extreme weather events, restaurant operations and deliveries have been disrupted in some geographies.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Not evaluated	Not yet formally evaluated in context of climate risks and opportunities.
Operating costs	Impacted	Opportunities for building / equipment efficiency measures and the associated cost savings (e.g. from energy efficiency) have been identified and incorporated into asset reinvestment plans.
Capital expenditures / capital allocation	Impacted	Opportunities for building / equipment efficiency measures and the associated cost savings (e.g. from energy efficiency) have been identified and incorporated into asset reinvestment plans.
Acquisitions and divestments	Not evaluated	Not yet formally evaluated in context of climate risks and opportunities.
Access to capital	Not evaluated	Not yet formally evaluated in context of climate risks and opportunities.
Assets	Impacted	Opportunities for building efficiency measures and the associated cost savings (e.g. from energy efficiency) have been identified and have incorporated into asset reinvestment plans.
Liabilities	Not evaluated	Not yet formally evaluated in context of climate risks and opportunities.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

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

No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

CLIMATE ACTION AND BUSINESS STRATEGY:

We're committed to building a better McDonald's and that includes using our scale to help address the defining issue of Climate Change for current and future generations. Using our Scale for Good plays an important role in our Velocity Growth Plan, and is right at the heart of our values. In order for people to feel good about visiting us, they need to feel good about our food, our company and the impact that we have on the world.

Leaders from all over the U.S. — representing businesses, investors, colleges, universities, towns, cities, and states throughout America — have joined together to declare "We Are Still In" the global Paris Agreement, promising to world leaders that America will fulfill its global commitment to reduce greenhouse gas emissions and curb the damaging effects of climate change. McDonald's joined more than a dozen others on the We Are Still In Leaders Circle, and we are committed to doing our part to drive a new wave of ambitious climate action and clean energy policies. To be more effective, McDonald's will work with other signatories across the economy to inspire even more action.

SCIENCE BASED TARGET:

In March 2018, we became the first restaurant company in the world to address global climate change by setting a Science Based Target to significantly reduce our greenhouse gas emissions. We embrace this opportunity to drive meaningful progress, and to do so by collaborating with millions of customers, employees, Franchisees, suppliers and other partners.

The Company will partner with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year. Through collaboration and partnership with our suppliers and producers, the Company also commits to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels. This combined target has been approved by the Science Based Targets initiative (SBTi) and will enable McDonald's to grow as a business without growing its emissions.

BUSINESS PROCESSES:

The Company has a number of cross-functional working groups led by members of Global Supply Chain & Sustainability (GSCS) that help integrate climate change concerns

into our business strategy, including analysis to gain a better understanding of our greenhouse gas footprint, identifying priorities for emissions reductions in McDonald's restaurants and supply chain, and working with suppliers and franchisees to implement emissions reduction programs.

To reach its target, the Company will work across its supply chain, offices and restaurants to be more innovative and efficient through improvements such as LED lighting, energy efficient kitchen equipment, sustainable packaging, restaurant recycling, and by elevating and supporting sustainable agriculture practices. With support from senior management and in collaboration with thousands of Franchisees, suppliers and producers, we will prioritize action on the largest segments of our carbon footprint: beef production, restaurant energy usage and sourcing, packaging and waste. These segments combined, account for approximately 64% of McDonald's global emissions. Beyond beef and fiber, the whole McDonald's supply chain is a critical part of our climate work. All supplier contributions are meaningful and will help to drive significant reductions for our 2030 target.

The Company takes both a SHORT & LONG TERM approach to integrating climate change into our business strategy. IN THE SHORT AND MEDIUM TERM (see C2.1), key priorities for action include:

- **Beef Sustainability:** We're working with farmers, ranchers, our beef suppliers, and industry leaders to identify, magnify and share best practices on farming, grazing, and conservation, in ways that empower more producers to adopt those practices. We're one of the world's biggest buyers of beef, so – although we don't own farms or rear animals directly – it's no surprise that we take seriously our responsibility to help lead the industry toward more sustainable production practices. We support beef production that's environmentally sound, protects animal health and welfare, and improves farmer and community livelihoods, and we have done for over a decade. This global movement is gaining extensive momentum through conversations, collaborations, pilot programs, and global and local roundtables, and is helping influence not just beef in McDonald's supply chain, but beef production around the world.

- **Smart Restaurant Design:** Together with our Franchisees, we're continuing to tackle restaurant energy usage and sourcing through innovations and programs to promote energy efficiency and renewable energy. This includes equipment and building design innovation, energy monitoring, and crew training programs which could provide long-term cost savings.

- **Packaging and Recycling:** By 2025, 100 percent of McDonald's guest packaging will come from renewable, recycled, or certified sources. Also by 2025, the Company has set a goal to recycle guest packaging in 100 percent of McDonald's restaurants. We understand that recycling infrastructure, regulations and consumer behaviors vary city to city and country to country, but we plan to be part of the solution and help influence powerful change.

- in 2015, the Company developed our Commitment on Forests which addresses our supply chain impacts on deforestation, focused on verifying and promoting responsible production practices in regions most at risk. This commitment strengthened the foundation of the company's climate strategy as deforestation accounts for an estimated 15% of global greenhouse gas emissions. We are making progress in our sourcing of beef, soy, palm oil, coffee and fiber.

- We continue to make strides in impact assessments that guide our strategies, goals and performance tracking.

