

Module: Introduction**Page: Introduction****CC0.1****Introduction**

Please give a general description and introduction to your organization.

McDonald's Corporation, together with its majority-owned subsidiaries worldwide (the "Company") operates and franchises McDonald's restaurants in the global restaurant industry. These restaurants serve a broad menu at various price points in more than 100 countries around the world, with more than 36,000 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 territory and may have the right to sub-franchise McDonald's restaurants within their territory 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 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 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 with input from Franchisees where appropriate, the Company further develops and refines operating standards, marketing concepts and product and pricing strategies, so that only those that the Company believes are most beneficial are introduced in the 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 endeavours 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.

Primary source performance data included in this Information Request and used to extrapolate information for all McDonald's markets generally reflects operations from nine markets: Australia, Brazil, Canada, China, France, Germany, Japan, the United Kingdom and the United States. The Company has selected these nine markets based on a number of factors, such as sales at both Company-owned and Franchised restaurants, revenues, operating income, number of McDonald's restaurants and potential for growth. Together, they represent about 70% of total revenues. Except where noted, reported performance includes McDonald's restaurants owned by the Company and those owned by Franchisees. For two of these markets (Brazil (operated by Arcos Dorados Holdings Inc., an independent publicly traded company, operating restaurants in Latin America and the Caribbean) and Japan (operated by McDonald's Holding Company (Japan), Ltd., an independent publicly traded company)), we rely entirely on the accuracy of the performance data provided by each company's management team.

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 2016 Annual Report, pg 9 of McDonald's Corporation's Form 10-Q for the quarter ending March 31, 2017 and 2014 Good Business Report.

CC0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed

Fri 01 Jan 2016 - Sat 31 Dec 2016

CC0.3**Country list configuration**

Please select the countries for which you will be supplying data. If you are responding to the Electric Utilities module, this selection will be carried forward to assist you in completing your response.

Select country

CC0.4**Currency selection**

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

USD(\$)

CC0.6**Modules**

As part of the request for information on behalf of investors, companies in the electric utility sector, companies in the automobile and auto component manufacturing sector, companies in the oil and gas sector, companies in the information and communications technology sector (ICT) and companies in the food, beverage and tobacco sector (FBT) should complete supplementary questions in addition to the core questionnaire.

If you are in these sector groupings, the corresponding sector modules will not appear among the options of question CC0.6 but will automatically appear in the ORS navigation bar when you save this page. If you want to query your classification, please email respond@cdp.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below in CC0.6.

FBT

Further Information

Attachments

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC0.Introduction/McDonalds_2014_sustainability_report.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC0.Introduction/McDonalds_2014_sustainability_report.pdf)

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC0.Introduction/McDonald's 2016 Annual Report.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC0.Introduction/McDonald's%202016%20Annual%20Report.pdf)

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC0.Introduction/McDonald's Form 10Q - March312017.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC0.Introduction/McDonald's%20Form%2010Q%20-%20March312017.pdf)

Module: Management**Page: CC1. Governance**

CC1.1**Where is the highest level of direct responsibility for climate change within your organization?**

Board or individual/sub-set of the Board or other committee appointed by the Board

CC1.1a**Please identify the position of the individual or name of the committee with this responsibility**

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 of International Lead Markets and Chief Restaurant Officer, who reports to President and Chief Executive Officer Steve Easterbrook. The Chief Supply Chain and Sustainability Officer serves together with the Chief Communications Officer, Chief People Officer and Chief Marketing Officer as the Company's Brand Trust Leadership Team, which ensures the organization fulfils its overall Global Sustainability Framework performance.

In addition, the Sustainability and Corporate Responsibility Committee of the Board of Directors, a standing committee of the Board of Directors, 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 attachment for Committee Charter and pg. 29 of the 2017 Proxy Statement.

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 change. 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.

CC1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

CC1.2a

Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
Chief Executive Officer (CEO)	Recognition (non-monetary)	Efficiency target Supply chain engagement Other: Global Sustainability Framework aspirations	Recognition and support for the Global Sustainability Framework aspirations to source all food and packaging sustainably and to develop and operate the most environmentally efficient McDonald's restaurants, which relate to the management of climate change issues. Please see the introduction (pg. 3) of the 2014 McDonald's Good Business Report (our most recent corporate sustainability report.)
Environment/Sustainability managers	Monetary reward	Emissions reduction project Energy reduction project Efficiency project Efficiency target Supply chain engagement Other: Supply chain	Where these employees' annual Individual Performance Plans set out objectives related to climate change 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 2020 goals for sustainable sourcing of food and packaging and environmental efficiency in restaurants, such as through energy or emissions reduction projects, efficiency improvements and/or behavior changes that help to advance McDonald's energy efficiency and supply chain sustainability targets.

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
		sustainability goals and projects	
Other: Chief Supply Chain and Sustainability Officer, Chief Communications Officer, Chief People Officer, Chief Marketing Officer	Monetary reward	Other: Sustainable sourcing and environmental efficiency progress	Serve as the executive sponsors of McDonald's brand trust strategy and Global Sustainability Framework, including the aspirations to source all food and packaging sustainably and to develop and operate the most environmentally efficient McDonald's restaurants, which relate to the management of climate change issues.
Other: Franchisees, Suppliers and Company staff	Recognition (non-monetary)	Emissions reduction project Energy reduction project Efficiency project Environmental criteria included in purchases Supply chain engagement Other: Other sustainability projects as described at right	McDonald's Worldwide Convention: Suppliers of Kitchen Equipment and Building System Equipment are rewarded through an Energy Recognition Program at McDonald's Worldwide Convention (Biennially) for products with demonstrated energy efficiency attributes. Awards are given for the categories outlined above, but all submissions are recognized with a label highlighting the energy savings of the product. This is used to incentivize global uptake of more efficient products within McDonald's restaurants. 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 Priority Impact Areas are integrated into the SPI expectations, including climate change. 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.

Further Information

Attachments

https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/SCR_COMMITTEE_CHARTER_2016.pdf
<https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared>

Page: CC2. Strategy

CC2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

CC2.1a

Please provide further details on your risk management procedures with regard to climate change risks and opportunities

Frequency of monitoring	To whom are results reported?	Geographical areas considered	How far into the future are risks considered?	Comment
Six-monthly or more frequently	Senior manager/officer	Markets worldwide	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.

CC2.1b

Please describe how your risk and opportunity identification processes are applied at both company and asset level

The Company's risk management process identifies & prioritizes risks that can have major impacts on the brand &/or long-term sustainable, profitable growth. Senior managers in a wide range of functional areas have lead responsibility for identifying & managing risks within their areas of expertise. In many cases, they have their

own formal risk identification & management processes. Senior Management has established an on-going cross-functional team to further strengthen senior-level oversight & global alignment on issues that can impact the brand &/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 & incorporate these considerations into contingency planning.

In 2014, McDonald's Global Supply Chain strengthened our approach to strategically manage supply risk as a company & created a new Senior Director of Supply Chain Risk Management position that reports to the Chief Supply Chain & 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 & 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 Sustainable Sourcing on identified environmental risks.

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

CC2.1c

How do you prioritize the risks and opportunities identified?

The Company prioritizes risks & 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 & packaging to restaurants. The scope & approach for risk mitigation efforts depend on the level of impact & 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 & 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 & execution costs.

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

Failure to preserve the value & 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 & environmental practices to achieve long-term sustainability, which benefits McDonald's & the communities we serve. See Further Information.

CC2.1d

Please explain why you do not have a process in place for assessing and managing risks and opportunities from climate change, and whether you plan to introduce such a process in future

Main reason for not having a process	Do you plan to introduce a process?	Comment
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CC2.2

Is climate change integrated into your business strategy?

Yes

CC2.2a

Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

To enable the greatest impact, we've established seven "Priority Impact Areas" on which to focus our sustainability work that extends across our entire value chain (supply chain through restaurants). These include: Preserve forests; Address climate change; Reduce food & packaging waste; Respect human rights; Advance economically viable farming; Promote the health & welfare of animals; Protect water. The Company believes climate change presents a significant global challenge that, if left unaddressed, will have far-reaching implications for generations to come, therefore we integrate climate change considerations into our business strategies for both restaurants & supply chain.

As a global food company, we depend on healthy ecosystems & communities around the world to help produce the food & beverages our customers love. We recognize the role we play in addressing this important challenge & doing what we can to reduce our carbon footprint. We aspire to develop & operate the most environmentally-efficient McDonald's restaurants & to source our food & packaging sustainably.

We have public, global commitments related to our climate-related business strategies on corporate.mcdonalds.com, including McDonald's White House American Business Act on Climate Pledge, McDonald's Energy & Climate Change Position Statement, & McDonald's Commitment on Forests, attached below.

These outline our 2020 goals to support sustainable beef, palm oil, fiber for packaging & coffee, & our global commitment to eliminate deforestation from our supply

chain. We believe that an effective approach towards addressing deforestation will require strong collaboration between governments, civil society & the private sector. We will continue to actively engage with a variety of stakeholders to identify & protect High Conservation Value areas & High Carbon Stock forest areas within our supply chains & work with suppliers, governments, producers & other corporate & non-governmental organization partners to achieve this commitment.

In collaboration with McDonald's independent Franchisees, we're striving to reduce the carbon footprint of restaurant operations by enhancing energy efficiency, including a 2020 goal to increase energy efficiency by 20%, & by minimizing waste & increasing recycling. We also encourage renewable energy sourcing, evidenced by the purchase of 76% electricity from renewable sources by McDonald's restaurants across 19 European markets as of 2015.

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 programming to gain a better understanding of the greenhouse gas footprint of our supply chain & focusing on greenhouse gas emissions & other environmental impacts from the restaurants & non-food supply chain (e.g. toys, logistics, packaging).

We recognize the value of evaluating our environmental impacts & assessing environmental issues that have the potential to affect business strategy. Climate change may affect the business strategy in the following ways: may potentially disrupt food production & agricultural practices; increases in 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. We continue to make strides in developing impact assessments to guide our strategies for enhancing future environmental performance & addressing these issues.

The Company has engaged Aligned Incentives (formerly a team at Enviance) to estimate the McDonald's System's total "enterprise-wide" greenhouse gas footprint in compliance with WRI's GHG Protocol (Scopes 1, 2 & 3, including the Company, Franchisees & independent suppliers (collectively, the McDonald's System)).

19 European markets track their carbon footprint & the Company uses the measurement to build on existing initiatives & to develop new plans as part of a comprehensive strategy to reduce GHG emissions while working in collaboration with markets, restaurants & suppliers throughout Europe. As a result, addressing our impacts requires the efforts of all three legs of our three-legged stool—the Company & its employees, Franchisees, & suppliers. The Company plans to extend the carbon footprint toolkit to more markets outside Europe.

The Company takes both a short & long-term approach to building climate change into our business strategy. In the short-term, the Company's emphasis on energy efficient restaurant design & restaurant equipment choices is an example of how the business strategy has been influenced in part by climate change issues. Specific technology options are being promoted to Franchisees based on their energy efficient design features. Additionally, our emphasis on training our own employees on energy efficient practices will help to manage the carbon footprint of McDonald's.

Building design evolutions are examples of progress & substantial business decisions made that are related to climate change. The Company formalized its Green Building Guidelines for European markets in 2009-2010, & enhanced them to include an even broader array of sustainability issues & impacts in 2015. Between 2010 & 2014, some 3,880 (49%) of the new, remodeled & re-imaged restaurants were in alignment with these guidelines. The Company's U.S. Restaurant Design department strives to reduce restaurant energy use & water use over the next several years through the design & comparison of our prototypical buildings. In the U.S., the Company has compared its 2005 prototype design to its current prototype to analyze the energy & water saving features that have become standard since that time. When compared to the 2005 U.S. prototype restaurant designs, the 2015 design standards have contributed to a 16.7% reduction of electricity use, a 1.4% reduction in natural gas, & a 19% reduction of water use in the restaurants.

Over the longer term, 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. Food supply is of course critical to the Company's business strategy & one of the key business drivers for incorporating climate change into our business strategy. The work of GSCS & the 2020 sustainable sourcing aspirations are therefore clear examples of how climate change is

integrated into the business strategy.

All of these measures are intended to reduce the Company's risk regarding climate change. They also add other types of business value by helping to reduce costs (energy efficiency) & engage Company employees on the Company's broader sustainability agenda.

CC2.2b

Please explain why climate change is not integrated into your business strategy

CC2.2c

Does your company use an internal price on carbon?

No, and we currently don't anticipate doing so in the next 2 years

CC2.2d

Please provide details and examples of how your company uses an internal price on carbon

CC2.3

Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)

Funding research organizations
Other

CC2.3a

On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
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CC2.3b

Are you on the Board of any trade associations or provide funding beyond membership?

CC2.3c

Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
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CC2.3d

Do you publicly disclose a list of all the research organizations that you fund?

No

CC2.3e

Please provide details of the other engagement activities that you undertake

The Company engages with suppliers, councils, non-governmental organizations, roundtables, & sponsorships to support advancements in sustainable land management, agriculture, supply chains, logistics & operations. We believe these efforts can have an influence on the development & adoption of global best practices & 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 & materials for packaging in an ethical & responsible manner, & sustainability is an integral part of how we measure their performance. Our journey toward sustainable sourcing begins with direct

suppliers & 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, & poultry. In 2014, we became signatory to the UN's Joint Statement on Climate-Smart Agriculture. See questions FBT1.7a, FBT1.7d, & FBT2.2 for more information about how we engage across our agriculture supply chain.

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. In 2015, McDonald's announced a global Commitment on Forests across the Company's global supply chain. The commitment encompasses the entire supply chain & focuses on priority products, for which the Company has started to develop specific time-bound sourcing targets. The fiber-based consumer packaging time-bound target was published in last year's sustainable packaging report (attached) & the beef time-bound target was published in the recent sustainable beef report (attached). In 2014, the Company endorsed the New York Declaration on Forests. 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. See attached Commitment on Forests & supporting addendum.

3. Sustainable Beef: 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, the GRSB finalized a global set of principles & criteria, marking a major milestone in our journey to sustainable beef. We met our commitment, established in 2014, to begin purchasing sustainable beef. In 2016 we purchased a portion of beef from a fully verified sustainable supply chain in Canada through a pilot program, followed by Arcos Dorados, McDonald's Developmental Licensee in Brazil sourcing beef through the Novo Campo program during the Rio Olympics. 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. The Company serves on the GRSB Executive Board, & fully supports the principle of a multi-stakeholder organization. As such, in our local markets we are supporting roundtables & other initiatives supporting sustainable beef production that align with the GRSB principles such as the Canadian Roundtable for Sustainable Beef, Brazilian Roundtable for Sustainable Livestock (GTPS), U.S. Roundtable for Sustainable Beef (of which the Company is a founding member) & the Sustainable Agriculture Initiative (SAI) Platform's Beef Working Group. The Company works with numerous stakeholders at the farm-level to address sustainability in beef production through these roundtables & initiatives.

4. HFC-free Refrigeration: We monitor HVAC suppliers' natural refrigerant commercialization plans so that we can incorporate natural refrigerants into our HVAC designs when this technology becomes available at a reasonable price. In Europe where regulation allows, smaller scale equipment has been made available with HFC-free refrigerants.

5. Haga Initiative - In Sweden, the Company joined the national "Haga Initiative," a cross-industry network of leading companies in the environmental space whose goal is to reduce carbon emissions from the business sector. Joining the Haga Initiative is part of McDonald's Sweden's broad-based, long-term & ambitious climate strategy. McDonald's Sweden contributes valuable know-how to the network.

CC2.3f

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 sustainable sourcing and restaurant environmental efficiency aspirations in the Global Sustainability Framework, as well as the Commitment on Forests and Energy & Climate Change Position Statement.

CC2.3g

Please explain why you do not engage with policy makers

Further Information

Additional information on how we identify and prioritize climate change risks and opportunities in the Company's 2016 Annual Report (attached), and summarized below: Changes in commodity and other operating costs could adversely affect our results of operations. The profitability of Company-operated restaurants depends in part on our ability to anticipate and react to changes in commodity costs, including food, paper, supply, fuel, utilities, distribution and other operating costs. Any volatility in certain commodity prices could adversely affect our operating results by impacting restaurant profitability. For example, the commodity markets for some of the ingredients we use, such as beef and chicken, are particularly volatile due to factors such as seasonal shifts and climate conditions, among other unpredictable factors. We can only partially address future price risk through hedging and other activities. Increasing regulatory complexity may adversely affect restaurant operations and our financial results. 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, as well as the increased pressure to make commitments, set targets or establish additional goals and take actions to meet them. Additionally, the ongoing relevance of our brand may depend on the success of our sustainability initiatives which will require system-wide coordination and alignment. We prioritize programs to support our stated sustainability goals and to address these and other matters of social responsibility in a way that inspires Brand trust and confidence. The Company monitors developments related to environmental matters & plans to respond to governmental initiatives in a timely & appropriate manner. At this time, the Company has already begun to undertake its own initiatives relating to preservation of the environment, including the implementation of more energy efficient equipment & management of energy use & more sustainable sourcing practices in many of its markets. Key among the teams responsible for supporting the above process with respect to climate change risks (per CC2.1b) is the Global Supply Chain & Sustainability (GSCS) department, which represents environmental leads from global & major markets. GSCS collaborates with Design, Equipment, Operations & Supply Chain staff as well as the Company's independent Franchisees & suppliers to assess, prioritize & manage localized asset-level climate change risks & opportunities.

Attachments

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonaldsCommitmentOnForestsAddendum.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonaldsCommitmentOnForestsAddendum.pdf)
[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonalds_White House_Climate Pledge_Oct 19 2015.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonalds_WhiteHouse_ClimatePledge_Oct192015.pdf)

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonald_s_2016_Sustainable_Fiber_Update.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonald_s_2016_Sustainable_Fiber_Update.pdf)
[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonald's 2016 Annual Report.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonald's%202016%20Annual%20Report.pdf)
[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonaldsCommitmentOnForests.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonaldsCommitmentOnForests.pdf)
[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonalds-Beef-Sustainability-Report 2017.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/McDonalds-Beef-Sustainability-Report%202017.pdf)

Page: CC3. Targets and Initiatives

CC3.1

Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year?

Intensity target

CC3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions covered by target (metric tonnes CO2e)	Target year	Is this a science-based target?	Comment

CC3.1b

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions covered by target	Target year	Is this a science-based target?	Comment
Int1	Scope 2 (location-based)	82.6%	20%	Other: : mt CO2e/GC, converted from actual goal metric of restaurant kWh per number of sales transactions, or "guest counts" (GC)	2013	0.000745	2020	No, but we anticipate setting one in the next 2 years	The Company does not have an explicit emissions reduction goal yet, but has an energy intensity goal, which is a 20% increase in energy efficiency of Company-owned restaurants in the top 9 markets (excluding Brazil and Japan where we do not have Company-owned restaurants) by 2020. Accordingly, the goal reported here is not an emissions goal, but reflects a conversion of the Company's energy intensity goal. Our energy intensity goal has a base year of 2013. Therefore, normalized base year emissions were calculated by converting kWh/GC (GC=Guest Count) from restaurants in scope of goal (as reported on pg 63 of 2012-2013 CSR & Sustainability Report) into mt CO2e, using base year GHG Protocol average U.S. electricity emissions factor of 0.538 kg CO2e/kWh (2013 factor). The Company does not currently track estimated greenhouse gas emissions per guest count (GC), so this conversion is for purposes of this CDP Information Request only. We roughly estimate that about 82.6% of the Company's Scope 1&2 base year emissions could be impacted by this goal if we apply the same average U.S. electricity emissions factor to the total kWh used by restaurants in the top 9 markets in the base year (excluding Brazil and Japan).

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
Int1	Increase	0			At this time, we cannot reasonably predict a percentage change in absolute Scope 1&2 emissions for 2020. We seek to grow the business in the coming years (through new restaurant openings and increasing sales at existing restaurants.) Therefore, we can only assume that absolute Scope 1&2 emissions will increase by 2020. Accordingly, our Company goal (stated above) is to become more energy efficient on a per-guest count basis.

CC3.1d

Please provide details of your renewable energy consumption and/or production target

ID	Energy types covered by target	Base year	Base year energy for energy type covered (MWh)	% renewable energy in base year	Target year	% renewable energy in target year	Comment
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CC3.1e

For all of your targets, please provide details on the progress made in the reporting year

ID	% complete (time)	% complete (emissions or renewable energy)	Comment
Int1	43%	20%	With base year 2013 and target year 2020, we are about 43% complete in terms of time to our target. As explained above, the Company does not have an emissions target, but to provide a point of reference for this CDP Information Request we convert our energy intensity goal metric (kWh/GC) into emissions terms (mt CO2e/GC). This conversion is for the purposes of CDP disclosure only, and is not intended for any other use. We used the same emissions factor as for our base year (2013) to convert the Company's kWh/GC for 2016 into mt CO2e/GC terms. Our estimated energy intensity decreased by around 2% in 2016 compared to 2015. With regards to the 20% efficiency improvement target, this is about 20% complete. Increasing guest counts, energy efficiency measures and improved data collection and extrapolation methodology in 2016 drove KPI improvement towards our efficiency target.

CC3.1f

Please explain (i) why you do not have a target; and (ii) forecast how your emissions will change over the next five years

CC3.2

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

CC3.2a

Please 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	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
Product	<p>As a franchise organization, the Company provides Energy saving solutions and technologies to Franchisees which enable them to avoid emissions. Here are some examples: -European Energy Management Guidelines are hosted on an internal website that features interactive resources for country energy management. The EMG website provides: - A framework to pursue energy saving activities (Responsibilities, Operational Practices, Monitoring & Reporting Tools, Automatic Controls) - Access to documents that represent current best practices (Fire-up/Down Schedules, Energy Saving Handbooks, Energy Audits) - Questionnaire that provides instant 'tailored' recommendations on the steps that should be taken to reduce energy consumption, based on the current status of restaurants in a market. - As of 2015, in the U.S., the Company developed the restaurant equipment fire-up tool, a computer program that has become a widely accepted energy-efficiency tool in McDonald's restaurants. Based on restaurant-specific equipment and operating hours, this tool identifies the optimum times to turn kitchen equipment on or off. It also helps managers and crew follow the recommended schedule. Through the consistent use of the fire-up schedule and associated tools, it's been estimated that the average restaurant can save up to about \$1,500 per year. 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,</p>	Avoided emissions	Other: Energy efficiency translates into GHG reductions	0%	Less than or equal to 10%	

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
	applicable for both Company-owned and Franchisee restaurants, can help to reduce GHG emissions.					
Product	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. In Sweden, the Company 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. By the end of 2016 McDonald's restaurants had fast chargers installed in 18 locations with an additional 7-12 due to be added in 2017. In 2016, 58,901 kWh was charged which is equivalent to approximately 327,000 km of driving, and the electricity was 100 % hydro.	Avoided emissions	Other: Electric vehicles avoid fossil fuels if powered by renewables	0%	Less than or equal to 10%	

CC3.3

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

Yes

CC3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*		
Implementation commenced*	7	27552
Implemented*		
Not to be implemented		

CC3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
Energy efficiency: Building fabric	In the U.S., LED lighting is now standard for all new and rebuilt McDonald's	27552	Scope 1 Scope 2 (location-based)	Voluntary	4938	0	<1 year	Ongoing	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 represent an

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>restaurants (excluding certain signs and equipment lamps). Since 2010, U.S. restaurants that have used LED lighting have achieved an estimated average reduction of 7% in energy usage per year. We estimate that they have collectively saved or avoided about 114 million kilowatt hours and \$11 million in energy costs (as of 2015). In Europe, LED lights are now part of the restaurant guidelines for all markets. As of</p>								<p>incremental investment cost. Figures cited here represented estimated savings in CO2e and U.S. dollars based on an average restaurant's annual energy usage. We track estimated efficiency improvements in kWh, not CO2e, so for consistency across this Investor Request, any estimated CO2e figures in CC3.3b were calculated using EPA average US electricity emissions factor of 0.558 kg CO2e/kWh. The estimated dollar savings figures are based on standardized parameter of \$0.10/kWh.</p>

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	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.								
Behavioral change	Company and Franchisee employees are provided resources about how to reduce energy use in the restaurants. For example through the Energy Management Guidelines, markets in Europe aim to reduce restaurant energy		Scope 1 Scope 2 (location-based) Scope 3	Voluntary	0	0		Ongoing	Actual investment costs and estimated monetary and CO2e savings results vary by restaurant. So far, about 2,300 McDonald's restaurant staff in the U.K. have completed the online sustainability training module, Planet Champions, which covers actions and information relating to energy reduction, water reduction, recycling, litter and sustainable sourcing.