OVER THE LONGER TERM (see C2.1), these measures are intended to reduce the Company's risk regarding climate change. For example, the Company's investment in a more sustainable supply chain is intended, in part, to help protect the Company against disruptions to its food supply that are the result of climate change. Climate change may affect the future business strategy in the following ways: may potentially disrupt food production & agricultural practices; impacts to operating costs; & potential shifts in consumer behavior & preference. Additionally, the ongoing relevance of our brand may depend on the success of our sustainability initiatives, including climate change. If we are not effective in addressing social responsibility matters or achieving relevant sustainability goals, consumer trust in our brand may suffer. Our actions will also add other types of business value by helping to reduce costs (energy efficiency) & engage Company employees on the Company's broader sustainability agenda.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

Between fall 2016 and Q1 2018, the Company re-evaluated and reset its climate action strategy and goals, including re-assessing its carbon footprint and projecting the greenhouse gas emissions reduction pathways that would be necessary to achieve a science-based target in alignment with the principles of the Science Based Targets initiative. We are not currently factoring additional scenario analysis into our planning, given this recent investment in strategy scoping for 2030. In the coming years, we will continue to determine how to factor additional future scenario planning into our work as we evaluate our pace of progress against the new climate action goals.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1+2 (location-based) +3 (upstream & downstream)

% emissions in Scope

100

Targeted % reduction from base year

36

Base year

2015

Start year

2018

Base year emissions covered by target (metric tons CO2e)

9402727

Target year

2030

Is this a science-based target?

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

% of target achieved

4.9

Target status

Underway

Please explain

Target scope % emissions noted above reflects Scope 1&2 coverage. Absolute target 'Abs 1' includes all Company-wide Scope 1&2 emissions, as well as operational waste (upstream Scope 3) for all restaurants (Company-owned and Franchisee) and Scope 1&2 emissions for Franchisee restaurants (downstream Scope 3). These figures reflect the latest enhancements to our base year emissions estimates, which we will continue to refine over time. As of this 2019 CDP reporting submission, we are working through an updated baseline estimation for the relevant Scope 3 categories covered by the supply chain-related intensity target for emissions reductions (purchased goods and services, upstream transportation and distribution.) After this initial refinement is complete, we plan to report a more comprehensive '% emissions in Scope' coverage figure for 'Abs 1' in future reporting cycles. We will continue to enhance our methodological approach over time. Both parts of the Company's emissions targets are outlined on McDonald's corporate website and read as follows: The Company will partner with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year. Through collaboration and partnership with our suppliers and producers, the Company also commits to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels. This combined target has been approved by the Science Based Targets initiative (SBTi).

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 3 (upstream)

% emissions in Scope

Targeted % reduction from base year

31

Metric

Other, please specify (Metric tons CO2e per metric ton food pkg)

Metric tons CO2e per metric ton food and packaging

Base year

2015

Start year

2018

Normalized base year emissions covered by target (metric tons CO2e)

Target year

2030

Is this a science-based target?

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

% of target achieved

Target status

Underway

Please explain

Scope 3 emissions (CO2e) involved in establishing our intensity target with the SBTi are aggregated from the two most relevant categories of estimated Upstream emissions in prior analyses- both the "Purchased goods and services" category and the "Upstream transportation and distribution" category, for both Company-owned restaurants and Franchisee restaurants. As of this 2019 CDP reporting submission, we are working through an updated baseline estimation for the relevant Scope 3 categories covered by this upstream supply chain-related intensity target. After this is complete, we plan to report more comprehensive baseline figures and '% emissions in Scope' coverage figure for 'Int 1' in future reporting cycles. At this time, we are in the process of streamlining the measurement approaches for the volumetric figures across disparate supply chain commodities, which will be used to track the aggregate intensity metric as we assess progress against our new target. We expect to share more information about the intensity metric tracking approach in future reporting cycles. We will continue to enhance our methodological approach over time. Both parts of the Company's emissions targets are outlined on McDonald's corporate website and read as follows: Through collaboration and partnership with our suppliers and producers, the Company commits to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels. The Company will also partner with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year. This combined target has been approved by the Science Based Targets initiative (SBTi).

% change anticipated in absolute Scope 1+2 emissions

% change anticipated in absolute Scope 3 emissions

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*		
Implementation commenced*	9	
Implemented*	1	100587
Not to be implemented		

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

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

Examples from around the world: In the U.S., LED lighting is standard for all new and rebuilt McDonald's restaurants (excluding certain signs and equipment lamps). As of 2018, U.S. restaurants that have used LED lighting have achieved an estimated average reduction of 7% in energy usage per year since 2010. In Europe, LED lights are now part of the restaurant guidelines for all markets. As of 2016, all new McDonald's restaurants in the U.K are 100% LED. Starting in 2012, LED lighting technology has been implemented in new restaurants in India.

Estimated annual CO2e savings (metric tonnes CO2e)

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

LED lighting investment amounts vary by region and are incorporated into the overall cost of a standard new or rebuilt U.S. restaurant (for both the Company and Franchisees), thus we do not represent an incremental investment cost.

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

In the last two years, we allocated \$5 million to McDonald's restaurants around the globe for LED upgrades. This has achieved a net cost savings of \$14.3 million and an estimated CO2 reduction of 100,587 metric tons.

Estimated annual CO2e savings (metric tonnes CO2e)

100587

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

14300000

Investment required (unit currency – as specified in C0.4)

5000000

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

LED lighting investment amounts vary by region. The \$5 Million investment referenced here spanned across markets as a focused investment to upgrade restaurant lighting at scale. The cost savings listed is net savings, not annual savings.