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	consumption by identifying energy-saving potentials and providing customized recommendations, markets in Europe designed and released a cross-functional tool that assists managers and environmental leads at the country or regional levels in establishing energy efficiency measures for their markets and allows for structured advice to restaurant managers and Franchisees. The web-based tool helps assess the status quo and provides an								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>instant, personalized action plan with four key priorities: 1) people, 2) operational best practices, 3) monitoring and reporting tools and 4) automated energy controls. More broadly, the Global Supply Chain and Sustainability intranet site has a Restaurant Sustainability Resource Center with country-level best practice case studies for energy efficiency and GHG emissions reductions. Country energy and sustainability</p>								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	managers can compare tools and solutions working well in other regions for adaptation into their local restaurant environments, such as an energy audit survey tool designed for mobile applications. In the UK there is an on-line module available to all employees, giving background about the importance of initiatives driving sustainability, and highlighting actions that can be taken in restaurants and at home to								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	reduce energy and water consumption, increase recycling and promote good welfare practices. At the end of the module, employees are encouraged to volunteer to become their restaurant's Planet Champion, the 'environmental voice' of the restaurant, leveraging the environmental enthusiasm of the restaurant crew to lead activities to benefit the business and environment.								
Energy	European Green		Scope 1	Voluntary	0	0	<1 year	Ongoing	Actual investment costs and estimated

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
efficiency: Building fabric	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 new and remodeled restaurants. In 2008, markets in Europe began to develop principles for green building that address the major restaurant impacts. These standards were formalized in		Scope 2 (location-based) Scope 3						monetary and CO2e savings results vary by restaurant.

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>2009-2010, and enhanced to include an even broader array of sustainability issues and impacts in 2015. They provide guidance for our development teams and contractors to develop more sustainable buildings. NEW RESTAURANT GUIDELINES For new European restaurants there are Gold (minimum required) and Platinum-level standards. The standards include a mix of low cost, practical measures and</p>								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>more expensive and innovative measures that align to the principle of achieving the higher efficiency buildings envisaged for 2020. They cover the areas of construction of the building shell, energy management, lighting, heating, ventilation and air conditioning (HVAC), refrigeration, water and renewable energy. Both levels also present significant estimated GHG reductions.</p> <p>REMODEL GUIDELINES</p>								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	Similarly for European remodeling projects, there are three levels of standards based on similar principles—Silver (minimum required), Gold and Platinum—which focus on solutions feasible in remodeling projects. The standards address construction practices affecting lighting, water, heating, ventilation and air conditioning (HVAC), refrigeration, energy management and renewable energy installations.								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>These standards provide potential GHG reductions. Between 2010 and the end of 2014, it is estimated that more than 1 of every 2 of the new, remodeled and re-imaged restaurants were in alignment with these green guidelines. These guidelines are internal only and not an independent third party certification.</p>								
Product design	Energy Efficiency Improvements in Kitchen Equipment - Kitchen equipment presents a significant		Scope 1 Scope 2 (location-based) Scope 3	Voluntary	0	0		Ongoing	<p>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</p>

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>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</p>								<p>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 Actual investment costs and estimated monetary and CO2e savings results will vary by restaurant. 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.</p>

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>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. One example is the Low Oil Volume Fryer - While packaging is probably one of the most visible environmental aspects of our customers' dining experience, there are many innovations</p>								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>behind the scenes to help avoid waste. For example, new McDonald's restaurants and some existing sites now use low oil volume (LOV) fryers. Collaborating with our key equipment suppliers the Company was able to design a fryer that uses up to 40% less oil and about 4% less energy for heating than previous models. The LOV fryer improves cooking efficiency and simplifies filtering and cleaning. It also reduces packaging waste for markets using</p>								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>“jug-in-box” oil delivery and results in less oil to be disposed of for recycling or rendering. After the completion of successful tests, both electric and gas versions of this fryer are now in use and available for McDonald's restaurants worldwide. By 2016, about 24,800 LOV fryers have been purchased for McDonald's restaurants, reducing waste oil across the globe (3857 LOV fryers were purchased in 2016).</p>								
Low	The Company		Scope 1	Voluntary	0	0		Ongoing	Actual investment costs and estimated

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
carbon energy installation	and its Franchisees continue to take incremental steps to identify and assess small-scale alternative energy solutions in McDonald's restaurants including solar photovoltaic and geothermal. In some markets this includes the use of renewable energy. In Portugal, the Company aims to reduce CO2 emissions by investing in renewable energy sources. Besides purchasing green energy, the Company is generating		Scope 2 (location-based) Scope 2 (market-based) Scope 3						monetary and CO2e savings results will vary by restaurant. The restaurants in Portugal referenced are equipped with photovoltaic panels expected to produce 5,500 kilowatt hours of electrical energy per year. This energy can be used by the restaurants or sold to energy suppliers at a rate higher than the purchasing price, as energy from renewable resources is subsidized by the government. Currently, the restaurants sell the electrical energy they generate. The payback period for the investment is seven years. Please see video for more detail about the U.S. projects referenced: http://www.youtube.com/watch?v=rpeq9pTIVsM

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	energy from photovoltaic power, currently in 17 restaurants in Portugal. 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.								
Fugitive emissions reductions	Use of HFC-Free refrigerants in our restaurants - As of 2015, we estimate that McDonald's restaurants		Scope 1 Scope 3	Voluntary	0	0		Ongoing	Actual investment costs and estimated monetary and CO2e savings results vary by restaurant.

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>worldwide have installed over 21,900 pieces of HFC-Free refrigeration equipment since 2010. McDonald's European markets, which have led the testing of HFC-free alternatives across McDonald's, have installed equipment including meat freezers, frozen fry dispensers and display refrigerators. In addition, McDonald's has released R290 equipment for use in some refrigeration units in the US as US regulations have</p>								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>evolved. In 2016, more than 8600 pieces of equipment using R290- refrigerant were purchased for McDonald's restaurants globally. While we have made significant progress in HFC-free equipment replacement we still have more work to do, especially with larger equipment and in regions beyond Europe. These challenges are echoed by our industry, requiring additional focus.</p>								
Low carbon energy	Though reducing and optimizing energy		Scope 1 Scope 2 (market-	Voluntary	0	0		Ongoing	

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
purchase	consumption is our first choice when it comes to improving the Company's carbon footprint, we also encourage renewable energy sourcing, evidenced by the purchase of 76% electricity from renewable sources by McDonald's restaurants across 19 European markets as of 2015. Purchasing energy from renewable sources such as photovoltaic, wind, biomass and hydropower helps to improve environmental performance, as		based) Scope 3						

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	<p>developments or generating renewable energy onsite. 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. Eleven other European markets – Austria, Belgium,</p>								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary / Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	France, Ireland, Germany, Hungary, the Netherlands, Norway, Portugal, Sweden and Switzerland – have achieved, or are working toward, purchasing 100 percent renewable energy for their restaurants.								

CC3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment

Method	Comment
Financial optimization calculations	We continue to investigate additional means to drive investment in emissions reduction and energy-saving activities. For example, in 2014 the Company worked with EDF Climate Corps Fellows at both the global level and in China to establish more optimal models to invest in energy efficiency for McDonald's restaurants. This process is happening again in 2017.
Internal incentives/recognition programs	Worldwide Convention: Suppliers of Kitchen Equipment and Building System Equipment are rewarded through an Energy Recognition Program at McDonald's Worldwide Convention (Biennial) for products with demonstrated energy efficiency attributes. Awards are given to leading suppliers for innovation in energy efficiency.
Dedicated budget for energy efficiency	Various Company markets have a portion of their capital budgets directed toward energy efficiency investments for Company-owned restaurants, such as recent LED lighting and high efficiency HVAC retrofits in the U.S.

CC3.3d

If you do not have any emissions reduction initiatives, please explain why not

Further Information

See the 2014 Good Business Report for additional context about our goals and initiatives (attached) which remains relevant for 2016. We do not currently have an efficient system to track individual projects related to CO2e savings, so the project list above represents only a sample of examples and project scopes.

Attachments

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC3.TargetsandInitiatives/McDonalds_2014_sustainability_report.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC3.TargetsandInitiatives/McDonalds_2014_sustainability_report.pdf)

Page: CC4. Communication

CC4.1

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	Status	Page/Section reference	Attach the document	Comment
In mainstream reports (including an integrated report) but have not used the CDSB Framework	Complete	McDonald's Corporation 2016 Annual Report, pg. 6	https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/CC4.1/McDonald's 2016 Annual Report.pdf	
In voluntary communications	Complete	McDonald's White House Climate Pledge (1 page document)	https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/CC4.1/McDonalds_White House_Climate Pledge_Oct 19 2015.pdf	McDonald's White House American Business Act on Climate Pledge outlines our continued commitment to managing our carbon footprint. Working with our suppliers, we aim to eliminate deforestation and to support sustainable beef, palm oil, fiber for packaging and coffee. In collaboration with McDonald's independent franchisees, we're striving to reduce the carbon footprint of restaurant operations by enhancing energy efficiency, enabling renewable energy sourcing, minimizing waste and increasing recycling in McDonald's restaurants.
In voluntary communications	Complete	McDonald's Journey to Sustainable Fiber-based Packaging Report (6 page report)	https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/CC4.1/Mcd101_Sustainable Fiber Report_final.pdf	In line with the Company's mission to provide timely and transparent updates on our sustainability performance, we are evolving our reporting approach. Instead of focusing on a single annual Sustainability Report, we are transitioning to a more continuous reporting strategy to share current information on topics of importance to our business and society. The first in our series of updates focused on sustainable packaging and fiber sourcing. This contains progress toward our 2020 aspirational goal, advancements toward deforestation in our fiber supply chain and how we are collaborating with others to generate positive impacts across the industry.
In voluntary	Underw	McDonald'		In line with the Company's mission to provide timely and

Publication	Status	Page/Section reference	Attach the document	Comment
communications	day - previous year attached	s Good Business Report 2014		transparent updates on our sustainability performance, we are evolving our reporting approach. Instead of focusing on a single annual Sustainability Report, we are transitioning a more continuous reporting strategy to share current information on topics of importance to our business and society. The first of these reports was the Fiber-Based Packaging Report released in May (attached above).
In voluntary communications	Underway - previous year attached	McDonald's corporate website updates		We will post progress updates on our website on an ongoing basis - http://corporate.mcdonalds.com/mcd/sustainability.html
In voluntary communications	Complete	McDonald's Global Beef Sustainability report (13 page report)	https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/CC4.1/McDonalds-Beef-Sustainability-Report 2017.pdf	The third in our series of updates was published in early 2017 - our Global Beef Sustainability report which introduces our new 2020 beef sustainability goals. The report includes key highlights of our efforts to date in helping to lead a global movement on beef sustainability, including case studies from around the world. To complement the report we have also updated our country stories on our website, with further details of what is happening at the ground level: http://corporate.mcdonalds.com/mcd/sustainability/signature_programs/beef-sustainability.html
In voluntary communications	Complete	McDonald's Journey Towards Sourcing Sustainable Coffee (11 page report)	https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/CC4.1/McDonalds_2016_Coffee_Sustainability_Report.pdf	The second in our series of updates features key elements of our sustainable coffee sourcing efforts. The Coffee Sustainability Report shares progress toward our 2020 aspirational goal, introduces our new McCafé Sustainability Improvement Platform (SIP), highlights our participation in Conservation International's Sustainable Coffee Challenge and shares on-the-ground success stories.

Further Information

These publications can be found on various sections of www.aboutmcdonalds.com, including the Sustainability and Investors pages.

Module: Risks and Opportunities**Page: CC5. Climate Change Risks**

CC5.1

Have you identified any inherent climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Risks driven by changes in regulation
- Risks driven by changes in physical climate parameters
- Risks driven by changes in other climate-related developments

CC5.1a

Please describe your inherent risks that are driven by changes in regulation

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Product efficiency regulations and standards	Adoption of new regulations may increase	Increased operational cost	Unknown	Direct	Unknown	Unknown	Financial risks for the Company related to	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	The costs of these risk management efforts

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management methods	Cost of management
	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.						regulation could include higher energy costs (direct or embedded in supply costs) due to related regulations being placed on energy sources.	preservation of the environment, in many of our markets. (Intro applies to all responses in CC5.1a). 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 increase energy efficiency of Company-owned restaurants in the top 9 markets (excluding Brazil and Japan, which do not have Company-owned restaurants) 20% by 2020. Other management methods will vary by market. As discussed, in the U.K. the Company has committed for a 20-year period to purchase renewable energy 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. Eleven other European markets—Austria, Belgium, France, Ireland, Germany, Hungary, the Netherlands, Norway, Portugal, Sweden and Switzerland—have achieved or are working toward purchasing 100% renewable energy for their restaurants.	are built into our global operations and have not been specifically isolated at the corporate level at this time.
Uncertainty surrounding new regulation	Adoption of new regulations may increase costs for suppliers.	Increased operational cost	Unknown	Indirect (Supply chain)	Unknown	Unknown	See implications listed above.	In addition to the information above, the Company set sustainable sourcing aspirational goals for 2020 that address issues including climate change. Related priority products include beef, fiber-based packaging, coffee, fish, & palm oil. Poultry is identified as a priority product though no goals have been set as the Company is first working towards	The costs of these risk management efforts are built into our

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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.							developing guiding principles & best practices for sustainable poultry. 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 recently joined the CDP Supply Chain Platform & now requires the Company's top 16 suppliers by spend to respond to CDP Forests & CDP Climate Change. Through 2015, McDonald's Environmental Scorecard asked hundreds of direct suppliers to report how they are managing their facilities' environmental impacts & how they are setting & making progress on sustainability goals (e.g. energy efficiency, GHG emissions, renewable energy sourcing or generation, etc.), among other topics. In the U.S., the Company tracks cost-saving actions among supplier companies & categorizes which are sustainability-related actions.	global operations and have not been specifically isolated at the corporate level at this time.
General environmental regulations, including planning	Adoption of new environmentally-driven legislation (e.g.	Increased operational cost	Unknown	Indirect (Supply chain)	Unknown	Unknown	In the case of packaging, financial risks for the	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.	The costs of these risk management efforts are built

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	packaging) may increase costs and negatively affect supply chain optimization.						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.		into our global operations and have not been specifically isolated at the corporate level at this time.

CC5.1b

Please describe your inherent risks that are driven by changes in physical climate parameters

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Other physical climate drivers	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 supply	Reduction/disruption in production capacity	Unknown	Indirect (Supply chain)	Unknown	Unknown	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 & global risk consultancy Verisk Maplecroft to assess risk (operational, regulatory, & reputational	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 2.1b. 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 Sourcing Pillar strategies of McDonald's Global Sustainability Framework for these priority products are outlined here: http://corporate.mcdonalds.com/mcd/sustainability/sourcing.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 recently joined the CDP Supply Chain Platform and now requires the Company's top 16 suppliers to respond to CDP Forests and CDP Climate Change.	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

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>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.</p>						<p>) 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</p>		<p>with the industry to establish a set of metrics that will improve beef sustainability throughout the supply chain. The Company and our Franchisees have committed \$4.5 Million over 3 years to support research including exploring Adaptive Multi-Paddock (AMP) grazing to remove carbon from the atmosphere</p>

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
							<p>business risks across McDonald's value chain, from raw material sourcing, through manufacturing & distribution, to Company-owned & Franchised restaurants. This work will help the Company understand the likelihood of water-related business risk & magnitude of potential financial impacts, as well as what sections of the</p>		<p>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 48%* bigger yields in production of green coffee than</p>

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
							McDonald's value chain could be most affected.		their neighbors. *Initial results for participating farmers through 2015-16 harvest.
Other physical climate drivers	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	Reduction/disruption in production capacity	Unknown	Direct	Unknown	Unknown	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.	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 in pg. 22-27 of the 2014 Good Business Report including how we learn to innovate and scale sustainable design solutions from certified restaurants around the world.	The costs of risk management efforts are built into our global operations, but are unknown at this time.

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management methods	Cost of management
	<p>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</p>								

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	resources) and the uncertainty of these changes are potential risks to the Company								
Other physical climate drivers	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	Increased operational cost	Unknown	Indirect (Supply chain)	Unknown	Unknown	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	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 2.1b. 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 Sourcing Pillar strategies of McDonald's Global Sustainability Framework for these priority products are outlined here: http://corporate.mcdonalds.com/mcd/sustainability/sourcing.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 recently joined the CDP	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.

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>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</p>						<p>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 & global risk consultancy Verisk Maplecroft to assess operational, regulatory, & reputational risk in our supply chain. In 2009 & 2010 WWF</p>	<p>Supply Chain Platform and now requires the Company's top 16 suppliers to respond to CDP Forests and CDP Climate Change.</p>	

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
							<p>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</p>		

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
							financial impacts, as well as what sections of our value chain could be most affected.		

CC5.1c

Please describe your inherent risks that are driven by changes in other climate-related developments

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Reputation	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	Reduced demand for goods/services	Unknown	Direct	Unknown	Unknown	It is difficult to determine the direct financial implications of these risks.	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	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

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	brand trust.							<p>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 sustainable sourcing and</p>	<p>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.</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								restaurant environmental efficiency 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.	
	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	Reduced demand for goods/services	Unknown	Direct	Unknown	Unknown	It is difficult to determine the direct financial implications of these risks, as changing consumer preferences are both difficult to measure and uncertain.	The sustainability program, including aspirational goals for sustainable sourcing and restaurant environmental efficiency, is 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.	The Company's 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

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	to support a socially responsible company.								have not been specifically isolated at the corporate level at this time.

CC5.1d

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1e

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1f

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1c

Please describe your inherent opportunities that are driven by changes in other climate-related developments

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Other drivers	Employee Engagement and Education: Education and resources are provided at the restaurant level regarding energy management. For example, the Company's Operations and Training manuals for restaurant managers include materials on utility management, which helps both to educate and engage employees. Also, in the U.K. about 2,300 McDonald's restaurant staff in have completed the online sustainability training module,	Other: Reduce operational costs and increased employee engagement	Up to 1 year	Direct	Very likely	Medium	We believe that employee engagement and energy efficiency initiatives have and will continue to reduce our operational costs.	This opportunity is managed by Global Supply Chain and Sustainability along with other departments including Finance and Restaurant Training & Learning.	While there is typically an initial cost required before McDonald's will benefit from employee engagement and energy efficiency opportunities, currently these costs are not isolated at the corporate level and are addressed at the market and restaurant level.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Planet Champions, which covers actions and information relating to energy, water and waste reduction, recycling, litter and sustainable sourcing. This is important because human behaviors in the restaurants directly affect the energy efficiency of the restaurants.								
Other drivers	Energy Efficiency: The Company continually strives to increase our energy efficiency, as evidenced by the goal to increase restaurant energy efficiency of Company-owned restaurants and discussed in	Reduced operational costs	Up to 1 year	Direct	Virtually certain	Medium	We believe that employee engagement and energy efficiency initiatives have and will continue to reduce our operational costs.	This opportunity is managed by Global Supply Chain and Sustainability, along with other departments including Finance and Restaurant Training & Learning.	While there is typically an initial cost required before McDonald's will benefit from employee engagement and energy efficiency opportunities, currently these costs are not isolated at the corporate level and are

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Q3.2.								addressed at the market and restaurant level.
Reputation	Climate Change issues present the Company with an opportunity to demonstrate our leadership with customers and other third-party stakeholders that have an increasing focus on sustainability topics, as reflected by the increased data sharing and transparency of our sustainability reporting, our White House American Business Act on Climate Pledge, the Company's Commitment on Forests, and the Energy & Climate Change position statement (see attachments).	Other: Strengthen Brand	Up to 1 year	Direct	Likely	Medium	We believe that our Global Sustainability Framework and commitments will enable the Company to grow our business while making a positive difference in society.	The opportunity is managed by Global Supply Chain and Sustainability, with support from senior leadership and Communications teams. The Company's consumer research discussed in question 5.1c helps inform our communications and stakeholder engagement strategies around sustainability issues and actions.	Currently these costs are not isolated at the corporate level.
Reputation	Relative to our	Increased	Up to 1	Indirect	More likely	Medium	We believe	The opportunity is	Currently these

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	informal eating out competitors, Climate Change issues present the Company with an opportunity to showcase that environmental considerations have been integrated into our supply chain management and restaurant operations for years.	demand for existing products/services	year	(Supply chain)	than not		that our Global Sustainability Framework will enable the Company to grow our business by making a positive difference in society.	managed by Global Supply Chain and Sustainability, with support from senior leadership and Communications teams. The Company's consumer research discussed in question 5.1c helps inform our communications and stakeholder engagement strategies around sustainability issues and actions.	costs are not isolated at the corporate level.

CC6.1d

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

Increased focus by U.S. and overseas governmental authorities on environmental matters is likely to lead to new governmental initiatives, particularly in the area of climate change. While we cannot predict the precise nature of these initiatives, we expect that they may impact our business both directly and indirectly. Although the impact would likely vary by region and/or market, we believe that adoption of new regulations may increase costs, including for the Company, its Franchisees

and independent suppliers. We will continue to monitor climate change regulatory developments in our key markets and will update our opportunity assessments accordingly.

CC6.1e

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

At the moment, we believe that all physical changes in the climate may have an impact on our business by increasing the cost of food, supplies, transportation, and energy. Therefore, we do not identify any opportunities arising from physical climate parameters in the near future for our global operations. We will continue to monitor physical climate change parameters in our key markets and will update our opportunity assessments accordingly.

CC6.1f

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Attachments

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC6.ClimateChangeOpportunities/McDonaldsCommitmentOnForests.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC6.ClimateChangeOpportunities/McDonaldsCommitmentOnForests.pdf)
[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC6.ClimateChangeOpportunities/McDonaldsCommitmentOnForestsAddendum.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC6.ClimateChangeOpportunities/McDonaldsCommitmentOnForestsAddendum.pdf)
[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC6.ClimateChangeOpportunities/McDonalds_White House_Climate Pledge_Oct 19 2015.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC6.ClimateChangeOpportunities/McDonalds_White%20House_Climate%20Pledge_Oct%2019%202015.pdf)

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

Page: CC7. Emissions Methodology

CC7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Scope	Base year	Base year emissions (metric tonnes CO2e)
Scope 1	Tue 01 Jan 2013 - Tue 31 Dec 2013	216206
Scope 2 (location-based)	Tue 01 Jan 2013 - Tue 31 Dec 2013	1674777
Scope 2 (market-based)	Fri 09 Jun 2017 - Fri 09 Jun 2017	

CC7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

CC7.2a

If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

CC7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Fifth Assessment Report (AR5 - 100 year)
CH4	IPCC Fifth Assessment Report (AR5 - 100 year)
N2O	IPCC Fifth Assessment Report (AR5 - 100 year)
HFCs	IPCC Fifth Assessment Report (AR5 - 100 year)
PFCs	IPCC Fifth Assessment Report (AR5 - 100 year)
SF6	IPCC Fifth Assessment Report (AR5 - 100 year)

CC7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

Fuel/Material/Energy	Emission Factor	Unit	Reference
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Fuel/Material/Energy	Emission Factor	Unit	Reference
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Further Information

Attachments

<https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC7.EmissionsMethodology/7 McD CFP Emissions Factors and GWP 2017 data - final.xlsx>

Page: CC8. Emissions Data - (1 Jan 2016 - 31 Dec 2016)

CC8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Financial control

CC8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO₂e

210176

CC8.3

Please describe your approach to reporting Scope 2 emissions

Scope 2, location-based	Scope 2, market-based	Comment
We are reporting a Scope 2, location-based figure	We have operations where we are able to access electricity supplier emissions factors or residual emissions factors, but are unable to report a Scope 2, market-based figure	For restaurants, actual electricity data is reported by the top 9 markets for Company-owned restaurants (excluding Japan and Brazil). Electricity consumption is then extrapolated across all stores worldwide using statistical extrapolation methods based on key drivers of electricity consumption, such as guest count, climate conditions, and restaurant building characteristics. For corporate offices, electricity data is provided by the United States and European regions, which compose a large percentage of total office space across the world.

CC8.3a

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e

Scope 2, location-based	Scope 2, market-based (if applicable)	Comment
1792116		

CC8.4

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

CC8.4a

Please 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	Relevance of Scope 1 emissions from this source	Relevance of location-based Scope 2 emissions from this source	Relevance of market-based Scope 2 emissions from this source (if applicable)	Explain why the source is excluded
Emissions for Company-owned or controlled fleets based outside of the U.S. and offices based outside the U.S. and Europe were not estimated or included in this analysis.	Emissions are not relevant	Emissions are not relevant	Emissions are not relevant	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 based outside of the U.S. and offices outside 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 2016 analysis.