Initiative type

Energy efficiency: Building services

Description of initiative

Other, please specify (Various technologies)

Green Building Guidelines, Europe McDonald's first issued Green Building Guidelines in 2009, focusing on McDonald's European restaurants. This was followed in 2015 with updated, comprehensive Green Buildings Guidelines for new European restaurants.

Estimated annual CO2e savings (metric tonnes CO2e)

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

These latest guidelines reinforced efforts to reduce energy consumption through best practice sharing and presenting latest technologies available, and also emphasized the following key areas: - Location – developing brownfield sites, positioning the building to make maximum use of natural light and shading, and to be near other amenities (reducing traffic). - Access – providing suitable access for pedestrians, cyclists and disabled customers. - Land use and ecology – conserving the local habitat and wildlife. - Pollution – minimizing the impact of noise, light, odors, litter and drainage. - Construction design – making sure buildings are adaptable for the future. - Energy and water efficiency – ensuring buildings use these resources as efficiently as possible and, where it makes sense, use the potential for renewable energy generation (e.g., solar energy in hotter countries). - Environmental management practices – making sure we follow best practice to build in the most environmentally sensitive way.

Initiative type

Process emissions reductions

Description of initiative

Product design

In the U.S., we operate an environmental sustainability program, US 20x2020 By Design. The program aims to reduce energy and water by 20% by 2020, using innovative strategies in the design of new restaurants. These include LED lighting, low oil-volume fryers, high-efficiency hand dryers, toilets and faucets, and low-spray valves. McDonald's prototype buildings in the U.S. are increasingly more efficient. Compared against our 2005 building design, we have achieved a 16.7% reduction in electricity consumption and a 19% reduction in water use. Our hot water remains hot but we've managed to reduce the energy needed to heat it by over 26%.

Estimated annual CO2e savings (metric tonnes CO2e)

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

Initiative type

Energy efficiency: Building services

Description of initiative

Other, please specify (Kitchen Equipment)

Energy Efficiency Improvements in Kitchen Equipment - Kitchen equipment presents a significant opportunity for energy efficiency improvements because it represents a significant portion of the overall energy consumption of the average McDonald's restaurant. Our equipment suppliers are critical to helping us build and operate more efficient McDonald's restaurants. As new and more efficient equipment is incorporated into our standards, older and less efficient equipment is removed from our approved equipment list—ensuring that when new restaurants are built or equipment is replaced, we are improving our foundation for energy efficiency. To incentivize our suppliers, we award those who bring the best improvements in efficiency of new equipment models.

Estimated annual CO2e savings (metric tonnes CO2e)

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

1-3 years

Estimated lifetime of the initiative

Ongoing

Comment

In addition to the Low volume (LOV) fryer, kitchen equipment enhancements include • Proprietary Universal Hoods for kitchen ventilation that reduce the exhaust air rate by about 40% compared to previous models, reducing overall energy usage • The High Density Universal Holding Cabinet that increases hot holding capacity and reduces energy use by about 31% compared to the previous holding cabinet • New bun toasters that provide up to 55% better energy efficiency than the previous model. We also introduced the "IDLE mode" for Henny Penny LOV Fryer, which reduces energy consumption when fryer vats are not actively cooking products. Typically a vat will go into IDLE mode if there is no cooking for 30 minutes. Actual investment costs and estimated monetary and CO2e savings results will vary by restaurant.

Initiative type

Low-carbon energy purchase

Description of initiative

Other, please specify (Various: Hydro, Wind, Solar, Solar PV)

The Company encourages markets to develop a roadmap to integrate renewable energy into their overall sustainability plans. In the U.K., the Company has committed to purchasing renewable energy for a 20-year period from new infrastructure, including wind and solar PV. By enabling the development of renewable energy-generating infrastructure in this manner, the Company anticipates saving on energy costs over the long term. Several other European markets – Austria, France, Ireland, Germany, the Netherlands, Poland, Portugal, Slovakia, Spain, Sweden and Switzerland – have achieved purchasing over 50% renewable energy for their restaurants, and in many cases close to 100%. In the US, projects have also been undertaken in Riverside, California, Cary, North Carolina, and Garfield Heights, Ohio to install solar PV covered parking lot canopies and, in Ohio and Florida, geothermal heating and cooling installations.

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

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)**Investment required (unit currency – as specified in C0.4)****Payback period**

No payback

Estimated lifetime of the initiative

Ongoing

Comment

Aspects for consideration include availability, quality, and the associated costs of energy from renewable sources, as well as buying renewable energy from electricity suppliers, supporting direct developments or generating renewable energy onsite. We will continue to expand tracking and reporting in future reporting cycles

Initiative type

Process emissions reductions

Description of initiative

Behavioral change

McDonald's UK has found a unique way to leverage the environmental enthusiasm of its staff members – by creating Planet Champions. Through the voluntary program, staff members can become the environmental voice of their restaurant, support business managers with existing environmental initiatives, encourage and inspire colleagues, and generate new ideas to promote sustainability. As a result of this success, the Planet Champions program has been extended to Ireland, Norway and Sweden.

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

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)**Investment required (unit currency – as specified in C0.4)****Payback period**

No payback

Estimated lifetime of the initiative

Ongoing

Comment

As part of Planet Champions, volunteers receive training on environmental issues, what the Company is doing to address them and how the volunteers can contribute. They get involved in – and help organize – a year-round calendar of events and activities around litter, recycling and energy, and a regular newsletter keeps them up to date and enables them to share ideas. Thousands of McDonald's employees have completed the sustainability training to become or support Planet Champions. The program has helped achieve energy savings and an increase in recycling. It's also brought external recognition, winning the Green Apple award for employee engagement and being shortlisted for the PEER awards celebrating inspirational business initiatives.