CC8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 30% but less than or equal to 40%	Data Gaps Assumptions Extrapolation	The Company was only able to collect sample data for natural gas and propane/LPG for stores in the top 9 markets (excluding Japan and Brazil). Due to lack of data, a predictive model was developed using regression analysis to extrapolate energy consumption for stores lacking fuel consumption data. This analysis found that fuel consumption is correlated with guest count, climate conditions and building characteristics, although the models for heating commodities explained less of total variance across observed data than the electricity model. A sensitivity analysis showed that the natural gas emission

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
			factors accounted for 52% of the total scope 1 variance and the combined fugitive emission factors accounted for 45% of total variance. The estimated uncertainty provided in the “Uncertainty Range” field is based on the observed variance below and above the mean value of a 95% confidence interval resulting from a Monte Carlo simulation.
Scope 2 (location-based)	More than 2% but less than or equal to 5%	Data Gaps Assumptions Extrapolation	The Company was only able to collect sample data for electricity consumption for stores in the top 9 markets (excluding Japan and Brazil). Due to lack of data, a predictive model was developed using regression analysis to extrapolate energy consumption for stores lacking electricity consumption data. This analysis found that electricity consumption is correlated with guest count, climate conditions and building characteristics, explaining a significant percentage of total variance across observed data. A sensitivity analysis showed that the emission factors for the Chinese market accounted for 42% of the total scope 2 variance and the energy extrapolations for the Russian market accounted for 20% of total variance. The estimated uncertainty provided in the “Uncertainty Range” field is based on the observed variance below and above the mean value of a 95% confidence interval resulting from a Monte Carlo simulation.
Scope 2 (market-based)			

CC8.6

Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

No third party verification or assurance

CC8.6a

Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
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CC8.6b

Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emission Monitoring Systems (CEMS)

Regulation	% of emissions covered by the system	Compliance period	Evidence of submission
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CC8.7

Please indicate the verification/assurance status that applies to at least one of your reported Scope 2 emissions figures

No third party verification or assurance

CC8.7a

Please provide further details of the verification/assurance undertaken for your location-based and/or market-based Scope 2 emissions, and attach the relevant statements

Location-based or market-based figure?	Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 2 emissions verified (%)
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CC8.8

Please identify if any data points have been verified as part of the third party verification work undertaken, other than the verification of emissions figures reported in CC8.6, CC8.7 and CC14.2

Additional data points verified	Comment
No additional data verified	

CC8.9

Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

CC8.9a

Please provide the emissions from biologically sequestered carbon relevant to your organization in metric tonnes CO2

Further Information

CC9.1

Do you have Scope 1 emissions sources in more than one country?

Yes

CC9.1a

Please break down your total gross global Scope 1 emissions by country/region

Country/Region	Scope 1 metric tonnes CO2e
North America	100289
Europe	54571
Asia, Australasia, Middle East and Africa	55316

CC9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By activity

CC9.2a

Please break down your total gross global Scope 1 emissions by business division

Business division	Scope 1 emissions (metric tonnes CO2e)
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CC9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude
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CC9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)
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CC9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)
Combustion	141175
Fugitive Emissions	69001

Further Information

Note: Regional emissions estimates reported here in CDP should not be compared to any other Company global or regional (e.g. country-level) communications regarding greenhouse gas emissions. This data reflects a different estimation methodology than country-level analyses conducted or reported in other channels. Furthermore, this data reflects more comprehensive analysis than was reported in the 2014 Good Business Report, published May 2015. Note: The Company's term for "Asia, Australasia, Middle East and Africa" has been "Asia, Pacific, Middle East, and Africa (APMEA)", although beginning on July 1, 2015, the Company started operating under a new organizational structure which segmented markets by similar characteristics and opportunities for growth rather than geography. Aligned Incentives (AI) addressed uncertainty in estimated restaurant GHG emissions by conducting 100,000 Monte Carlo simulations to establish 95% confidence intervals around both Scope 1 & 2 emissions estimates. After 100,000 Monte Carlo simulations the Company's total mean Scope 1 emissions is 229,565 mt CO2e, and we are 95% confident that actual emissions fall between 144,964 and 354,518 mtCO2e.

Page: CC10. Scope 2 Emissions Breakdown - (1 Jan 2016 - 31 Dec 2016)

CC10.1

Do you have Scope 2 emissions sources in more than one country?

Yes

CC10.1a

Please break down your total gross global Scope 2 emissions and energy consumption by country/region

Country/Region	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes 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	1006289		1334324	
North America	393891		781658	
Europe	391936		986488	

CC10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

CC10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)

CC10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)
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CC10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)
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Further Information

Note: Regional emissions estimates reported here in CDP should not be compared to any other Company global or regional (e.g. country-level) communications regarding greenhouse gas emissions. This data reflects a different estimation methodology than country-level analyses conducted or reported in other channels. Furthermore, this data reflects more comprehensive analysis than was reported in the 2014 Good Business Report, published May 2015. Note: The Company's term for "Asia, Australasia, Middle East and Africa" is "Asia, Pacific, Middle East, and Africa (APMEA)". Aligned Incentives (AI) addressed uncertainty in estimated restaurant GHG emissions by conducting 100,000 Monte Carlo simulations to establish 95% confidence intervals around both Scope 1 & 2 emissions estimates. After 100,000 Monte Carlo simulations, Company-owned restaurants' total mean Scope 2 emissions is 1,842,214 mtCO2e, and we are 95% confident that actual emissions fall between 1,750,131 and 1,943,148 mtCO2e.

Page: CC11. Energy

CC11.1

What percentage of your total operational spend in the reporting year was on energy?

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

CC11.2

Please state how much heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Heat	0
Steam	0
Cooling	0

CC11.3

Please state how much fuel in MWh your organization has consumed (for energy purposes) during the reporting year

675775

CC11.3a

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Natural gas	568805
Other: Mobile Fuels	105542
Other: Propane and LPG	1427

CC11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the market-based Scope 2 figure reported in CC8.3a

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Emissions factor (in units of metric tonnes CO2e per MWh)	Comment
Other			This year Aligned Incentives did not account for reduced emissions due to the Company's renewable energy purchases in Europe. We did not have the data this year for contract-specific emission factors provided by the contracted utility (as required by the Scope 2 guidance for the additional market-based analysis). We did not have this data this year, though we hope to collect it in the future.

CC11.5

Please report how much electricity you produce in MWh, and how much electricity you consume in MWh

Total electricity consumed (MWh)	Consumed electricity that is purchased (MWh)	Total electricity produced (MWh)	Total renewable electricity produced (MWh)	Consumed renewable electricity that is produced by company (MWh)	Comment
3102470	3102470				Some McDonald's restaurant lots have on-site solar panels, but we currently do not count the renewable electricity produced through them in aggregate. The estimate is not significant in relation to the global electricity consumption.

Further Information

Note - the range reported in CC11.1 reflects average operational spend on energy for typical U.S. and European restaurants, which are the best average cost figures we currently track at the corporate level. Energy costs and percent of operational spend varies by region worldwide.

Page: CC12. Emissions Performance

CC12.1

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

Increased

CC12.1a

Please 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

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
Emissions reduction activities		Decrease	For Scope 1 & 2 combined, estimated emissions for 2016 totalled 2,002,292 mt CO2e, which represents an 11.5% decrease from estimated emissions for 2015, which totalled 2,262,366 mt CO2e. We believe the change is mostly due to changes in methodology (e.g. improvement in data collection and extrapolation method), but 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			
Acquisitions			
Mergers			
Change in output			
Change in methodology		Decrease	For Scope 1 & 2 combined, estimated emissions for 2016 totalled 2,002,292 mt CO2e, which represents an 11.5% decrease from estimated emissions for 2015, which totalled 2,262,366 mt CO2e. We believe the change is mostly due to changes in methodology (e.g. improvement in data collection and extrapolation method), but also due to emissions reductions activities such as greater fleet efficiency and other factors, but we cannot assign specific percentage changes to each reason.
Change in boundary			For Scope 1 & 2 combined, estimated emissions for 2015 totaled 2,262,366 mt CO2e, which represents a 13.5% increase from estimated emissions for 2014, which totaled 1,993,246 mt CO2e. We believe change

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
			is due to a combination of increased and decreased emissions due to changes in methodology (e.g. improvement in extrapolation method), divestments, acquisitions, emissions reductions activities, change in physical operating conditions, and change in boundary, but we cannot assign specific percentage change to each reason.
Change in physical operating conditions			
Unidentified	11.5	Decrease	For Scope 1 & 2 combined, estimated emissions for 2016 totalled 2,002,292 mt CO2e, which represents an 11.5% decrease from estimated emissions for 2015, which totalled 2,262,366 mt CO2e. We believe the change is mostly due to changes in methodology (e.g. improvement in data collection and extrapolation method), but also due to emissions reductions activities such as greater fleet efficiency and other factors, but we cannot assign specific percentage changes to each reason.
Other			

CC12.1b

Is your emissions performance calculations in CC12.1 and CC12.1a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

CC12.2

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: Unit total revenue	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.0000813212	metric tonnes CO2e	24622000000	Location-based	9	Decrease	See above for reasons for change. Total 2016 revenues (\$24,622,000,000) taken from pg 12 of 2016 Form 10-K, attached on prior section of questionnaire. 2016 intensity is 9%% lower than 2015 intensity. 2015 intensity figure reported to CDP last year: 0.00008902, based on \$25,413000,000 revenues in 2015.

CC12.3

Please provide any additional intensity (normalized) metrics that are appropriate to your business operations

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
5.33944	metric tonnes CO2e	full time equivalent (FTE) employee	375000	Location-based	1	Decrease	See comments above for reasons for change. This figure represents estimate of 375,000 employees for Company-owned restaurants worldwide, as of year-end 2016. See pg 3 of 2016 Annual Report.

Further Information

CC13.1

Do you participate in any emissions trading schemes?

No, and we do not currently anticipate doing so in the next 2 years

CC13.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership

CC13.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

CC13.2

Has your organization originated any project-based carbon credits or purchased any within the reporting period?

No

CC13.2a

Please provide details on the project-based carbon credits originated or purchased by your organization in the reporting period

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits canceled	Purpose, e.g. compliance
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Further Information

Page: **CC14. Scope 3 Emissions**

CC14.1

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Purchased goods and services	Relevant, calculated	28983578	McDonald's Scope 3 emissions calculation methodology is described in detail on pg. 114 of 2012-2013 CSR & Sustainability Report (attached)	100.00%	Purchased goods and services refers to food and packaging supply chain categories only, including agriculture, processing and distribution activities. Emissions estimates for this Scope 3 category were calculated using supply chain spend data in a hybrid LCA model

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
					and reflect goods & services purchased for both Company-owned and Franchisee restaurants due to format of spend data used for analysis. Spend data regarding other purchased goods and services was not available at global level at time of analysis. Note - this data is for 2013. We do not analyze full Purchased Goods & Services and Upstream Transportation & Distribution every year because to do so would be too resource intensive. We choose to include 2013 emissions estimates for these Scope 3 categories to provide directional context of our supply chain-related emissions relative to restaurant-related emissions, and we will report updated emissions figures for these categories the next time we re-evaluate them. Scope 3 Franchisee emissions data reported below is from 2016. Additional detail on the relative breakdown of emissions from purchased goods and services can be found on pg 56-57 of 2012-2013 CSR & Sustainability Report.
Capital goods	Relevant, not yet calculated	0	Not yet calculated	0.00%	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	Not relevant, explanation provided		Estimated in past years.		Not calculated for 2016, after evaluating in prior years. Emissions from the Scope 3 categories calculated and reported for 2016 represented

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Scope 1 or 2)					nearly 86% of Scope 3 emissions in prior years' more holistic Scope 3 disclosures, so other categories were excluded. As such, remaining Scope 3 categories such as this one were excluded from 2016 analysis.
Upstream transportation and distribution	Relevant, calculated	850284	McDonald's Scope 3 emissions calculation methodology is described in detail on pg. 114 of 2012-2013 CSR & Sustainability Report (attached).	100.00%	Emissions estimates for this Scope 3 category reflect upstream transportation & distribution for both Company-owned and Franchisee restaurants due to format of data used for analysis. Note - this data is for 2013. We do not analyze full Purchased Goods & Services and Upstream Transportation & Distribution every year because to do so would be too resource intensive. We choose to include 2013 emissions estimates for these Scope 3 categories to provide directional context of our supply chain-related emissions relative to restaurant-related emissions, and we will report updated emissions figures for these categories the next time we re-evaluate them. Scope 3 Franchisee emissions data reported below is from 2016. Additional detail on the relative breakdown of emissions from purchased goods and services can be found on pg 56-57 of 2012-2013 CSR & Sustainability Report.
Waste generated in operations	Not relevant, explanation provided				Not yet evaluated at time of disclosure. Emissions from the Scope 3 categories calculated and reported for 2016 represented nearly 86% of Scope 3 emissions in prior years'