Initiative type

Energy efficiency: Building services

Description of initiative

Other, please specify (Various technologies)

McDonald's Netherlands saw an opportunity to reduce the environmental impact of its restaurants by increasing the efficiency of the buildings. In 2011, a new restaurant opened in Amsterdam equipped with an array of energy-efficient technology, including photovoltaic panels to generate electricity, solar-powered collectors for heating water, a wind turbine, a charging station for electric cars, LED lighting, heat pumps for heating and cooling the kitchen, a heat recovery system, waterless urinals and infrared faucet sensors. The restaurant became the first in the Netherlands to meet the Platinum standard of McDonald's Green Building Guidelines, and also received GreenBuilding Partner status and the Green Building Award from the European Commission. It was the first non-residential building in the Netherlands, and McDonald's first European restaurant, to receive these accolades.

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

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

Initiative type

Process emissions reductions

Description of initiative

Product design

In 2018, McDonald's China announced its action plan to focus on green restaurants and green packaging. They expect to open more than 1,800 restaurants by 2022 and that these restaurants target LEED (Leadership in Energy and Environmental Design) certification standards in the "Interior Design & Construction" category, issued by the United States Green Building Council. Once the goal is met, over 95% of the new store portfolio will be LEED certified. For the existing restaurants, McDonald's China has been continuously updating and optimizing the energy management systems, including the use of LED energy-saving lamps, as well as more efficient air conditioning and kitchen equipment.

Estimated annual CO2e savings (metric tonnes CO2e)

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

Initiative type

Process emissions reductions

Description of initiative

Product design

The Chicago Flagship restaurant was recognized in 2018 as the Illinois Green Emerald Award 'Green Building Innovation' winner. The Flagship is 19,000-square-foot steel and wood timber constructed. The restaurant is applying to become LEED® (Leadership in Energy and Environmental Design) certified. Features include: - Enhanced energy performance utilizing solar pergola, which captures the sun's energy, supplying approximately 60% of the building's electrical energy. - Reduced energy use through energy efficient kitchen and HVAC equipment. - Native and drought resilient plants and building features reduce water usage and provides cleaner water - More than 70 trees at the ground level with a green roof that features floating glass garden of ferns and white birch trees.

Estimated annual CO2e savings (metric tonnes CO2e)

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for other emissions reduction activities	Varies by market
Employee engagement	Varies by market
Other	Supplier engagement programs
Internal incentives/recognition programs	Varies by market.
Dedicated budget for energy efficiency	Varies by market

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Company-wide

Description of product/Group of products

As a franchise organization, the Company provides Energy saving solutions and technologies to Franchisees which enable them to avoid emissions at their restaurants. An example is McDonald's European Green Building Guidelines: To advance the overall sustainability of McDonald's restaurants in Europe, markets in Europe have developed their own internal building standards in consultation with external experts, designed to be scalable across all new and remodeled restaurants. In 2015, the Company issued an update of the document for their new store openings. This update included an even broader and more impacting array of sustainability solutions, including expanded energy efficiency measures. These guidelines, applicable for both Company-owned and Franchisee restaurants, can help to reduce GHG emissions.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Energy efficiency leads to GHG reduction)

% revenue from low carbon product(s) in the reporting year

Comment

We do not track % of revenue involved.

Level of aggregation

Product

Description of product/Group of products

Electric Vehicle Charging Stations: In some markets, McDonald's restaurants have installed Electric Vehicle Charging Units as an added service benefit for customers. For example, by the end of 2016 there were about 40 U.S. restaurants with a total of 80 charging stations installed or planned. McDonald's Sweden has worked with Fortum (a Finnish power company) and Nissan (a Japanese car manufacturer) since 2012 to establish "green corridors" of fast chargers for electric cars between Nordic capitals, with 56 charging stations in Sweden.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Electric vehicles can reduce GHGs)

% revenue from low carbon product(s) in the reporting year

Comment

We do not track % of revenue involved.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2015

Base year end

December 31 2015

Base year emissions (metric tons CO2e)

204795

Comment

Scope 2 (location-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 2 (market-based)

Base year start

January 1 2015

Base year end

December 31 2015

Base year emissions (metric tons CO2e)

1610648

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

114307

Start date

January 1 2018

End date

December 31 2018

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

565195

Scope 2, market-based (if applicable)

492549

Start date

January 1 2018

End date

December 31 2018

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Emissions for Company-owned or controlled fleets and offices based outside of the U.S. and Europe were not estimated or included in this analysis.

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why this source is excluded

These emissions sources were not estimated due to incomplete and insufficient data availability at corporate level for estimation and/or extrapolation. In recent years, estimated emissions for Company-owned or controlled fleets and offices based outside of the U.S. and Europe represented less than 1% of both Scope 1 and Scope 2 emissions, and were deemed not relevant to complete for the 2018 analysis.

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Emissions are being calculated using Aligned Incentives' hybrid life cycle assessment models and database for 100% of procured food, beverage and packaging products procured over the reporting period. All values represent cradle-to-gate emissions across all GHG emissions identified in the GHG Protocol Value Chain Standard, using GWP values from the IPCC Fifth Assessment Report. Emissions calculation methodology will be explained further in future reporting cycles after the Company completes the enhancements underway to its 2015 base year calculation approach and reporting year progress calculations for this category.

Capital goods

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Due to lack of availability of consistent, global data at time of reporting to enable analysis, we will not report estimated emissions from capital goods at this time.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

3679701

Emissions calculation methodology

Emissions were calculated using data on the energy consumption across all restaurants (both Company and Franchisee owned), as well as energy consumption for U.S. and European offices and fleets. Emissions factors represent upstream emissions from the production and transportation of fuels consumed in the reporting year as well as T&D losses associated with electricity use. For electricity, upstream fuel consumption was based on a market-based method, using the fuel mix for the local grid for each facility to calculate supply chain emissions. Values were calculated using GWP values from the IPCC Fifth Assessment Report.

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

Explanation

Upstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Emissions are being calculated. The calculations underway will represent total emissions from outbound transportation and distribution center activities, as provided by the Company's top suppliers. These emissions cover markets composing the majority of all restaurants globally (both Company and Franchisee owned). Emissions from outbound transportation and distribution center activities for the remaining restaurants are being estimated. Inbound emissions are included in this estimation. Emissions from inbound transportation are being calculated using country-level inbound-to-outbound emissions ratios from a prior analysis conducted by the Company's largest suppliers.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1598273

Emissions calculation methodology

The reported figure represents total estimated emissions from waste generated in operations. In 2018, no new reliable data was collected. As such, the results from previous waste analysis were extrapolated to estimate total emissions for operational waste in the reporting year. We plan to update this methodology in future reporting cycles.

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

Explanation

Business travel

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Not yet evaluated at time of disclosure. Emissions from this category represented less than 1% of total emissions when estimated in a prior years' more holistic Scope 3 analysis. As such, this category was excluded from the 2018 reporting year analysis.

Employee commuting

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Not yet evaluated at time of disclosure. Emissions from this category represented less than 1% of total emissions when estimated in a prior years' more holistic Scope 3 analysis. As such, this category was excluded from the 2018 reporting year analysis

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Upstream leased assets are not applicable in the Company's business.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Downstream transportation and distribution to the end consumer from Company-owned and Franchisee restaurants is not currently a sizeable part of McDonald's estimated GHG emissions. This category is estimated as small compared to other Scope 3 categories noted as complete or under analysis. We will continue to evaluate relevance in future reporting cycles.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Not relevant because there is no downstream processing of sold products for McDonald's.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Not relevant because there are no GHG emissions from the use of sold products.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Estimated emissions resulting from waste from "carry out" or "drive thru" customers were not yet evaluated at time of disclosure. Emissions from this category represented a small portion of total emissions when estimated in a prior years' more holistic Scope 3 analyses. As such, this category was excluded from the 2018 reporting year analysis.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Emissions from assets that the Company owns and leases to Franchisees are represented in the franchise-related emissions figures.

Franchises

Evaluation status

Relevant, calculated

Metric tonnes CO2e

7030447

Emissions calculation methodology

Represents Franchisee Scope 1 & 2 emissions. Primary data was collected from Franchisee restaurants in Canada, Europe, China, Japan and Brazil. A predictive model drawing from the data collected from these restaurants and Company-owned restaurants was used to extrapolate energy data for all non-reporting restaurants open at some point during the 2018 calendar year. Refrigerant emissions were estimated using linear extrapolation of Company-owned restaurant data.

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

Explanation

Primary data was collected from some Franchisee restaurants open at some point during the 2018 calendar year and extrapolated to cover the remainder.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

The Company does not have significant investments as part of its core business.

Other (upstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Other (downstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000288636

Metric numerator (Gross global combined Scope 1 and 2 emissions)

606856

Metric denominator

unit total revenue

Metric denominator: Unit total

21025000000

Scope 2 figure used

Market-based

% change from previous year

Direction of change

<Not Applicable>

Reason for change

New baseline and reporting year emissions estimation approach used to calculate 2018 emissions, including transition to market-based Scope 2 accounting. The Company intends to report year-on-year directional progress on this intensity metric going forward in future reporting cycles, reflecting new analysis approach. Total 2018 revenues \$21,025,000,000 were taken from pg 14 of 2018 Form 10-K, attached on prior section of questionnaire.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	91844	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	42	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	214	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	22207	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Asia, Australasia, Middle East and Africa <i>McDonald's common internal designation for this region is "APMEA": Asia Pacific Middle East Africa.</i>	1695
Europe	43477
Latin America (LATAM)	0
North America	69235

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Fuel Combustion	94142
Fugitive Emissions	20165

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Asia, Australasia, Middle East and Africa	84565	84565	108077	0
Europe	263101	190456	851280	342722
Latin America (LATAM)	0	0	0	0
North America	217529	217529	486747	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
District Heating	25978	25978
Electricity	539217	466572

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable >		
Other emissions reduction activities	305391	Decreased	33	For Scope 1 & 2 combined, market-based estimated emissions for 2018 totaled 606,856 mt CO2e, which represents an 33% decrease from market-based estimated emissions for 2017, which totalled 912,247 mt CO2e. The vast majority of this change is due to the transition of company-owned stores to Franchisees. This change is also due to emissions reductions activities such as greater fleet efficiency and other factors, but we cannot assign specific percentage changes to each reason.
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output		<Not Applicable >		
Change in methodology		<Not Applicable >		
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other		<Not Applicable >		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	457193	457193
Consumption of purchased or acquired electricity	<Not Applicable>	342722	1014442	1357164
Consumption of purchased or acquired heat	<Not Applicable>	0	88941	88941
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	342722	1560575	1903297

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

308522

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Other, please specify (Mobile Fuels)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

146865

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Fuel Oil Number 2

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

263

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Other, please specify (Propane and LPG)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1552

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Fuel Oil Number 2

Emission factor
0.25344

Unit
kg CO2e per kWh

Emission factor source
WRI (2015), GHG Protocol tool for stationary combustion

Comment

Natural Gas

Emission factor
0.18177

Unit
kg CO2e per kWh

Emission factor source
WRI (2015), GHG Protocol tool for stationary combustion.