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
					more holistic Scope 3 disclosures. As such, remaining Scope 3 categories such as this one were excluded from 2016 analysis.
Business travel	Not relevant, explanation provided				Not yet evaluated at time of disclosure. Emissions from the Scope 3 categories calculated and reported for 2016 represented nearly 86% of Scope 3 emissions in prior years' more holistic Scope 3 disclosures. As such, remaining Scope 3 categories such as this one were excluded from 2016 analysis.
Employee commuting	Not relevant, explanation provided				Not yet evaluated at time of disclosure. Emissions from the Scope 3 categories calculated and reported for 2016 represented nearly 86% of Scope 3 emissions in prior years' more holistic Scope 3 disclosures. As such, remaining Scope 3 categories such as this one were excluded from 2016 analysis.
Upstream leased assets	Not relevant, explanation provided				Upstream leased assets are not applicable in the Company's business.
Downstream transportation and distribution	Not relevant, explanation provided				Downstream transportation and distribution to the end consumer is not currently a sizeable part of McDonald's operational model and the GHG emissions magnitude is estimated as small compared to other Scope 3 categories noted here. We will continue to evaluate relevance in future years.
Processing of sold products	Not relevant, explanation				Not relevant because there is no downstream processing of sold products for McDonald's.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
	provided				
Use of sold products	Not relevant, explanation provided				Not relevant because there are no GHG emissions from the use of sold products.
End of life treatment of sold products	Not relevant, explanation provided				Estimated emissions resulting from waste from "carry out" or "drive thru" customers were not yet evaluated at time of disclosure. Emissions from the Scope 3 categories calculated and reported for 2016 represented nearly 86% of Scope 3 emissions in prior years' more holistic Scope 3 disclosures. As such, remaining Scope 3 categories such as this one were excluded from 2016 analysis.
Downstream leased assets	Not relevant, explanation provided				Emissions from assets that the Company owns and leases to Franchisees are represented in the franchise-related emissions figures.
Franchises	Relevant, calculated	6843336	Represents Franchisee Scope 1 & 2 emissions. Best available primary energy data from Franchisee restaurants in the top 9 markets (excluding Brazil and Japan) was extrapolated to estimate energy consumption and GHG emissions for all Franchisee restaurants worldwide as of December 31, 2016. Refrigerant emissions were estimated using linear extrapolation of Company-owned restaurant data.	19.00%	The Franchisee restaurants in the Company's top 9 markets (excluding Brazil and Japan) that provided primary energy and fugitive emissions data used to extrapolate McDonald's global Franchisee restaurants' Scope 1&2 GHG emissions represented approximately 23% of global Franchisee restaurants as of December 31, 2016.
Investments	Not relevant, explanation provided				The Company does not have significant investments as part of its core business.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Other (upstream)	Not evaluated				
Other (downstream)	Not evaluated				

CC14.2

Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

No third party verification or assurance

CC14.2a

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 3 emissions verified (%)

CC14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

CC14.3a

Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Purchased goods & services		0	No change	We have noted 0% change in emissions for this category between 2015 and 2016 because the emissions estimate for this Scope 3 category in both years came from 2013 data, so it is the same value as was disclosed for this category last year. We do not analyze full Purchased Goods & Services and Upstream Transportation & Distribution every year because to do so would be too resource intensive. We choose to include 2013 emissions estimates for these Scope 3 categories to provide directional context of our supply chain-related emissions relative to restaurant-related emissions, and we will report updated emissions figures for these categories the next time we re-evaluate them. Scope 3 Franchisee emissions data reported below are from 2016. Additional detail on the emissions estimation methodology and the relative breakdown of emissions from supply chain categories can be found on pg 56-57 of 2012-2013 CSR & Sustainability Report.
Upstream transportation & distribution		0	No change	We have noted 0% change in emissions for this category between 2015 and 2016 because the emissions estimate for this Scope 3 category in both years came from 2013 data, so it is the same value as was disclosed for this category last year. We do not analyze full Purchased Goods & Services and Upstream Transportation & Distribution every year because to do so would be too resource intensive. We choose to include 2013 emissions estimates for these Scope 3 categories to provide directional context of our supply chain-

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
				related emissions relative to restaurant-related emissions, and we will report updated emissions figures for these categories the next time we re-evaluate them. Scope 3 Franchisee emissions data reported below are from 2016. Additional detail on the emissions estimation methodology and the relative breakdown of emissions from supply chain categories can be found on pg 56-57 of 2012-2013 CSR & Sustainability Report.
Franchises	Change in methodology	20	Decrease	The extrapolation methodology used to estimate Franchisee emissions from 2016 was more robust than in past years' analysis. A statistical extrapolation this year demonstrated that past analyses using simple linear extrapolation significantly overestimated, on average, energy consumption for non-reporting restaurants.

CC14.4

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers
 Yes, our customers

CC14.4a

Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success

We prioritize our methods of engagement with suppliers & customers based on their role in our value chain & the communication channels best suited to engage them. The Company prefers to have long term & strategic relationships with our suppliers & recognizes that achieving sustainable supply is a team effort. To enable the greatest impact, we established seven "Priority Impact Areas" on which to focus our sustainability work that extends across our entire value chain (supply chain through restaurants). These include: Advance economically viable farming; Preserve forests; Address climate change; Reduce food & packaging waste; Respect human rights; Promote the health & welfare of animals; Protect water.

*Below are supply chain programs in place in to achieve our goal to source all of our food & packaging sustainably, which includes the processing & manufacturing of our products & menu items.

The Company recently joined the CDP SUPPLY CHAIN program & now requires the Company's top 16 suppliers to respond to CDP Climate Change & Forests (these suppliers account for nearly 2/3 of annual spend).

MCDONALD'S ENVIRONMENTAL SCORECARD has served as a continuous improvement tool for our suppliers. Through 2015* direct supplier facilities for major global commodity categories (e.g. beef, potatoes, chicken etc.) were asked to submit measurements & provide goals related to water use, energy use, greenhouse gas emissions, & waste production & disposal for each facility – on an individual basis – that supplies an end-product to McDonald's. All facilities providing products to the McDonald's U.S. system are expected to meet one of the three 2020 environmental goals. *see Further Information

The SUPPLIER PERFORMANCE INDEX (SPI) is an evaluation tool that includes corporate social responsibility & sustainability among other topics. The SPI helps us evaluate suppliers on a variety of measures including environmental, social & other metrics & helps to clarify what we mean by CSR & Sustainability leadership. Expectations on all Priority Impact Areas are integrated into the SPI expectations. The formal evaluation, which takes place every 1 to 3 years, is complemented by regular reviews that provide feedback.

All suppliers must sign McDonald's SUPPLIER CODE OF CONDUCT. At a minimum, the Company requires that all suppliers & 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: Ethical - human rights & workplace environment; Environmental - environmental management; & Economic - business integrity. The SUPPLIER WORKPLACE ACCOUNTABILITY (SWA) program articulates our expectations of how suppliers should treat the people within their supply chain. 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, if they have identified & documented environmental legal requirements, & other related questions. Globally, 98% of our suppliers completed the Self-Assessment Questionnaire in 2016.

The Company facilitates SUSTAINABLE SUPPLIER NETWORKS in many markets throughout the world to connect & share best practices. The U.S. sustainable supply network developed a web portal where suppliers can download documents & resources to support their alignment with our sustainable sourcing approach. The U.S. Sustainable Supply Advisory Council, comprised of Company staff & suppliers, organizes an annual Sustainability in Action tour for participants to learn from McDonald's suppliers & industry experts. Our U.S. & European markets send out regular newsletters to suppliers communicating expectations and sharing best practices.

There is additional information about how we engage our supply chain on climate change strategies in the FBT section; specifically see FBT1.7a, FBT1.7d, & FBT2.2.

Our methods of engagement with customers varies. For example, our 2014 Good Business Report & priority product raw material report series are customer-facing & accompanied by communications plans to inform & engage consumers & stakeholders. For each report, we develop & share social media posts about our strategies to address impacts across our value chain, prioritizing popular platforms such as Twitter & Facebook. We measure success of these interactions using social media engagement rate data. On National Coffee Day (9/29/2016), we launched our sustainable coffee report & announced our participation in Conservation International's Sustainable Coffee Challenge. On this day, we built a "pop-up" McCafe in New York City which served McCafe drinks & featured sustainability stories from McCafe suppliers. Social media engagement complimented this including short video vignettes featuring coffee roasters that have participated in technical assistance training programs funded in part by the Company & its Franchisees.

To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Type of engagement	Number of suppliers	% of total spend (direct and indirect)	Impact of engagement
Other: multiple forms as discussed above			The Company recently joined the CDP Supply Chain program and now requires the Company's top 16 suppliers to respond to CDP Climate Change and Forests (these suppliers account for nearly 2/3 of annual spend). In 2015, More than 500 supplier facilities participated in the Environmental Scorecard representing 237 supplier companies. Globally, 98% of our suppliers completed the Self-Assessment Questionnaire in 2016. Aspirationally, the Company seeks to engage 100% of our suppliers to source all our food and packaging sustainably.

CC14.4c

Please explain why you do not engage with any elements of your value chain on GHG emissions and climate change strategies, and any plans you have to develop an engagement strategy in the future

Further Information

*Note that in 2016, we put a pause on the global ENVIRONMENTAL SCORECARD We are currently assessing appropriate data collection tools to be used globally to capture key metrics for our Priority Impact Areas (forests, climate change, water, waste, animal health & welfare, human rights, & economically viable farming) including tools like CDP Climate & Forests. The intent is to develop a system & processes that track & drive meaningful progress & outcomes. We have historically measured success by: 1. % of participating facilities with an Environmental Management System (EMS) 2. % of participating facilities or their parent companies measuring and reporting their carbon footprint annually 3. # of participating facilities that have achieved zero waste to landfill 4. # of participating facilities that have achieved 20% reduction in water intensity 5. # of participating facilities that have achieved 20% reduction in energy intensity 6. % of participating facilities that have achieved at least one of #3 - #5. Notably, all facilities providing products to the McDonald's U.S. system are expected to have an EMS in place, measure and report their carbon footprint and achieve one of the following 2020 environmental goals: achieve 20% reduction in energy intensity by 2020; achieve 20% reduction in water intensity by 2020; achieve zero waste to landfill by 2020. In order to continue to track progress towards the U.S. 2020 supplier facility goals, McDonald's U.S. administered a condensed version of Environmental Scorecard in 2016 & will administer the scorecard on a biennial basis moving forward.

Attachments

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC14.Scope3Emissions/Supplier_Code_of_Conduct.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC14.Scope3Emissions/Supplier_Code_of_Conduct.pdf)

Module: Sign Off

Page: CC15. Sign Off

CC15.1

Please provide the following information for the person that has signed off (approved) your CDP climate change response

Name	Job title	Corresponding job category
Keith Kenny	VP, Global Sustainability	Other: Corporate Officer

Further Information

Module: FBT

Page: FBT1. Agriculture

FBT1.1

Are agricultural activities, whether in your direct operations or elsewhere in your value chain, relevant to your climate change disclosure?

Yes

FBT1.1a

Please explain why agricultural activities are not relevant to your climate change disclosure

FBT1.2

Are the agricultural activities that you have identified as relevant undertaken on your own farm(s), elsewhere in your value chain, or both?

Elsewhere in value chain

FBT1.2a

Please explain why agricultural emissions from your own farms are not relevant

The Company does not own the farms that produce the food for McDonald's restaurants. Our independent suppliers and their suppliers own farms, so we work collaboratively with them to address farm-level issues.

We understand that the majority of the environmental impacts of our business happen at the agricultural level. In 2009 and 2010, we worked with World Wildlife Fund to assess environmental, social, and economic risk in our supply chain at the raw material production level. As a result of this work, we published our Sustainable Land Management Commitment in 2011. This Commitment 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 Sourcing pillar strategies of McDonald's Global Sustainability Framework for these priority products are outlined here: <http://www.aboutmcdonalds.com/mcd/sustainability/sourcing/priority-products.html>. We continue to work with World Wildlife Fund to evaluate progress, opportunities for improvement, emerging issues and risks, and future priority areas.