Comment

Other

Emission factor
0.25603

Unit
kg CO2e per kWh

Emission factor source
Combined emissions factor for fuels cited "other" in 8.2c, via WRI (2015) GHG Protocol for stationary and mobile combustion, with select local sources to cover mobile fuels, Propane and LPG.

Comment

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

C9. Additional metrics

C9.1

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

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	No third-party verification or assurance
Scope 2 (location-based or market-based)	No third-party verification or assurance
Scope 3	No third-party verification or assurance

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, we are waiting for more mature verification standards and/or processes

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

We plan to monitor regulations that will affect McDonald's operations through our Government Relations team and respond accordingly.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

Our top 19 suppliers, making up 66% of our spend by volume report to CDP Climate and Forests annually. Additionally, this year we have also asked 100% of our globally managed beef, chicken, dairy and cheese suppliers to report to CDP Climate Change and Forests and the suppliers making up the majority of our fiber based packaging spend, for a total of 55 suppliers reporting this year. Globally, 98% of our suppliers completed the Self-Assessment Questionnaire in 2018 which involves environmental management information as noted in Rationale section

% of suppliers by number

98

% total procurement spend (direct and indirect)

66

% Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

We have set a science-based target to reduce emissions through collaboration and partnership with our suppliers towards a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels. To achieve these reductions, we need the full engagement from our biggest suppliers in the product categories which form the highest proportions of our emissions profiles. CDP Supply Chain helps us to better understand the level of self-managed activity these key suppliers are under taking and will help to inform our future conversations with these suppliers. We have actively communicated with these suppliers and have issued general communications to all globally managed suppliers setting out the need for them to set targets, measure emissions and look to make reductions, particularly in Scope 3, in line with their broader sustainability strategies. Outside the supplier categories detailed above, we have also encouraged all suppliers to report to CDP and have plans to expand our direct requests for disclosure to globally managed suppliers in other key categories in the next twelve months. This guidance is available to all suppliers through our Global Sustainable Sourcing Guide. In addition to our direct questions to suppliers through CDP Supply Chain, suppliers must adopt the McDonald's Supplier Code of Conduct. This requires that their facilities meet the standards & promote the principles outlined in the Code, which are intended to advance McDonald's commitment to all aspects of sustainability, including environmental management. The McDonald's Supplier Workplace Accountability program articulates our expectations of how suppliers should treat the people within their supply chain, and through the program's Self-Assessment Questionnaire we ask suppliers if they utilize an environmental scorecard or comparable system to track environmental impacts & measure continuous progress, and if they have identified & documented environmental legal requirements. Globally, 98% of our suppliers completed the Self-Assessment Questionnaire in 2018.

Impact of engagement, including measures of success

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

Comment

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

We're committed to building a better McDonald's and that includes using our scale to help address this defining issue for current and future generations. In 2018, we became the first restaurant company in the world to address global climate change by setting a Science Based Target to significantly reduce our greenhouse gas emissions. The Company will partner with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year. Franchisees operate over 90% of McDonald's restaurants worldwide.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Various topics relevant to McDonald's business model and climate action strategy)	Support	Since announcing McDonald's climate commitment in 2018, McDonald's has been meeting with members of U.S. Congress and their staff to educate them on its climate action and also discussing recycling, soil health and renewable energy, among other topics. Climate Action announcement press release available here: https://news.mcdonalds.com/news-releases/news-release-details/mcdonalds-becomes-first-restaurant-company-set-approved-science . In 2015, McDonald's put forth the White House American Business Act on Climate Change Pledge, which outlined commitments that help address climate change through specific actions on issues such as deforestation, beef production and energy used in McDonald's restaurants.(Available here: https://stage-corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/McDonalds_White%20House_Climate%20Pledge_Oct%2019%202015.pdf). This is supported by McDonald's Energy and Climate Position Statement from 2014, which set out our view on taking effective, collaborative action to tackle climate change. (Available here: https://stage-corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/McD_EnergyClimateChangePositionStatement.pdf).	

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

McDonald's VP of US Government Relations is a board member of the National Restaurant Association (NRA).

Is your position on climate change consistent with theirs?

Unknown

Please explain the trade association's position

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

No position taken on climate change legislation at this time.

Trade association

McDonald's Director EU Public Affairs, is Chairman of Steering Group in Serving Europe.

Is your position on climate change consistent with theirs?

Unknown

Please explain the trade association's position

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

No position taken on climate change legislation at this time.

Trade association

McDonald's Supply Chain Global Beverage Team Manager is an Advisory Council member of Conservation International's Sustainable Coffee Challenge (<https://www.sustaincoffee.org/>)

Is your position on climate change consistent with theirs?

Unknown

Please explain the trade association's position

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

No position taken on climate change legislation at this time.

Trade association

McDonald's Director of Sustainable Sourcing is on the Executive Committee of the Global Roundtable for Sustainable Beef.

Is your position on climate change consistent with theirs?

Unknown

Please explain the trade association's position

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

No position taken on climate change legislation at this time.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

We believe engagement can influence the development and adoption of global best practices and standards that will eventually become part of mainstream corporate behavior, de-facto public policy in the absence of regulation, or adopted public policy. For example:

1. Sustainable Sourcing: The Company works with independent suppliers who share our commitment to sourcing food ingredients and materials for packaging in an ethical and responsible manner, and sustainability is an integral part of how we measure their performance. Our journey toward sustainable sourcing begins with direct suppliers and extends to thousands of indirect suppliers that source ingredients for our menu items. The majority of our environmental impacts occur beyond our own operations, through the Company's supply chain. We focus on priority products including beef, coffee, fiber-based packaging, palm oil, fish, and poultry. In 2014, we became signatory to the UN's Joint Statement on Climate-Smart Agriculture.

2. Commitment on Forests: The Company understands that deforestation is a major global challenge with broad & far-reaching implications for generations to come due to loss of biodiversity & contribution to climate change. After the Company endorsed the New York Declaration on Forests in 2014, McDonald's announced a global Commitment on Forests across the Company's global supply chain in 2015. The commitment encompasses the entire supply chain and focuses on priority products with goals for 2020. In 2016, the Company actively supported the indefinite extension of the Brazilian Soya Moratorium, which helps prevent deforestation in the Amazon biome. We are engaged in multi-stakeholder forums for industry transformation, including the Roundtable on Sustainable Palm Oil & Tropical Forest Alliance (TFA) where we have been an active member of the TFA2020 Forum. In 2017, we, along with other global companies, launched a statement of support for the objectives of the Cerrado Manifesto, reaffirming our individual and collective commitment to halting forest loss associated with agricultural commodity production and recognizing the critically important role played by the Cerrado for its role in climate change mitigation, biodiversity, water and agricultural production. We currently serve on the Steering Committee for the group.

3. Beef Sustainability: The Company helped found the Global Roundtable for Sustainable Beef (GRSB) to bring together key players in the beef value chain around a common purpose, to help ensure that all aspects of the beef value chain are environmentally sound, socially responsible & economically viable. In 2014, GRSB finalized a global set of principles & criteria, marking a major milestone in our journey to sustainable beef. In Canada and Brazil, we met our commitment, established in 2014, to begin purchasing verified sustainable beef in 2016. Through these programs we are learning how to deliver meaningful impact through a more sustainable beef supply that is scalable, requires ongoing measurement of performance, assumes third party assurances/audits & delivers credibility & transparency. With GRSB and WWF, we have instigated a project to improve the ability for organizations around the world to accurately measure and report emissions from on farm beef production. The first stage of this report recommends action on methodology alignment, accounting for land use change and sequestration, and the impact of methane. We are members of the C-Sequ initiative, which aims to develop an internationally recognized and globally adopted carbon sequestration calculation method for cattle production. We are members of Cool Farm Alliance and involved in the Livestock Working Group to develop on farm GHG solutions which can be used around the world.

4. Science Based Targets Initiative: In March 2018, McDonald's became the first restaurant company in the world to address global climate change by setting a Science Based Target to significantly reduce greenhouse gas emissions. See C4.

5. We Are Still In (WASI): In 2018, McDonald's joined more than a dozen others on the WASI Leaders Circle, and participated in WASI speaking engagements at the Global Climate Action Summit in San Francisco.

6. Packaging Challenges and Partnership: In 2018, McDonald's joined Starbucks & Closed Loop Partners in a groundbreaking partnership to develop a recyclable and/or compostable cup solution through NextGen Cup Consortium and Challenge. McDonald's is committing \$5 million in partnership with Closed Loop Partners, bringing the total contributed to \$10 million. The initial focus of the challenge is on the fiber-based hot and cold cup, starting with identifying solutions for a fully recyclable and/or compostable cup system in North America.

7. Renewable Energy: McDonald's North America Sustainability team is in the process of developing a strategy to implement RE purchasing. The program prioritizes RE solutions that are economically attractive.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The Global Supply Chain and Sustainability Department provides corporate staff leadership, coordination, and support for our global corporate social responsibility policies, 2020 goals, programs, and reporting. This group works with the Corporate Relations group to manage overall climate change strategy integration and consistency for external engagement practices, such as with NGOs or policymakers. These global departments coordinate with market-level subject matter experts and external advisors to establish the Company's goals across the Scale for Good strategy platform, including the Company's Science Based Target for climate action and Commitment on Forests.

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

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

McDonald's Sustainability & Corporate Responsibility Committee Charter.pdf

McDonalds 2018 Annual_Report.pdf

Page/Section reference

Committee Charter: Entirety (pg. 1-2) Annual Report pg numbers (report / PDF): - Business: Environmental matters - Report 3, PDF 5 - Risk factors: - Value and relevance of our brand... Report 4, PDF 5 - Changes in commodity and other operating costs... Report 7, PDF 9 - Increasing regulatory complexity... Report 7, PDF 9 Customer-Centric Growth Strategy section's discussion on Velocity Growth Plan describes Scale for Good and references GHG reduction commitment – Report 17, PDF 19