As discussed, enable the greatest impact we have established seven "Priority Impact Areas" on which to focus our sustainability work that extends across our entire value chain (supply chain through restaurants). These include addressing climate change and preserve forests, both of which require partnership and engagement with suppliers around raw material production.

FBT1.3

Do you account for greenhouse gas emissions from agricultural activities undertaken on your own farm(s) as part of the global gross Scope 1 emissions figure reported in CC8.2, and/or the Scope 2 figure reported in CC8.3a of the core climate change questionnaire?

FBT1.3a

Please select the form(s) in which you wish to report the greenhouse gas emissions produced by agricultural activities (agricultural emissions) undertaken on your own farm(s)

FBT1.3b

Please report your total agricultural emissions produced on your own farm(s) and identify any exclusions in the table below

Scope	Agricultural emissions (metric tonnes CO2e)	Methodology	Exclusions	Explanation	Comment
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FBT1.3c

Please report your agricultural emissions produced on your own farm(s), disaggregated by category, and identify any exclusions in the table below

Emissions category	Agricultural emissions (metric tonnes CO2e)	Methodology	Exclusions	Explanation	Comment
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FBT1.3d

Please explain why you do not account for greenhouse gas emissions from agricultural activities undertaken on your own farm(s), and describe any plans for the collection of this data in the future

FBT1.4

Do you implement agricultural management practices on your own farm(s) with a climate change mitigation and/or adaptation benefit?

FBT1.4a

Please identify agricultural management practices undertaken on your own farm(s) with a climate change mitigation and/or adaptation benefit. Complete the table

Activity ID	Agricultural management practice	Description of agricultural management practice	Climate change related benefit	Comment
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FBT1.4b

Does your implementation of these agricultural management practices have other impacts? Complete the table

Activity ID	Impact on yield	Impact on cost	Impact on soil quality	Impact on biodiversity	Impact on water	Other impact	Description of impacts	Comment
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FBT1.4c

Do you have any plans to implement agricultural management practices in the future?

FBT1.4d

Please detail your plans to implement agricultural management practices in the future

FBT1.5

Is biogenic carbon pertaining to your own farm(s) relevant to your climate change disclosure?

FBT1.5a

Please report biogenic carbon data pertaining to your own farm(s) in the table below

CO2 flux	Emissions/ Removals (metric tonnes CO2e)	Methodology	Exclusions	Explanation	Comment
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FBT1.6

Do you account for greenhouse gas emissions from agricultural activities in your value chain as part of the Scope 3 category "Purchased goods and services" reported in CC14.1 of the core climate change questionnaire?

Yes

FBT1.6a

Please report these agricultural emissions from your value chain and identify any exclusions in the table below

Scope	Agricultural emissions (% of the emissions reported in the category "Purchased goods and services")	Exclusions	Explanation	Comment
Scope 3			The Company's Scope 3 emissions calculation methodology is described in detail on pg. 114 of 2012-2013 CSR & Sustainability Report (attached)	Based on 2011 data, the majority of our System-wide carbon footprint impacts (71%) occur in our supply chain and the agriculture systems that produce raw materials for our menu items. Across these raw materials, the major GHG emissions-driving activities include: Cattle raising to produce our beef, cheese and dairy; major drivers include enteric fermentation and feed-lot manure management; electricity usage across farms, plants and distribution centers; and

Scope	Agricultural emissions (% of the emissions reported in the category "Purchased goods and services")	Exclusions	Explanation	Comment
				grain farming to produce our buns, baked goods and feed for animals. Beef production is the major contributor, with 41% of the Company's estimated carbon footprint. (The GHG emissions breakdown is outlined in the graphic on page 56 of the referenced 2012-2013 CSR & Sustainability Report.) This carbon footprint analysis validates the appropriateness of our focus on mitigating the System's GHG emissions impacts over time, especially through our beef sustainability strategy in our supply chain.

FBT1.6b

Please explain why you do not account for greenhouse gas emissions from agricultural activities in your value chain as part of the Scope 3 category "Purchased goods and services" reported in CC14.1 of the core climate change questionnaire

FBT1.7

Do you encourage your agricultural suppliers to undertake any agricultural management practices with a climate change mitigation and/or adaptation benefit?

Yes

FBT1.7a

Please identify agricultural management practices with a climate change mitigation and/or adaptation benefit that you encourage your suppliers to implement. Complete the table

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
1	Other: Supporting sustainable beef production	The attached 2016 Beef Sustainability Report introduces McDonald's beef sustainability program and shares McDonald's 2020 Vision for Sustainable Beef. By the end of 2020, in each of our top 10 sourcing countries (U.S., Australia, Germany, Brazil, Ireland, Canada, France, NZ, U.K., Poland), which collectively represent more than 85% of our global beef volumes, we will 1) Accelerate industry progress, 2) share knowledge and tools, 3) promote flagship farmers, 4) pioneer new practices, 5) protect forests. We aim to set specific country-based ambitious beef sustainability targets in these top 10 beef sourcing countries. Note the scope for "protect forest" includes high-risk origins. The assessment of deforestation risk will be determined through consultations with industry and external stakeholders with consideration to local market. One of the examples of "share knowledge and tools" is our Flagship Farmers initiative, which profiles progressive farmers who have developed innovative solutions to key sustainability challenges like soil health, animal	Knowledge sharing Procurement Other: Leadership via Executive Board	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 and economically viable. In 2014, the GRSB finalized a global set of principles and criteria, marking a major milestone in our journey to sustainable beef. We met our commitment, established in 2014, to begin purchasing sustainable beef. In 2016 we purchased a portion of beef from a fully verified sustainable supply chain in Canada through a pilot program, followed by Arcos Dorados, McDonald's Developmental Licensee in Brazil sourcing beef through	Emissions reductions (mitigation) Increasing resilience to climate change (adaptation)	Through our sustainable beef sourcing pilot programs we're 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. See attached sustainable beef report. Examples of climate change emissions reduction & adaptation projects around the world include: In Europe, the Company is working with key players in the European Beef Industry through the SAI Platform Beef Working Group to develop a sustainability benchmarking tool for existing farm assurance schemes across Europe – the SAI Platform's Beef Farm Sustainability Assessment (FSA). It's aligned with GRSB principles. After early stage testing of the beef FSA with more than 90 farmers from all corners of our European supply chain, it's now being launched through pilot programs in several European countries. The Company is currently aligning its supply chain to lead & support these pilot programs across our biggest European beef markets. Some

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
		welfare, ecosystem protection and reducing beef's carbon footprint, while also demonstrating that sustainable farming practices go hand-in-hand with a sustainable farm business.		the Novo Campo program during the Rio Olympics. 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 and delivers credibility and transparency. The Company serves on the GRSB Executive Board, and fully supports the principle of a multi-stakeholder organization. As such, in our local markets we are supporting roundtables and other initiatives supporting sustainable beef production that align with the GRSB principles such as the Canadian Roundtable for Sustainable Beef, Brazilian Roundtable for Sustainable Livestock (GTPS), U.S. Roundtable for Sustainable beef (of which the Company is a		49,000 farms, equating to 90% of Irish beef output, are currently certified under this program & audited every 18 months. Bord Bia has made great progress, with farmers voluntarily providing data on key sustainability measures including greenhouse gas emissions to help improve the efficiency & carbon footprint of Irish farms. To date, over 117,000 carbon assessments have been conducted. The U.K.'s Farm Forward Program's "What If" tool provides a carbon calculator to support beef farmers in measuring & reducing greenhouse gas emissions. The U.K. team have spent six years working with a core group of progressive beef farmers to help to measure & reduce their emissions. Cattle farms assessed each year through one of the largest independent beef carbon footprint studies to date reduced carbon emissions by an average of 23% over six years. See attached McDonald's Beef Carbon Report for more details on this study. The Company is a founding member of the U.S. Roundtable for Sustainable Beef & has been working with the industry to establish a set of metrics that will improve beef sustainability throughout the supply chain. The Company & our Franchisees have

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
				founding member) and the Sustainable Agriculture Initiative (SAI) Platform's Beef Working Group. The Company works with numerous stakeholders at the farm-level to address sustainability in beef production through these roundtables and initiatives.		committed \$4.5 Million over 3 years to support research including Adaptive Multi-Paddock (AMP) grazing to remove carbon from the atmosphere & store in the soil.
2	Other: McDonald's Commitment on Forests	The Company understands that deforestation is a major global challenge with broad and far-reaching implications for generations to come due to loss of biodiversity and contribution to climate change. The Company developed a comprehensive deforestation-free commitment, titled our Commitment on Forests, that was publicly announced in April of 2015. We view protection of forests and High Conservation Value areas as important business and societal issues and believe our role is not just to avoid negative impacts, but to promote responsible production that benefits people, communities and the planet. The Commitment clarifies and expands on the Company's goals to sustainably source beef, fiber-based packaging, coffee, palm oil and	Knowledge sharing Procurement	We work closely with our suppliers to understand the best methods needed to support their companies in achieving our Commitment on Forests and have embedded Commitment criteria in the sustainable sourcing strategies for the following five priority products: beef, fiber-based packaging, coffee, palm oil and poultry (soy). See our global beef sustainability report (page 7) and sustainable fiber-based packaging report (page 5) for more information about how we are addressing	Emissions reductions (mitigation) Increasing resilience to climate change (adaptation)	Through our continued work with WWF, we identified the pressing risks of deforestation and the need to develop a comprehensive corporate Commitment on Forests that should apply to our entire supply chain. Within the Commitment the governance is outlined and indicates we will continue to monitor our progress and evaluate the deforestation risk of other raw materials to ensure we remain focused on the materials and regions most urgently requiring action.

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
		<p>poultry. The Commitment on Forests includes criteria for not developing on High Carbon Stock forest areas as they contain a substantial amount of carbon that would be released if converted to alternative uses, and have significant biodiversity value. Also included in the Commitment criteria is no development on peatlands, regardless of depth. We recognize the significance of peatlands and greenhouse gas potential. The Commitment is in line with the Company's endorsement of the New York Declaration on Forests.</p>		<p>deforestation in these raw material strategies.</p>		
3	<p>Other: Reducing Pesticide Use By Potato Growers</p>	<p>Reducing pesticide use by potato growers working with the Integrated Pest Management Institute, the National Potato Council and growers in the U.S. and Canada, the Company helped to develop the Potato Sustainability Initiative (PSI), a comprehensive reporting process that documents treatment of workers, environmental impact, and economic sustainability. The topics covered include the use of pesticides, fertilizer and water on crops, energy consumption, worker safety, soil health management, and more . The potato growers and processors supplying McDonald's restaurants in the U.S.</p>	<p>Knowledge sharing Procurement</p>		<p>Emissions reductions (mitigation) Increasing resilience to climate change (adaptation)</p>	<p>For more information on the Integrated Pest Management survey, as well as potato industry sustainability efforts, please see the National Potato Council website nationalpotatocouncil.org/psi.</p>

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
		and Canada have completed the mandatory survey every year since 2010. Growers are self-scored at the basic, steward, expert, or master level based on practices related to weed and insect control, soil management, irrigation and more. For more information on the stewardship program, please see the definitions on pg 47 of the 2012-2013 CSR & Sustainability Report or visit nationalpotatocouncil.org/psi .				

FBT1.7b

Does the implementation of these agricultural management practices in your value chain have other impacts? Complete the table

Activity ID	Impact on yield	Impact on cost	Impact on soil quality	Impact on biodiversity	Impact on water	Other impact	Description of impacts	Comment
								We believe that the implementation of these agricultural management practices will have secondary impacts, but we do not currently have a formalized way to articulate the impacts as stated in this question.

FBT1.7c

Do you have any plans to engage with your suppliers on their implementation of agricultural management practices?

Yes

FBT1.7d**Please detail these plans to engage with your suppliers on their implementation of agricultural management practices**

The Company prefers to have long term & strategic relationships with our suppliers & recognizes that achieving sustainable supply is a team effort. We work with our suppliers to understand the best methods needed to support their companies in achieving our sustainable sourcing goals. We are actively engaged in & support multi-stakeholder agricultural initiatives around the world. Below are examples:

Beef: We engage with organizations representing the entire beef value chain, including ranchers, feedlots, processors, & retailers and work with stakeholders around the world to create forums to engage & align the entire beef value chain around improving the sustainability of beef production systems. We helped found the Global Roundtable for Sustainable Beef, chaired the Sustainable Agriculture Initiative Platform's Beef Working Group & are on the board of the Brazilian Roundtable on Sustainable Livestock. The Company is a founding member of the U.S. Roundtable for Sustainable Beef (USRSB) & has been working with the industry to establish a set of metrics that will improve beef sustainability. The Company is also working with its Dairy suppliers in the U.S. to make sure that all farms supplying liquid milk are in good standing with the NMPF F.A.R.M. Animal Care program.

Palm Oil: We actively worked with our suppliers to inform our updated palm oil policy (finished in 2016) & continue to work with suppliers to meet the requirements. Suppliers then had to demonstrate they could meet the expectations, & currently we schedule regular check ins & updates. The Company offered multiple meetings & workshops, including visits globally, and webinars to inform suppliers of the sourcing policy. The team has spent considerable time building communication & capacity at the global level. We also work with our suppliers to understand the best methods to support their companies & smallholders through our commitment to sustainable palm oil & our work to uphold our Commitment on Forests. We are engaged in multi-stakeholder forums for industry transformation, including RSPO & Tropical Forest Alliance 2020 (TFA2020) where we've been an active member of the TFA2020 Forum. We require palm oil suppliers to be RSPO members.

Soy: The Company is working with its suppliers & non-governmental organizations to develop a common set of guiding principles & best practices for sustainable poultry (inclusive of soy for feed). In 2016, we established a cross-functional team to advance this progress and in 2015 engaged in an exercise to understand & map our global soy footprint. This helped us to identify our priority sourcing regions to address deforestation risk. In addition to being closely involved with the indefinite extension of the Soy Moratorium, we are engaged in identifying solutions (including, but not limited to certification) to address deforestation risk.

Fiber: Consumer facing packaging items are managed by HAVI, our direct packaging supplier, who are essential to achieving our sustainable fiber-based packaging goal. The Company & HAVI collaborate on our sustainable fiber-based packaging strategy. For example, WWF, HAVI & the Company together mapped our fiber supply chain to identify origins of high deforestation risk. We work with HAVI & external partners to identify sourcing needs & plan to continue to work with industry & on-the-ground partners to ensure supply of certified recycled & sustainable (virgin) fiber. As discussed in the attached sustainable fiber-based packaging report, we, along with HAVI, have participated in industry events that bring together forest owners & brands to discuss sustainable forestry.

Below are examples of how we communicate sustainable sourcing expectations with suppliers:

The Company's Supplier Performance Index (SPI) guides our business reviews with suppliers. The SPI & its supporting documents outline Company sustainable sourcing expectations for our Priority Impact Areas, offers resources & provides dedicated opportunities for discussion.

The Company's Sustainable Sourcing Guide is published for our suppliers & provides an overview of our sustainable sourcing programs, goals, how we measure progress & track data, & the steps we take to drive continuous improvement. We're updating the guide to include more information for suppliers on expectations &

guidance to address our Priority Impact Areas.

The Company facilitates sustainable supplier networks in many markets to connect & share best practices. The U.S. sustainable supply network developed a web portal where suppliers can download resources to support their alignment with our sustainable sourcing goals. The U.S. Sustainable Supply Advisory Council, comprised of the Company's staff & suppliers, organizes an annual Sustainability in Action tour for participants to learn from McDonald's suppliers & industry experts. Our U.S. & European markets send regular Newsletters to suppliers communicating expectations & sharing best practices.

Further Information

Much more content on our agriculture-related work can be found in the Sourcing chapter of our 2014 Good Business Report and the Company's sustainability website: <http://corporate.mcdonalds.com/mcd/sustainability/sourcing.html>

Attachments

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/GBT1.Agriculture/2012-2013 CSR Sustainability Report.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/GBT1.Agriculture/2012-2013%20CSR%20Sustainability%20Report.pdf)

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/GBT1.Agriculture/Beef Carbon Report.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/GBT1.Agriculture/Beef%20Carbon%20Report.pdf)

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/GBT1.Agriculture/McDonald_s_2016_Sustainable_Fiber_Update.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/GBT1.Agriculture/McDonald_s_2016_Sustainable_Fiber_Update.pdf)

[https://www.cdp.net/sites/2017/81/11581/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/GBT1.Agriculture/McDonald's-Beef-Sustainability-Report 2017.pdf](https://www.cdp.net/sites/2017/81/11581/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/GBT1.Agriculture/McDonald's-Beef-Sustainability-Report%202017.pdf)

Page: **GBT2. Processing**

GBT2.1

Are processing activities, whether in your direct operations or elsewhere in your value chain, relevant to your climate change disclosure?

Yes

GBT2.1a

Please explain why processing activities are not relevant to your climate change disclosure

FBT2.2

Are the processing activities that you have identified as relevant undertaken in your direct operations, elsewhere in your value chain, or both?

Elsewhere in value chain

FBT2.2a

Please explain why emissions from processing activities in your direct operations are not relevant

We do not own or control stages of the supply chain where food processing occurs. We account for environmental impacts and emissions from the processing activities in our supply chain emissions estimates. Please see pg 47 and 56-57 of 2012-2013 CSR & Sustainability Report http://www.aboutmcdonalds.com/content/dam/AboutMcDonalds/2.0/pdfs/2012_2013_csr_report.pdf

PROMOTING ENVIRONMENTAL BEST PRACTICES IN SUPPLIER FACILITIES

McDonald's Environmental Scorecard has served as a continuous improvement tool for our suppliers. Through 2015* direct supplier facilities for major global commodity categories (e.g. beef, potatoes, chicken etc.) were asked to submit measurements and provide goals related to water use, energy use, greenhouse gas emissions, and waste production and disposal for each facility – on an individual basis – that supplies an end-product to McDonald's. We have measured success by: 1. % of participating facilities with an Environmental Management System (EMS) 2. % of participating facilities or their parent companies measuring and reporting their carbon footprint annually 3. # of participating facilities that have achieved zero waste to landfill 4. # of participating facilities that have achieved 20% reduction in water intensity 5. # of participating facilities that have achieved 20% reduction in energy intensity 6. % of participating facilities that have achieved at least one of #3 - #5. Notably, all facilities providing products to the McDonald's U.S. system are expected to meet one of the following 2020 environmental goals: achieve 20% reduction in energy intensity by 2020; achieve 20% reduction in water intensity by 2020; achieve zero waste to landfill by 2020. *Note that in 2016, we put a pause on the global Environmental Scorecard. In partnership with suppliers and Global Supply Chain, Global Sustainability is currently assessing appropriate data collection tools to be used globally to capture key metrics for our Priority Impact Areas (forests, climate change, water, waste, animal health and welfare, human rights, and economically viable farming) including tools like CDP Climate and Forests. The intent is to develop a system and processes that track and drive meaningful progress and outcomes. In order to continue to track progress towards the U.S. 2020 supplier facility goals, the Company administered a condensed version of Environmental Scorecard in 2016 and will administer the scorecard on a biennial basis moving forward.

(SWA) Supplier Workplace Accountability (SWA) program articulates our expectations of how our suppliers should treat the people within their supply chain- fairly and provided with a safe and healthy work environment. Regular SWA audits are conducted at supplier facilities by independent third parties. The Company's SWA program has a required Self-Assessment Questionnaire that reaches our independent suppliers at different stages of the value chain upstream from McDonald's restaurants. Through this questionnaire we ask suppliers if they utilize an environmental scorecard or comparable system to track environmental impacts and measure continuous progress, if they have identified and documented environmental legal requirements, and other related questions. Globally, 98% of our suppliers completed the Self-Assessment Questionnaire in 2016.

FBT2.3

Do you account for emissions from processing activities in your direct operations as part of the global gross Scope 1 emissions figure reported in CC8.2 and/or the Scope 2 figure reported in CC8.3a of the core climate change questionnaire?

FBT2.3a

Please report these emissions from processing activities in your direct operations and identify any exclusions in the table below

Scope	Emissions from processing activities (metric tonnes CO2e)	Exclusions	Explanation	Comment
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FBT2.3b

Please explain why you do not account for emissions from processing activities in your direct operations, and describe any plans for the collection of this data in the future

FBT2.4

Do you account for emissions from processing activities in your value chain as part of the Scope 3 category "Purchased goods and services" and/or "Processing of sold products" reported in CC14.1 of the core climate change questionnaire?

Yes

Further Information

Page: FBT3. Distribution

FBT3.1

Are distribution activities, whether in your direct operations or elsewhere in your value chain, relevant to your climate change disclosure?

Yes

FBT3.1a

Please explain why distribution activities are not relevant to your climate change disclosure

FBT3.2

Are the distribution activities that you have identified as relevant undertaken in your direct operations, elsewhere in your value chain, or both?

Elsewhere in value chain

FBT3.2a

Please explain why emissions from distribution activities in your direct operations are not relevant

Our global network of distributors makes sure that our food, beverages, and toys are delivered to the restaurants safely, efficiently, and on time. The Company does not own or control the Distribution Centers and truck fleets that deliver to McDonald's restaurants.

Our Global Logistics Council and North American Logistics Council work closely together to share and scale sustainability best practices and drive positive impact on a global scale. The Company collaborates with the Councils to promote energy efficiency, fuel efficiency and GHG emissions reductions in their distribution centers and fleets, as well as to support McDonald's restaurants in their waste reduction efforts. We are working together to:

- DRIVE SYSTEM-WIDE CONTINUOUS IMPROVEMENT in logistics efficiency and savings by reducing the carbon footprint of distribution centers and outbound logistics
- INCREASE USE OF ALTERNATIVE FUELS, e.g. gas and biofuels from used cooking oil or non-food sources
- REDUCE WASTE TO LANDFILL from McDonald's restaurants

Specific metrics related to fuel efficiency, energy usage and GHG emissions are tracked by the independent distribution companies and the Councils provide a forum for these companies to benchmark against each other and promote best practices and innovations for GHG emissions reductions.

For example, by collaborating in sustainable transport and logistics solutions, HAVI and Scania are actively addressing global climate goals. Beginning in 2017, HAVI and Scania will start to implement a five year roadmap aimed at making a significant carbon footprint reduction in transport operations to and from McDonald's restaurants in several European countries utilizing Scania's Next Generation trucks and operating solutions.

The aim is to significantly reduce diesel powered vehicles and shift approximately 70 percent of HAVI's total truck fleet to alternative fuels, for example, gas and hybrid models, by 2021 within several European countries. This significant transformation of the fleet is expected to lead to CO2 reductions ranging from 15 to 40

percent for every kilometre driven, depending on route, fuel and traffic conditions.

FBT3.3

Do you account for emissions from distribution activities in your direct operations as part of the global gross Scope 1 emissions figure reported in CC8.2 and/or the Scope 2 figure reported in CC8.3a of the core climate change questionnaire?

FBT3.3a

Please report these emissions from distribution activities in your direct operations and identify any exclusions in the table below

Scope	Emissions from distribution activities (metric tonnes CO2e)	Exclusions	Explanation	Comment
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FBT3.3b

Please explain why you do not account for emissions from distribution activities in your direct operations, and describe any plans for the collection of this data in the future

FBT3.4

Do you account for emissions from distribution activities in your value chain as part of the Scope 3 category "Upstream transportation and distribution" and/or "Downstream transportation and distribution" in CC14.1 of the core climate change questionnaire?

Further Information

FBT4.1

Are emissions from the consumption of your products relevant to your climate change disclosure?

No

FBT4.1b

Please explain why emissions from the consumption of your products are not relevant to your climate change disclosure

As stated in CC14.1, estimated emissions resulting from end of life treatment of sold products, such as waste from "carry out" or "drive thru" customers, were not evaluated at time of disclosure. Emissions from the Scope 3 categories calculated and reported for 2016 represented nearly 86% of Scope 3 emissions in prior years' more holistic Scope 3 disclosures. As such, remaining Scope 3 categories such as this one were excluded from the 2016 analysis. Estimated emissions from the use of sold products are not relevant because there are no GHG emissions from the use of sold products.

FBT4.1a

Do you account for emissions from the consumption of your products as part of the Scope 3 category "Use of sold products" and/or "End of life treatment of sold products" in CC14.1 of the core climate change questionnaire?

Further Information

CDP 2017 Climate Change 2017 Information Request