Content elements

Governance

Strategy

Risks & opportunities

Comment

Annual Report notes by section: - Business: Environmental matters - section discusses direct and indirect impacts of environmental matters, including climate change, and references our goals and initiatives on Climate Action as part of the Scale for Good framework. - Risk factors section o Failure to preserve the value and relevance of our brand could have an adverse impact on our financial results: - This section includes discussion on importance of our sustainability commitments (which include climate action) to brand and consumer trust. o Changes in commodity and other operating costs could adversely affect our results of operations: - Includes reference to potential impact on commodity and/or operating costs related to seasonal shifts and climate conditions. o Increasing regulatory complexity may adversely affect restaurant operations and our financial results: - "Additionally, we are working to manage the risks and costs to us, our franchisees and our supply chain of the effects of climate change, greenhouse gases, and diminishing energy and water resources. These risks include the increased public focus, including by governmental and nongovernmental organizations, on these and other environmental sustainability matters, such as packaging and waste, animal health and welfare, deforestation and land use." - Customer-Centric Growth Strategy section's discussion on Velocity Growth Plan... "Our Plan also includes the Company further embedding actions in response to certain social and environmental issues into the core of our business, which we refer to as using our Scale for Good. As one of the world's largest restaurant companies, our Scale for Good highlights our commitment to global priorities that are consistent with our strategic priorities and provides an opportunity to collaborate with our franchisees and suppliers to drive meaningful progress. While we're committed to working to address many challenges facing society today, we are elevating a few global priorities where we believe we can make the greatest difference in driving industry-wide change... In 2018, the Company demonstrated its dedication to these priorities, pledging commitments related to reducing greenhouse gas emissions, sourcing sustainable packaging, and making a difference for families through our food offerings, reading programs and Ronald McDonald House Charities."

Publication

In voluntary sustainability report

Status

Complete

Attach the document

20190819 Climate Action Website_McDonalds.pdf

Page/Section reference

Entirety of document (pg. 1-10) McDonald's does not issue standalone ESG reports, but rather continues its commitment to strong senior management governance and regular ESG reporting with annual updates to its strategy, goals, and performance KPI website pages. The Climate Action website page includes a CEO quote/video and discussion on climate strategy and goals which is updated annually. <https://corporate.mcdonalds.com/corpmcd/scale-for-good/climate-action.html>

Content elements

Governance

Strategy

Risks & opportunities

Emission targets

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

McDonald's Becomes the First Restaurant Company to Set Approved Science Based Target to Reduce Greenhouse Gas Emissions_Press release.pdf

McDonalds_White House_Climate Pledge_Oct 19 2015.pdf

Page/Section reference

Science Based Target Document: Entirety (pg. 1-5) White House Climate Pledge: Entirety (pg. 1)

Content elements

Strategy

Emission targets

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

20190819_Our Scale for Good Approach_Website_McDonalds.pdf

Page/Section reference

Entirety of document (pg. 1-10)

Content elements

Strategy
Risks & opportunities

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

Using Our Scale for Good_ Taking Big Steps to Reduce Our Carbon Footprint_Press release.pdf

Page/Section reference

Entirety of document (pg. 1-12)

Content elements

Strategy
Risks & opportunities
Emission targets

Comment

Publication

In other regulatory filings

Status

Complete

Attach the document

McDonald's Sustainability & Corporate Responsibility Committee Charter.pdf
McDonalds_Corporation_2019_Notice_of_Annual_Shareholders_Meeting_and_Proxy_Statement.pdf

Page/Section reference

Committee Charter: All, pg 1-2 Proxy page numbers- see Comment for detail: 3: Chairman's letter - Scale for Good overview and shareholder engagement 10: Responsible Leadership Highlights- commitment to climate action as global priority 30: Sustainability and Corporate Responsibility Committee - Board governance approach on sustainability and commitments 34: Responsible Leadership- commitment to Climate Action, SBTi-approved GHG reduction target, LEED/sustainability credentials of headquarters

Content elements

Governance
Strategy
Emission targets

Comment

pg 3: Scale for Good overview embedded in Chairman's letter, and additional reference to our ongoing engagement with shareholders around Scale for Good among other matters. pg 10: Responsible Leadership Highlights section references our commitment to climate action as a global priority pg 30 Sustainability and Corporate Responsibility Committee section provides overview of Board governance approach on sustainability matters and commitments, which includes climate action pg 34: Responsible Leadership section highlights commitment to Climate Action, SBTi-approved GHG reduction target, participation at the Global Climate Action Summit, and the LEED/sustainability credentials of our new headquarters in Chicago

Publication

In voluntary sustainability report

Status

Complete

Attach the document

20190819 ESG Progress and Performance Website_McDonalds.pdf
20190819 ESG Reporting Webpage.pdf
20190819 Scale For Good Governance Webpage.pdf

Page/Section reference

- All 3 are website snapshot documents without traditional page numbers. - Page 4-5 of ESG performance summary PDF has specific energy/climate information, which will be updated this fall following CDP reporting cycle. - Other 2 website documents outline how McDonald's does not issue standalone ESG reports, but rather continues its commitment to strong senior management governance and regular ESG reporting with annual updates to its strategy, goals, and performance KPI website pages.

Content elements

Governance
Emissions figures
Other metrics

Comment

Websites: - ESG Progress and Performance: <https://corporate.mcdonalds.com/corpmcd/scale-for-good/esg-reporting/progress-and-performance.html> - ESG Reporting: <https://corporate.mcdonalds.com/corpmcd/scale-for-good/esg-reporting.html> - Scale for Good Governance: <https://corporate.mcdonalds.com/corpmcd/scale-for-good/esg-reporting/governance.html>

Publication

In voluntary sustainability report

Status

Complete

Attach the document

McDonalds_2016_Coffee_Sustainability_Report.pdf

McDonalds_2016_Sustainable_Fiber_Report.pdf

McDonalds_2017_Beef_Sustainability_Report.pdf

Page/Section reference

Entirety of all three documents addresses sustainable sourcing approach for climate-relevant commodities. Specific references to climate: - Beef – pg 5 – climate as priority impact area - Fiber – pg 5 reviews our commitment to eliminate deforestation, an important connection to climate action - Coffee- pg 8 references environmental and forest protection as part of the Sustainable Coffee Challenge, pg 10 references GHG reductions as part of training program outcomes in Brazil.

Content elements

Strategy

Risks & opportunities

Other metrics

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

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

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms